

Annual Plan 2016-17

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FOREWORD

The concerted efforts of our economic team over the past three years, have not only restored economic stabilisation, peace and security, but also achieved the growth rate of 4.7 per cent during 2015-16, which is the highest in the last eight years. The fiscal deficit has been brought down to 3.4 per cent from 8 per cent in 2012-13. The inflationary pressures have receded to a 12-year low, that is, 1.6 per cent in October 2015. The policy rate stands at a multi-decade low level of 5.75 per cent. The international economic agencies and development partners appreciated the revival of Pakistan's economy and gave positive ratings for the financial and economic stability.

The overall sentiment in the economy is upbeat. Businesses, particularly foreign investors and companies operating in Pakistan are optimistic over their prospects and profits. The China-Pakistan Economic Corridor (CPEC) has the potential to further spur GDP growth and transform Pakistan into a regional economic hub. The early harvest energy projects under the CPEC are expected to have discernible impact on Pakistan. The establishment of the Special Economic Zones (SEZs) offering exemptions and ease of business alongside the CPEC will facilitate domestic and foreign investment. These SEZs will have multiplier effect on growth via connectivity to other regions, accessibility to markets, job creation, etc. This will also help in integrating the less-developed areas such as Gilgit-Baltistan, Thar and Gwadar into the folds of active development. The enhanced power generation capacity and connectivity is expected to provide decent jobs in construction, logistics, transport and communication, and trade and commerce.

In this backdrop, the economic growth prospects are positive for 2016-17 with a rebound of the industrial sector, pickup in the private sector credit, political stability and improved security situation. We look forward to sustain this growth momentum during the next year with the GDP growth rate of 5.7 per cent derived from agriculture (3.5 per cent), industry (7.7 per cent) and services (5.7 per cent). The Public Sector Development Programme (PSDP) 2016-17 and policy initiatives are geared to achieve these growth targets. Furthermore, the Planning Commission's initiatives such as strategic review of the national policies and its efforts to devise an implementation roadmap for the Sustainable Development Goals will further strengthen the investors' confidence in the economy.

This comprehensive Plan is a result of strenuous teamwork of experts at the Ministry of Planning, Development and Reform. I appreciate them for putting in their untiring efforts to bring out this document.

Prof Ahsan Iqbal

Minister for Planning, Development and Reform
Deputy Chairman Planning Commission

Islamabad, June 1, 2016

Review Committee

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1.	Dr Muhammad Nadeem Javaid Chief Economist	Chairman
2.	Mr Sami Ullah Joint Chief Economist (Macro)	Member
3.	Dr Ali Bat Khan Joint Chief Economist (Operations)	Member
4.	Mr Masood-ul-Hassan Qureshi Chief (Macroeconomic Section)	Member
5.	Dr Javed Humayun Chief (Employment and Research Section)	Member
6.	Mr Zafar-ul-Hassan Chief (Poverty Alleviation Section)	Member
7.	Dr Aamer Irshad Chief (Agriculture and Food Section)	Member
8.	Dr Muhammad Afzal Chief (Plan Coordination Section)	Secretary and Convenor
9.	Mr Aamer Waqas Chaudhary	Editor

EXECUTIVE SUMMARY

Executive Summary

Macroeconomic framework

The recovery in economic growth was sustained during 2015-16. The macroeconomic indicators remained stable with revival in domestic demand and large scale manufacturing, expansion in the industrial sector, significant growth in services, construction and electricity generation. The GDP registered a growth of 4.7 per cent, highest in the last eight years.

Performance of the agriculture sector deteriorated in 2015-16, with significant fall in cotton crop. The sector registered a negative growth of 0.19 per cent in the FY16. Major crops fell by 7.18 per cent, while other crops registered a decline of 0.31 per cent. Livestock, fishery and forestry achieved growth of 3.63 per cent, 3.25 per cent and 8.84 per cent respectively.

The industrial sector showed remarkable performance and registered a growth of 6.8 per cent during 2015-16. The manufacturing sector grew by 5 per cent against the target of 6.1 per cent. The mining and quarrying sector posted a growth of 6.8 per cent and surpassed its target of 6 per cent for 2015-16. Small and household manufacturing registered a growth of 8.2 per cent against the target of 8.3 per cent. Value addition in electricity, gas and water supply grew by 12.2 per cent against the target growth of 6 per cent. The construction sector showed marked growth of 13.1 per cent against the target of 8.5 per cent.

The services sector met its target of 5.7 per cent. Finance and insurance attained a growth of 7.8 per cent against a target of 6.5 per cent. Transport, storage and communication grew by 4.1 per cent, lagging behind its target of 6.1 per cent. The wholesale and retail trade missed the target of 5.5 per cent and managed to grow at 4.7 per cent due to negative performance of the agriculture sector. Housing services achieved the targeted growth of 4 per cent, maintaining the same pace over three years in a row. Other private services grew positively by 6.6 per cent during 2015-16.

The fixed investment as a percentage of the GDP declined from 13.9 per cent in 2014-15 to 13.6 per cent in 2015-16, missing the target of 16.1 per cent. The public investment, as per cent of the GDP, grew from 3.7 per cent to 3.8 per cent, whereas the private investment declined from 10.2 per cent to 9.8 per cent. The national savings were registered at 14.6 per cent of the GDP, falling short of the targeted 16.8 per cent, but increased from the revised estimate of 14.5 per cent in 2014-15.

The growth prospects are positive for 2016-17 with a rebound of the industrial sector, improvement in energy supply and security situation. GDP growth for 2016-17 is targeted at 5.7 per cent with contributions from agriculture (3.5 per cent), industry (7.7 per cent) and services (5.7 per cent). Investment is targeted at 17.7 per cent of the GDP in order to realise the targets of sustained, indigenous and inclusive growth. The fixed investment is expected to grow at 16.1 per cent of the GDP in 2016-17. The national savings, as a percentage of the GDP, is targeted at 16.2 per cent. Public Sector Development Programme 2016-17, CPEC initiatives and all policies are geared toward achieving these targets.

Public Sector Development Programme

The PSDP has been instrumental in developing infrastructure, improving connectivity and social uplift in the country. The Programme responds to the emerging needs, creating an enabling environment required to attract private and foreign investments to achieve the growth targets. The overall national public sector development outlay of the 2015-16 was Rs1,401 billion, comprising the federal component of Rs669 billion and provincial programmes amounting to Rs732 billion. The funds allocation strategy and re-appropriation led to completion of 236 projects with a total estimated cost of Rs254 billion.

The National Economic Council (NEC) approved PSDP 2016-17 at Rs1,675 billion, including foreign aid of Rs229 billion. The overall size is 20 per cent higher than the revised PSDP 2015-16. The federal component of the PSDP is Rs800 billion, including foreign aid of Rs143 billion, and provincial ADPs amount to Rs875 billion with total foreign aid of Rs86 billion.

To overcome the energy shortages, a sum of Rs410 billion will be spent on projects for generation and distribution of energy. To promote the regional connectivity and economic integration, Rs260 billion will be invested on projects in the transport and communications sector. The government resolves to provide funds to the CPEC projects on priority for their timely completion. An allocation of Rs68 billion has been made for 13 projects for development of Gwadar, and one per cent of cost of the CPEC projects has been allocated for security arrangements. An amount of Rs41 billion is earmarked for modernization of the Pakistan Railways.

An allocation of Rs89 billion is made for the social sector projects in health, population, higher education, education and training. Important initiatives in this sector include Prime Minister's Youth and *Hunarmand* Programme aiming at improving employability of the young human resource. An amount of Rs1 billion is earmarked for the Green Pakistan Programme to mitigate impact of the climate change, while Rs33 billion are allocated for the water sector projects. An amount of Rs42 billion has been earmarked for financing the ADPs of the Special Areas, including AJ&K, G-B and FATA and Rs100 billion are proposed to facilitate reconstruction needs for rehabilitation of the TDPs of the FATA.

The PSDP 2016-17 will be a step towards outcome based budgeting for which output based monitoring will be initiated. The cases for release and re-appropriation of funds, public sector investment reviews and on-site project and programme monitoring will be geared towards measuring outcomes and outputs set forth while planning the projects. Capacity-building for better project preparation, execution, monitoring and review for this purpose will be highlighted so that the public investment brings the planned change in the people's lives.

Population

The population management is very important as it affects the socioeconomic characteristic of the society in diverse ways. It is the denominator for all national plans, population policy and plans determine size of cohorts which in turn affects economic sustainability and health of the people.

The federal and provincial governments are developing policies, strategies and plans to ensure the universal access to the Family Planning and Reproductive Health. These strategies aim at legislative, communication, ownership, service delivery, private sector involvement, and resource creation for the population management needs. The tangible outcomes are to bring the CPR to 55 per cent, and unmet need for the FP to five per cent by 2020.

In 2015-16, an amount of Rs 11 billion was spent on the population welfare projects. The PSDP allocation for vertical programmes of population sector in 2016-17 is Rs8 billion, and the total allocation (federal and provincial resources) during 2016-17 is Rs15 billion. To improve performance of the family planning services, new initiatives have been taken by the provincial governments and federating units.

Basic and college education

During 2016-17, funds will be provided for investment in such schemes, which will help in improvement of the education indicators of the literacy, Gross Enrolment Ratio (GER), Net Enrolment Ratio (NER) and gender-parity ratio. Emphasis will be on provision of more schools and colleges, provision of missing facilities in the existing schools and colleges, access to quality education, technology-based blended learning for improved learning outcomes, enhanced student retention rate, provision of incentives to teachers for better performance, teachers' training, streamlining of madrasa students, and promoting public-private participation for resource mobilisation. The federal government envisages 23 schemes (14 ongoing and nine new schemes) for basic and college education for the fiscal year 2016-17. An allocation of Rs5,245 million has been earmarked in the PSDP 2016-17.

Health

Health determines efficiency of the human capital, improves productivity of the workforce and contributes to the economic growth. Efforts of the government will focus on strengthening the primary healthcare and improving family planning services. Strong governance will improve efficiency of the public health spending. Strengthening the Healthcare Information System and initiating plans to implement the Civil Registration and Vital Statistics (CRVS).

The key healthcare initiatives include: increasing number of paramedical staff, expansion of the LHWs programme, efforts to bring fertility rate down to the levels consistent with the maternal health, strengthening of primary care in BHUs/RHCs; establishment of health emergency surveillance and response system; implementation of a national plan for vaccinations, to implement effective dengue control programme, to provide programme for addressing non-communicable diseases and establishing a Health information and Disease Surveillance System. Micro health insurance schemes would be made part of existing social safety nets. Community awareness campaigns will help lower incidence and prevalence of preventable diseases. Hepatitis and cancer will be key therapeutic areas for capacity enhancement.

Labour, employment and skill development

Provision of productive and decent employment opportunities is the priority area of the government. The unemployment rate was 6.24 per cent in fiscal year 2012-13, which decreased to 5.96 per cent in 2013-14 and further decreased to 5.94 per cent in 2014-15. To solve the unemployment, especially youth unemployment issue, the government has already started

number of projects and programmes like Youth Business Loan Scheme, Interest Free Loan Scheme, PM Youth Skills Development Programme, PM's Hunarmand Programme, etc. However, there is a need to initiate more programmes. which may help the youth in getting employment. The CPEC will generate additional two million jobs for skilled and unskilled workers. The overseas employment contraction in the oil producing countries calls for a vibrant and comprehensive HRD programme to produce a highly skilled manpower in non-traditional trades. The targeted GDP growth of 5.7 per cent FY 2016-17 will not only absorb the growth in labour force, but also clear some portion of the backlog.

Skill development

Nature and quality of skill sets of an economy is the major determinant of its competitiveness and quality of life of its people. The Plan focuses to provide and promote technical and vocational training by extending geographical access through the public-private partnership in identified eight priority areas. In order to reap the benefit of demographic dividend various schemes and programmes are proposed under PM directives, that is, Prime Minister's youth training Programme (NIP), Prime Minister's Youth Skill Development Programme (phase III) and Prime Minister's Hunarmand Pakistan Programme, which will contribute towards availability of trained and productive workforce both local and abroad and ultimately socio-economic uplift of people of country. During 2016-17, an amount of Rs315 million has been proposed in the PSDP.

Poverty alleviation and Sustainable Development Goals

Poverty is the result of economic, social, and political processes that interact with and reinforce each other in ways that can accentuate the state of deprivation in which poor people live. Pakistan has been using the Food Energy Intake (FEI) method for estimating poverty since 2001 which gradually became redundant across the world. Pakistan has replaced FEI with CBN approach for poverty estimation in 2015-16. Using this methodology 29.5 per cent of the population or about 55 million people have been estimated living below the poverty line in Pakistan.

The BISP has enhanced quarterly financial support to Rs4,700 from Rs4,500 per family. The number of beneficiaries has increased to around 5.3 million, annual disbursement rose to Rs102 billion in 2015-16. The actual expenditure on 17 pro-poor sectors was Rs2177 billion in 2014-15 and it stood at Rs1122.7 billion during the first half of 2015-16. Pakistan is in the process of developing specific indicators to monitor the progress of different goals and has aligned SDGs with Vision 2025. SDGs units are being established at federal and provincial levels.

Social welfare

The initiatives of this sector have been driven from pillar-II of the Vision 2025, which aims at 'Achieving Sustained, Indigenous and Inclusive Growth'. The Plan envisages providing an enabling environment and tangible opportunities through policies, programmes, guidelines and projects for the promotion of social justice, social protection and equity in the country by addressing the needs of downtrodden, marginalised and vulnerable segments of the society. The total allocation in the PSDP 2016-17 for seven projects is Rs253 million.

Gender and women empowerment

The key responsibilities embodied in the Plan have been entrusted with the provinces while the role of preparing policy and coordination has been assigned to the federal government. The

governments in collaboration with civil society and international organisations have envisaged plans for achieving gender equality and women empowerment through awareness raising campaigns and allocation of resources through their respective plans.

Youth and sports

This is in fact a cross cutting sector. It has very deep linkages with sports, health, education, entrepreneurship, vocational training, culture, media, economy and development itself. Various targeted interventions for youth empowerment are being introduced to be implemented in FY 2016-17. An amount of Rs520 million has been earmarked to support youth and sports related activities in 2016-17.

Religious pluralism and interfaith harmony

The Pakistani society is predominantly a Muslim one, and also includes people from different religions, casts and creeds. This diversity signifies the need to develop a pluralistic society where people with different beliefs can live in peace and harmony. To achieve the religious pluralism and interfaith harmony a consistent framework and national level guidelines for an equitable development of communities will be developed in consultation with stakeholders. Tolerance among different segments of society will be enhanced by promoting peace and harmony as envisaged in the Vision 2025. The PSDP allocation for two projects is Rs36 million.

Mass media, culture and national heritage

Media is playing important role in contemporary societal development, cultural carrier; education, information and entertainment of people. It has also become commercial and treats people as consumers and not just citizens. Public and private sector media organisations are planning to provide digital TV, radio, telephone and broadband through a single means. The revised allocation to Mass Media Sector was Rs245 million in 2015-16. Similarly, the revised allocation to the culture sector was Rs63 million. Allocation for the Mass Media and Culture sectors in 2016-17 is Rs341 million and Rs68 million respectively.

Fiscal, monetary and capital market development

During July-March 2015-16, the fiscal deficit stood at 3.4 per cent of the GDP as compared to 3.8 per cent during the corresponding period of last year. Fiscal deficit for the next year will be brought down to below 4 per cent of the GDP through a strategy of revenue mobilisation and expenditure rationalisation. Money supply (M_2) grew by 7.5 per cent (Rs846 billion) during July 1, 2015, to May 13, 2016, as against its expansion by 8.2 per cent (Rs817 billion) during the corresponding period of last year. Credit to private sector also recorded a growth of Rs294 billion as against its growth of Rs168 billion during the corresponding period of last year.

The average Consumer Price Index (CPI) registered an increase of 2.8 per cent during July-April 2015-16 as compared to 4.8 per cent during the corresponding period of last year. Inflation for 2016-17 is projected at 6 per cent. Pakistan's stock market remained volatile during 2015-16. KSE-100 Index scaled new height of 36,694 points on May 20, 2016, which indicates a robust economic activity and revival of investor confidence. Capital market is expected to remain vibrant during 2016-17 through various measures for diversification and development of the market.

Trade and commerce – Balance of payments

The current account deficit was targeted at \$2.9 billion in the Annual Plan 2015-16 against a deficit of \$2.7 billion recorded in 2014-15. With estimated trade deficit at \$17 billion and remittances of \$19.2 billion during 2015-16, the current account in 2015-16 is estimated to be in deficit by around \$1.7 billion.

Exports for the year 2015-16 are estimated to be around \$ 22.3 billion against the Plan target of \$25.5 billion. Imports are expected to reach around \$ 39.4 billion by the end of this fiscal year which is well below the Plan target of \$43.2 billion. Remittances reached \$16 billion during July-Apr 2015-16 and are expected to meet the target of \$19 billion.

Exports in 2016-17 are projected to grow by 10.8 per cent to \$24.8 billion from \$ 22.3 billion estimated for 2015-16. Imports during 2016-17 are projected to increase by 14.8 per cent to \$45 billion from \$39 billion estimated for 2015-16. Hence, the trade account is projected to be in deficit by \$20.5 billion in 2016-17 from \$17 billion estimated for 2015-16. The current account is targeted to be in deficit by \$4.5 billion in 2016-17 (-1.5 per cent of the GDP) as against the deficit of \$1.7 billion (-0.6 per cent of the GDP) estimated for 2015-16.

Balanced development – Focus on the less developed regions

The Special Areas consist of the FATA, AJ&K and Gilgit-Baltistan. These are economically less developed regions. The reasons behind the economic backwardness of the Areas are inaccessibility, difficult terrain and absence of infrastructure. In order to accelerate development, there is a need to allocate appropriate amount of resource to develop infrastructure facilities. During 2015-16, various programmes and projects were implemented in the Special Areas, which were primarily focused on the improvement of the socio economic situation of the people. An amount of Rs39,525 million was allocated. Out of total allocation Rs39,420 million were utilised. The utilisation remained 98 per cent of allocation.

The programme for 2016-17 comprises of Rs42,000 million for the Special areas (FATA, AJ&K and G-B) as block allocation. The major chunk of financial resources has been allocated for FATA with share of 50 per cent, whereas for AJK and Gilgit-Baltistan the shares remained 29 per cent and 21 per cent respectively. The funds allocated for these regions will be primarily allocated for those on-going schemes which are near completion.

Physical planning and housing

The plan aims at transforming urban areas into creative, eco-friendly sustainable cities through improved city governance, effective urban planning, efficient local mobility infrastructure (mass transit systems) and better security to make urbanisation an important driver of growth.

During 2016-17, focus will be on provision and expansion of sustainable and affordable urban municipal services and housing facilities in collaboration with private sector. Zoning laws will be revised to cater to the growing demand for commercial and parking space in large urban centres. A modern 'Housing information system' will be established to provide data on housing demand and supply. Efforts will be made to promote vertical expansion and mass transit system in the mega cities. During the FY17, an amount of Rs18 billion has been allocated.

Institutional reforms and governance

To improve governance various reform initiatives in the areas of judicial system, civil service, tax administration, procurement and financial management are being carried out through broad based consultation with provinces and other stakeholders. An amount of Rs2 billion was allocated for various initiatives to improve governance during 2015-16. In addition, various initiatives and development projects have also been initiated by provincial governments in the governance sector. For the fiscal year 2016-17, an amount of Rs8 billion, including a foreign aid of Rs350 million, has been proposed.

Energy

Pakistan is facing severe energy shortages since 2006. The main reasons include inadequate capacity addition, limited exploration and ineffective exploitation of hydro, coal and renewable potential and inefficient use of energy resources. The situation leads to a demand supply gap resulting in the load-shedding of electricity and gas in the country. The development of indigenous energy resources, such as coal, hydro, alternative and renewable sources, is critical for sustainable economic growth, as envisaged in the Vision 2025. As a result of government continued focus, the energy sector is one of the major recipients of Federal PSDP share. Further, 74 per cent of the total China-Pakistan Economic Corridor (CPEC) projects are energy projects, which include: coal, hydro and wind. With all efforts in hand around 5304 MW, power projects are expected to be completed by the year 2016-17.

The strategy aims at making electricity more affordable by improving and diversifying the fuel mix and fully harnessing country's renewable energy potential as well as domestic coal. The RLNG projects are being implemented on fast track basis to overcome power shortages at the earliest. Other measures are to reduce the pilferage, clear circular debt, curtail line losses and improve collection of arrears. The Plan includes interventions to improve system efficiencies by taking up long-term strategic investments in the transmission and distribution networks.

In the petroleum sector besides making efforts to enhance production capacity of the indigenous oil and gas resources, the policy of importing LNG and natural gas will be actively persuaded. These includes enhancing LNG import from 400 MMCFD to 600 MMCFD by the year 2016-17 and the execution of TAPI and IP pipe line projects. The efforts to enhance the supply of gas through import are to be complemented by up gradation and expansion of gas transmission capacity.

Water

Pakistan is a water stressed country. The plan focuses on water augmentation, water conservation and protection of infrastructure. The Plan aims at construction of small and medium dams, modernisation and improvement of existing irrigation system, protection of infrastructure, lands and village abadies from onslaught of floods and safe disposal of drainage effluents into Sea.

An amount of Rs33 billion is allocated for water sector development projects for the FY 2016-17 as compared to Rs30 billion in outgoing year. In 2016-17, seven water sector projects will be completed that will augment water availability to 134.6 MAF at farm gate. However

strategies for construction of small and medium dams, recharge and check dam and flood management will continue keeping in view vulnerability of Pakistan to climate changes.

Food security and agricultural development

Agriculture is very important for the economy, employment, livelihood and national food security in Pakistan. It contributes towards economic development in numerous facets. During 2015-16, The agriculture sector however could not perform well and recorded a negative growth rate (-0.19 per cent) as compared to its target of 3.5 per cent. The growth of crops was reduced by 6.25 per cent largely due to poor output of cotton (-27.8 per cent). Out of important crops only wheat and sugarcane production could register a meagre increase of 1.6 per cent and 4.2 per cent respectively from the previous year. The growth target in livestock was achieved (3.63 per cent). Forestry and fisheries also did well with growth contribution of 8.84 per cent and 3.25 per cent respectively in the outgoing year. The impact of weak contribution from crops however could not be balanced by good performances of other sub sectors of agriculture. Dismal performance of crops may be attributed to the market instability influenced by the poor demand in international commodity market where high cost of production in Pakistan has made its farmers non-competitive. Government measures such as PM Farmer's package tried to neutralise the impact in 2015-16.

In 2016-17 the government, both at the federal and provincial levels, will endeavour to revive the agriculture sector. Allocations made in the federal PSDP for Ministry of National Food Security and Research for the year are Rs1,520 million. Federal government will only direct investment in strategic areas, strengthen regulatory framework and provide policy support. Since farming is being done in provinces therefore investment from the provinces will continue in their respective ADPs. Efforts will be made to resolve the issues of the Sector by following the Vision 2025 and strategies given in the 11th Five Year Plan to achieve the agriculture growth target of 3.5 per cent in 2016-17.

Nutrition

Nutrition is a developmental indicator which is multi-sectoral in its nature and plays an important role. Over time the nutrition indicators have not improved substantially in Pakistan. Multi-sectoral platforms are being established at national and sub-national levels to scale up nutrition in the country. Coordination and collaboration among ministries and departments of government and the development partners has been established for improving nutrition situation. The provinces since devolution are taking strides forward for implementing nutrition specific and sensitive interventions to manage malnutrition. The federal and provincial governments with the support of development partners are formulating projects and programme to improve the nutrition situation in the country having a strong component of behaviour change.

Environment and climate change

The climate change is affecting the lives of people. Rapid and Massive urbanisation of the country has made serious changes to the eco system of the urban and rural areas of the country. Water pollution, desertification, soil erosion, water logging and salinity, solid waste management and deforestation are some of the major environmental issues in Pakistan. The extreme conditions of the weather in Pakistan like the floods of 2010, 2011, 2013 and 2015 have been a testament to the destructive power of nature. Under the 10-year National Disaster

Management Plan (NDMP) institutional capacity-building is being enhanced to combat disasters in first phase of this plan, surveillance and forecasting capacity of Pak MET is being enhanced by replacing and installing weather surveillance Radars at various places of the country. Strategy to develop forest cover and along with conservation and restoration of the natural resources of the country will be implemented through applied approach of ownership. The COP 21 agreement will be implemented to stabilize the climate and avoid its worst impacts.

Manufacturing, commerce and mineral sectors

Manufacturing

Pakistan's industrial sector has narrow product range and faces many challenges including energy shortages, out-dated technology use, less innovative products, and the ever-rising cost of doing business. Despite these challenges, manufacturing sector is gradually reviving and flourishing as during the first nine months of 2015-16, the LSM's growth rate was 4.70 per cent compared with the same period of 2014-15 which was 2.79 per cent. The Government is trying utmost to revive the industrial sector of Pakistan and initiated various development projects in this regard. It is expected that manufacturing sector would perform better in 2016-17 compared with 2015-16.

Commerce

Trade and Commerce contributes around 17 per cent towards GDP. Pakistan needs to improve its competitiveness and enhance value added exports. The Strategic Trade Policy Framework 2015-18 targets to increase exports to \$35 billion by 2018, improving export competitiveness, shift from factor driven economy to efficiency driven and innovation driven economy and increasing share in regional trade. In accordance with vision 2025 efforts will be made to access regional markets. It will help drive sector expansion by supporting the growth of economic cluster's facilitating access to technology, expanding the capital market and improving its efficiency, disseminating knowledge of markets; upgrading labour's technical skills; ensuring adequate incentives for research and development and encouraging movement up the value chain.

Mineral

The strategy for realising the vision incorporates a number of elements including specialised training, incentives for extraction and value addition; development of adequate infrastructure facilities near mining sites; learning from best practices in other countries regarding development of the mineral sector.

Higher education

The government allocated Rs20 billion in the PSDP 2015-16 for 144 projects. The government also allocated development grant of Rs11 billion for the Prime Minister's laptop scheme and Award of Scholarships to Students from Afghanistan under Prime Minister's Directive as the non-PSDP initiatives. About 17 ongoing development projects were completed in fiscal year 2015-16. The Higher Education Commission has been allocated Rs21 billion for its 167 projects in the PSDP 2016-17. Separate funds for the Laptop Project and Afghan Scholarships Scheme will be provided outside the PSDP. Important initiatives in 2016-17 include scholarships schemes for training of faculty, infrastructure development of universities, implementing the 10,000 PhD Scholarship scheme under the Pak-US Working Group on Education, Science and Technology, providing higher education access at the district level, setting up Skill Universities

across the county, promoting industrial linkage with universities, setting up National S&T Park at NUST, Faculty Development programme and setting up Women University at Islamabad.

Science and technology

Ministry of Science and Technology was provided an amount of Rs1,510 million in 2015-16 against 25 development projects. The plan focuses on the key ingredients of the Vision 2025 and 11th Five Year Plan. In 2016-17, the MoST will get an allocation of Rs3,177 Million against 74 projects (21 ongoing, 27 approved and 26 unapproved). Organisations outside the MoST, including PAEC, PNRA and Survey of Pakistan will implement important initiatives like developing Geodetic Datum of Pakistan, capacity-building of the PNRA for safety of Nuclear Power Plants, Development of PINSTECH and Probiotic Laboratories. Year 2016 has been declared as year for Productivity, Quality and Innovation (PQI) and MoST will initiate and implement relevant initiatives like Certification Incentives for SMEs, Innovation Award, Innovation Survey and Quality Award. Pakistan has signed Phase-VII of S&T collaboration with USA which will start implementing from 2016-17. MoST is also in process of reviewing of S&T and Innovation Policy 2009 to make it compatible with the Vision 2025, 11th Five Year Plan and CPEC Initiatives.

Information and communications technology

The Vision 2025 stresses upon knowledge-centric economic growth. For this, ICT adoption on massive scale will create new ways of generating national wealth. In the last year, growth in telecommunication sector remained respectable, improving the Tele-density to 70 per cent. The rapid take-off of mobile broadband continued this year also as 3G and 4G subscribers reached 27.9 million.

The China-Pakistan Economic Corridor (CPEC) will further accelerate as the ICT infrastructure in the country. The IT industry will focus on skills development and producing quality human resource. To increase IT exports, initiatives are Software Technology Park in Islamabad, multi-million industry support programme, strengthening academia-industry-government linkages and an Innovation Fund Programme to kick-start development of low cost, high impact applications and systems in the public sector. For social inclusivity, programmes such as Rural Telephony (Basic telephony and cellular services), Broadband, Optic Fibre Cable, Universal Tele-centres, Tech city, ICT for Girls, ICT for Children of Orphan Houses will be part of Annual Plan 2016-17. The ICT sector has been allocated Rs5,020 million for its development projects.

Transport and logistics

Under this sector, the PSDP 2015-16 allocated Rs222,764 million and against this, expenditure of Rs180,894 million is expected to be incurred by the end of June 2016, giving an overall expenditure of 81 per cent. An allocation of Rs259,165 million has been made the sector for the fiscal year 2016-17, which shows a share of 40 per cent of the total PSDP size. For the Railways sub-sector, against an allocation of Rs41,000 million, an expenditure of Rs26,300 million is expected to be incurred during 2015-16, giving utilisation of 64 per cent, and an allocation of equalling the previous year has also been made for the FY17. Under the roads and highways (NHA) sub-sector, against an allocation of Rs159,600 million, it is expected that Rs137,515 million would be incurred by June 2016, showing 86 per cent utilisation. An amount of Rs188,000 million has been allocated for the next fiscal year for the NHA. For the ports and

shipping sub-sector, Rs13,900 million were allocated the last year, and Rs10,255 million are expected to be utilised by the end of the FY16, showing a utilisation of about 70 per cent and an allocation of Rs14,477 million has been made during 2016-17. Under the Aviation sub-sector, against an allocation of Rs3,899 million, an expenditure of Rs621 million is expected to be incurred during 2015-16 and an allocation of Rs3,350 million has been made during 2016-17. Under the urban mass transit project (Green Line Bus Transit Project, Karachi), an expenditure of Rs3,000 million is expected to be incurred during 2015-16 and an allocation of Rs5,000 million has been made for 2016-17. Under various provincial road projects funded through the PSDP under the Finance Division, and Housing and Works Division against an allocation of Rs3,300 million an expenditure of Rs2,596 million is expected to be incurred during 2015-16 and an allocation of Rs5,942 million has been made during 2016-17. Under the roads and bridges projects of the AJ&K, an expenditure of Rs500 million is expected to be incurred by June 2015-16 and an allocation of Rs1,200 million has been made during 2016-17.

Acronyms and Abbreviations

ADP	Annual Development Programme
AEDB	Alternative Energy Development Board
AMCs	Asset Management Companies
APCC	Annual Plan Coordination Committee
BISP	Benazir Income Support Programme
BPD	Barrels Per Day
CAMB	Centre for Applied Molecular Biology
CCI	Council of Common Interests
CDWP	Central Development Working Party
CCP	Competition Commission of Pakistan
CGT	Capital Gains Tax
CSF	Coalition Support Fund
CWHR	Council for Works and Housing Research
DEMP	Directorate of Electronic Media and Publications
ECO	Economic Cooperation Organization
ELTR	English Language Teaching Reforms
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FDI	Foreign Direct Investment
FEW	Framework for Economic Growth
FRDL	Fiscal Responsibility and Debt Limitation
FP&RH	Family Planning and Reproductive Health
GAIN	Global Alliance for Improved Nutrition
GCI	General Cognitive Index
GDP	Gross Domestic Product
GNP	Gross National Product
GPI	Gender Parity Index
GSP	Geological Survey of Pakistan
ICT	Islamabad Capital Territory
HEC	Higher Education Commission
HIES	Household Intergraded Household Survey
ICT	Information and Communication Technology/Islamabad Capital Territory
IMF	International Monetary Fund
MoPD&R	Ministry of Planning, Development and Reform
MoIPC	Ministry of Inter-Provincial Coordination
MDGs	Millennium Development Goals
NAVTTTC	National Vocational and Technical Training Commission
NAG	National Art Gallery
NDA	Net Domestic Assets

NEC	National Economic Council
NIE	National Institute of Electronics
NHSR&C	Ministry of National Health Services, Regulations and Coordination
NEPRA	National Electric Power Regulatory Authority
PAEC	Pakistan Atomic Energy Commission
PARC	Pakistan Agriculture Research Council
PBC	Pakistan Bureau of Statistics
PBC	Pakistan Broadcasting Corporation
PEMRA	Pakistan Electronic Media Regulatory Authority
PCRET	Pakistan Council for Renewable Energy Technologies
PCRWR	Pakistan Council of Research in Water Resources
PCSIR	Pakistan Council for Scientific and Industrial Research
PDHS	Pakistan Demographic and Health Survey
PDL	Petroleum Development Levy
PMD	Pakistan Meteorological Department
PNAC	Pakistan National Accreditation Council
PNCA	Pakistan National Council of Arts
PNRA	Pakistan Nuclear Regulatory Authority
PRI	Pakistan Remittance Initiative
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises
PSF	Pakistan Science Foundation
PSLM	Pakistan Social and Living Standard Measurement Survey
PSQCA	Pakistan Standards and Quality Control Authority
PTVC	Pakistan Television Corporation
PTA	Pakistan Telecommunication Authority
OGRA	Oil and Gas Regulatory Authority
SAFTA	South Asian Free Trade Agreement
SDGs	Sustainable Development Goals
SROs	Statutory Regulatory Orders
SSGCL	Sui Southern Gas Company Limited
SNGPL	Sui Northern Gas Company Limited
SECP	Securities and Exchange Commission of Pakistan
SMEs	Small and Medium Enterprises
STFP	Strategic Trade Policy Framework
SECMC	Sindh Engro Coal Mining Company
TDS	Tariff Differential Subsidy
TDPs	Temporarily Dislocated Persons
WTO	World Trade Organisation

CHAPTERS

Chapter 1 | **MACROECONOMIC FRAMEWORK – GROWTH, INVESTMENT AND SAVINGS**

The recovery in economic growth sustained during 2015-16. Macroeconomic indicators remained relatively stable with positive economic scenario. The real sector showed encouraging performance except for the agriculture sector. A failed cotton crop and subdued rice production marred the agriculture growth and impacted the overall GDP growth. However, the industrial growth showed remarkable performance with positive growth in the Large Scale Manufacturing. Pickup in the private sector credit, for fixed investment in particular, along with improving security situation strengthened investor and consumer confidence. The policy rate ebbed to a multi-decade low level (5.75 per cent). The exchange rate stabilised and Pakistan was able to rebuild its forex reserves, crossing \$21 billion. The domestic inflation rate declined to 12 year low, that is, 1.6 per cent in October 2015. Average inflation remained significantly low (2.8 per cent for July-April 2015-16 as against 4.8 per cent in July-April 2014-15). The credit rating for financial sectors of Pakistan was upgraded from negative to stable by Moody's. Pakistan's economy therefore remained fairly stable and on track for sustainable growth.

Review of Annual Plan 2015-16

The Annual Plan for 2015-16 envisaged real GDP growth of 5.5 per cent based on the sectoral growth projections for the agriculture, industry, and services sectors at 3.9 per cent, 6.4 per cent, and 5.7 per cent respectively. The assumptions underlying the growth target included improved energy supply, pick-up in industrial activities, implementation of the China-Pakistan Economic Corridor (CPEC) projects, enhanced fiscal prudence and improvement in enabling environment for investment. As expected, the macroeconomic indicators remained stable in 2015-16 with revival in the domestic demand and large scale manufacturing, expansion in the industrial sector, significant growth in services, construction and electricity generation. Resultantly, the GDP growth was registered at 4.7 per cent, that is, highest in the last eight years. Furthermore, the external sector benefitted from low global oil prices and steady workers remittances.

Agriculture

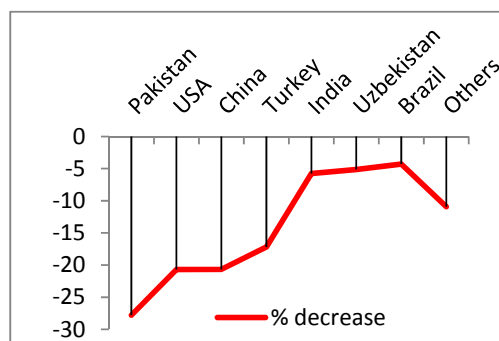
This sector not only has significant contribution towards the GDP growth, it also provides employment to 43.5¹ per cent of the labour force. Pakistan has enormous potential to enhance economic contribution of agriculture sector through improved productivity and value-addition. However, Pakistan lags behind its regional comparators in terms of yield in many important crops. The Vision 2025 has reiterated importance of bridging the yield gaps, and envisaged reduction of 40 per cent of yield gap by 2025.

¹Labour Force Survey 2014-15

During 2015-16, the agriculture sector was targeted to grow by 3.9 per cent on the basis of expected contributions of important crops (3.2 per cent), other crops (4.5 per cent), cotton ginned (5 per cent), livestock (4.1 per cent), fishing (3 per cent) and forestry (4 per cent). However, the sector's performance deteriorated in 2015-16 and registered a decline of 0.19 per cent in growth. Primarily, cotton crop failed to achieve the target (27.8 per cent decline: 10.1 million bales in 2015-16 as against 14 million bales in 2014-15) and was a major set-back. Though the cotton production declined world over, the biggest cotton crop decrease was in Pakistan.

Global cotton production

Cotton production 000 bales (480 lbs)		
Country	2014	2015
Pakistan	14,000	10,100
USA	16,319	12,943
China	30,000	23,800
Turkey	3,200	2,650
India	29,500	27,800
Uzbekistan	3,900	3,700
Brazil	7,000	6,700
Others	18,632	16,591



Source: www.usda.gov

The global fall in cotton prices led to farmers' lacklustre interest in the crop, and the situation was further deteriorated by negligent management of the cotton crop (especially in case of agrochemicals). Torrential and prolonged rains, especially during June-August 2015-16, compounded the damage to the crop and caused pest outbreaks (for example, pink bollworm, armyworm). These factors caused extensive damage to the cotton crop. The prevailing lower cotton prices with high input rates discouraged investment in saving an already damaged crop. The lack of investment and cotton area reduction were mainly a response to the depressed cotton prices during 2015-16.

The rice also registered negative growth of 2.7 per cent in its production, whereby area under rice cultivation declined by 4.9 per cent over the last year. However, the sugarcane remained satisfactory despite some incidents of frost, mainly in the Punjab. It registered a growth of 4.2 per cent.

Box-I Kissan Package

The recession in market prices of the agricultural commodities was addressed by the government through the Kissan Relief Package. This package provided subsidy to the growers of cotton and rice (at a rate of Rs. 5000 per acre). Relief of Rs500 per bag of DAP and Rs218 per bag of Nitrophos, interest free loans for solar tube wells and tax rate reduction on farm machinery (from 43 per cent to nine per cent) were provided in this package. It also included collateral guarantees for loans, and tax breaks for the dairy, poultry and fish farming sectors. The nitrogen and phosphate fertiliser supplies were also higher by 13.4 per cent and 29.8 per cent respectively, mainly due to farm support programme under this Package. Moreover, the State Bank of Pakistan substantially increased allocations of institutional credit for agriculture from Rs516 billion in 2014-15 to Rs600 billion for 2015-16.

The rabi season 2015-16 provided some relief with progressive crop growth in all regions of the country. The climatic conditions stayed favourable for wheat (main crop of rabi season followed by pulses, oilseeds and vegetables) which registered an increase of 1.6 per cent. The failed cotton crop, during the Kharif season, also led farmers to substitute some of the cotton area for wheat crop. The weather favoured good potato production, but uncertainty in potato market prices discouraged the farming community. The farm gate prices (typically lower than the retail prices) of potato generally remained low with cost of production ranging between Rs90,000 to Rs110,000 per acre. This turned to be a disincentive for the farmer in an already slumping agriculture market.

The irrigation water availability for the rabi season 2015-16 was estimated to be satisfactory (25.27 million acres feet as against average usage of 23.67 MAF) with water levels in the reservoirs better as compared to the last year. Actually, the irrigation water supply during the rabi 2015-16 was lower by 0.2 MAF than the last year. However, effective rains during the season (mainly March 2015-16) compensated for this shortfall in the irrigation water.

Therefore, overall growth in the agriculture sector fell by 0.19 per cent in 2015-16. Major crops fell by 7.18 per cent, while other crops registered a decline of 0.31 per cent. Livestock, fishery and forestry achieved growth of 3.63 per cent, 3.25 per cent and 8.84 per cent respectively.

Industry

This sector plays a significant role in the economic development of a country. It contributes 13.3 per cent to the GDP and employs 14.2 per cent of the total employed labour force. It has seen a marked improvement over the previous year. The industrial sector showed remarkable performance and registered a growth of 6.8 per cent during 2015-16, surpassing the target of 6.4 per cent and against growth rate of 4.8 per cent in 2014-15. Construction, electricity generation, gas distribution sector, and mining and quarrying were the main contributors in this growth. Improved energy supply, better security situation, low-cost funding, lower fuel expense, and private credit offtake pushed the overall industrial growth past the target.

Manufacturing

During 2015-16, the manufacturing sector grew by five per cent against the target of 6.1 per cent, and showed lower-than-expected growth. During the last year, this sector had grown by 3.9 per cent. According to the latest data of the Pakistan Bureau of Statistics (PBS), the Large Scale Manufacturing (LSM) sector witnessed a growth of 4.6 per cent as against the target of six per cent and against growth of 3.2 per cent during 2014-15. Although the LSM did not achieve its target for the period under review, marked improvement in the pace of growth in the LSM sector was observed. The higher LSM growth resulted from expansionary monetary policy, falling international prices of the key inputs, better energy situation, increased domestic demand, and expansion of construction activities.

Impressive growth was recorded in automobiles (23.4 per cent), fertilisers (15.9 per cent), rubber products (11.7 per cent), leather products (12.2 per cent), chemicals (10 per cent), non-metallic mineral products (10.2 per cent), pharmaceuticals (7.2 per cent) followed by food beverages and tobacco (3.7 per cent) and textile (0.6 per cent). The sectors, which showed negative growth, were wood products (-58 per cent), engineering products (-17.6 per cent), electronics (-10 per cent), iron and steel products (-7.4 per cent), and paper and board (-2.9 per cent).

Significant decline in the production of tractors (-38.63 per cent) was noticed in the automobiles group. This is due to the reason that the market has not yet fully recovered from the shock of imposition of the Sales Tax in 2012, as this sector still has to pay 10 per cent sales tax. Besides, in the current year, the government has announced a subsidy scheme for farmers, which was expected to trigger some buying, but unfortunately the scheme was delayed. The farmers postponed their buying awaiting the subsidy scheme; consequently the stocks further piled up resulting in production losses. Decline in the production of cigarettes (-8.33 per cent) in the food beverages and tobacco group was caused by the closing down of Mandra factory of Phillip Morris Pakistan due to low demand as well as annual maintenance of the Pakistan Tobacco Company. Likewise, the production of jute goods (-36.65 per cent) in the textile group was adversely affected on account of difficulties in acquiring raw jute from Bangladesh for several months.

The paper and board production was low due to the shortage of gas and electricity and shutdown of some production units due to repair and maintenance. Production of chip board decreased because one main unit (Sindh Particle Board Mills Ltd., Kotri) has been closed due to losses since April 2014 till date. Furthermore, operations of the factory were completely shut down since November 20, 2015). The production of bicycles declined due to low demand in market. The natural gas pressure to Pakistan Steel Mills was abruptly decreased to a very low level since June 10, 2015; thereby halting production.

The mining and quarrying sector posted a growth of 6.8 per cent and surpassed its target of six per cent for 2015-16. Small and household manufacturing registered a growth of 8.2 per cent against the target of 8.3 per cent. The value-addition in electricity, gas and water supply grew by 12.2 per cent against the target growth of six per cent. The construction sector showed significant growth of 13.1 per cent against the target of 8.5 per cent.

Services sector

During the late 1960s, this sector started to take lead in terms of value-addition to the GDP comparative to the agriculture and industrial sectors, showing a structural shift in the economy. The start of 21st century was marked by the services sector's outpacing commodity producing sectors (agriculture and industrial sector combined) in terms of contribution to the GDP. The services sector of Pakistan, while emulating developed countries which are dominated by the services sector, registered satisfactory growth by meeting its target of 5.7 per cent.

The growth was broad-based with positive contribution by its subsectors: transport, communications and storage, finance and insurance, housing services, general government services and, other private services.

Box-II

Auto Development Policy 2016-21

On the last March 18, the Economic Coordination Committee (ECC) of the Cabinet approved the Auto Development Policy 2016-21 in order to develop a modern, competitive and viable automobile and auto-parts industry capable of meeting national and regional demands by 2021. The salient features of the policy are:

- Lower the entry threshold for New investment
- Create enabling tariff structure for development of the automotive sector
- Rationalise automobile import policy
- Provide regulatory and enforcement mechanisms for Quality, Safety and Environmental Standards
- Establishment of the Pakistan Automotive Institute
- Ensure Consumer Welfare through provision of quality, safety, choice and value for money
- Other interventions
- Reorganisation of the Auto Industry Development Committee

The wholesale and retail trade missed the growth target of 5.5 per cent and managed to grow at 4.7 per cent due to negative performance of the agriculture sector. The subsector, transport, storage and communication, (dominated by transportation services) managed to grow by 4.06 per cent, lagging behind its target of 6.1 per cent. In transportation, positive growth came from Air transport, Communication, Road and Storage whereas Railways and Pipeline transport registered negative growth.

Positive growth was registered in finance and insurance, which attained a growth of 7.8 per cent against a target of 6.5 per cent. This was achieved mainly due to growth in scheduled banks and in activities auxiliary to financial services and insurance activities. The financial sector in Pakistan gained momentum with improvement in the business conducive environment and initiation of various projects under the CPEC.

The general government services exceeded the target of six per cent growth rate and registered a growth rate of 11.1 per cent. The increased growth in government services is a result of increased expenditure incurred on defence and security services. With positive growth in real estate, construction and residential societies, Housing Services registered the targeted growth of 4 per cent maintaining the same pace over three consecutive years. Other Private Services which includes renting of machinery and equipment, computer related activities, education, recreational, cultural and sport activities grew positively at 6.6 per cent during 2015-16.

Investment and savings

During 2015-16, fixed investment as percentage of the GDP declined from 13.9 per cent in 2014-15 to 13.6 per cent in 2015-16, missing the target of 16.1 per cent. The public investment as per cent of the GDP grew from 3.7 per cent to 3.8 per cent, whereas the private investment as per cent of the GDP declined from 10.2 per cent to 9.8 per cent. The national savings were registered at 14.6 per cent of the GDP, falling short of the target of 16.8 per cent of the GDP, but increased from the revised estimate of 14.5 per cent of the GDP in 2014-15.

The distribution of private investment in various sectors during the last decade shows that its major recipients are: housing, agriculture, transport and communication and manufacturing. However, the declining trend is observed for the manufacturing sector for 2015-16 (see table-I below), which will have repercussions on the production capacity of this sector.

Table-A
Distribution of Private Investment (per cent share)

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16 ^P
Agriculture	23.4	22.7	25.2	28.4	31.6	32	31.7	29.2	29.4	30
Manufacturing	22.7	21.6	21.4	15.2	15.1	14.5	16.7	15.1	15.1	14.7
Construction	1.1	1.1	1.5	1.1	0.5	0.7	0.6	1.2	1.1	1.5
Transport and Communication	20.8	21.8	15.3	16.3	12.5	11.4	12.2	14.8	15.4	13.9
Other services	7.9	8	8.8	9.9	10.9	11.1	11.2	11.4	11.2	11.8
Housing services	18	18	19.4	21.4	20.1	20.9	21.3	21.2	20.4	21.6
Others	6.1	6.7	8.4	7.8	9.3	9.3	6.4	7.2	7.5	6.5
Total	100	100	100	100	100	100	100	100	100	100

Source: Pakistan Bureau of Statistics, P: Provisional

A gradual increase of the private sector investment in housing is observed over time, which indicates diversion of investors' interest from production sector to real estate business in Pakistan. However, sizeable investment in production sector is required for sustainable economic growth.

The success of developing countries in achieving their target of growth is reliant on the level of investment in the economy. In this regard, the low rate of savings is an obstacle in achieving high level of growth and development, that is, target of 5.5 per cent GDP growth. This leads to dependence on unsustainable, volatile and expensive resources (financial loans and grants from developed countries) and calls for mobilising domestic savings in the economy. In 2015-16, national savings couldn't meet the target of 16.8 per cent of the GDP which led to increased level of dependence on foreign savings to finance investment requirements of the economy.

Outlook 2016-17

The economic growth prospects are positive for 2016-17 with rebound of the industrial sector, pickup in the private sector credit along with improved security situation. The relatively better performance of the LSM is promising for the coming year. The private sector credit is gaining traction, and is expected to generate substantial economic activity. Inflation, though slightly picking up, remains subdued and is expected to remain well below 6 per cent for the next year. The tax revenue collection is growing at an encouraging pace and fiscal deficit has been contained. However, the repercussions of the poor performance of agriculture sector in 2015-16 (specifically cotton crop failure) are expected to act as a drag on overall growth during the next year.

The growth of the GDP for 2016-17 is targeted at 5.7 per cent with contributions from agriculture (3.5 per cent), industry (7.7 per cent) and services (5.7 per cent). Nominal GDP (mp) is targeted to grow by Rs33, 507 billion and GNP per capita is projected at Rs182,152 (Annexure-II). The growth targets are subject to risks such as extreme weather fluctuations and interruption in the envisaged reforms.

Agriculture

The agriculture sector is targeted to grow by 3.5 per cent on the basis of expected contributions of important crops (2.5 per cent), other crops (3.2 per cent) cotton ginned (2.5 per cent) livestock (4 per cent) fishery (3 per cent) and forestry (3 per cent) [Annexure-I]. Adequate production of cotton crop for 2016-17 is dependent upon efficient pest management, favourable weather conditions and profitable commodity prices. However, given the subdued international prices, reduction in cotton sowing area and lack of farmers' interest in the crop (due to shrinking profits), the prospects of satisfactory cotton remain precarious. This is likely to

Box-III

The **Global economy** growth dipped to 2.4 per cent in 2015 from 2.6 per cent in 2014 (World Bank, January 2016). This slowdown largely came from continued deceleration of economic activity in emerging and developing economies. Given the continued weakening in commodity prices, waning global trade, and falling capital flows, global growth is projected at a slower pace. Therefore, the WB revised its earlier forecast of 3.3 per cent growth to 2.9 per cent in January 2016. However, amidst this gloomy economic outlook, South Asia has been considered a 'bright spot' (Global Economic Prospects, WB 2016). Being a net importer of oil, the region has benefitted from lower oil prices and is expected to remain resilient through 2016 and 2017. Therefore, growth prospects for Pakistan are encouraging despite local and global vicissitudes. Pakistan economy is expected to progress steadily, given that macroeconomic and socio-political stability prevails.

depress the overall growth of important crops. However, the growth prospects for livestock, fishery and minor crops are bright.

Given ample water availability, favourable weather conditions, revival of major crops and increased productivity of livestock, agriculture sector is expected to achieve the envisaged growth of 3.5 per cent in 2016-17. Agriculture research and marketing need to be prioritised for harnessing the potential of this sector. This will prove to be profitable for the farmers and responsive to the changing demand patterns of domestic and international markets.

Industry

This sector performed well during the current fiscal year and surpassed the target of 6.4 per cent. In view of its higher growth rate during the current fiscal year (against last year's growth rate), the industrial sector is expected to grow by 7.7 per cent during 2016-17 on the back of better energy supply and planned investment under the CPEC. The mining and quarrying sector is projected to grow by 7.4 per cent. Besides, the manufacturing sector is expected to grow by 6.1 per cent for 2016-17, the LSM's growth rate of 5.9 per cent, small and household manufacturing 8.2 per cent, construction by 13.2 per cent and electricity, generation and gas distribution by 12.5 per cent.

Several energy-related fast-track projects under the CPEC are expected to be completed in the next fiscal year. The LSM growth will also go up with the ongoing construction activities, infrastructure projects and improved energy supply with the import of the LNG and LPG and completion of early harvest energy projects under the CPEC. Moreover, the aggregate demand is expected to be maintained, provided that the remittances keep flowing. The exploitation and exploration of huge mineral deposits of iron, coal, copper and gold will further boost the industrial sector. Demand for housing is also on the rise and both public and private sectors are working on housing schemes. These schemes are expected to result in increase in demand for cement and iron, substantially.

Overall, it is expected that improved energy availability, better law and order situation, lower interest rate with the subdued inflation and continued macroeconomic stabilisation will play a major role in achieving the next year's target of industrial growth.

Services sector

This sector is targeted to grow by 5.7 per cent in 2016-17. The growth in this sector will be contributed by 5.1 per cent in transportation, communication and storage, 5.5 per cent in wholesale and retail trade, 7.2 per cent in finance and insurance, four per cent in housing, seven per cent in the general government services and 6.7 per cent in other private services sector. The expected higher growth in commodity producing sectors (based on availability of affordable energy sources and finances) will support the targeted growth in the services sector.

With continuous improvement in the law and order situation and development of basic infrastructure, the tourism industry of Pakistan will gain momentum and generate socio-economic remunerations. The growth in tourism industry will have trickledown effect on hotels and restaurants, a subsector of the wholesale and retail trade.

The government of Pakistan is focused on making Pakistan a tourist destination and taking various initiatives for branding rich cultural heritage of Pakistan. Among 25 broader goals under the seven pillars of the Vision 2025, one is to increase the number of tourist arrival to two million.

Investment and Savings

Investment is targeted at 17.7 per cent of the GDP in order to realise the targets of sustained, indigenous and inclusive growth. The fixed investment is expected to grow at 16.1 per cent of the GDP in 2016-17. The national savings, as percentage of the GDP, is targeted at 16.2 per cent. The investment under the CPEC is expected to improve the overall investment climate. Further, improvement in the investment-friendly environment as a result of affordable energy, increased profitability, high capacity utilisation rate, finance availability and reduced political and economic uncertainty will help attain the investment target for 2016-17.

Further, to effectively put Pakistan back on the map for investors, the country needs to delve into investment promotion. The first step requires image improvement, so that promotion activities may then be effective. The Pakistani economy has recently regained stability and welcomed massive investments from China, which has prompted a positive outlook from the Moody's and S&P. This is, therefore, the right time to vigorously pursue investment promotion campaign through advertisements, public relation events and presence at international investment forums, to attract investors,

who are already beginning to take notice. The first step in this regard has already been taken in the form of 'Branding Pakistan' project under the Planning Commission.

Box-IV

'E' factor in hotels and restaurants

The world has become a global village and various industries have shown phenomenal growth with the growth in Information Technology. Tourism industry is one of those industries which have taken a new dimension after inception of E-business. Usage of internet is bridging gaps in communication and coordination and the hospitality industry is expected to grow rapidly across globe with surge in E-Commerce. A study conducted by Jovago.com, (a hotel booking website, funded by German start-up incubator and venture capital firm Rocket Internet) revealed preferences of visitors booking hotels online. About 68 per cent of visitors asked for WIFI facility, 24 per cent looked for swimming pools and, eight per cent looked for air-conditioned rooms. In Pakistan, with growth in IT industry the concern of visitors over availability of WIFI in hotels is addressed to considerable extent as report mentioned Pakistan to be ranked 4th in the world in term of broadband internet growth. However, the discomfort of hoteliers over online booking which is different from traditional walk-in customers and travel agents is a point of concern.

The report mentions that Pakistan, having gorgeous destinations, is a home of six UNESCO recognised heritage sites which are being selected for their cultural connotation. Those six heritage sites include Mohenjo-Daro, Taxila, Buddhist ruins of Takht-i-Bahi, Lahore Fort and Shalimar Gardens, historical monuments at Makli, Thatta and Rohtas Fort.

According to the statistics from World Travel and Tourism Council, Pakistan is expected to have an increase in visitors up to two million by 2025 which will have positive implications for foreign exchange reserves and industry development. Statistics further unveiled that in 2014, the travel and tourism industry created 3,480,000 jobs, six per cent of the total employment and this was expected to grow by 3.5 per cent reaching 3,600,500 jobs in 2015 and further in a decade, rise by 2.3 per cent to 6.2 per cent per annum. The growth in travel and tourism industry is not only giving base for inclusive growth but also adding to employment opportunities.

Annexure-I

Gross Domestic Product
(2005-06 prices)

Items	% Change			
	2014-15 Revised	2015-16 Target	2015-16 Prov.	2016-17 Target
1. Commodity production sectors	3.7	5.1	3.3	5.7
A) Agriculture	2.5	3.9	-0.2	3.5
Important crops	-0.5	3.2	-7.2	2.5
Other crops	3.1	4.5	-0.3	3.2
Cotton ginned	7.2	5	-21.3	2.5
Livestock	4	4.1	3.6	4
Fishery	5.8	3	3.3	3
Forestry	-10.4	4	8.8	3
B) Industry	4.8	6.4	6.8	7.7
Mining and quarrying	4	6	6.8	7.4
Manufacturing (I+II+III)	3.9	6.1	5	6.1
I) Large-Scale Manufacturing	3.3	6	4.6	5.9
II) Small and household	8.2	8.3	8.2	8.2
III) Others*	3.4	3.7	3.6	3.7
Construction	6.2	8.5	13.1	13.2
Electricity generation and gas distribution	12	6	12.2	12.5
II) Services	4.3	5.7	5.7	5.7
Transport, storage and communications	4.9	6.1	4.1	5.1
Wholesale and retail trade	2.6	5.5	4.6	5.5
Finance and insurance	6.5	6.5	7.8	7.2
Housing services	4	4	4	4
General government services	4.8	6	11.1	7
Other private services	6	6.4	6.6	6.7
GDP(bp)	4	5.5	4.7	5.7

* Covers slaughtering of animals in accordance with the Islamic Sharia (Zabiha)

Source: PBS and Planning Commission

Annexure-II

**Macroeconomic Framework
(Current Market Prices)**

Items	2013-14	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
	Final	Revised	Prov.	Target	2013-14	2014-15	2015-16
	Rs Billion				Growth (%)		
GDP (bp)	24,029	26,140	27,905	31,265	8.8	6.8	12
Indirect taxes (net)	1,140	1,353	1,693	2,242	18.7	25.1	32.4
GDP (mp)	25,169	27,493	29,598	33,507	9.2	7.7	13.2
Net factor income from abroad	1,428	1,675	1,869	2,415	17.3	11.6	29.2
GNP (mp)	26,597	29,168	31,467	35,922	9.7	7.9	14.2
External resources inflow (net)	322	274	180	490	-14.8	-34.3	171.7
Total resources and uses	26,919	29,442	31,647	36,413	9.4	7.5	15.1
Total consumption	23,236	25,186	27,145	30,482	8.4	7.8	12.3
Total investment	3,684	4,256	4,502	5,931	15.5	5.8	31.7
Fixed investment	3,281	3,816	4,028	5,395	16.3	5.6	33.9
Public incl. general government	797	1,023	1,132	1,312	28.4	10.6	15.9
Private	2,484	2,793	2,896	4,083	12.4	3.7	41
Changes in stocks	403	440	474	536	9.2	7.7	13.2
National savings	3,362	3,981	4,321	5,441	18.4	8.5	25.9
	As % of GDP						
Total investment	14.6	15.5	15.2	17.7			
Fixed investment	13	13.9	13.6	16.1			
Public incl. general government	3.2	3.7	3.8	3.9			
Private	9.9	10.2	9.8	12.2			
National savings	13.4	14.5	14.6	16.2			
External resources inflow (net)	1.3	1	0.6	1.5			
Memo items							
Inflation	6.9	4.5	3.5	6			
GNP (mp) per capita (Rs)	142,849	153,619	162,569	182,152	7.5	5.8	12

Source: PBS and Planning Commission

Chapter 2 | PUBLIC SECTOR DEVELOPMENT PROGRAMME

The PSDP is one of the instruments for implementing programmes for the socio-economic uplift of the country. The Programme has been instrumental in developing infrastructure, improving connectivity and social uplift. The PSDP also helps promote balanced growth by providing more funds for the less-developed regions for improving access to social service delivery and ensuring pro-poor growth. The Vision 2025, the agreed roadmap for achieving balanced human, physical, social, and economic development, is based on seven pillars. To achieve the goals of the Vision, projects have been initiated for integrated energy development, modernising infrastructure, institutional reforms in the public sector, value-addition in the commodity producing sectors, exports promotion, water and food security, private sector-led growth and programmes for promoting entrepreneurship.

Whereas the public investment programmes of the federal and provincial governments is the main budgetary tool used for achieving short and medium term goals for socio-economic development, the public sector corporations, local authorities and enterprises also mobilise resources for investment on projects for achieving development goals. Thus overall national development outlay should respond to the emerging needs to achieve the targeted growth and create an enabling environment required to attract private and foreign investment in the country. The PSDP also reflects resolve of the government for achieving the socio-economic development as envisaged in the policy documents such as the Vision 2025 and 11th Five Year Plan (2013-18), both aligned with the global development agenda of the Sustainable Development Goals (SDGs).

Performance review 2015-16

The National Economic Council (NEC) in its meeting held on June 1, 2015, approved the PSDP 2015-16 at Rs1,513 billion with the federal component of Rs700 billion and provincial Annual Development Programme (ADPs) at Rs813 billion. The National Development Outlay 2015-16 had Rs231 billion as the Foreign Aid Component (Rs146 billion in the federal PSDP and Rs85 billion under the provincial ADPs]. The break-up of the development outlay is presented in table-1.

Table-1
National development outlay 2015-16

(Rs billion)

Agency	BE 2015-16			RE 2015-16		
	Rupee	F. Aid	Total	Rupee	F. Aid	Total
Ministries and Divisions	190.1	22.7	212.8	189.1	22	211.1
Corporations (NHA, Power)	153.4	120.1	273.5	162.4	120	282.4
Special Areas (FATA, AJK, GB)	38.2	0.5	38.7	37.7	0.5	38.7
Special Federal Dev. Programme	28	-	28	19.9	0	19.9
MDGs Community Development	20	-0	20	20.9	-	20.9
ERRA	4	3	7	4	3	7
Sub-total (ministries and executing agencies)	433.7	146.3	580	434	146	580
Special Development Programme for TDPs and security arrangements	100	-	100	69	-	69
Prime Minister's Youth Programme	20	-	20	20	-	20
Total (federal)	553.7	146.3	700	523	146	669
Provincial ADPs	728.2	85.5	813.7	670	62	732
Total (national)	1,281.9	231.8	1,513.7	1193	208	1,401

The Ministry of Planning, Development and Reform undertook quarterly review meetings of the Federal PSDP 2015-16 in November 2015 and February 2016 to assess progress of the PSDP-funded projects. As a result of the allocation strategy adopted in the fiscal year 2015-16, about 236 projects costing around Rs254 billion will be completed by June 30, 2016. The ministries and agencies have assured that the PSDP funds would be fully utilised. The sector-wise budget estimates and revised estimates of the PSDP 2015-16, and the sectoral shares (in per cent) are given in table-2.

Table-2
Sector-wise allocations in the federal PSDP 2015-16

Sector	(Rs billion)			
	Budget estimates*		Revised estimates	
Infrastructure	408	(70)	418	(72)
Power	145		167	
Transport and communication	220		206	
Water	31		32	
Physical planning and housing	13		13	
Social sector	81	(14)	76	(13)
Education, including higher education	24		24	
Health and population welfare	23		28	
Pak. MDGs Community Development Programme	20		21	
Others	13		3	
Science and information technology	7	(1)	11	(2)
Governance	7	(1)	6	(1)
Special Areas (AJ&K, G-B, FATA)	39	(7)	39	(7)
Production sector	4	(1)	3	(1)
Special Federal Development Programme	28	(5)	20	(3)
ERRA	7	(1)	7	(1)
Sub-Total (Federal Ministries/ Executing Agencies)	580	(100)	580	(100)
Special Dev. Programme for the TDPs and Security	100		69	
PM's Youth and Hunarmand programme	20		20	
Total size	700		669	

* Figures in the parenthesis are the sectoral shares (in per cent) calculated from the total allocation of Rs580 billion.

The infrastructure sector projects received Rs418 billion (72 per cent) as per the revised estimates of the federal PSDP 2015-16. Within infrastructure, the transport and communication sectors received the highest allocation of Rs206 billion, followed by the energy sector of Rs167 billion and the water sector of Rs32 billion. The WAPDA, NTDC, and GENCOs will also be able to spend another Rs175 billion on the self-financed energy sector projects by June 30, 2016.

The revised estimates for 2015-16 also show that the social sector spending will be about Rs76 billion (13 per cent). The health and population welfare sectors received the highest allocation of Rs28 billion, followed by Rs24 billion of education and training (including higher education). An amount of Rs11 billion was earmarked for projects in science and information technology, while Rs6 billion for governance sector projects, and Rs3 billion to augment the facilities in the production sector. Additionally, Rs21 billion were spent on the community based Pak. MDGs Community Development Programme and Rs20 billion under the Prime Minister's Youth Development Programme.

The development of the Special Areas is responsibility of the federal government for which Rs39 billion (seven per cent of the PSDP) were provided as budgetary support for formulation of the respective ADPs of the FATA, AJ&K and G-B. A sum of Rs69 billion was spent on projects aimed at facilitating the TDPs and for improvement of security, while Rs7 billion were earmarked for completion of the ongoing projects of the ERRA during 2015-16.

Outlook 2016-17

The PSDP 2016-17 has been proposed in line with the overall agenda set under the Vision 2025, and to meet the targets of the 11th Five Year Plan. The overall national development outlay for 2016-17 has been set at a size of Rs1,675 billion, including the foreign aid component of Rs229 billion, which was approved by the NEC on May 30, 2016. The federal component of the PSDP is Rs800 billion with foreign aid of Rs143 billion. This includes: Rs100 billion for the Special Development Programme for the TDPs and security enhancement, Rs20 billion for the PM's Youth and *Hunarmand* Programme and Rs25 billion for the Gas Infrastructure Development Fund. The provincial governments will spend Rs875 billion through their ADPs, including the foreign aid component of Rs86 billion. Breakup of the National Development Outlay 2016-17 is given in the table-3 below.

Table-3
National development outlay 2016-17

(Rs billion)			
Agency	Rupee	F. Aid	Total
A. Ministries and divisions	218	22	240
B. Corporations (NHA, WAPDA – Power)	201	117	318
C. Special Areas	41	1	42
D. Pak. SDGs Community Development Programme	20	-	20
E. Special Federal Development Programme	28	-	28
F. ERRA	4	3	7
Sub-Total (A-F)	512	143	655
G. Special Development Programme for the TDPs	100	-	100
H. PM's Youth and <i>Hunarmand</i> Programme	20	-	20
I. Gas Infrastructure Development Fund	25	-	25
Sub-Total (G-I)	145	-	145
Total (federal)	657	143	800
J. Provincial ADPs	789	86	875
Total (national)	1,446	229	1,675

The total size of the federal PSDP 2016-17 – set at the Rs800 billion – is 20 per cent higher in comparison to the revised PSDP 2015-16. The PSDP 2016-17 for the ministries' and executing agencies' development programme – set at Rs655 billion – is 13 per cent higher to the last years revised size, while the provincial ADPs are higher by 20 per cent than the revised size of the provincial ADPs for 2015-16. Thus the total national development outlay for 2016-17

– set at Rs1,675 billion – is about 20 per cent higher over the revised estimates of the total national development outlay of 2015-16.

Federal PSDP 2016-17

The federal PSDP 2016-17 for the development programme of the ministries and executing Agencies has been set at Rs655 billion, including the foreign aid component of Rs143 billion (excluding Rs100 billion for the Special Development Programme for the TDPs and security enhancement, Rs20 billion for the Prime Minister’s Youth and *Hunarmand* Programme and Rs25 billion for the Gas Infrastructure Development Fund). This amount is 13 per cent higher over the PSDP allocation made in the last year.

Resource allocation strategy

The following broad guidelines were communicated to the federal ministries and executing agencies for allocating resources to their projects under the federal PSDP.

- Ensure that the proposed projects fall under the sectoral priorities and contribute to achieving high level goals set under the Vision 2025 and 11th Five Year Plan
- Identify projects that may be undertaken on innovative modes of financing (public-private partnership (PPP), community participation, cost sharing by the NGOs)
- Include projects having identifiable intended tangible outcome relevant to achieving, any of the SDGs by 2030, to which Pakistan is a party.
- Adequately provide funds for the foreign aided projects
- Allocate appropriate funds to the ongoing projects, which are at fairly advanced stage of completion. The projects, initiated under the China-Pakistan Economic Corridor (CPEC) and supporting it, may also be given the due priority.
- Adhere to provisions of the 18th Constitutional amendment in terms of division of subjects between the federal and provincial governments

The PD&R Division convened consultative meetings with the ministries, divisions and executing agencies from April 25 – May 5, 2016, to discuss development priorities for 2016-17. In order to consolidate the federal PSDP, the ministries and divisions were requested to assign priority to projects that fall within the purview of the Vision 2025 and SDGs, projects that are at an advanced stage of completion during 2016-17, protect foreign-funded projects, projects under the CPEC and those necessary to support the CPEC projects. It was advised that no unapproved project be included in the PSDP 2016-17 except the CPEC projects or those for which PC-Is have been received in the PD&R Division by May 15, 2016. As a result, only three to four per cent of resources have been proposed for new projects during 2016-17.

The Annual Plan Coordination Committee (APCC) met on May 27, 2016, and firmed up the recommendations for the NEC in consultation with the line ministries, provincial and Special Area governments. Minister PD&R Prof Ahsan Iqbal held separate meetings with the representatives of the provincial governments to fine tune the PSDP allocations in a consultative manner. The broad sectoral allocations for 2016-17 are given in table-4 below, whereas the ministry-wise allocations are at Annexure-I.

Table-4
Sector-wise allocations in the federal PSDP 2016-17

Sector	Billion rupees	*Share (%)
Infrastructure	468	71
<i>Power</i>	157	
<i>Self-financed (outside budget)</i>	253	
<i>Transport and communication</i>	260	
<i>Water</i>	33	
<i>Physical planning and housing</i>	18	
Social Sector	89	14
<i>Education (including higher education)</i>	28	
<i>Health and population welfare</i>	30	
<i>Pak. SDGs Community Development Programme</i>	20	
<i>Others</i>	11	
Science and information technology	9	1
Governance	8	1
Special Areas (AJ&K, G-B, FATA)	42	6
Special Federal Development Programme	28	4
Production sector	4	1
ERRA	7	1
Sub-total (ministries, divisions, executing agencies)	655	100
Other special programmes	145	
TDPs and security	100	
PM's Youth and <i>Hunarmand</i> Programme	20	
Gas Infrastructure Development Fund	25	
Total size (federal PSDP)	800	

* Figures in the parenthesis are sectoral shares (in per cent) calculated from Rs655 billion.

The above sector-wise allocations suggest that the highest priority has been given to the infrastructure sector with overall allocation of Rs468 billion. Within infrastructure, the priority has been accorded to the transport and communication sectors with an allocation of Rs260 billion, followed by power at Rs157 billion, and Rs33 billion for conservation and augmentation of water resources, and Rs18 billion for the physical planning and housing.

The development of the social sector primarily comes under the domain of the provinces after the 18th Constitutional amendment. Despite this, Rs89 billion have been allocated for the social sector projects including education and higher education (Rs28 billion), health and population sector (Rs30 billion) and Rs12 billion for other social sectors. An amount of Rs20 will be spent on the community-based Pak. SDGs Community Development Programme aimed to provide basic amenities at the local level in electricity, gas, water supply, sanitation and allied sectors.

To promote technological and scientific research, Rs9 billion have been allocated for the science and information technology sector. To support reforms, innovations and capacity-building, and institutional programmes, Rs8 billion have been earmarked for the governance sector. To augment the efforts of the provincial governments in attaining food self-sufficiency by enhancing productivity, Rs4 billion have been allocated for the production sector in the federal PSDP.

For uplift of the Special Areas, an allocation of Rs42 billion has been earmarked for the development programme in the FATA, AJ&K and Gilgit-Baltistan so that these Areas formulate their respective annual development programmes to respond to the local needs and priorities. Rs28 billion have been allocated for undertaking special projects in provinces and Special Areas under the Special Federal Development Programme. An amount of Rs20 billion has been allocated for the Prime Minister's Youth and *Hunarmand* Programme to provide financial resources to enterprising youth enabling them combat unemployment. For reconstruction of the FATA and re-settlement of the TDPs, an amount of Rs100 billion have been allocated in the PSDP 2016-17. The Gas Infrastructure Development Fund has been created with initial seed money of Rs25 billion, while an amount of Rs7 billion has been allocated to complete the ongoing projects of the ERRA in the earthquake areas.

Strategy for federal PSDP releases

The Ministry of Planning, Development and Reform authorises project-wise releases to the executing and sponsoring agencies since 2010-11. Depending upon the resource availability, the MoPD&R has decided releasing of funds quarterly in consultation with the Finance Division. Keeping in view the expected flow of revenues, the Finance Division notifies a quarterly ceiling for the release of the PSDP funds. Accordingly, the MoPD&R authorises the releases to the sponsoring and executing agencies compared to the allocations for their budgeted projects. Efforts are made to ensure uninterrupted availability of funds to the project authorities. During 2016-17, the Finance Division indicated releasing 20 per cent each of the allocated funds in the first and second quarters, and 30 per cent each in the third and fourth quarters. The ministries and divisions are allowed to demand funds in excess of the above ceilings for their priority projects during a particular quarter, while remaining within the overall budget ceiling of the ministry or division.

Output-based evaluation of projects

The government has decided to move towards outcome-based budgeting for which result-based management and output based monitoring will be initiated. During the year, efforts will be made to examine and process the cases of release and re-appropriation of funds, public sector investment reviews and on-site project and programme monitoring by following these principles. It is expected that the internal monitoring, at the federal as well as provincial levels, will also be geared towards this direction. There is a need to enhance capacity for better project preparation, execution, monitoring and review, both at federal and provincial levels, as well as at the level of the executing agencies so that need based projects are processed and implemented which bring change in the lives of the people.

During the year, the ministries and divisions will be required to provide details of utilisation of the released funds along with the physical progress made against the funds already released while making request for release of funds. The Project Directors and the Principal Accounting Officers will be required to update physical and financial progress on the projects supervised by them and feed-in the information in the online Project Monitoring System (PMES) of the MoPD&R. Releases will be linked with achievements against agreed targets of physical achievements and financial utilisation for each project.

The Projects Wing of the MoPD&R will carry out evaluation of a set of the selected projects and prepare model reports following the output-based evaluation so that the ministries and divisions also follow the similar pattern in case of projects monitored under the internal systems. The ministries have already been requested to establish cells and sections on regular side to deal with their projects. These efforts are part of the conscious effort towards

better utilising the tax money. The Pakistan Planning and Management Institute (PPMI) has been advised to design and conduct training programmes to prepare the manpower to carry out this assignment.

Salient features of federal PSDP 2016-17

It has been decided that the projects, initiated before 2010 having throw-forward of up to Rs15 million, have not been provided budget in the PSDP 2016-17. However, such projects will be provided funds for essential requirements during the year leading to their completion or for clearing financial liabilities, if any. Other salient features of the federal PSDP 2016-17 are briefly discussed below:

- Emphasis is on consolidating the PSDP and to keep the throw-forward of projects within a manageable limit. With this in view, 97 per cent of the allocation has been earmarked for on-going projects, and only three to four per cent of funds are allocated to new projects. Following this strategy, appropriate allocations are made for projects including those for the CPEC. The strategy is to move towards strict compliance of output base budgeting from the next financial year.
- Priority has been accorded to the power sector where a total investment worth Rs410 billion is planned. Of this, about Rs157 billion have been proposed from the budget. In addition, Rs253 billion will be invested by the NTDC, GENCOs, and WAPDA from the self-generated resources on power generation and distribution projects.
- The second priority has been accorded to transport and communications sector with an allocation of Rs260 billion to harness the potential of regional integration. This includes: Rs188 billion for the national highways and Rs41 billion for the Railways and Rs31 billion for other projects, including Aviation projects.
- The CPEC offers a 'game-changer' opportunity for generating employment for the future generations, regional integration, boosting trade, growth opportunities and revolutionise the socio-economic scene of the country. The government is committed to work together with the federating units in taking forward this important pillar of the development agenda.
- The CPEC projects will enter into their second year of implementation during 2016-17; therefore, while carving the details of the development outlay, it was kept in mind that the CPEC projects get enough funds required for their takeoff such that by the end of the year, these projects arrive at a stage of maturity. This will enable timely completion of the CPEC projects in the subsequent years. The government is fully cognisant of the importance of appropriately financing the CPEC projects at all costs, and no CPEC project will get delayed due to resource constraints.
- Thirteen projects for development of Gwadar are also part of the PSDP 2016-17 with a total estimated cost of Rs68 billion. An amount of Rs9 billion has been allocated. Due to special security requirements of the CPEC projects, one per cent of the cost of these projects has been earmarked for the security arrangements by the Interior Ministry.
- Six projects of the Pakistan Railway, having estimated cost of Rs3 billion, are included to support the CPEC, with an allocation of about Rs2 billion during 2016-17.
- An amount of Rs1 billion is earmarked for the Green Pakistan Programme, under which tree plantation campaign will be launched to help mitigate against climate change by reducing the content of carbon dioxide.

- To improve the socio-economic condition of the less-developed areas, Rs42 billion have been set aside for the development programme in the Federally Administered Areas (FATA, AJ&K and G-B).
- The government assigns high priority to the human resource development. An amount of Rs22 billion has been allocated to the HEC to finance its portfolio of projects that include establishing new universities and campuses at the district level. Establishment of new universities or sub-campus of different universities has been planned at Gwadar, Sibi, Zhob, Qila Saifullah, FATA, Baltistan, Malir, Hyderabad, Rahim Yar Khan, Kala Shah Kaku and Lakki Marwat apart from establishment of a women university at Bagh, AJ&K.
- To ensure water security in Balochistan, the government will continue to finance the projects, in addition to the projects in other sectors, for construction of 100 small dams in Balochistan, construction of Bosal, Winder and Mangi dams.
- To improve social service delivery and socio-economic indicators of Pakistan, the federal government initiated the 'Pakistan SDGs and Community Development Programme' during 2014-15. The Programme will continue with a total outlay of Rs20 billion during 2016-17 for providing basic civic amenities to the general public at their doorstep.
- An allocation of Rs28 billion has been kept for continuing the activities under the Special Federal Development Programme during 2016-17 with the objective to promote balanced growth and to supplement the efforts of the provincial governments.
- Development takes root in an environment of peace and security. The special development programme to enhance security and rehabilitating infrastructure to ease out resettlement of the TDPs, initiated during 2015-16, will continue with an allocation of Rs100 billion.
- An amount of Rs600 million is earmarked for the national education reforms. Other new initiatives include establishment of Citrus Board to enhance the export potential of citrus fruit produced in the country and creation of a centre of excellence on artificial intelligence.
- A total of 866 projects and programmes, with estimated cost of Rs6 trillion, will be financed under the PSDP during 2016-17. The estimated expenditure of Rs2 trillion has been incurred on these projects up to June 30, 2016, leaving a throw-forward of Rs4.2 trillion. Of these, 227 are new projects, having estimated cost of Rs762 billion.
- The Prime Minister's Youth and *Hunarmand* Programme will continue with an allocation of Rs20 billion. The initiative aims at offering resources to enterprising youngsters to support their self-employment.
- A new initiative is creation of the Special Gas Infrastructure Development Fund, with an allocation of Rs25 billion. This Fund will be used to fill in the gaps in supply of gas in remote areas of the country. This initiative will help extend the environment-friendly cooking facilities to the masses.
- On the provinces' demand, procurements for the EPI are to be made centrally, which will be financed by the provinces. Since, presently no mechanism for such an arrangement exists, the Ministry of National Health Services, Regulation and Coordination has been advised to work out an appropriate mechanism in consultation with the provinces and the Finance Division for the centralised procurement and its financing on the shared cost basis.

Annexure-I

**National development programme 2015-16 (RE*) and 2016-17
(Ministry and division-wise summary)**

(Rs million)

S No	Ministry and division	PSDP 2015-16			Proposed PSDP 2016-17		
		F. Aid	Rupee	Total	F. Aid	Rupee	Total
A.	Federal Ministries						
1	Aviation Division	2700	1200	3900	1674	3021.2	4695.2
2	Cabinet Division	-	654.2	654.2	-	369.4	369.4
3	Capital Administration & Development Division	138.1	905.2	1043.3	403	2159.2	2562.2
4	Climate Change Division	-	39.8	39.8	-	1027	1027
5	Commerce Division	-	875.6	875.6	-	796.9	796.9
6	Communications Division (other than NHA)	-	364.7	364.7	-	5285.3	5285.3
7	Defence Division	800	1658.2	2458.2	40.8	2485.8	2526.7
8	Defence Production Division	-	900	900	-	2300	2300
9	Establishment Division	-	148.5	148.5	-	136.5	136.5
10	Federal Education and Professional Training Division	-	2207	2207	-	2221.1	2221.1
11	Federal Tax Ombudsman	9.7	-	9.7	-	-	-
12	Finance Division	250	8884.5	9134.5	318	8883.9	9201.9
13	Foreign Affairs Division	-	60	60	-	500	500
14	Higher Education Commission	271.1	20228.9	20500	299	21187.4	21486.5
15	Housing & Works Division	-	2590.4	2590.4	-	6554.2	6554.2
16	Human Rights Division	-	-	-	-	170	170
17	Industries & Production Division	-	790.9	790.9	-	909.5	909.5
18	Information & Broadcasting Division	-	390.9	390.9	-	335.4	335.4
19	Information Technology & Telecom Division	150	772.8	922.8	171.2	938	1109.2
20	Inter Provincial Coordination Division	-	609.6	609.6	-	645	645
21	Interior Division	100	8199.5	8299.5	50	11504	11554
22	Kashmir Affairs & Gilgit Baltistan Division	875	22362	23237	700	25050	25750
23	Law & Justice Division	-	1500	1500	-	1500	1500
24	Narcotics Control Division	135	95.4	230.4	105	113.4	218.4
25	National Food Security & Research Division	-	1500	1500	-	1520.5	1520.5
26	National Health Services, Regulations & Coordination Division	-	20701.9	20701.9	200	24751.2	24951.2
27	National History & Literary Heritage Division	-	-	-	-	67.1	67.1
28	Pakistan Atomic Energy Commission	15461	14947.5	30408.5	13287.2	14273.2	27560.5
29	Pakistan Nuclear Regulatory Authority	-	321	321	-	271	271
30	Petroleum & Natural Resources Division	-	348.9	348.9	-	587.5	587.5

31	Planning, Development & Reform Division	10	13670.7	13680.7	30	11967.8	11997.8
32	Ports & Shipping Division	-	12000	12000	4400	8425.2	12825.2
33	Railways Division	-	41000	41000	-	41000	41000
34	Religious Affairs & Inter Faith Harmony Division	-	3	3	-	34.3	34.3
35	Revenue Division	2	333.1	335.1	2	685.3	687.3
36	Science & Technological Research Division	-	1060.4	1060.4	-	1776.9	1776.9
37	States & Frontier Regions Division	373.3	19326.7	19700	413	21887	22300
38	Statistics Division	-	100	100	-	200	200
39	S U P A R C O	300	500	800	500	2000	2500
40	Textile Industry Division	-	165	165	-	150	150
41	Water & Power Division (Water Sector)	1600	28520	30120	1150	30566.4	31716.4
	Total (Federal Ministries):	23175.3	229936.5	253111.7	23743.3	258256.7	282000
B.	Corporations:						
1	National Highway Authority	63950	95650	159600	61350	126650	188000
2	WAPDA (Power)	56161.4	56126.9	112288.3	55224.2	74775.8	130000
	Total (Corporations):	120111.4	151776.9	271888.3	116574.2	201425.8	318000
C.	Pak SDGs & Community Dev. Programme	-	20000	20000	-	20000	20000
D.	Special Federal Development Programme	-	28000	28000	-	28000	28000
E.	ERRA	3000	4000	7000	3000	4000	7000
	Total (Federal Ministries/ Executing Agencies)	146286.7	433713.3	580000	143317.6	511682.4	655000
F.	Special Development Programme for TDPs and security	-	69,000	69,000	-	100000	100000
G.	Prime Minister's Youth and Hunarmand Programme	-	20000	20000	-	20000	20000
H.	Gas Infrastructure Development Fund	-	-	-	-	25000	25000
	Total (Federal)	146286.7	553713.3	669000	143317.6	656682.4	800000
I.	Provinces	62,217	670,230	732,447	86052	788948	875000
	Total (National):	208503.7	1192943.3	1401447.	229369.6	1445630.4	1675000

* RE – Revised Estimates

PILLAR-I

**Putting people first – developing
human and social capital**

Chapter 3 | POPULATION

The population management is very important as it affects the socioeconomic characteristic of any society in diverse ways. First, it is the denominator for all national plans. Secondly, the population policies and plans determine size of cohorts which in turn affect economic sustainability of the society. Thirdly, it affects the health of mother and child, which is vital for development of the family, and ultimately, the society.

Pakistan is facing challenge of getting a balance between the population growth rate and sustainable development. The major causes of over population are lack of family planning and reproductive health facilities, low contraceptive prevalence and literacy rate, early marriage, religious and cultural preference for male child and low female empowerment.

Population stabilisation is central to optimal socio-economic development, since the gains of the economic development are diminished by the higher population growth rate. If the prevailing population and demographic trends continued, Pakistan's population is projected to be 227 million by 2025. Though population is a provincial subject after the 18th Constitutional amendment, but the federal government is also looking after this sector and coordinating with the provinces to achieve the desired objectives and targets of the Vision 2025 and 11th Five Year Plan 2013-18 in addition to fulfilling international commitments of the Family Planning 2020 and Sustainable Development Goals (SDGs).

There is a dire need of population census as no national census has been carried out since 1998. However, the last Pakistan Demographic and Health Survey (PDHS) was held in 2012-13, which provides some important demographic indicators of Pakistan.

Table-1
Important demographic indicators of Pakistan

Indicator	Mid 2016
Total population (million)	194.9
Male (million)	100.4
Female (million)	94.4
Urban population (million)	86.3
Male (million)	44.5
Female (million)	41.8
Rural population (million)	108.5
Male (million)	55.9
Female (million)	52.6
Total Fertility Rate (TFR)	3.8
Crude Birth Rate (per thousand)	24.8
Crude Death Rate (per thousand)	6
Population Growth Rate (per cent)	1.9
Contraceptive Prevalence Rate (per cent)	35
Life expectancy (year)	69.6
Females	70
Males	69.3

Source: PDHS 2012-13 and National Institute of Population Studies (NIPS) Islamabad

Pakistan's performance needs improvement when compared to the South Asian Association for Regional Cooperation (SAARC) countries. The contraceptive prevalence rate (CPR) in Pakistan is 35 per cent, whereas the regional average is 60 per cent. Similarly, the total fertility rate (TFR) here is 3.8, whereas the regional is 2.3 per cent. Also, the infant mortality rate (IMR) and maternal mortality rate (MMR) is also quite high compared to the region.

Performance review 2015-16

During the previous year, it was envisaged to reduce unmet demand of contraceptives by 20 per cent, and also increase demand for family planning and reproductive health services. However, these could not be realised due to shortage of funds. Now in addition to the federal PSDP funding, the provinces are also financing this programme through their own resources. The federal PSDP funding to the Population Welfare Programme of the provinces and federating units (AJ&K, G-B and FATA) is still continuing even after implementation of the devolution plan. The details of the PSDP allocations and expenditures in 2015-16 for the Programme are given in the table below.

Table-2
PSDP allocations and expenditure 2015-16 for the Population Welfare Programme

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	AJ&K	Gilgit- Baltistan	FATA	Total
Approved cost	19,628.28	13,336.04	6,233.959	5,425.792	1,245.3	663.103	997.254	47,529.729
Allocation and expenditure 2015-16	2,421.75	1,387.75	854.75	535.75	223.356	118.722	78.841	5,620.92

The total expenditure of the Population Welfare Programme was about Rs11 billion, which included Rs5 billion from the federal PSDP, while the rest of amount was contributed by the provincial governments. The details of the physical targets and achievements are given in the table below. It shows that the physical targets were not missed by a big margin.

Table-3
Physical targets and achievements 2015-16
(Cumulative number)

	2015-16 (Targets)	2015-16 (Achievements)
Family Welfare Centres	3,200	3,095
Reproductive Health-A Centres	250	245
Mobile Service Units (MSUs)	350	332
Reproductive Health-B Centres	225	195

Policy Initiatives

The national demographic indicators improved significantly in the last decade though there were some challenges, like fragmentation and capacity issues due to devolution, resource gaps and absence of the national policy. The Vision 2025 clearly appreciates population as denominator of all development policies and plans, and treats it as hub of the sustainable

development plans. Responding to above-mentioned challenges, the government initiated efforts to coordinate between the federal government, provincial governments and private sector to bridge the policy gaps, strengthen coordination and integration and generate more resources. The starting point of these efforts was the National Consultative Forum (NCF) on the International Conference on Population and Development (ICPD) beyond 2014. This forum was held in August 2015. The major recommendations of the National Consultative Forum were: declare rapid population growth as priority area of Pakistan, forge federal-provincial convergence in line with the Family Planning (FP) 2020 goals, and meet commitments to raise the CPR to 55 per cent and to bring down unmet need for contraceptives to five per cent.

To build on the momentum created in the NCF, the government held the Population Summit in November 2015 in Islamabad, which was attended by the major stakeholders comprising religious leaders, scholars, civil society and political leadership, who participated in several rounds and discussed the policy initiatives to mainstream population management in the development context, that is, Vision 2025 and development plans. The biggest achievement of the summit was appreciation of the Family Planning and Reproductive Health (FP&RH) in context of mother and child health. This appreciation guides the way towards legislative, institutional, and resource needs.

In the post-devolution scenario, the major approach to the population issue was to develop functional integration of the population with health, but ground realities hinted that remoteness of the Basic Health Units (BHUs) and overloaded Lady Health Workers (LHWs) impeded the policy objectives. This made the provinces to rethink their strategy of the FP&RH.

Outlook 2016-17

Pakistan's policy perspective of population derives itself from the family well-being, which is primarily affected by mother and child health. This perspective resonates with the religious and cultural norms, and enjoys society's ownership; hence provides basis for the national policies. The national or sub-national population policies do not exist, except Khyber Pakhtunkhwa; however, at the federal level, there have been significant deliberations to provide basis for policy, and at the provincial level, population strategies have been made. These strategies are at the approval stage of the provincial governments, whereas the Khyber Pakhtunkhwa government has done very recently.

Before the devolution, the Ministry of Population Welfare used two major instruments, that is, Lady Health Workers (LHW) and Family Planning (FP). However, in the post-18th Constitutional amendment scenario, the provinces are developing their policies, strategies and plans according to the changed ground realities.

The provincial strategies consider legislation needs, awareness and communication, service delivery, contraceptive procurement and provisioning, service delivery of the FP&RH, synergising private and public sector in the strategies, especially provincial ADPs. The strategies focus on information collected from the LHWs, People's Primary Health Initiative (PPHI), health departments, and population welfare departments to form precise estimates of the contraceptive needs.

For service delivery of the FP&RH, the strategies consider the functional integration of population with health as an option, but realise the risk of failure because of the fact that the LHWs, being heavily occupied by immunisation drives, may not be useful for the FP&RH.

Therefore, reliance is made on the Community Midwives (CMWs) for service delivery. They also focus on issues of community's awareness of CMWs, CMWs training, delivery place etc.

The provinces have taken legislative measures to reduce early child marriage. However, the level of acceptance varies across provinces. The Sindh provincial assembly passed a bill in 2014, which stipulated 18 years as the minimum age for marriages, and its violation is punishable. However, the similar exercise to increase the minimum age for marriage met with resistance in the National Assembly and provincial assemblies of the KP and G-B. Drafts have been made, and presented in the provincial cabinets for increasing awareness and acceptability of the legal measures. Improving on early child marriage contributed directly to the family well-being, mother and child health, and society's human capital and productivity; therefore, the legislators, government officials, women and civil society activists are trying to gain society's wider acceptance for the minimum marriage age.

After 1998, there was no national census in Pakistan, which was previously done after every 10 years. The present government planned census in March 2016 and earmarked resources, but it was postponed by consensus of the Council of Common Interests (CCI). Other reason for the postponement was non-availability of security because the armed forces are involved in the Zarb-e-Azb operation. The government has prioritised census in 2016, and new date will be announced after consultation with the provinces and other concerned.

Programmes

The PSDP allocation for vertical programmes of population sector in 2016-17 is Rs8 billion. But the total allocation (federal and provincial resources) on Population sector in the country during 2016-17 is Rs15 billion. Details are given in the following table:

Table-4
Total Allocation for 2016-17

(Rs in million)

S. No.	Provinces and federating units	PSDP allocation 2016-17	Allocation 2016-17 (federal + provincial)
1	Punjab	3,583.589	6,482.345
2	Sindh	2,057.373	4,579.623
3	Khyber Pakhtunkhwa	1,268.447	2,115.183
4	Balochistan	795.736	1,726.352
5	AJK	273.356	273.356
6	Gilgit-Baltistan	118.722	118.722
7	FATA	78.841	78.841
8	Islamabad Capital Territory	0.00	120.000
Grand total:		8,176.060	15,494.420

Physical targets

Some physical targets are given in the table below, while the provincial targets are mentioned in the new initiatives of the provinces.

Table-5
Physical targets 2016-17
 (Cumulative number)

	2016-17 (Targets)
Family Welfare Centres	3390
Reproductive Health-A Centres	270
Mobile Service Units (MSUs)	370
Reproductive Health-B Centres	240

If sufficient funds are provided, the best implementing procedures and techniques are used, an efficient monitoring and evaluation system is applied, and quality training is given to the staff. Consequently, performance of the service delivery centres can be certainly improved and the given targets achieved.

Provincial initiatives

The Punjab government has created the Population Innovations Fund (PIIF). The idea is to leverage the targeted financial needs by the private sector. It is anticipated that the Fund will be about Rs1,000 million by the end of 2016. The provincial government is also restructuring and reorganisation of the Regional Training Institutes, strengthening Population Welfare Training Institute (Lahore), creating 12 Family Health Clinics in different cities, expanding Family Welfare Centres and introduction of the community-based Family Planning Workers, establishment of a 1,000 new Family Welfare Centres in 13 low CPR districts during 2014-18, hiring 116 Monitoring and Evaluation Assistants and constructing Population Welfare Houses.

The Sindh government is working on a project 'Costed Implementation Plan (CIP) on Family Planning, Sindh (2015-20)' worth \$1.4 billion. It is also negotiating with donors, including the World Bank, to fund this project partially.

The Khyber Pakhtunkhwa government will be establishing 418 Family Welfare Centres (FWCs) by 2020, 10 Mobile Service Units, strengthening M&E and capacity of the provincial Population Welfare Department, involving 1,050 Imams, Khateebes and religious scholars for promotion and advocacy of the Population Welfare Programme

Chapter 4 | BASIC AND COLLEGE EDUCATION

Education plays the pivotal role for sustainable development and establishing knowledge economy of the country. Quality in education determines key performance indicators of students, teachers and educational institutions at all tiers of the education cycle. Proper processing of the organisational resources in a systematic and rational way plays key role to achieve the desired outcomes. It also determines priority of the allocation of economic resources to be mobilised in the national interest and consequently produce good and responsible citizens through quality education.

The Vision 2025 and 11th Five Year Plan (2013-18) aspire to broaden access to education and upgrading quality of education. The Public sector education institutions need to enhance their capacities and resources to control increasing drop outs and low rate of enrolment. The challenges against access to quality education have been non-availability of the required number of schools, well-equipped laboratories and libraries, properly-trained teachers, quality infrastructure and basic facilities like water, sanitation, electricity and boundary walls. The following table gives a clear picture of education indicators (Net Enrolment Ratio¹ & Literacy) at the national and provincial levels.

(Percentage)

Indicator →	Primary NER			Middle NER			Matric NER			Literacy Rates		
	Overall	Male	Female	Overall	Male	Female	Overall	Male	Female	Overall	Male	Female
National	67	72	62	37	39	34	27	29	24	60	70	49
Punjab	70	73	67	38	39	38	29	29	29	63	71	55
Sindh	61	67	54	34	37	30	25	29	20	60	70	49
KP	71	78	62	41	48	31	27	34	18	53	71	35
Balochistan	56	67	42	26	31	19	15	19	9	44	61	25

Source: Pakistan Social and Living Standards Measurement (PSLM) Survey 2014-15

A change in the above indicators needs much more improvement to address demands of education. A comparison of indicators with regional competitors², as tabulated below, is also not very encouraging.

¹ Definitions:

- Primary NER:** (Number of children aged 6-10 years attending primary level (class 1-5) divided by total number of children aged 6-10 years).
- Middle NER:** (Number of children aged 11-13 years attending level (class 6-8) divided by total number of children aged 11-13 years).
- Matric NER:** (Number of children aged 14-15 years attending level (class 9-10) divided by number of children aged 14-15 years).

² Regional and International Comparison of Education Indicators as per Human Development Index Report 2015:

HDI Rank:

- (1-49) Very High Human Development
(50-105) High Human Development

Country	Education indicators										HDI Rank
	Literacy rate adult %ages 15 years and older (2005-2014)	Youth %age 15-24 years old		Population with some secondary education %ages 25 years & older (2005-2013)	Gross Enrolment Ratio (GER) 2008-2014				Primary School Dropout rate (2008-2014)	Public expenditure on education (%age of GDP) (2005-2014)	
		Female	Male		Pre-Primary	Primary	Secondary	Tertiary			
Pakistan	54.7	63.1	78.0	33.2	82	92	38	10	37.8	2.5	147
Nepal	57.4	77.5	89.2	27.4	87	133	67	14	39.5	4.7	146
Afghanistan	31.7	32.1	61.9	18.2	1	106	54	4	n/a	n/a	171
India	62.8	74.4	88.4	42.1	58	113	69	25	n/a	3.8	130
Bhutan	52.8	68	80.0	34.4	14	107	78	9	21.1	5.5	132
Sri Lanka	91.2	98.6	97.7	74.0	89	98	99	17	3.4	1.7	73
Maldives	98.4	99.4	99.2	30.1	82	98	72	13	17.2	6.2	104
Bangladesh	58.8	81.9	78	37.8	26	114	54	13	33.8	2.2	142
Iran	84.3	97.7	98.3	65.1	38	119	86	55	3.8	3.7	69

The Annual Plan envisages substantial emphasis on achieving maximum primary enrolment, ensuring quality education, actualising gender parity, and broadening share of the education resources, both in the public and private sectors. With increased responsibility of the state, more financial resources are being earmarked by the federal and provincial governments in 2016-17.

Performance review 2015-16

The devolution of education empowered provinces in many ways, but also brought challenges of policy coordination and maintaining uniform standards in education. These challenges need to be catered for in order to reduce the disparity in education standards across the provinces. For this purpose, an inactive body – Inter-Provincial Education Ministers (IPEM) Conference has been revived, and during 2015-16, its meetings have been convened regularly for the resolution of issues. In order to make transition from the Millennium Development Goals (MDGs) to the Sustainable Development Goals (SDGs) for ensuring inclusive and equitable quality education and promote life-long learning opportunities for all, the Ministry of Planning, development and Reform has been made a focal centre, and a dialogue has been initiated among the federating units so that the issues related with reporting and monitoring of the SDGs may be resolved.

To accommodate the out-of-school children and improve the literacy rate, the federal government commenced a country-wide Enrolment Drive for the entire month of April 2016. All the federating units participated in the drive with fervour and commitment to enrol about one million children throughout the country. This initiative will help raise the literacy rate by one per cent. To reduce the gender parity, various schemes of girls' education were initiated in Sindh and Balochistan through donor funding. In this regard, the federal government also started a \$70 million initiative 'Let Girls Learn (LGL)' in financial collaboration of the USAID.

Federal

The federal government adopted a holistic approach to revamp and strengthen all tiers of the schooling system by initiating the following projects:

- National Curriculum Council to maintain uniform curriculum standards at the national level
- Modernisation and Standardisation of the Examination System to standardise the assessment system
- Mainstreaming of the Medressahs to formalise and align their system of education with the formal education system to make their children more productive and fruitful for society
- National Best Teacher Award to honour and incentivise teachers for their relentless services
- Establishment of Smart Schools to introduce technology-based blended learning
- Prime Minister's Education Reforms Programme for rehabilitation of 422 federal schools and colleges situated in the Islamabad Capital Territory (ICT)

During 2015-16, a sum of Rs3,524 million was allocated in the federal PSDP for basic and college education. An abstract of development projects in the PSDP 2015-16 is:

(Rs million)

Scheme	No. of projects	Total cost	Allocations
Capacity-building of teachers training institutions and training of elementary school teachers in Balochistan, KP, Sindh, ICT, FATA, G-B and AJ&K	04	3,845	290
Scholarships	01	481	35
Establishment, constructions, strengthening and uplifting of schools and colleges	13	2,607	663
Literacy through the NCHD and BECS	02	6,669	1,536
National Endowment Scholarship for Talent (NEST)	01	10,000	1,000
Total	21	23,602	3,524

Provincial

During 2015-16, the Punjab government allocated Rs19,670 million, Sindh Rs10,000 million, Khyber Pakhtunkhwa Rs22,158 million, and Balochistan allocated Rs10,197 million, which totalled to Rs62,025 million for the basic and college education. The provincial governments prioritised the sectors of development in education, provision of missing facilities, upgradation of girls and boys primary school to middle, high and secondary levels, construction of new boys and girls schools and colleges, provision of scholarships through endowment funds and scholarship schemes, provision of stipends to girls students up to the matriculation, improvement of the physical infrastructure, establishment of the IT and science labs in the secondary and higher secondary schools, Early Childhood Education (ECE) at the primary level and strengthening of the Provincial Institutes of Teacher Education (PITE). All the provinces have allocated budget for the education foundations. The development budgets have been allocated for the capacity-building of teachers to provide quality education and establishment of the cadet colleges to meet the demand of quality education.

Outlook 2016-17

The government is committed to create a knowledge society, and more financial resources will be allocated for capacity building, research and development, provision of access to low social strata children, decrease disparity, increase quality to strengthen retention and decrease dropout rate at all levels. The ways will be explored to increase contribution of the private sector, which at present contributes only 16 per cent of the total educational resources. International contributions will also be invited to further increase resources for the basic education. Education projects and programmes providing vertical mobility to the less-privileged segment of the society and outreach programmes of non-formal schooling will be promoted. Pakistan has signed an agreement for ensure 17 goals and 169 targets of the Post-2015 Development Agenda, that is, the SDGs. The federal government has planned to transit from the MDGs to the SDGs. The Planning Commission has been given the leading role. A strong coordination will be ensured with line ministries, provincial and area governments to implement the SDGs.

Concrete measures will be taken to promote cultural harmony, mutual understanding, tolerance, social integration and brotherhood through improvement in the curriculum. Standards for assessment and examination system will be improved and benchmarked with the international standards. Regional and gender disparity will be reduced in human development and social indicators in order to provide a large pool of educated and skilled human resources. Plans and strategies will be developed to improve access and quality of the basic education. For improving access, investment is being made in the physical infrastructure, assurance of teachers' attendance, upgradation of educational institutions and opening of new educational facilities for boys and girls. To increase quality, the SMART schools are being established in the ICT. These schools will use blended learning to increase analytical and cognitive skills. This initiative will be upscaled by requesting provinces to suggest schools to host the SMART school idea. The Medressah students will be mainstreamed with formal education for increasing their further education and employability options. Initiatives have been taken to modernise and harmonise curriculum, examination and teachers' training at the national level. The above-mentioned plans, in collaboration with the provincial education sector plans, will increase the Universal Primary and Secondary Education and improve quality while reducing the gender parity. These efforts are in line with the Vision 2025 and SDGs, which aim at achieving 100 per cent access to quality education.

The government intends to open opportunities for the private sector to invest more in the education sector so that the socio-economic divide of access to quality education can be reduced and more opportunities can be provided to the low income group of the society. The provincial education foundations are working well to coordinate and implement the government plans. Philanthropists and educationists will be motivated to come forward and play role in achieving targets of the national development agenda. The cost estimates for serving as the basis for educational allocation will be to adopt more comprehensive definition of the concept of 'free' education. The term will include all education-related costs, including expenditure on stationery, school bags, transport and meal, which are, in general, not covered at present, and will be applied as a basis of allocating funds on need-basis to the poor children.

The government and educational institutions will strengthen planning and implementation capacity to improve utilisation of resources. The government plans to enhance the share of education from the current level of two per cent of the GDP to three per cent by 2018. The National Education Policy 2009, which is being implemented, will be updated in

consultation with all the stakeholders. It is planned to raise the literacy rate from its current level of 60 per cent to 65 per cent by 2018, whereas efforts will be made to improve other education indicators as well.

Programmes

The federal government envisages 23 schemes (14 ongoing and nine new schemes) for basic and college education for the fiscal year 2016-17. An allocation of Rs5,245 million has been earmarked in the PSDP 2016-17. Abstract of development projects relating to the basic and college education in the PSDP 2016-17 is tabulated below.

Development projects in the PSDP 2016-17

Scheme	No. of Projects	Total cost	(Rs million)
			Allocation 2016-17
Capacity-building and training of teachers, training institutions and training of elementary school teachers across Pakistan	3	133	75
Establishment, construction, strengthening and uplifting of schools and colleges	9	2,883	860
Smart Schools	1	500	200
Literacy through the NCHD and BECS	2	6,648	1,310
National Endowment Scholarship for Talent (NEST)	1	10,000	2,000
Motivation of teachers through cash awards (national level)	1	100	40
Curriculum, examination and Medressah reforms	3	200	132
National Education Reforms Initiative	1	1,000	600
Digitisation and preservation of the national archives	2	62	28
Total	23	21,526	5,245

The federal government will implement the PSDP-funded projects, which will have long lasting impact on the inclusive socio-economic development of the country. The areas will cover access to the educational opportunities by establishing, upgrading, strengthening educational institutions, increasing literacy, creating child-friendly environment, acknowledging teachers' performance at the national level, mainstreaming the Medressah students in the contemporary system of education, harmonising and standardising of curriculum, assessment and training at the national level, and increasing vertical mobility by providing merit scholarship through the NEST.

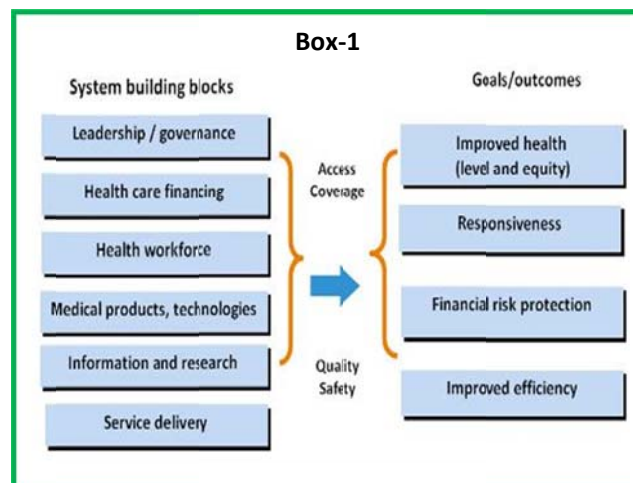
Chapter 5 | HEALTH

3akistan's healthcare delivery system includes both public and private healthcare providers, and profit and not-for-profit healthcare organisations. The provincial governments have the autonomy to develop and implement effective, efficient and equitable healthcare systems. There should be measures so that the public health systems work efficiently at the district and tehsil levels in the provinces.

One of the key objectives of the Vision 2025 is to reduce widespread prevalence of communicable diseases, strengthening disease surveillance, addressing inadequacies in primary and secondary healthcare facilities, correcting rural and urban biases, bridging basic nutritional gaps and improving the pharmaceutical sector to ensure availability, affordability and quality of drugs. The 11th Five Year Plan (2013-2018), within the broad framework of the Vision 2025, seeks to improve health and well-being of the Pakistanis. It also outlines Water, Sanitation and Hygiene (WASH), education, preventive and curative care.

An intersectoral systemic cooperation will still be required to achieve the goals in the time of rising poverty and associated economic development. There is a need for increasing resource allocation to strengthen the primary healthcare services, and motivate human resource employed in the health sector. Development will depend on the short-term interventions to meet social needs, and long-term actions for continued improvements in the health system.

The federal and provincial governments, international partners, non-governmental organisations and other stakeholders should formulate actions to develop a health framework akin to that of the World Health Organisation (WHO) health systems framework (Box-1), which comprises building blocks aligned with the national scope and priorities. The country's ownership of the Sustainable Development Goals (SDGs) will be the foremost requisite for health and development in the future.



Performance review 2015-16

To improve health status of the people and reduce burden of diseases, a series of programmes and projects are on track for which funding is provided by the federal government. These

programmes include: Family Planning and Primary Health Care (FP&PHC), Expanded Programme for Immunisation, Malaria Control Programme, Tuberculosis (TB) Control Programme, HIV/AIDS Control Programme, Maternal Neonatal and Child Health (MNCH) Programme, Prime Minister's Programme for Prevention and Control of Hepatitis and Cancer Treatment Programme. In addition to the preventive vertical programmes, investment has focused on the curative care, which includes establishment of 50 beds cardiac care hospital in Gilgit-Baltistan.

Eighteen cancer hospitals in four provinces, working under the Pakistan Atomic Energy Commission (PAEC), are providing diagnostic and treatment facilities to cancer patients, and five new cancer hospitals are under-construction. The Federal Breast Cancer Screening Programme has been launched in 2013 at the PIMS Islamabad for an early diagnosis and screening.

One of the major achievements of the health sector is addition of 5,000 new doctors, 500 dentists, 3,300 Nurses, 4,500 paramedics and 450 Traditional Birth Attendants in the existing human resource.

An amount of Rs16 billion was utilised against an allocation of Rs21.8 billion, and includes Rs3 billion for the National Health Insurance Programme (Box-2) and Rs1 billion for establishment of a cancer hospital in Islamabad, which is an initiative of the present government to provide comprehensive cancer prevention and treatment facilities. The hospital is to provide cancer diagnosis, treatment, prevention and allied healthcare facilities in Islamabad.

Box-2

Prime Minister's National Health Insurance Programme

The cost of the project is about Rs9 billion, without the FEC, and is for three years.

Objectives

- i. 60 per cent (approximately 100 million lives under 32 PMT) of the poorest families in all the districts in the phased manner will be insured.
- ii. Out-of-pocket expenditure by the insured families for the in-patient care reduced by at least 60 per cent, as reported by such families.

Overall the communication and coordination among provinces regarding the health issues was not convincing. The provinces also lack capacity to implement institutional mechanisms in place for data gathering, analysis and reporting to the federal government. As the provinces lack ownership of the vertical programmes, their accountability remains weak.

The provinces may need to address their governance issues and enhance their coordination mechanisms in health. Their commitment to own the devolved resources and programmes will determine the pace of health-related development in their respective provinces. Improving ownership of health related resources will also improve the issues of accountability.

Outlook 2016-17

The Pillar-I of the Vision 2025 is 'Putting people first – Developing human and social capital', which is well-aligned with the SDGs. It supports directly Goal 3 of 'Good Health and Well-Being' and indirectly also, Goal 1, Goal 2, and Goal 6 encompassing lowering poverty, end hunger, and clean water and sanitation respectively. The Pillar also includes empowering women through poverty eradication and access to maternal health services. The SDG 3 is related to 'Health'

which reads as, 'Ensure healthy lives and promote well-being' for all of all ages, and includes the following targets:

- By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births
- By 2030, end preventable deaths of new-borns and children under five years
- By 2030, end the epidemic of AIDS, tuberculosis, malaria, neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable diseases
- By 2030, reduce by one-third premature mortality from non-communicable disease through prevention and treatment and promote mental health and well-being
- Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
- By 2020, halve the number of global deaths and injuries from road traffic accidents
- It is critical to address the social, cultural, environmental, economic, and political determinants of health, improving health of the disadvantaged and marginalised groups and meeting the specific health needs of people at different stages of life.

A strong health system is a prerequisite to the idea of health for all, though minimal work has been done on the system's strengthening. The health systems of the country ended up having disease specific interventions. If the health systems are weak in health workforce, drug supply, health financing, and information systems, they may never be able to respond adequately to opportunities, such as the Millennium Development Goals (MDGs) or SDGs. Pakistan needs to gear all efforts toward building the equitable, effective and client-friendly health systems required to achieve the SDGs and move forward.

The federal government intends to harmonise interprovincial coordination in the context of the devolution and strives to help the local and provincial governments in achieving international obligations such as the MDGs and SDGs. The endeavours envisioned in the year ahead should lead to formulate evidence-based national policies, and health services which are affordable, accessible and culturally acceptable, and finally a responsive health system.

Development of a proper disease information system (covering supply and demand side) and health education and health promotion initiatives will be encouraged for awareness of the general public. Potable water supply, sanitation, traditional medicine, health legislation for various regulatory measures and Road Traffic Accidents (RTAs) are other health areas of concern to be addressed.

The universal access to sexual and reproductive health care services will be promoted, which includes information and education regarding family planning services. The integration of reproductive health into national and provincial strategies and programmes will be supported.

The Human Resource for Health (HRH) will be improved through trainings in health management and improvements in career structure. Composition and functioning of the Pakistan Medical and Dental Council (PMDC) and Pharmacy and Nursing Council will be reviewed for improvement.

The Annual Plan 2016-17 also aims to reduce drug abuse and devise policies for the physically or mentally challenged people. The public health laboratories will be upgraded,

voluntary blood bank services will be developed, and DHQ and THQ hospitals will be modernised.

Another such endeavour is formulation of a national strategic framework to overcome burden of the communicable and non-communicable diseases. This policy formulation will help in reducing the incidence of cardiac, diabetic and other degenerative diseases through investment in hospital infrastructure, health education and awareness.

Cancer will be treated through establishment of more cancer treatment centres and hospitals. The government, keeping in view rising need of the cancer treatment facilities, has taken a new initiative of establishing a state-of-the-art cancer hospital in Islamabad. Prevention and control of non-communicable diseases will be perused passionately. Moreover, interventions against use and for prevention of tobacco will be monitored in order to ensure protecting people from tobacco smoke in both public and work places, help people for tobacco cessation, warn people against the dangers of tobacco and other narcotics. A national plan of action will be developed on food and nutrition with an emphasis on national nutrition priorities including control of aberrant diet-related to non-communicable diseases such as obesity, Cardiovascular Diseases (CVDs), diabetes, etc.

The government will support developing a proper drug policy to help improve quality of drugs and their pricing. It will also support research and development of vaccines and medicines for the communicable and non-communicable diseases prevalent in our country.

The rural population suffers from numerous health issues due to multiple reasons, e.g. lack of: education, awareness, infrastructure, health facilities and poverty. A shared understanding of the matters regarding healthcare provision in partnership with provinces as well as with general public will be developed. Supplemented understanding will help plan, monitor, and evaluate the impact of infrastructure for water and sanitation, hygiene, prenatal and postnatal treatment, food and diet, preventive health care, primary healthcare, drug regulation, and population control on health outcomes of people. The emphasis will be to work with provinces on access to healthcare and ensuring a minimum level of service delivery throughout the country. The government plans to enhance its spending in the health sector to three per cent of the GDP.

Efforts will focus on strengthening the primary care with necessary back up support in rural areas, where all health outlets will function as a focal point for control of communicable diseases and family planning services. All the Primary Health Care (PHC) outlet, including BHUs and RHCs, will be strengthened through provision of medical equipment, staff, and medicine. The governance and monitoring efforts will be improved as envisaged in the Vision 2025. Effective governance will improve efficiency of the public health sector spending. Coordination of the health policies among the provinces and centre will be strengthened. Paramedical staff will be increased to widen coverage of healthcare the spending. Key steps to achieving health targets include: expansion of the Lady Health Workers programme to target poor female patients, efforts to bring fertility rates to a level consistent with that of maternal health, strengthening of primary care with backup support in rural areas, training and placement of skilled personnel including women medical officers in the BHUs and RHCs for family planning, establishment of the health emergency surveillance and response system, implementation of a national plan for vaccinations and establishing a health information and diseases surveillance

system. The micro-health insurance schemes will be made part of the existing social safety nets to extend in-patient health care services to vulnerable segments of the society.

The core capacities of relevant stakeholders will be enhanced in management of emergency and trauma-related cases at the level of health department and at the healthcare facility level. Moreover, capabilities will be enhanced of the health human resources in the field of the International Health Regulations (IHR) to prevent and control cross border and internal transmission of diseases and to plan effective emergency preparedness.

Programmes

During the FY17, an amount of Rs21,758 million has been proposed to carryout various programmes. More than 100,000 LHWs are currently working in the FP&PHC programme in order to provide primary health care services and family planning services in the rural areas of the country. These services help to improve the health status of women and children, particularly through improved hygiene, adequate birth spacing, provision of iron supplementation, greater immunisation coverage and ante- and post-natal coverage. Although services of the staff of this programme have been regularised the overarching issues of governance and monitoring needs attention at the district and tehsil levels. Furthermore, liaison with the population programme will improve its affectivity and efficiency.

The Health Sector Reforms agenda has been initiated by the Planning Commission under supervision of the Minister for Planning, Development and Reform. A committee on health reforms in the Islamabad Capital Territory (ICT) has been constituted to identify key challenges and constraints in the health sector within the Territory and propose actionable recommendations to improve coordination and integration of health services. An implementation plan on reforms in the health sector in the ICT will be developed and executed. A similar initiative 'Punjab Health Sector Reforms Programme' (PHSRP) has been initiated in the province, and the Punjab Health Reforms Roadmap was launched by Chief Minister Punjab. It focuses on a set of four priorities to achieve dramatic and fast improvements in the health system, which are: vaccination, safe deliveries, primary healthcare and district effectiveness. A regular monthly stocktake is held with the CM to keep him updated on the progress of each priority area.

The government is also focusing on new initiatives such as development of National Strategic Framework for acceleration and enhancement of the Civil Registration and Vital Statistics (CRVS), which is the reporting and monitoring tool for measuring health-related indicators of the SDGs. For this purpose, the National Steering and Coordination Committee has been set up under the chair of the Minister for Planning, Development and Reform with representation of all the stakeholders, including the provincial governments. The Committee will finalise its recommendations for institution of an efficient and effective CRVS system.

The federal government has launched the Prime Minister's National Health Insurance Programme to help improve health status of the poor and vulnerable by ensuring their access to quality healthcare. Resultantly, out-of-pocket health expenses by the poor and vulnerable population will reduce. An amount of Rs9,000 million was earmarked for the purpose in the PSDP 2015-16

During 2016-17, six million children till 11 months of age and 6.8 million pregnant women will be immunised through the EPI. The Programme will contribute to attain and sustain over 90 per cent routine coverage, interruption of poliovirus transmission, reduction of measles morbidity by 90 per cent and mortality by 95 per cent, elimination of Neonatal Tetanus (NNT), reduction of childhood tuberculosis, diphtheria, pertussis, neonatal tetanus, hepatitis B, and bacterial meningitis to the minimum level, ensure steady supply of vaccine, needles, syringes and ensure safety of injection using EPI as a spearhead by promoting other PHC activities and finally integrating EPI in Primary Health Care (PHC).

Malaria and Dengue (See box-3) has been the major cause of morbidity in Pakistan. More than 90 per cent of disease burden in the country is shared by 56 highly endemic districts, mostly located in Balochistan (17 out of 29 districts), Federally Administrated Tribal Areas (FATA) (7 agencies), Sindh (12 districts) and Khyber Pakhtunkhwa (12 districts). The FATA is the second highest malaria-affected belt, which accounts for 12-15 per cent of the total case load in the country. The programme will contribute to reduce malaria-specific morbidity and mortality, control the growing incidents of Falciparum Malaria, promote and facilitate the provinces and districts for enhanced access of population at risk to reliable diagnoses and effective treatment of malaria through development and implementation of standardised policies and guidelines, to build capacity and appropriate IEC and

Box-3

Dengue is one of the important public health emergencies of concern as per International Health Regulations (IHR). An estimated 50 million dengue infections occur annually and approximately 2.5 billion people live in dengue endemic countries (WHO 2009). In Pakistan, the first confirmed outbreak of the Dengue Haemorrhagic Fever (DHF) occurred in Karachi in 1994 with 145 cases and one fatality reported. In October 1995, the second outbreak of dengue like febrile illness was reported from southern Balochistan. In September 2003, an outbreak was detected in Haripur of the KP with a reported morbidity of 1,000 cases and seven deaths. During 2005-2006, there was an unprecedented increase in the DHF epidemic in the country, with a large number of cases being reported from Karachi.

Dengue viral cases started coming up in the Punjab in 2011, especially Lahore and adjoining areas when a total of 21,685 cases of dengue were reported in the province, including 17,610 in Lahore alone. A large number of these cases were cured, but 350 died, and out of which 298 were in Lahore only. A number of factors were assigned to this incidence including untimely rains conducive for growth and proliferation of Aedes larvae (Mosquito-Vector), prevalence of small water bodies especially in the residential areas, less rigorous community preventive measures adopted and lower level of public awareness regarding disease prevention.

In 2012, only a few hundred cases were reported, while one death occurred. In 2013, there were about 3,000 confirmed cases and 17 deaths, mainly due to more rainfalls.

The Punjab government started multipronged activities for the dengue control, and developed a plan 'Prevention and Control Programme of Epidemics in Punjab'. The main components of the Programme are: disease and vector surveillance, health education, communication, social mobilisation and advocacy, institutional and capacity-building, research and development for five high-risk cities in particular and generally for all districts.

Objectives

- Make institutionalised and sustainable arrangements to combat dengue and other epidemics
- Protect population of the Punjab from dengue fever and other infectious diseases
- Introduce comprehensive health including preventive, promotive, curative and rehabilitative components
- Enhance coverage and quality of the healthcare at all levels including districts, tehsils, towns and union councils
- Maintain preparedness all the time to combat dengue and other epidemics
- Ensure involvement of the community and civil society in controlling dengue and other epidemics

BCC interventions, support provinces and districts in the prevention and control of malaria in epidemics and complex emergencies, and strengthen capacity of the malaria control programme at the national, provincial and district levels in partnership with all the relevant agencies.

The TB Control Programme has achieved over 85 per cent coverage through the Directly Observed Treatment System (DOTS) in the public sector, and in the last five years, the Programme has provided care to more than half a million patients. The Programme is moving steadily to achieve the global targets of 70 per cent case detection. The total TB cases are 63,470, whereas the absolute number of cases is 211,500 by the third quarter of 2014, and the treatment success rate remained 91 per cent. The Programme will contribute to enhance capacity of the technical and managerial staff including trainers at the provincial and district levels, strengthen functioning of the countrywide laboratory network through supplementing 20 per cent equipment requirement, 10 per cent laboratory supplies and operationalising the quality control arrangements through staff training, equipment and mobility support, support 10 per cent of the total drug requirements for the public sector facilities for ensuring uninterrupted availability of quality drugs, standardise the management and care delivery practices by strengthening and supporting the supervision, monitoring and evaluation arrangements at the national provincial and districts levels, ensure the programme performance by planning, implementing and evaluating joint activities through sharing of resources with other health programmes and sectors.

Considered as a low risk country, there are currently 4,500 HIV positive cases reported to the AIDS Control Programme at the federal and provincial levels. The prevalence of the disease is considered to be as low as one per cent. The number of injecting drug users has posed a threat to increase total numbers of the HIV/AIDS cases in Pakistan. The National Aids Control Programme will help control or reverse the disease spread among the most at risk groups, and to keep the epidemic from establishing among the bridging groups and the general population, create an environment where people living with the HIV can access medical and social service and enjoy life without facing stigma or discrimination, coordinate a multi-sectoral, comprehensive and sustainable plan, which involve various line ministries, the civil society and the main target beneficiaries – people with HIV and the most at risk group.

The MNCH Programme aims to provide improved access to high quality Mother and Child Health and Family Planning services. The Programme has trained 10,000 community midwives, comprehensive and round-the-clock Emergency Obstetric and Neonatal Care (EmONC) services and family planning services in all health outlets. Specific programme objectives are to reduce the under-five mortality rate or Child Mortality Rate (CMR) to less than 45 per 1,000 live births, the Neonatal Mortality Rate (NMR) to less than 25 per 1,000 live births, the Infant Mortality Rate (IMR) to less than 40 per 1,000 live births, the Maternal Mortality Ratio (MMR) to 140 per 100,000 live births, and increase the proportion of deliveries attended by the skilled birth attended at home or in health facilities to > 90 per cent.

All forms of hepatitis are of concern, and have to be duly addressed through the public health framework. The Prime Minister's Hepatitis Control Programme meets the challenges posed by the high prevalence of viral hepatitis in the country. It aims at 50 per cent reduction in new cases of hepatitis B and C through advocacy and behaviour change communication, vaccination of high-risk groups against hepatitis B, establishment of screening, diagnosis and

treatment facilities in 150 teaching and DHQ hospitals, provision of safe blood transfusion and prevention of hepatitis A and E.

In the Plan period, the emergency services will be improved. Currently, there is a lack of standards in dealing with emergency and trauma, which has led to huge life losses. The government plans to initiate the standards development through the Ministry of Health, provincial health departments and private sector. In this regard, the Punjab government is implementing projects for construction of the Accident and Emergency (A&E) departments, centres at Bhera and Chakri regions to provide A&E services to the commuting population on the motorway.

Chapter 6 | LABOUR, EMPLOYMENT AND SKILL DEVELOPMENT

Employment is a critical link between economic growth and reduction in poverty and income inequality. It is now increasingly recognised that the creation of productive, remunerative and decent employment is the key mechanism through which benefits of growth can be distributed to the society. Furthermore, being a signatory of the ILO Conventions, the SDGs, etc., it is obligatory on Pakistan to ensure productive and decent employment opportunities for its workforce. On these grounds, creation of employment opportunities in the country is the top priority of the public policymakers. The skill development plays an important role in productive employment; therefore, improved training and skill development is also essential part of the productive employment strategy. The Vision 2025 lays great emphasis on inclusive and sustainable growth which can only be ensured by involving all segment of the society in development process through productive and decent employment opportunities. The Vision also envisages “providing the employment opportunities is important not only for increasing national production levels, but also to raise the family income and consumption, ensure the self-esteem of individuals, reducing income disparities and thus overall improving the social fabric”. The same approach has been adopted in the 11th Five Year Plan (2013-18).

Box-I

Decent and productive employment

As per ILO, the decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

The ILO defines Productive Employment as “all employment (for wages or as self-employed) that yields sufficient income to allow the worker and his/her family/dependents to obtain a material standard of living above the poverty line”.

Issue with the labour market of Pakistan is not much that of absence of economic activities but is more of the low productive nature of these activities which leads to low income of the workers. So, the unemployment rate in Pakistan needs to be analysed in terms of decent work and productive jobs. As safety nets are inadequate or totally missing in Pakistan; therefore; the majority of Pakistanis cannot afford to be unemployed and has to work to make living for themselves and their families. Access to decent work and productive work is essential as a sustainable way out of poverty and to meet the SDGs.

Performance review 2015-16

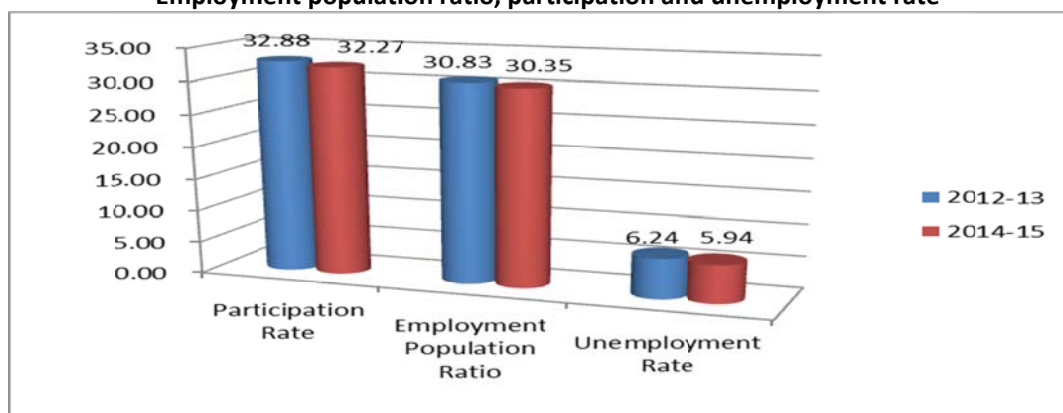
Workforce and employment situation

The population of Pakistan is estimated at 195.40 million for 2015-16. Pakistan is the sixth largest country in terms of population in the world after China, India, United States, Indonesia and Brazil. Presently, Pakistan has the population growth rate of 1.92 per cent resulting in annual addition of more than 3.6 million people. About 68.8 per cent of Pakistan's population falls under the age of 30, that is a great asset if the demographic dividend is properly harnessed. Pakistan ranks ninth in terms of its workforce in the world, indicating low labour force participation. Overall crude participation rate is only 32.27 per cent, implying that only 1/3rd of the population is active in economic activities while remaining potential workers are dependent on their bread-earners. Overall participation rate is decreasing for the last two to three years. In 2012-13, participation rate was 32.88 per cent which decreased to 32.27 per cent in 2014-15. About two-fifths of workforce is illiterate which hampers learning skills and productivity. Participation rate for the age 10-14 has decreased from 11.4 per cent in 2012-13 to 9.58 in 2014-15, implying the success of anti-child labour policy and increasing school enrolment is successfully working.

Employment situation

Pakistan is able to provide employment to 59.31 million people out of total workforce of 63.06 million which implies 3.75 million people unemployed and unemployment rate of 5.94 per cent for the fiscal year 2015-16¹. The unemployment rate is persistently decreasing for the last three years from 6.24 per cent in 2012-13 to 5.96 per cent in 2013-14 and further to 5.94 per cent in 2014-15. This is partially contributed by declining participation rate which is at the lowest ebb in recent history and also evident from the addition of only 1.3 million additional workers to the labour market. At present a large number of people work less than 35 hours and fall under the category of under-employed. The under-employment rate according to the Labour Force Survey, 2014-15 is 13.04 per cent compared to 12.81 per cent in 2013-14.

Employment population ratio, participation and unemployment rate



Source: Labour force of the relevant years

Women employment

Women constitute 49 per cent of the population and their population is estimated at 95.75 million in 2015-16. Female labour force is estimated at 15.14 million, out of which 13.78 million are employed while remaining 1.36 million are unemployed, implying 8.97 per cent

¹LFS (2015-16) is not available and data of LFS (2014-15) is being used to show the employment situation.

unemployment rate which is quite high as compared to national average of 5.94 per cent. Female unemployment rate has increased from 8.74 per cent in 2013-14 to 8.97 per cent in 2014-15. Pakistan labour force is male dominated, where women account for only 24 per cent of the workforce. However, it is encouraging that women participation rate has increased from 9.29 per cent in 1999-2000 to 15.81 per cent in 2014-15. Over the period, the women unemployment rate has substantially declined from 16.50 per cent in 1999-2000 to 8.97 per cent in 2014-15 primarily because of policies for gender mainstreaming and women empowerment, and enhancing employment quota in the public sector.

Pakistan and India are on bottom of female participation rate in South Asia and female participation rate is gradually inching up. Lower female participation rate has dampening effect on economic growth. Recently, a simulation exercise conducted by the UNESCAP estimated that if India raises the female workforce participation rate equal to male participation rate, it will increase GDP growth by 60 per cent by 2025 compared with the baseline scenario. Similarly, as a group, such an output gain is estimated at 48 per cent above the baseline scenario for Bangladesh, Nepal, Pakistan and Sri Lanka².

Youth employment

Youth population (age 15-24) is estimated at 38.96 million and youth workforce is 15.39 million. Out of this 14.65 million are employed and 1.74 million are unemployed, implying youth unemployment rate at 10.61 per cent. Youth unemployment rate has increased from 10.35 per cent in 2013-14 to 10.61 per cent in 2014-15. This high youth unemployment has detrimental effects on reaping the benefits of demographic dividends. The Vision 2025 emphasised on provision of “gainful employment” to the youth bulge to reap demographic dividend. In this regard, government has started number of initiatives like Youth Skills Development Program, Youth Business Loan Scheme, and Interest Free Loan Scheme to enhance youth participation in economic activities of the country.

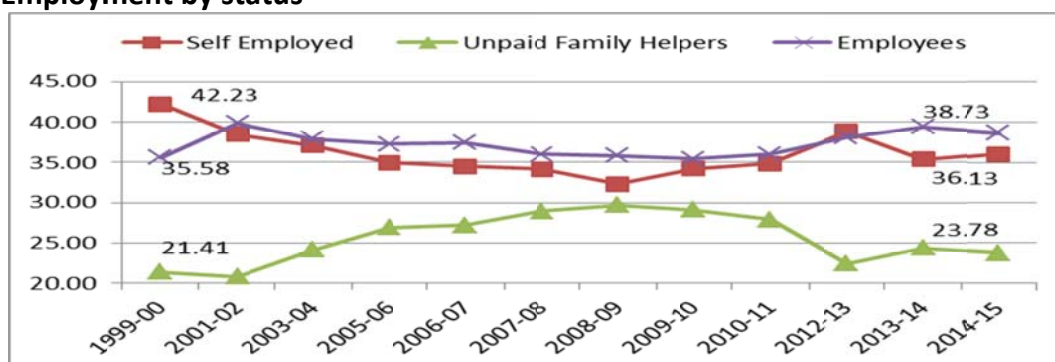
Employment by Status

Employers in the LFS 2014-15 are just 1.36 per cent of total employment whereas, self-employed, unpaid family helpers, and employees are 36.13 per cent, 23.78 per cent, and 38.73 per cent respectively. The cause of concern is that self-employed as a proportion has decreased while unpaid family helpers and employees have increased over the times. The share of self-employed has gone down from 42.23 per cent in 1999-2000 to 36.13 per cent in 2014-15. The share of unpaid family helpers in total employment went up from 21.41 per cent to 23.18 per cent in this period. However, in the last two years, share of self-employment has increased and unpaid family helpers decreased in overall employment, which may be result of government policies towards skill development and provision of loan to youth.

To enhance the share of self-employed in total employment, efforts are needed in imparting market based skills and incentivising entrepreneurship. This warrants alignment of the curriculum to market demand and overhaul network of technical and vocational educational institutions. Vulnerable employment as own-account (self-employed) and contributing family workers is 59.91 per cent of the total employment and typically involves informal work arrangements without legal or social protection.

² Economic and Social Survey of Asia and the Pacific 2016, Economic and Social Commission for Asia and Pacific(ESCAP)

Employment by status



Source: Labour Force Surveys of relevant years

Informal and formal employment

Out of the total employed workforce, 42.27 per cent are engaged in agriculture sector while 57.73 per cent are employed in non-agriculture sector. Agriculture remains the largest absorber of labour and is known for informal employment. Out the total employed in non-agriculture sector, formal sector employs only 27.42 per cent while remaining 72.58 per cent are employed in the informal sector in 2014-15. However, the informal sector employment has decreased from 73.64 per cent in 2012-13 to 72.58 per cent in 2014-15. The informal workers are usually deprived of basic rights and majority of them is employed as contractual labour directly or through sub-contracting practice. According to a State Bank study, 47.6 per cent firms in the informal sector are paying below the minimum wage³ to their workers, which is against the criteria of decent work.

Informal and formal employment

	2012-13		2013-14		2014-15	
	Million	%	Million	%	Million	%
Agriculture	24.84	43.71	24.82	43.48	24.60	42.27
Non-agriculture	31.99	56.29	32.26	56.52	33.59	57.73
Formal	8.44	14.85	8.52	14.93	9.21	15.83
Informal	23.55	41.44	23.74	41.59	24.38	41.90

Source: Labour Force Surveys of relevant Years

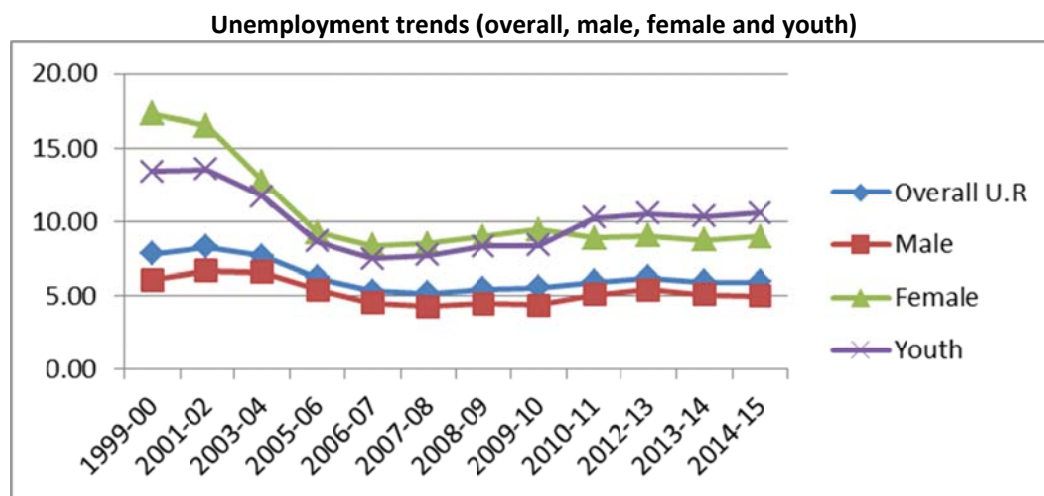
Labour market trends

It is important to analyse unemployment trends in the economy. The graph below shows the trend of overall unemployment (male, female and youth) during the period of 1999-2000 to 2014-15. Overall unemployment was highest in the year 2001-02 (8.27 per cent) which continued to decrease during the next five consecutive years up to 2007-08. Beyond these years, there was slight steady increase in overall unemployment rate up till 2012-13. After that, decreasing trend was observed up to 2014-15.

Youth unemployment rate was high (13.41 per cent) in 1999-00 which started decreasing and touched to 7.51 per cent in 2007-08. After that, increasing trend was observed and it reached to 10.61 per cent in 2014-15. Female unemployment rate was also high (17.32

³Report "Informal labour markets in Pakistan", State Bank of Pakistan

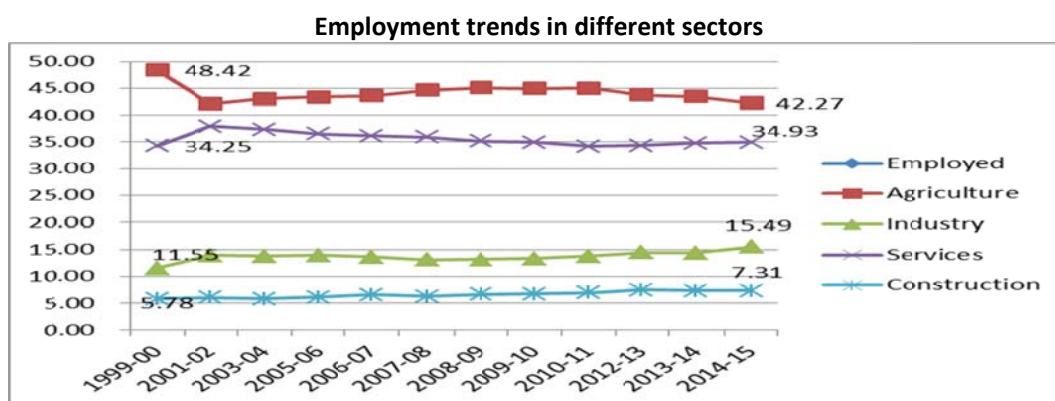
per cent) in 1999-00 which continued to decrease and reach to 8.38 per cent in 2006-07. After that, increasing trend with fluctuation was observed and it reached to 8.97 per cent in 2014-15.



Source: Labour Force Surveys of relevant years

Employment trends by sectors

The last 15 years figures of employment by sectors of economy reveal that employment is shifting from agriculture to the manufacturing and services sectors. In 1999-2000 share of agriculture in employment was 48.42 per cent, which decreased to 42.27 per cent in 2014-15. Share of manufacturing increased from 11.48 per cent to 15.33 per cent and the services share also increased from 34.25 per cent to 34.93 per cent during reference period which implies that the economy is undergoing certain structural changes. This indicates that most of the left share (6.15 percentage points) by agriculture was taken by manufacturing(3.94 percentage points).The prospects of finding decent and productive employment are much higher in manufacturing and services as compared to agriculture. It is an established fact that investment in manufacturing is the best route to development and a necessary pre-condition for sustained economic development. China is one of the best examples in this regard which brought 680 million people out of poverty between 1992 and 2011 by a single minded focus on manufacturing growth.



Source: Labour Force Surveys of relevant years

Regional situation

According to the ILO⁴, South Asia faces a serious challenge of jobless growth, as average annual economic growth of 6.1 per cent from 2009 to 2014 corresponded to employment expansion of only 1.4 per cent per year for the same period. Moreover, much of the employment growth that occurred was in vulnerable and informal employment. The number of workers in vulnerable employment currently stands at 1.44 billion worldwide. Sub-Saharan Africa and South Asia account for more than half of the world's vulnerable employment, with three out of four workers in these regions in vulnerable employment.

The unemployment rate is relatively low in South Asia, at 3.9 per cent in 2014 – lower than in all other regions – but this fails to reflect the quality of jobs. The share of those in employment who live below PPP \$1.25 per day (the international extreme poverty threshold) is estimated at 19.3 per cent in 2014 – equivalent to 124 million people. The same is true at the \$2 a day level (PPP), which accounts for over half of the employed population (54.4 per cent in 2014), equivalent to 350 million people.

Comparison with other regional countries shows that Pakistan's participation rate is low while its unemployment rate is high as compared to India, Sri-lanka and Bangladesh.

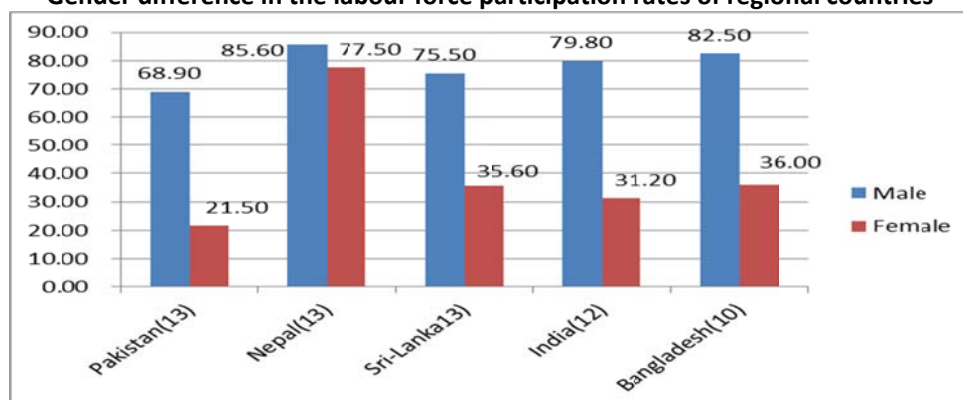
Participation and unemployment rate of the regional countries

	Pakistan (2014)	Bangladesh (2013)	India (2013)	Sri-Lanka (2014)
Participation Rate	32.28	39.40	37.46	42.90
Unemployment Rate	5.94	4.30	4.91	4.36

Source: *Economic Surveys of the countries concerned*

Gender difference in labour force participation of regional countries is shown in given below figure. In gender difference in participation rate, India ranks first while Pakistan, Bangladesh, Nepal, and Sri Lanka are ranked second, third, fourth and fifth respectively.

Gender difference in the labour force participation rates of regional countries⁵



⁴ World Employment and Social Work Outlook-Trends 2015, ILO

⁵ Ibid

Outlook 2016-17

Based on projected population growth rate of 1.9 per cent and increase in the workforce participation rate, workforce is estimated to grow approximately 2.0 per cent in 2016-17, indicating that approximately 1.26 million additional workforces will join the labour market in 2016-17. In other words, 1.26 million additional jobs will be required to absorb the growing workforce. The GDP growth target for 2016-17 is 5.7 per cent and the prevailing employment elasticity is 0.46; therefore it is expected that the given GDP growth will not only absorb the growing labour force, but also clear some portion of the backlog. Policy initiatives like enhancement of development programmes, increased focus on technical training and skills development, and generation of productive employment opportunities through the CPEC and energy projects will ensure smooth functioning of labour market in 2016-17. Following is details of the program.

Programmes

Employment Expansion Policy

Macroeconomic stability and larger PSDP

After acquiring stabilisation, government is now embarking on high growth strategy to create higher employment opportunities. Enhanced size of PSDP and investment in the CPEC will increase GDP growth to 5.7 per cent and also generate employment.

Energy improvement

Energy is the lifeline of an economy and plays a vital role to sustain industrial, commercial and domestic activities. Because of the government's concerted efforts 386MW new capacity was added during 2015-16 and another 2,500MW will be added this year that will ensure uninterrupted supply of energy to industry and eventually improve the employment prospects in the economy.

Investment climate-CPEC links to employment promotion.

Under the CPEC, an inflow of financial resources of around \$46 billion is expected which comes to about Rs800 billion per annum or 2.8 per cent of the current GDP every year. This investment will spur economic activity and create around 2 million direct and indirect new jobs.

Youth Business Loan Scheme

Under this scheme, the young entrepreneurs in the age group of 21-45 years are being provided subsidised financing through designated financial institutions and disbursement is Rs10.5 billion to over 10,000 youth. The youths, under this scheme, are not only creating employment for themselves by establishing their own businesses, but also are creating employment opportunities for others.

Interest Free Loan Scheme

Under this scheme government has provided an option to the youth to set up their enterprises by utilising interest free loan facilities. For this scheme, an amount of Rs3.5 billion has been allocated, out of which more than 90 per cent amount has already been disbursed in the form of 132,000 loans with 100 per cent recovery rate. About 60 per cent beneficiaries are females. About 250 centres were opened across Pakistan for providing advisory services to the beneficiaries. Loans are being administrated through Pakistan Poverty Alleviation Fund (PPAF) and have been best utilised not only for employment generation but also social uplift of the society.

Overseas employment

During last three years a significant increase has been seen in overseas employment. During this period, about 2.3 million Pakistani workers went abroad for seeking jobs. In the year 2012-13, about 6, 22,714 workers went abroad while in 2014-15, about 9, 46,571 workers emigrated for

employment. About 1,105,741 workers went to Saudi-Arabia, 135,375 to Oman, 950,742 to UAE, 27,855 to Bahrain, 42,824 to Malaysia and 30,902 workers went to Qatar. If these workers had not gone abroad, the unemployment rate would have been 7.4 per cent instead of 5.94 per cent. About eight million Pakistanis are living and working abroad.

Although overseas employment for Pakistani workers is encouraging so far, yet persistent fall in oil prices could pose a new challenge in the shape of decline in labour demand in gulf countries. Overseas employment issue calls for a vibrant and comprehensive HRD program to produce a highly skilled manpower in non-traditional trades and a forward looking overseas employment promotion policy to hunt job opportunities in non-oil exporting countries. Following table depicts the picture of overseas employment up to 2015, and it is hoped that same trend will continue in 2016-17.

Number of Pakistani workers registered abroad			
Countries	2013	2014	2015
UAE	273,234	350,522	326,986
Bahrain	9,600	9,226	9,029
Malaysia	2,031	20,577	20,216
Oman	47,794	39,793	47,788
Qatar	8,119	10,042	12,741
Saudi Arabia	270,502	312,489	522,750
UK	158	250	260
Others	11,276	9,567	6,801
Total	622,714	752,466	946,571

Source: Bureau of Emigration and Overseas Employment

Skill development

Nature and quality of skill sets of an economy is the major determinant of its competitiveness and quality of life of its people. The skill development and decent jobs, therefore, have the central place in the inclusive growth strategy. The skill development not only increase productivity, it also enhances the labour force participation rate. Further, the labour market efficiency will be enhanced through the labour market reforms, sector-specific workforce development, increased women participation in labour force and provision of local opportunities to avoid brain drain.

The China-Pakistan Economic Corridor (CPEC) has far-reaching impacts on the national economy as it is offering a unique opportunity to effectively harness the demographic dividend. Moreover, the regional demand of the skilled workforce offers another opportunity to increase the inflow of foreign remittances. To realise this objective, the National Technical Vocational Commission (NAVTTTC) and National Training Bureau (NTB) are imparting training in areas including: hospitality, agriculture, (dairy and animal nutrition management), horticulture, construction, information technology and telecommunications, skill for women, light engineering, paramedics, services, etc. Furthermore, the Ministry of Overseas Pakistanis and Human Resource Development makes policies for employment promotion abroad, takes measures for the welfare of the Pakistani emigrants and their dependents in Pakistan, and coordinates with the provincial governments to align national labour laws with Pakistan's international obligations of labour standards.

Performance review 2015-16

During 2015-16, an amount of Rs431 million was allocated to the Ministry of Federal Education and Professional Training for its ongoing skill development projects. Out of which, Rs330 million is expected to be utilised by the end of June 2016. Further, on the directions of the Prime Minister, Youth Skill Development Programme (Phase-I & II) was launched for the unemployed and less-educated youth. Under this Programme, almost 50,000 individuals were equipped with hand-on skills in 195 demand-driven trades. Its Phase-III has been recently launched to train further 50,000 persons. In addition, the NAVTTC has trained almost 158,000 unemployed youth under the Prime Minister's Hunarmand Pakistan Programme so far.

Other achievements are:

- Development of National Vocational Qualifications Framework, five operational manuals of the NVQF, curriculum for the NVQF qualifications, teaching and learning material for the NVQF qualifications, 60 each competency standards and curricula for various CBT qualifications, vocational and technical training programmes, that is, 118 traditional and 24 DAEs, 48 assessment packages for various qualifications, teaching and learning manuals for 30 qualifications, competency standards and curricula for 12 trades for the Cooperative Vocational Training (CVT).
- Assessment of the CBT qualifications, Recognition of Prior Learning (RPL) and recognition of the current competencies
- Implementation of 10 CBT qualifications in 97 Institutes across the country
- Trained 162 assessors for conducting formative and summative competency-based assessment from across the country, 134 teachers for conducting CBT, 71 principals and managers, up-scaled the capacity of institutes and upgradation of labs and workshops
- The National Training Bureau (NTB) has undertaken training of 450 instructors and professional staff working in the TVET system and industrial sector in Pakistan, Trade Testing and Certification of 10,000 Trainees and skilled workers from the formal and informal streams
- Under the National Talent Pool's programme about 1,011 expatriate Pakistanis professionals have provided their commendable services throughout the world, most prominently from USA, Canada, UK, Germany, Australia, etc., in the fields of medicine, engineering, agriculture, basic or social sciences and information technology, etc.

Outlook 2016-17

There is strong need for developing national skill policy to guide and facilitate skill development needed for growth strategy outline in the Vision 2025 and 11th Five Year Plan (2013-18). Therefore, the National Skill Strategy (NSS), developed by the NAVTTC, emphasises on creating a demand-driven training system responsive to requirement of the job market. The priority areas for skill development are well aligned with the CPEC projects and indigenous clusters, such as agricultural, industrial and mining as well as exportability of skilled workforce to regional markets.

Focus is being made on skill development programmes and schemes based on the public-private partnership, including the following areas:

- i. Developing National Skills Information System, NVQF and RPL Assessment Procedures

- ii. Competency Based – Demand Driven Training and Lifelong Learning System;
- iii. Skill Development in emerging technologies and trades in line with the CPEC and cluster development in major areas, that is, clusters of agriculture, industry and mining
- iv. Standardisation of the skill Development and integration of skill with knowledge through establishment of prior learning with the PHD programme under umbrella of the National Skill University
- v. Increasing employability of the Medressah graduates
- vi. Employability of the youth through skills training, including specific groups, informal economy and rural areas
- vii. Promotion of entrepreneurship through human resource development

Programmes

During 2016-17, an amount of Rs315 million is proposed for the skill development projects and programmes.

- Under the PM Youth Training scheme (National Internship Programme -2015-18), at an estimated cost of Rs23 billion, 150,000 unemployed educated youth will be trained as on job internees in 100 demand-driven trades and courses, and give the intern an opportunity to learn and develop skills for better employment.
- The Prime Minister Youth Skill Development Programme (phase III), estimated cost of Rs2,630 million, envisages to train 50,000 young aspirants in 75 demand-driven market oriented trades and courses in various TVET institutions in collaboration with private sector all over the country.
- The Prime Minister Hunarmand Pakistan Programme (PSDP-funded) aims to train 10,000 youth in various three to 24-month long trades and courses.
- The National Talent Pool has planned to develop web portal and interface for collection and dissemination of data of the high-level manpower in Pakistan and abroad, and arrangement of visits of expatriate Pakistani professionals for short to long-term placement in various institutions of the country.
- Establishment of the vocational schools in the public-private partnership at an estimated cost of Rs50 million (pilot project)

Chapter 7 | **POVERTY ALLEVIATION AND SUSTAINABLE DEVELOPMENT GOALS**

Poverty is the result of economic, social, and political processes that interact with and reinforce each other in ways that can accentuate the state of deprivation in which poor people live. Hence, any assessment of poverty encompasses a wide range of the interrelated issues, including income level and its distribution, population growth, education, health, gender discrimination, and geographical location. For this reason, it is always difficult to come up with a poverty estimate that captures all of its multidimensional features. Nevertheless, the most commonly used measure of poverty is the estimate of population falling below the poverty line which is defined as a minimum acceptable level of income or consumption of individual or households. Since the calculation of a poverty line is itself a debatable issue, this generates a considerable difference of opinion among the economist about the precise measurement of poverty.

The government has committed itself to eliminate poverty by 2030 while signing Sustainable Development Goals (SDGs) in September 2015. Pakistan has further extended the outreach and has increased the amount of funds in its largest social safety net project named Benazir Income Support Programme (BISP). Social Protection framework is shared with provinces to align and harmonise their social protection policies.

Review of the poverty methodology

Estimation of poverty remained controversial for almost a decade and the government itself formed a Technical Committee in 2012 to look into the robustness of official poverty line. The Committee after several rounds of discussion and deliberations pointed out following observations;

- The Poverty line and basket estimated in 2001 on the basis of 1999 data became outdated and no more fully reflect changes in income and consumption patterns of society.
- The official methodology does not fully comprehend the variation in consumption patterns especially in non-food segment.
- The updation of poverty line by using CPI is likely to create an urban bias which is distorting the poverty situation.

The above observations converged to the opportunity of resetting the poverty line and make certain choices so that new poverty line may reflect the consumption patterns and capture the socioeconomic changes that took place over the last two decades. These decisions were about:

- Choice of reference group
- Choice of calorie threshold
- Choice of methodology

The revised reference group covers households that lie in the 10th to 40th percentile of the distribution of per adult equivalent consumption expenditure which means it excludes the bottom and the top of the distribution-in line with best practice. This sets a more representative benchmark for poverty estimation. The caloric standard is kept constant at 2,350 calories per adult equivalent per day to maintain consistency of the normative standard.

The Planning Commission, while taking these arguments of the expert group and best international practices into considerations, adopted a new poverty line based on the Cost of Basic Needs (CBN) approach, which focuses on the consumption patterns of households in the reference group. It first obtains a food poverty line by taking the average spending on food of households in the reference group. This food expenditure can be translated into a certain level of caloric intake, which may or may not be different from the minimum caloric threshold chosen by a country. If the two are different, then calories and expenditure are scaled to the chosen nutritional standard to arrive at the final Food Poverty Line (FPL).

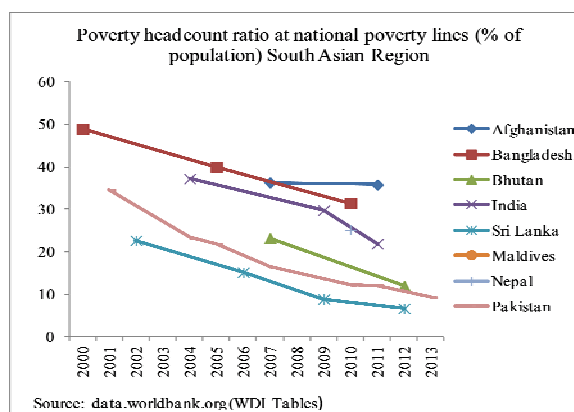
The CBN then takes into account non-food expenditures (on things like clothing, shelter and education) that are necessary for households. To do this, it focuses on households who are able to fully meet the FPL at their current level of food expenditures. The FPL is then scaled up to reflect the total expenditure of these households to obtain the CBN poverty line. Both the CBN and the FEI methods can be used to construct absolute poverty line, which can be regularly updated for inflation using the CPI, allowing governments to track poverty over time. The choice of CBN has advantages such as:

- It captures non-food needs better
- It is commonly used in most of the developing countries
- It is more transparent

Box-1

Decline in Poverty in South Asia

Pakistan's decline in poverty incidence is consistent with South Asian region. In Pakistan, the 25 percentage point decline (using old methodology) in poverty between 2001-02 and 2013-14 was associated with a 10 percentage point reduction in the share of expenditure devoted to food. Increases in income are also associated with households moving towards more balanced and diverse dietary patterns. Like most of South Asia, the reduction in poverty led to an increase in dietary diversity for every quintile. The reduction in poverty is evident in different forms of datasets like dollar a day criterion poverty estimation using independent database of PIDE from its own household survey:



Poverty Headcount Review for 2013-14 using new Methodology

Using CBN a new poverty line is estimated using patterns of consumption of reference group and it comes to Rs3,030 per adult equivalent per month using the latest available HIES 2013-14 data. According to this methodology 29.5 per cent of the population is estimated to live below poverty line. Using the population estimate of 186.2 million for 2013-14 implies that around 55 million people are living below the poverty line in Pakistan. Using the old FEI methodology only 9.3 per cent people are found below poverty line in 2013-14 which means 17 million people were living below the old poverty line.

Back-casting this new poverty line to 2001-02, using the CPI, shows that the headcount rate using this new higher line would have been 64.3 per cent in 2001-02 — more than double the rate while using the old poverty line. However, the trends over time remained the same using both poverty lines. It should be noted that these two poverty lines represent two very different levels of deprivation. The new line sets a higher bar – a more inclusive view of who will be considered disadvantaged in Pakistan. Both lines can be tracked into the past and into the future to establish consistency and robustness of trend. However, they represent two different standards of wellbeing while the new poverty line sets a higher and inclusive standard. This method has an edge over FEI for designing pro-poor policies.

Table-1: Poverty rates back-casted
(Using the CBN method)

Year	National	Urban	Rural
1998-99	57.9	44.5	63.4
2001-02	64.3	50.0	70.2
2004-05	51.7	37.3	58.4
2005-06	50.4	36.6	57.4
2007-08	44.1	32.7	49.7
2010-11	36.8	26.2	42.1
2011-12	36.3	22.8	43.1
2013-14	29.5	18.2	35.6

Source: Planning Commission estimates using various rounds of HIES

Poverty estimates are highly sensitive to a variety of factors, such as the choice of poverty line employed, methodology, the specification of the threshold level of poverty in terms of caloric requirement, expenditure or income, the determination of the scale of the household in terms of number of individuals or adult equivalents, spatial and regional differences in prices or consumption patterns. Each methodology or choice has its own advantages as well as limitations.

Planning Commission also signed an MOU with the Oxford Poverty and Human Development Initiative (OPHI) and UNDP for computation of Multidimensional Poverty Indices (MPI) for districts of Pakistan using the PSLM data. While the national poverty line and headcount continue to be estimated using the outcome-based consumption data, the MPI will be used as a deprivation index up to the district level. This will be used for designing of development policy interventions at the district level. The MPI will also be used for tracking the SDGs objective of inclusive growth.

Multidimensional Poverty Index

This concept recognises poverty as being a multi-faceted phenomenon that constitutes multiple aspects of deprivation. The MPI estimates for Pakistan were developed by a team of experts

from Planning Commission, OPHI and UNDP. The MPI constitutes three dimensions; health, education and standard of living. Three dimensions are reflected through 15 indicators. Of which three indicators reflect deprivation in education, 4 in health and 8 pertaining to standard of living. Besides the availability of data, the selection of indicators and their respective weightage were determined through a consultative and inclusive process with government representatives, development practitioners and academicians at the federal, provincial and regional level.

Although each dimension of the MPI carries equal weight of 1/3rd, the weightage for indicators inside each dimension differs. Within education years of schooling is weighted at 1/6th (16.66 per cent), child school attendance at 1/8th (12.5 per cent), and educational quality at 1/24th (4.17 per cent). The health indicators also hold different weights with access to health clinic weighted at 1/6th (16.67 per cent), and immunisation, ante-natal care, and assisted delivery each having weight of 1/18th (5.56 per cent). Within the dimension of living standard, the indicators of water, sanitation, electricity, cooking fuel, assets, and land and livestock are each weighted at 1/21 (4.76 per cent) while walls and overcrowding are weighted at 1/42 (2.38 per cent) each.

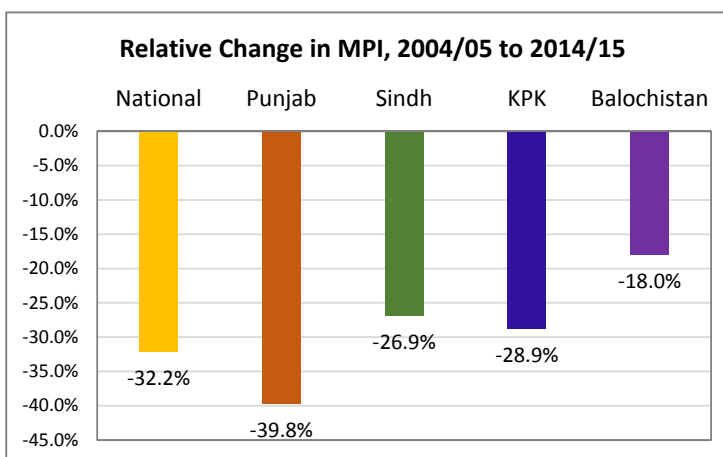
Using the PSLM data, the headcount of multidimensional poverty in 2012/13 was 40.5 per cent while the intensity of deprivation is 50.6 per cent. Since 2004/05, multidimensional poverty has continuously reduced in Pakistan. The headcount reduced from 55.2 per cent to 40.5 per cent between 2004-05 and 2012-13. However, the intensity of deprivation reduced only slightly over the same time period (from 52.9 per cent to 50.6 per cent). This means that majority of the multidimensionally poor people continue to experience deprivation in the same number of weighted indicators. Similar trends also followed across all provinces and regions. Table give MPI headcount in different regions of Pakistan across the 5 waves of PSLM survey.

Table-2
Headcount MPI Incidence (per cent)

		2004-05	2006-07	2008-09	2010-11	2012-13	2014-15
National	Rural	70.3	69.5	65.2	62.3	56	54.6
	Urban	24	19.4	17.3	13.9	10.1	9.3
	Overall	55.2	52.5	49.3	46.5	40.8	38.8
Punjab	Rural	62.7	61	57	53.4	46.9	43.9
	Urban	19.7	16.1	13.2	11	8.4	6.3
	Overall	49.7	46.4	43.2	40	34.7	31.5
Sindh	Rural	88.1	87.4	81	79.9	75.5	75.7
	Urban	27.2	19.6	20	14.9	10.9	10.5
	Overall	57.3	53.7	51.2	49.5	44.6	43.2
KP	Rural	72.9	72.8	68	64.8	57.1	57.7
	Urban	30.5	32.9	23.2	19.2	10	10.2
	Overall	65.8	66.1	60.5	57	49.1	49.1
Balochistan	Rural	91.6	91.9	90.7	89.3	85.8	84.5
	Urban	49.4	42.6	40.1	37.2	29	37.4
	Overall	83.4	79.8	78.9	76.7	71.9	71.0

Source: UNDP, OPHI & Planning Commission

The poverty in rural areas is higher than urban areas. Similarly at province level, Punjab has the lowest poverty while Balochistan has the highest incidence. It is also important to study the progress made by provinces in reducing poverty over the period under analysis. Figure 2 demonstrates the relative change in MPI at national and province level. Punjab



accounts for the highest relative reduction in MPI (33.8 per cent) while Balochistan showed the slowest progress in reducing multidimensional poverty with a relative change of only 15.5 per cent.

Deprivation in education is the largest contributor to MP in Pakistan. It is followed by deprivation in standard of living and health. In terms of indicators, years of schooling, followed by access to health facilities and child school attendance are the main drivers of MP.

Strategy for poverty reduction

The government recognises social protection/safety nets as a means to mitigate and manage risk, vulnerability and to reduce poverty through transfers and social insurance for risk mitigation regardless of prior or future contribution. The Social Safety Net Project in Planning Commission is currently engaged with the Provincial Governments in the process of developing provincial social protection policies through providing them Technical Assistance with the help of the World Bank. In addition, all the provincial governments have signed MoUs with the Planning Commission for developing provincial social protection policies. An elaborated process flow has been agreed with the Provincial Governments with regard to SP Policy development.

A national framework for social protection is evolved in consultations with the provinces which will not only harmonise all provincial social protection policies but also bring up national features of the national social protection system. It is planned to bring all existing social protection programmes under one umbrella with a unified and transparent inclusion criteria, better targeting system and efficient monitoring mechanism.

Benazir Income Support Programme

Pakistan's flagship national cash transfer programme BISP compares well with international best practice for design and administration of cash transfer programmes. This national cash transfer programme became the country's main social safety net mechanism to provide minimum income support to female heads of extremely poor families. The BISP has modernised the country's safety net by introducing an objective targeting method and improving the administration and governance of cash transfer programmes.

The BISP data registry has become outdated and thus updation of data registry is already under progress, which will be completed by the end of 2017. The BISP has enhanced quarterly financial support to Rs4,700 from Rs4,500 per family. The monthly instalment was enhanced to Rs1,200 per family in July, 2013 and Rs1,500 in 2014. The number of beneficiaries

has increased from 1.7 million in 2008-09 to around 5.3 million at the end of March 2016. The BISP's annual disbursement rose from 16 billion during the same period to Rs102 billion in 2015-16. During July-March 2015-16, an amount of Rs71 billion has already been disbursed to the beneficiaries. The cumulative disbursements to beneficiaries, since its inception in 2008-09, have reached Rs387 billion as of March 2016. The BISP is following the path of automation and 94 per cent beneficiaries are being paid through the mode of technology.

Social protections initiatives working historically in the country are Zakat, EOBI, Bait-ul-Mal, Worker Welfare Fund (WFF) and Pakistan Poverty Alleviation Fund (PPAF). A total amount of Rs5,398 million was distributed during 2015-16 among Zakat beneficiaries.

Pakistan Bait-ul-Mal (PBM) is providing assistance to destitute, widows, orphans, invalid, infirm, and other needy persons irrespective of their gender, caste, creed and religion through its ongoing core projects/schemes with an infrastructure at district level. An annual amount of Rs25,000 and Rs10,000 has been given to the families having two and one disabled child, respectively. Besides, under child support programme Rs300 and Rs600 per month is paid to the families with one and two or more school going children respectively in 14 districts as a cash incentive to the parents. An amount of Rs52 million is disbursed among 30,881 beneficiaries during the period from July-February 2015-16. Under grant-in-aid scheme PBM has spent Rs16 million to 7,645 poor beneficiaries during the period to the registered non-governmental organisation (NGOs) having excellent track record aimed at institutional rehabilitation of the poor and deserving persons of the society.

An amount of Rs1.3 billion is spent to benefit 29,246 individuals countrywide from Individual Financial Assistance (IFA) scheme in July-Feb 2015-16. PBM also spent around one billion rupees on National Centres for Rehabilitation of Child Labour (NCsRCL) (Rs336 million), Vocational/ Diversified Vocational Dastkari Schools (VDS/DVDS (Rs271 million) and Pakistan Sweet Homes (PSH) (Rs127 million) during July-February 2015-16.

Zakat is one of the important pillars of Islam which plays an important role in poverty alleviation and in some way helping economic stability in society. The system of Zakat in Pakistan was introduced through an Ordinance called Zakat and Ushr Ordinance, 1980. Zakat funds were utilised for assistance to the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. These poor segments of society are provided Zakat funds either directly through respective local Zakat Committees or indirectly through institutions i.e. educational, vocational, social institutions, hospitals, etc. A total amount of Rs5,398 million was distributed in this fiscal among beneficiaries.

The **Pakistan Poverty Alleviation Fund** was established by the government as an autonomous non-profit organisation for augmenting community-driven development and, improving the quality of life of poor and marginalised people in the country. It works through a network of 134 partner organisations across the country. During July-March 2015-16, PPAF has disbursed Rs12 billion to its partner organisations (POs) under its core interventions like institutional development and social mobilisation, microfinance portfolio management, livelihood and enterprise development, water and infrastructure, education and health and PM interest free loan programme.

Overall, these projects and interventions benefitted around 1.05 million poor and marginalised population including 49 per cent women. The equity injections coupled with the

credit guarantee mechanism induced commercial banks to extend around Rs6 billion to microfinance institutions.

The **National Vocational and Technical Training Commission (NAVTC)** was established as national regulatory authority to address the challenges of emerging demand for technical and vocational education stream in the country. It is involved in policy making, strategy formulation and regulation & revamping of TVET system, establishing and promoting linkages among various stakeholders at national and international level. The Prime Minister's Youth Skill Development programme will train one hundred thousand youths till 2018 and so far 24.8 thousand people are trained under this scheme. The target group is youths of age 18-35 years.

Expenditures on pro-poor sectors

Well-targeted anti-poverty expenditures and social safety transfers are essential ingredients of a comprehensive poverty reduction strategy. While anti-poverty public expenditures are essential for improving human capabilities, reducing income inequalities, and ensuring greater participation of the poor in the process of economic development, social safety transfers are necessary for creating an environment in which the most vulnerable segments of society are protected from the social and political costs of economic and structural reforms. The effectiveness of such outlays relies not only upon their levels but also their quality. Therefore, pro-poor public expenditures must be regularly monitored to improve their efficiency and impact.

The actual expenditure on 17 pro-poor for sectors was incurred Rs. 2177.5 billion in FY 2014-15. While, based on historical trend, the provisional expenditure (July-December) for FY 2015-16 would be Rs. 1122.7. The government has allocated Rs 60.9 billion in the Federal PSDP for the year 2015-16 for the social sectors.

Table-3
PRSP budgetary expenditure

Pro-poor sectors	(Rs million)	
	2014-15	2015-16 (July-Dec.) (Provisional)
Roads, highways and bridges	118.7	178.7
Environment, water supply and sanitation	54.1	18.9
Education	598.3	263.7
Health	231.2	91.7
Population planning	13.9	3.6
Social security and welfare	32.8	159.4
Natural calamities and other disasters	33.2	32.8
Agriculture	199.9	68.9
Land reclamation	5.2	1.8
Rural development	29.1	7.1
Law and order	269.0	130.8
Low-cost housing	0.6	0.1
Justice administration	25.8	14.1
Subsidies	459.3	102.8
MDGs community programme	12.5	0
Benazir Income Support Programme	91.6	46.8
Pakistan Bait-ul-Maal	2.2	1.4
Total	2,177.5	1,122.7

Micro-finance

Microfinance has been recognised widely as a strategy to combat poverty by providing financial services to the excluded poor to allow them to become economically active. The micro-credit programmes offer a small loan to the beneficiaries for self-employment purposes to make them self-reliant. Today, micro finance offer a wide range of financial services such as credit, savings, insurance and remittances. Micro-insurance provide insurance services to low income segment against the risks and shocks like illness and natural disasters.

Within micro-credit, the number of average borrowers as on December 2015 was at 3.75 million Outreach growth rate has increased to 20 per cent compared to the growth rate of 2014 which was 13 per cent. The GLP increased by 40 per cent in the same time period. Micro-savings grew by 48 per cent in the 2015 in the last one year and stood at Rs63 billion.

Provincial governments' initiatives for poverty alleviation and social protection

The **Punjab** government has allocated Rs119 billion for the social sector with emphasis on poverty reduction and social development. The Punjab Social Protection Authority (PSPA) has become functional. Moreover, the following additional measures have been taken.

- The Punjab Education Endowment Fund (PEEF) with allocation of Rs12 billion is to provide scholarships to needy students.
- Under the Southern Punjab Poverty Alleviation Fund, 10,000 poor families and widows will be provided animals and land.
- Free provision of 5,228 heifer, sheep and goats and 68,760 poultry units to widows and poor women in the rural areas
- The Punjab Economic Opportunities Programme (PEOP) initially started in four districts, has now been extended to 10 more districts with an allocation of Rs1 billion for 21,400 beneficiaries.
- An amount of Rs2 billion is allocated to the self-employment scheme, which provides interest free loan of Rs50,000 to the deserving youths.

The **Sindh** government has successfully implemented the Union Council Based Poverty Reduction Programme (UCBPRP) in four districts in 2014-15, and it is further expanded in six new districts in 2015-16 at an estimated cost of about Rs5 billion. The overall objective of this Programme is to reduce poverty and improve the quality of life of the poor and marginalised communities through building the capacity of the households through social mobilisation, asset creation, income generation and social protection.

The Shaheed Mohtarma Benazir Bhutto Towns scheme is providing free-of-cost 50,000 plots to the poorest of the poor families. The infrastructure development work on 18,000 plots has almost been completed. In the first phase, 27,500 plots have been allotted through balloting in eight districts.

The Sehat Sahulat Programme, extended to the whole province, will provide free quality healthcare services to 32 per cent of the poorest population – about 1,166,388 households comprising 81,00,000 individuals.

The **Khyber Pakhtunkhwa** government has also launched various programmes for the poverty alleviation and providing assistance to the poorest of the poor. It has established the first-ever institute for street children, which will accommodate 1,000 street children and provide them with education, health, recreation, sports, boarding, food, career, psychological counselling and other necessary facilities.

The *Khud Kafalat* Scheme is to generate economic activities through interest free loans and Islamic Microfinance Facility. Moreover, the *Insaaf Agricultural Loans* are aimed at provision of affordable loans to small farmers. Protection of infant and child nutrition through provincial and district level regulatory committees has also been initiated to improve nutritional outcomes. The *Sehat Ka Etihad* scheme is aimed at eradication of polio from the province. Subsidised healthcare assistance to over one million patients and grant of Rs2,700 as cash grant to 50,000 mothers.

The **Balochistan** government has allocated ample resources to socially uplift the province. Given its budget constraints, the federal government is providing Rs10 billion per annum since 2010-11 under the Aghaz-e-Huqooq-e-Balochistan for its contribution to develop vast area of Balochistan. Additionally, 142 development projects are being supported through the Federal Development Programme in the province. The provincial government has increased subsidies on tube-wells to Rs8 billion for promotion of the agriculture sector, but the province need subsidies directly targeted to the vulnerable. The government has allocated Rs10 billion for education and Rs8 billion for the health sector.

Sustainable Development Goals

The SDGs 2015-2030 were signed in September 2015, replaced the MDGs (2000-2015). The SDGs are destined to improve the social well-being and raising living standards. These are universal set of 17 goals and 169 targets. Pakistan, like other member states, is in the process of developing specific indicators to monitor the progress under different goals. Pakistan has proactively embedded the SDGs in the seven pillars of the Vision 2025, and 25 goals of the Vision are also aligned with the SDGs.

Pakistan is in the process of defining and selecting the indicators, their specifications, timing, data collection methods, and disaggregation to suit its national needs and priorities. The SDGs has not started from scratch, but is building upon the work done in the context of the MDGs. Special attention is given to the integration of economic, social and environmental aspects. There will be an integrated monitoring framework to review the SDGs at the global, regional, national and thematic levels.

The government is in the process of establishing the SDG Unit in the Planning Commission to monitor progress and achievement of the SDGs. Similarly, the establishment of the SDGs units in four provinces and three Special Areas is in progress. The coordination at both the federal and provincial levels and building the capacity of the provinces and district governments towards service delivery and reporting mechanism are being worked out.

The Parliament of Pakistan has become the first entity to adopt the SDGs, and has established exclusive SDG Centre in the National Assembly. Meetings of the planning and development ministers, held in Islamabad and Karachi, have reviewed progress regarding implementation of the SDGs in the provinces and the Centre. There is a general consensus among the planning ministers of the provinces to collaborate with the federal government for making effective progress on the SDGs.

Outlook for 2016-17

The Prime Minister's Programme on the SDGs will focus on five areas, that is, education, health, safe water, sanitation and sewerage and civic amenities, like playing grounds. The upscaling of schools programme has already been started in the federal capital. The Prime Minister's Health Insurance Programme has already been started initially in 16 districts, and will be extended to the rest of Pakistan in the near future. These all are part of the long-run policy roadmap of the Pakistan Vision 2025 and 11th Five Year Plan (2013-18). The government will continue to enhance support for social protection and poverty alleviation in the next year through subsistence grants plus exit strategy of providing skills, fuelling growth.

Chapter 8 | SOCIAL WELFARE

The social welfare sector envisages inclusion of the vulnerable in the poverty reduction and social development plans, policies to enhance their socio-economic status. The Annual Plan foresees realisation of goals of the Vision 2025 to reduce poverty and vulnerability of the downtrodden and marginalised segments of the society through institutional care, rehabilitation of the needy and vulnerable, and promotion of the entrepreneurship skills. The Plan aims at providing an enabling environment for promotion of the social justice and equity through a national framework for equitable socio-economic development in line with the constitutional obligations, national priorities, local needs and international commitments.

The social sector is facing several challenges such as inadequate coverage and funding, scattered community development initiatives, lack of voluntary work, case work and school social work, lack of community mobilisation, and weak social welfare departments. The Plan focuses on well-coordinated national planning to address the challenges through the Public Sector Development Programmes (PSDP) and review of the existing social welfare policies.

Performance review 2015-16

Under the federal PSDP, an amount of Rs20 million was allocated for implementation of two projects of human rights and women development. Out of this, Rs13 million were utilised during the year for the establishment of a 'Helpline for legal advice on violations of human rights' by the Ministry of Human Rights. A special education project 'Upgradation of National Special Education Centre for Hearing Impaired Children from Higher Secondary to Graduation Level, Islamabad', is to cost Rs44 million. Out of this, Rs11 million could be utilised. An action plan by the Ministry of Human Rights has been approved to improve the human rights situation in Pakistan, and establishment of the National Institute of Human Rights is in process.

In order to promote innovative ideas based on business plans leading to solution of the social problems, the Ministry of Planning Development and Reform (MoPD&R) has established a Centre for Social Entrepreneurship at a cost of Rs178 million. The Project is unique in nature for addressing social issues through innovative business plans.

Outlook 2016-17

The Plan envisages addressing and creating awareness of the constitutional, legal and international obligations, establishing integrated mechanisms to achieve social welfare objectives by reaching to the disadvantaged groups. The expansion and strengthening of the social welfare services through mitigating and managing the socio-economic risk and vulnerability will continue. The federal and provincial development priorities include mainstreaming target population including women, children, youth, Persons with Disabilities, patients and senior citizen, etc. to secure their livelihood and income opportunities. The

establishment of drug addict centres, detoxification and rehabilitation centres, Dar-ul-Aman, and industrial homes are also part of the Plan.

Programmes

This Annual Plan includes the following programmes:

- Establishment of Helpline for Legal Advice on human rights costing Rs37 million, and allocation of Rs20 million
- Establishment of the National Institute of Human Rights at Islamabad, costing Rs250 million and allocation of Rs150 million
- Establishment of Centre for Social Entrepreneurship at the MoPD&R Islamabad costing Rs178 million and allocation of Rs20 million
- Upgradation of the National Special Education Centre of Hearing Impaired Children from Higher Secondary to Graduation Level, Islamabad costing Rs44 million and allocation of Rs40 million
- Construction of hostel for Female Federal Government Employees at the Walton Colony Lahore costing Rs46 million and allocation of Rs23 million
- Establishment of Resource Unit for Autistic Children at the National Education Centre for Special Children Islamabad costing Rs54 million and allocation of Rs20 million
- Repair and maintenance of the Aapara Community Centre Islamabad costing Rs6 million and allocation equal to the cost

Chapter 9 | GENDER AND WOMEN EMPOWERMENT

The Article 25 (2) of the Constitution of Pakistan recognises the equality of citizens, their legal and religious rights and no gender discrimination. Various legislative and institutional initiatives have been taken by the federal and provincial governments to ensure safety, protection, mobility, and socio-economic security of women. The Vision 2025 and 11th Five Year Plan (2013-18) envisage providing an enabling environment and equal opportunities to women. The preparation of the standardised framework and guidelines are missing areas required consideration for equitable development of women across all regions. Pakistan has committed to meet the MDGs; particularly MDG 3, 'promoting gender equality and empowering women', and SDG 5 'improving maternal health'. Pakistan is also a signatory of the UN Convention for Elimination of all forms of Discrimination against Women (CEDAW). There has been a shift in focus from MDGs to SDGs, where efforts are still required to achieve the sustainable development goals for women empowerment.

Performance review 2015-16

The Gender Development Index (GDI) based on the sex-disaggregated Human Development Index, defined as a ratio of the female to the male HDI. The 2014, female HDI value for Pakistan is 0.436 in contrast with 0.601 for males, resulting in a GDI value of 0.726. In comparison, GDI values for India and Bangladesh are 0.795 and 0.917 respectively¹.

Pakistan has a GII value of 0.536, ranking it 121 out of 155 countries in the 2014 index. In Pakistan, 19.7 per cent of parliamentary seats are held by women, and 19.3 per cent of adult women have reached at least a secondary level of education compared to 46.1 per cent of their male counterparts. For every 100,000 live births, 170 women die from pregnancy related issues; and adolescent birth rate is 27.3 births per 1,000 women of ages 15-19. Female participation in the labour market is 24.6 per cent compared to 82.9 for men. (Source: HDR 2015)

The issues of women empowerment are now being recognised as basic human rights and in this regard several commitments have been made at the national and international levels to feature the gender equality at all levels including legislation for providing ownership in share of land, defining of girl child marriage age and numerous legislations and amendments in laws, Protection of Women against Harassment at Workplace Act 2010, Prevention of Anti Women Practices Act 2011, National Commission on Status of Women Act 2012, and Acid Control and Acid Crime Prevention Act 2011 and establishment of offices of the Women Ombudsman at the federal and provincial levels.

¹ The GDI measures gender inequalities in achievement in three basic dimensions of human development: health (measured by female and male life expectancy at birth), education (measured by female and male expected years of schooling for children and mean years for adults aged 25 years and older); and command over economic resources (measured by female and male estimated GNI per capita) The GDI is calculated for 161 countries.

The facilities have been provided to the working women by establishing day care centres at work place and working women hostels. The women serving in public sector are being provided individual service benefits including provision of house rent and provision of allotment of plot by the federal government; however some facilities are still required to be provided to perform their job satisfactory.

The women have been provided protection by establishing the women crises centres and shelter homes in the country along with a helpline for legal advice to women against violence under the Ministry of Human Rights. Pakistan is committed to the Convention for Elimination of all forms of Discrimination Against Women (CEDAW), Beijing Platform of Action, and Sustainable Development Goal (SDGs) Goal 5 – ‘Empowering Maternal Health’ — and other several UN human rights conventions and covenants.

The women have been encouraged to fully participate in electoral process and towards this; Gender affairs Cell has been established in the Election Commission of Pakistan. The promotion of women entrepreneurship in the country has been considered very key area for their socio-economic empowerment. In this regard many initiatives have been taken including signing of the MoU between the Ministry of Commerce and US government, providing of business loans to women by the First Women Bank and National Bank of Pakistan particularly under Prime Minister Youth Loan Scheme. The centre for social entrepreneurship established in the Ministry of Planning, Development and Reform has envisaged to equally encouraging women entrepreneurs generate innovative business plan ideas leading to solution of social issues. In compliance of Madrid international plan of action on ageing, older women’s issues have been discussed and highlighted by this ministry on various policy action forums i.e. UN-Women, Help age international and with stakeholders etc.

Outlook 2016-17

The Plan envisages preparation of a framework for equitable development of women across the country and guidelines for preparation of policies, action plans and interventions by the stakeholders. The initiatives would address the issues of gender mainstreaming, through development of gender sensitive need based projects, integration of gender dimensions into all sectors of economy, a women right based approach to develop women’s economic, social and development rights and entitlements, sensitisation on gender issues to ensure implementation and review of policies and plans. The Strengthening of support mechanism for women survivor of violence and in distress, creation of gender based knowledge through research and gender disaggregated data (including third gender), day care facilities for infants and children of working women in all establishments to keep them comfortable and women friendly harassment free workplace. The promotion of women entrepreneurship in the country will be encouraged. The women model welfare package is under consideration by the federal government.

Programmes

The government in collaboration with civil society and international organisations has envisaged plans for achieving gender equality and women empowerment through awareness raising campaigns and allocation of resources through their annual development programs. The provincial women development departments are undertaking initiatives for establishment of working women hostels, harassment free work place, day-care centres, women crises centres and shelter homes. The ten per cent quota for women employment will be ensured in public sector.

The Ministry of Human Rights (MoHR) has planned to protect women against violence by also establishing a helpline to provide legal advice, and prepare of the Human Rights Framework. The MoHR has also prepared 'Action Plan to improve Human Rights Situation in Pakistan', and is in the process to establish the National Institute of Human Rights and other such initiatives. The National Commission on Status of Women (NCSW) will analyse and review gender policies and interventions to protect the rights of women. The gender-related data will be collected by the NCSW with support of the UNICEF under the project 'Generating Data to Advance Women's Social and Economic Wellbeing in Pakistan'.

Chapter 10 | YOUTH AND SPORTS

The population demographics are under major shift, and many countries and regions of the world are facing dilemma of the ageing population. On the contrary, Pakistan has the rare asset of young population. According to the latest demography of Pakistan, more than 29 per cent^{1*} people are aged between 15-29 years. This exceptional youth bulge, also called the youth dividend, offers an opportunity to invest in the youth and harness their potential for prosperity and development of the country. This segment of society is the most affected by absence of inclusive policies, unemployment, poverty, disparity in education and health, economic crisis and non-engagement in the national life.

In the recent past, major policies and programmes have been chalked out for development of the youth under the Pakistan Vision 2025. Under the Vision, special emphasis has been given to the human resource development, particularly for the youth and technical competence enhancement to tap the latent energies and potential skills of the youth to make them effective managers of change for tomorrow. Moreover, a portfolio of the youth development programme, initiated in 2013, is being successfully implemented under Prime Minister's Youth Programme.

Performance review 2015-16

Prime Minister's Youth Programme

The Prime Minister has announced a package for the youth with broad canvas of programmes enabling the youth and poor segments of the population to get good opportunities of employment, economic empowerment, acquiring skills needed for gainful employment, spreading use of computers and imparting on-job training for the young graduates to improve chances of getting productive jobs.

Youth Business Loan Scheme

This Scheme is for the young entrepreneurs, in an age bracket of 21 years to 45 years, who will provided loans from Rs100,000 to Rs2,000,000 through computer balloting to start their own businesses. The loans are for eight years at the subsidised mark-up of six per cent with the first year as the grace period. The Scheme is being carried out through designated financial institutions, namely National Bank of Pakistan (NBP), First Women Bank. (FWB), and 12 other financial partner institutions, including Habib Bank, MCB, Allied Bank and United Bank. It has 50

Box-1

The following six projects under the Prime Minister's Youth Programme are successfully being implemented:

- i. Youth Business Loan scheme
- ii. Interest Free Loan Programme
- iii. Youth Training Programme
- iv. Youth Skills Development Programme
- v. Youth Laptop Programme
- vi. Fee Reimbursement Scheme

¹ Source: Pakistan Bureau of Statistics

per cent quota for women and five per cent quota for the families of Shaheeds, widows and disabled persons.

In three computerised balloting of the Scheme, held on February 28 June 4 of year 2014, and February 22, 2016, more than Rs6 billion have been disbursed among 15,496 eligible applicants. The Small and Medium Development Authority (SMEDA) is the implementing agency, and is providing more than 50 updated pre-feasibilities for referencing by the loan beneficiaries, and participating banks to optimally utilise their financial resources.

Interest Free Loan Programme

The Qarz-e-Hasna or the microfinance loan facility aims at providing interest free financing from 2.5 million to five million people in the next five years. The vulnerable rural and urban poor, with a poverty score of up to 40, are eligible to apply. The Programme with the national outreach, has 50 per cent quota for women, and preference is given to underserved areas. 250,000 loans of an average amount of Rs25,000 with zero mark-up will be disbursed, which are to be returned in three years. An amount of Rs3.5 billion has been allocated for the Programme, which has been fully released. The Pakistan Poverty Alleviation Fund (PPAF) is the central executing agency, while registered partners and community organisations, with necessary expertise and experience, are engaged in the process.

Till March 31 of this year, an amount of about Rs3 billion has been disbursed among 135,457 eligible applicants through 227 loan centres established in 44 districts. Almost 60 per cent of the beneficiaries are women, and loan recovery rate is 100 per cent.

Youth Training Programme

Young individuals with 16-year education or equivalent from the Higher Education Commission (HEC) recognised institutions with 50 per cent marks and 2.50 CGPA in the final degree and of not more than 25 years (26 for less-developed areas) are eligible to apply. They will be given on-job training and internships in the private and public sector organisations to equip them with abilities to get jobs in the country or abroad. A total of 50,000 interns will be hired and a monthly stipend of Rs12,000 will be paid to the selected for 12 months. All leading public and private organisations, including provincial and local government departments, will be offered services of the selected internees, and these organisations will be required to establish focal points in their offices to ensure effective use of the internees' services. Moreover, the gestation period of the Programme is three years, and the placement of interns is made in accordance with the NFC Award and recruitment criteria of the Federal Public Service Commission for provincial or regional quotas.

A total of 106,189 young graduates and diploma holders have applied for the internship programme. The HEC and respective technical boards have completed verification of about 44,000 and 18,000 degree and diploma holders respectively. The Ministry of Inter-Provincial Coordination (MoIPC), being the sponsoring agency of the Programme, has issued placement letters to 27,000 successful interns (21,000 graduates and 6,000 diploma holders), which are based on their preferences and matching market demand.

Youth Skills Development Programme

The Programme is aimed at providing vocational training to the unemployed and less educated youth for acquiring productive skills for gainful employment. Young men and women, who have received middle level education (8th Grade) and are up to 35 years, are eligible beneficiaries. On

average, the government is supporting monthly fee of Rs3,000 per student for six months. Also, a monthly stipend of Rs2,000 is also paid for six months.

The Ministry of Education and Trainings, and National Vocational and Technical Training Commission (NAVTTTC) are the main executing agencies of the Programme. About 350 well-reputed public and private technical education and vocational training institutes have been selected through the Provincial Technical Education and Vocational Training Authorities (TEVTAs) and NAVTTTC's regional offices in Islamabad, Lahore, Multan, Karachi, Larkana, Quetta, Gwadar, Peshawar and Gilgit-Baltistan.

During the fiscal year 2013-14, the NAVTTTC, in collaboration with the provincial TEVTAs and other public and private skill training institutes, executed the Phase-I with financial utilisation of Rs800 million, and training was imparted 24,834 young individuals in demand-driven trades. The Phase-II of the Programme has also been launched with an allocation of Rs1,187 million. About 25,000 trainees are being trained in 195 trades in this phase, and average fee paid to the educational institutions has been enhanced to Rs5,000, while monthly stipend to trainees has been increased to Rs2,500 and Rs3,500 per student for the Federally Administered Tribal Areas (FATA) residents.

Youth Laptop Programme

This Programme envisages enhancing scope of research and quality education and increasing access of the information technology for the college and university students to bring about a technology revolution. This nationwide Programme, is for students registered with the HEC approved institutes, and all masters, doctoral students and 50 per cent under-graduates will get the laptops. The HEC and Ministry of Education and Training are the executing agencies of the Programme. During 2013-14, an amount of Rs4,000 million was utilised and more than 93,000 laptops were distributed. A budget allocation of Rs20 billion has been made for the Programme for the fiscal years 2014 to 2018.

During 2014-15, approximately 14,000 eligible students have been awarded free laptops and dongles. Moreover, the HEC, in collaboration with Haier, has set up a laptop assembling unit at the Raiwind Road (Lahore), and has started with 1,000 laptops per year, which will help in the successful implementation of the Programme.

Fee Reimbursement Scheme

The Scheme is focused on enhancing opportunities for access to higher education, especially for the talented but financially constrained students belonging to less developed and remote areas of the country, who despite possessing academic qualifications are unable to finance their education. The fee disbursement is being ensured through a transparent and well-defined mechanism. Under this initiative, the federal government is also paying other fees, such as registration, enrolment, admission, examination, library (non-refundable), laboratory, tuition, research related academic activities on semester basis of PhD, MPhil, and masters students of the selected areas.

Both male and female students, domiciled in following areas, are eligible beneficiaries of the Scheme:

S.No.	Provinces	Districts
1.	Balochistan	Kalat, Mastung, Khuzdar, Awaran, Washuk, Kharan (Rakhshan), Lasbela, Ketch, Gwadar, Punjgur, Nasirabad, Jaffarabad, Jhal Magsi, Bolan, Quetta (urban and rural), Pishin, Killa Abdulla, Killa Saifullah, Barkhan, Musa Khel, Loralai, Sheerani, Zhob, Dera Bugti, Kohlu, Ziarat, Harnai, Sibi, Nushki, Chagai (Dalbandin), Turbat
2.	Interior Sindh	Thatta, Badin, Tharparkar, Umerkot, Mirpur Khas, Tando Allah Yar, Naushahro Feroze, Tando Muhammad Khan, Sanghar, Khairpur, NawabShah (Benazirabad), Dadu, Qambar Shahdadkot, Larkana, Matiari, Ghotki, Shikarpur, Jacobabad, Sukkur, Kashmore, Jamshoro
3	Selected Areas of the KP	Chitral, Lower Dir, Upper Dir, Swat, Buner, Shangla, Malakand, Kohistan, Dera Ismail Khan, Tank, Karak
4	Southern Punjab	Bahawalpur, Rahim Yar Khan, Bahawalnagar, Multan, Lodhran, Khanewal, Vehari, Dera Ghazi Khan, MuzaffarGarh, Rajanpur, Layyah
5.	Gilgit-Baltistan	Hunza Nagar, Gilgit, Skardu, Ghanche, Ghizar, Diamir, Astore
6.	Azad Jammu and Kashmir	Bhimber, Kotli, Mirpur, Muzaffarabad, Hattian, Neelam, Poonch, Haveli, Bagh, Sudhnoti
7.	Punjab	Attock, Khushab, Bhakkar and Mianwali

The HEC, in collaboration of the Ministry of Education and Training, is the executing agency. An amount of Rs1,200 million and Rs1,400 million had been allocated for the phase-I (FY14) and phase-II (FY15) respectively. The HEC has reimbursed fee and other charges of more than 90,000 eligible students during these two phases. For the phase-III of the Scheme, a budget allocation of Rs1,800 million was made for the FY16. The HEC has also launched a dedicated online portal for registration of new students in July 2015. More than 40,000 students have been shortlisted under the phase-III.

SPORTS

Pakistan's youth population necessitates development of the sports sector, not only to achieve physical fitness, but also to gain excellence in the national and international games, which will bring glory and pride to the nation. Sports occupy sufficient space in the annual and long-term development plans. In the Vision 2025, development of sports to the grassroots has been given due importance to identify talent, encourage national players and teams to be world champions and win at least 25 medals in the Asian Games. This is in particular reference to hockey, cricket, athletics, boxing, squash, etc. In order to achieve these objectives, the initiatives taken are: creation of sports facilities, infrastructure of international standards, holding of the national games annually with the primary objective of hunting, grooming and encouraging the local talent and promoting inter-provincial harmony.

Performance review 2015-16

During the year, an amount of Rs609 million has been allocated for four ongoing projects of the MoIPC, which is expected to be utilised fully by end of June 2016.

Holding of the national games

The Project, worth Rs573 million, was approved by the CDWP on March 4, 2015. It envisages holding inter-provincial games annually at Islamabad for five consecutive years with the primary objective of hunting, grooming and encouraging the local talent and promoting inter-provincial harmony. An amount of Rs137 million has been released during the FY16, which has been fully utilised. The first phase of these games, named as the Quaid-e-Azam Inter-Provincial Youth Games 2016, has successfully been held at the Jinnah Stadium, Pakistan Sport Complex, Islamabad from April 24-26. About 1,900 athletes from four provinces, Gilgit-Baltistan, Islamabad, Federally Administered Tribal Areas (FATA) and Azad Jammu and Kashmir (AJ&K) participated in the games. Both men and women teams took part in 13 different sporting events, including athletics, volley ball, tennis, football and badminton.

Construction of sports complex

A multipurpose sports complex at Narowal is being completed at a cost of Rs2,498 million. During the FY16, an amount of Rs450 million was released and utilised fully. The updated overall physical progress of the project stands at 52 per cent. The Project envisages construction of various sports facilities including cricket stadium with pavilion having seating capacity for 5,000 to 10,000 spectators, grassy football ground, athletic track (eight lanes) with pavilion having seating capacity of 600 spectators, construction of a hockey ground with Astroturf and seating capacity for 2,000 spectators, two squash courts including seating steps, two tennis courts including seating steps, gymnasium and indoor games, one basketball court, one swimming pool and training institute and Academy.

Programmes

The proposed allocation for the sports sector is Rs630 million for the FY17, and importance has been given to the ongoing projects only. The project-wise details have been given in the follow table.

Allocations in PSDP 2016-17

(Rs million)

S.No.	Names of project	Allocations
1.	Construction of sports complex, Narowal	450
2.	Holding of national games	50
3.	Laying of the synthetic hockey turf at Gilgit(PM's directive)	2
4.	Establishment of the Bio-Mechanical Lab at the Pakistan Sports Complex, Islamabad	18.866
5.	Laying of Synthetic Hockey Turf at Swat	60
6.	New hockey turfs in different cities	50
	Total	630.866

Since project 'Construction of Sports Complex at Narowal' is a fast-track project, and is targeted to be completed by December 31, 2016, an amount of Rs450 million has been allocated. Moreover, an amount of Rs50 has also been allocated for holding of the national games. Similarly, allocations of Rs2 million and Rs18 million have also been made for the ongoing projects respectively, that is, Laying of Synthetic Hockey Turf at Gilgit (PM's directive) and Establishment of Bio-Mechanical Lab at Pakistan Sports Complex, Islamabad. Two new projects, that is, laying of synthetic hockey turf at Swat, and new turfs in different cities, have been proposed amounts of Rs60 million and Rs50 million respectively.

Chapter 11 | RELIGIOUS PLURALISM AND INTERFAITH HARMONY

The Pakistani society is predominantly Muslim, but it also comprises people of different religions, creeds and castes. According to the 1998 census, 95 per cent of the total population is Muslim, the rest five per cent are Christians, Hindus, Parsis, Zoroastrians, Bahais, Sikhs, Buddhists, and small portions Kalasha, Kihals, and Jains. This diversity signifies the need to develop a pluralist society where people of different beliefs can live in peace and harmony. The Constitution of Pakistan protects rights of all citizens without any discrimination. The Plan is for promoting peace, harmony, tolerance and religious pluralism among all segments of the society. The government is cognizant of the issues of minorities, committed to protect their lives and properties, and envisages concerted efforts to uplift the socio-economic developments of non-Muslims.

Performance review 2015-16

The following initiatives have been taken for the well-being of the minorities.

- The Articles 20, 21, 25, 26, 27, 28, and 36 of the Constitution guarantee complete protection and equal rights to all citizens, including the minorities, without any discrimination of colour, creed, cult, language or gender to freely profess and practice their religion and culture.
- Chapter XV of the Pakistan Penal Code 1860 encompasses offences relating to religion.
- The separate electorate for minorities was abolished in favour of the universal adult suffrage on the demand of the minorities.
- There are 10 reserved seats for minorities in the National Assembly and four in the Senate. In addition to this, 23 seats have been reserved for minorities in all the provincial assemblies.
- Allocation of five per cent job quota for the minorities in all the federal government services and jobs in addition to their participation on open merit.
- Declaration of the 11th of August as the Minorities Day to recognise the services, sacrifices and contributions of the minorities in the nation-building.
- Celebration of 10 religious festivals of minorities at the official level in Pakistan in a year, include Christmas and Easter for the Christians, Holi and Diwali for the Hindus, Besakhi and Birthday of Guru Nanak for the Sikhs, Nauroze for the Zoroastrians, Eid-e-Ridvan for the Bahais, Festival of Lights for the Buddhist community, and Chelum Jhust for the Kalasha people.
- In emergency situation or crisis faced by the minorities living across Pakistan, a financial help ranging from Rs300,000 to Rs500,000 is extended to the victims and their family members.

- Grant of the financial assistance through the Minorities Welfare Fund (MWF)
- The marriage grant of Rs50,000 for marriage of daughters of widows, and orphan girls of the minorities

Other initiatives have been taken by the government to promote peace and harmony by putting ban on hatred speeches, literature, etc., besides limiting the use of loud speakers.

Outlook 2016-2017

To achieve the religious pluralism and interfaith harmony, a broad framework and national level guidelines for equitable development of communities of all provinces will be developed in consultation with the national and provincial stakeholders. To strengthen the integration of all segments of the society, new possibilities with the participation of young generation, professionals, development workers, civil society, writers, artists, actors and creative people and international stakeholders will be explored. A Peace and Development Unit has already been established in the Ministry of Planning, Development and Reform to actualise the objectives.

Programmes

Many initiatives for achieving interfaith harmony have been envisaged, which also include project 'Construction of Interfaith Community Centre in Islamabad' for promoting peace, mutual acceptance and tolerance. An exclusive arrangement will be made for reporting cases of discrimination against minorities. The Plan also envisages launching a helpline for helping minorities and promoting religious tourism. Two PSDP-funded projects are:

- Construction of boundary wall with barbed wire and special repair of building, including, mosque at the Directorate of Hajj, Quetta, worth Rs6 million, and allocation of Rs3 million
- Construction of the training hall at the Directorate of Hajj, Quetta, costing Rs30 million and allocation equal to the cost

Chapter 12 | MASS MEDIA, CULTURE AND NATIONAL HERITAGE

The latest tools and means of the media and information communication are television, radio, print media, all kinds of computers, mobile phones and tablets. These instruments provide content to the users and audience through electromagnetic waves, written words, broadband (3G and 4G) using wire or wireless methods. A major feature is the convergence of different forms of media and communication, which have been made possible by technological advancements. Now mobile phone is not only a talking device, it is a radio, TV, computer, GPS, phone, camera and newspaper simultaneously. The major technology behind this revolution is the digitalisation. The Pakistan media and communication industry is at the brink of analogue, and venturing into the digital world. It is also an international obligation, and Pakistan is making efforts to meet the requirement of the International Telecommunication Union (ITU) to switch over to digital standards. In the television sector, headway has been made, and a pilot digital transmitter, based on the Chinese DTMB standard, is working successfully. A digital standard will soon be adopted for the TV broadcasts. The radio is analogue and plans for the digitalisation of its network will be chalked out soon.

Pakistan has a vibrant broadcast media. In the public sector, the Pakistan Television Corporation started its broadcasting in 1964, and since then it has grown tremendously. Today, it has seven TV stations, which telecast programmes through terrestrial network of more than 100 rebroadcast stations reaching more than 61 million people and cover about 90 per cent area of Pakistan. Similarly, transmissions of the Radio Pakistan reach almost hundred per cent population through 27 radio stations, 30 medium and short wave and 34 FM transmitters.

The Pakistan Electronic Media Regulatory Authority (PEMRA) facilitates and regulates the private sector media in Pakistan. This policy led to the phenomenal growth of the electronic media in Pakistan, and its people have been provided with multiple choices of channels and programmes. Today, the satellite television viewership is about 74 million and TV homes in the country are 22 million out of total 30 million households, while total TV viewership is 135 million. Similarly, the FM Radio also expanded due to the private sector, and the FM listeners are more than 78 million, while FM radio penetration is about 97 per cent of the total area of Pakistan. The wireless cable technology, called Multi Channel Multi Point Distribution Service (MMDS), is also operational at a small scale. The Internet Protocol Television (IPTV), which uses telecom and broadband infrastructure, has also been introduced in Pakistan. So far one IPTV service is being run by the Pakistan Telecommunication Limited successfully, which is providing 140 channels along with telephone, broad band and other interactive services. The mobile TV is yet another milestone achieved in the country. Through this medium, licensed TV channels have been made available by the mobile network operators through 3G and 4G networks. Through the mobile audio – another revolution in the information industry – audio feed of the TV

channels and FM radio is provided to the end users for entertainment, mobile-commerce and location-based services.

There has been a cumulative investment of approximately \$3.5 billion in the electronic media industry of Pakistan, which has generated direct employment of more than 200,000 people with diverse skills and qualifications. With the current growth rate of more than seven per cent per annum, it is estimated that the cumulative investment in the electronic media industry will reach nearly \$4 billion by the end of this fiscal year. This expansion in investment will in turn have a multiplier effect on increasing job opportunities for the skilled media personnel and journalists, expanding work of the media houses, advertising agencies and proliferation of the performing arts.

Advertising is also a huge industry as all the broadcast media depend on advertisements for revenues. There are more than 200 advertising agencies in the country, while the total worth of this industry is Rs47 billion. The tremendous growth of the broadcast media led to increased demand for programmes and advertisements, which led to the emergence of many private production houses in Pakistan, which are about 50 at present. Similarly, the print media has also made significant headway. Almost all the major newspapers and magazines have online editions. The cinema is also reviving since recently Pakistan has seen growth of cinema complexes and production of good standard Pakistani movies.

Electronic media in Pakistan	
PTV stations	7
TV transmitters	110
Radio stations	34
FM radio licences	206
Cable TV licences	3,838
Total TV viewership (terrestrial, cable and satellite)	135 million
Total cable and satellite viewership	74 million
Total terrestrial viewership	61 million
Satellite channels (local)	91
Channels with landing rights permission	20
Multipoint Multi-channel Distribution System (MMDS)	06
Internet Protocol Television (IPTV)	01
Mobile TV licences	04
Mobile audio licences source	02
<i>Source: PEMRA</i>	

The internet in Pakistan has been available since the early 1990s. The broadband internet and cellular services have been instrumental in connecting people, improving online social relations, generating revenue, enabling freedom of speech and developing entertainment hubs in Pakistan. The rising trend of digitisation of the services and creating a rich online experience is becoming the primary focus of the new age content providers. The country has registered a high growth rate in the internet penetration, and has the 15th largest population of the internet users in the world. The total tele-density has reached about 80 per cent – cellular 77 per cent and broad band about two per cent – and the broadband subscribers are 3.8 million.

Performance review 2015-16

During the year, an amount of Rs390 million was earmarked for 31 ongoing projects of the Pakistan Television Corporation (PTVC), Pakistan Broadcasting Corporation (PBC), Pakistan National Council of Arts (PNCA), Pakistan Academy of Letters (PAL) and one new project Quaid-

e-Azam Mazar Management Board (QMMB). The financial utilisation by June 2016 is expected to be about Rs280 million, which shows 71.82 per cent financial progress. The sub-sectoral details are given in the succeeding paragraphs.

Mass media sector

Pakistan Television Corporation

The allocation of Rs159 million for the PTVC is expected to be utilised on the continuing projects of the Rebroadcast Stations (RBSs) for providing TV signals to the left out areas of Gilgit-Baltistan (G-B), Khyber Pakhtunkhwa, Sindh, Balochistan, and Azad Jammu and Kashmir (AJ&K). The stations at Chillas, Gakhuch, Khaplu and Shigar of G-B have been completed, while work on the RBSs at Badin and Mianchannu, Neelum Valley AJ&K (Karan, Kel and Athmaqam) remained in progress during the year, and will continue in the next year as well. The civil work on the RBSs at Pooran (KP) and Besham and Aliabad-Karimabad (G-B) are at the advance stage of completion. Under the China-Pakistan Economic Corridor (CPEC), another project 'Establishment of DTMB Standard Pilot Project at RBS Murree' has successfully been implemented, and test transmission is airing eight PTV channels, that is, Home, News, Global, Sports, World (English), AJK, Multan and National. The digital signals are available in an area of 43,000 square kilometres in the Islamabad Capital Territory, Murree and surrounding valleys, covering a population of about 22 million. The programmes can be viewed through a set top box and roof top antenna. The Chinese provided equipment and technical support for this project. A high powered evaluation committee has been constituted to examine the technical, financial and operational aspects of the Chinese DTMB standard before its formal adoption.

Pakistan Broadcasting Corporation

A project 'Establishment of Saut-ul-Quran FM Network', proposed by the Ministry of Planning, Development and Reform, has been completed at a cost of Rs82 million, which has launched 24-hour dedicated broadcasting of recitation from the Holy Quran with Urdu translation through 20 transmitters (1 KW power each). The installations of a 100 KW MW digital transmitter at Multan, under the project for replacement of three transmitters of 100 KMMW at Muzaffarabad, Hyderabad and Multan, have also been completed and commissioned. An amount of Rs6 million has been provided to the project 'Upgradation of 10 KW to 100 KW MW transmitters, Larkana' for completion.

Directorate of Electronic Media and Publications (DEMP)

The 'Media Monitoring and Tracking Centre' project was completed, and inaugurated. The project is the first of its kind in Pakistan, and it is used for tracking the TV commercials released by various public sector organisations. It monitors and verifies the number of times a particular advertisement is telecast. At present, the government advertisements worth about Rs4 billion to Rs5 billion are released annually to the electronic media, and this project ensures and verifies that the advertisements have been aired as per approved media plan.

Development Communication Project

The development communication aims at increasing awareness among people about the development strategy and projects for betterment of the socio-economic conditions. The Project was approved in 2013, and was to cost Rs616 million. Major components of the project are: generation of development discourse in the country through electronic, print and social media by holding conferences, seminars and workshops on economy, capacity-building of journalists through conducting training courses in economic and fiscal disciplines and CPEC media campaign. The projection of the PSDP-funded development programmes and projects has successfully been carried out through the electronic, print and social media. Five national

conferences and seminars have also been organised as part of the media campaign for the CPEC.

The financial review of the electronic media sector for 2015-16 is as under:

Financial review of the electronic media sector for 2015-16

(Rs million)

Agencies	Revised allocation 2015-16	Estimated expenditure 2015-16
Pakistan Television Corporation	159.81	158.81
Pakistan Broadcasting Corporation	63.22	63.22
Directorate of Electronic Media and Publications	23.16	23.16
Total	245.20	245.20

Culture

Pakistan has rich tangible (ancient sites, historic structures, etc.) and intangible (languages, beliefs, rituals, traditions, music, dance, folktales and arts) cultural heritage. The National History and Literary Heritage Division and its attached departments are doing their best to promote soft image of Pakistan through preservation of the national history, projection of the thinking of Allama Muhammad Iqbal and Quaid-e-Azam Muhammad Ali Jinnah, welfare of writers, promotion of literature and reading culture for creation of peace and harmony in the society. The detail of publications and cultural activities undertaken during the year 2015-16 is under:

- Life story of Buddha
- Pakistan Archaeology (Annual)
- Newsletter on Archaeology (Quarterly)
- *Akhbar-e-Urdu* (being published by the National Language Promotion Department)
- Urdu Dictionary Board – published 15 new publications, four Urdu Science Magazine and 20 reprints.
- Publication of the quarterly *Adbidiyat* (Pakistan Academy of Letters)
- Publication of quarterly *Khabar Nama* (PAL)
- The Iqbal Academy of Pakistan has published seven books, two issues of journal *Iqbaliyat*, arranged 54 lectures and workshops, and participated in 20 exhibitions.
- The Quaid-e-Azam Academy issued 18 volumes in English and eight volumes in Urdu of *Jinnah Papers*.
- The National Book Foundation published about 360 books on different topics.
- The Department of Archaeology and Museum arranged a three-day workshop in collaboration with the UNESCO for inscription of 18 tentative sites on the World Heritage List.

The financial review of the culture sector for 2015-16 is given below.

Financial review of the culture sector for 2015-16

(Rs million)

Agencies	Revised allocation 2015-16	Estimated expenditure 2015-16
Pakistan National Council of Arts	18.33	18.33
Pakistan Academy of Letters	28	
Quaid-e-Azam Mazar Management Board	17.22	17.22
Total	63.56	35.36

Pakistan National Council of Arts

During 2015-16, an amount of Rs18 million was allocated for the three on-going projects of the PNCA, which has been fully utilised for preparation of database of paintings, artworks, restoration of the damaged paintings, and upgradation of security at the National Art Gallery (NAG). The project 'Setting-up of Laboratory and Restoration of Damaged Paintings/Artworks, Islamabad' has been completed during the year.

Quaid-e-Azam Mazar Management Board

Funds worth Rs17 million released to the project 'Additional Security Measures at Mazar-e-Quaid, Karachi' have been fully utilised. The project is for beefing up security in and around the mausoleum of the Father of the Nation.

Outlook 2016-17

The media and information industry has been playing its critical role of a catalyst in the development process of the country. Development communication has been recognised as a powerful tool to bridge various gaps in the development discourse. Development Communications is strategic dissemination of core development messages and information; as well as engagement with internal and external audiences with the objective of informing and educating them about Government of Pakistan's national development policies and initiatives. However, it is further suggested to the media that they should play an independent and responsible role and should give more coverage to the development policies and initiative of the government to give optimistic signal to the market forces. Development Communication is a professional art and science of two-way integrated communications linked to society's planned transformation from a state of poverty to dynamic socio-economic growth. The initiative of the Development Support Communication will engage and involve stakeholders, civil society, government functionaries and common people in the entire development process.

The country is expected to show remarkable progress in almost all segments of this industry, such as the broadcast (traditional and internet), motion picture, sound recordists, publishers (industry and internet), telecommunication, data processing, and information services. The information industry will grow more in the coming years and contribute more to the economy and job market. It will attract more local and foreign investment. The digital video and audio broadcasting, Internet Protocol Television (IPTV), mobile audio, TV and digital multimedia broadcasting is the future in Pakistan.

Programmes

Mass media sector

The proposed allocation for the fiscal year 2016-17 for this sector is Rs335 million, and the entire amount has been allocated to ongoing projects, which is detailed below.

Organisation-wise allocations of the PSDP 2016-17

		(Rs million)
S.No.	Agencies	Allocations
1.	Pakistan Television Corporation	261.038
2.	Pakistan Broadcasting Corporation	60
3.	Pakistan National Council of Arts	14.367
Total		335.405

Work on the PTV's ongoing projects for setting-up of the RBSs in the KP, Balochistan, Sindh, G-Band AJ&K will remain in progress in 2016-17. Keeping in view the targets, an amount of Rs261 million has been earmarked to the PTVC for 20 on-going projects. Priority has been given to the near completion and fast-track projects.

Similarly, an amount of Rs50 million has been allocated for two ongoing projects of the Radio Pakistan. These projects are: Replacement of MW transmitters of Hyderabad, Muzaffarabad and Multan, and Establishment of 100 KW MW transmitter at Gwadar. An amount of Rs10 million has been proposed for the phase-II of the Sautul Quran project.

Rs14 million have been proposed for the PNCA to carry out the remaining work of two on-going projects – preparation of database of paintings, and upgradation of security of the National Art Gallery – which will be completed in 2016-17.

Culture

The proposed total allocation for the culture sector is Rs67 million, which is detailed below.

Organisation-wise allocations for the culture sector

		(Rs million)
S. No.	Agencies	Allocation 2016-17
1	Pakistan Academy of Letters	35
2	National Book Foundation	2.616
3	Urdu Dictionary Board	20
4	Department of Archaeology and Museum	9.5
Total		67.616

In culture sector, funds to the tune of Rs39 million have been proposed for the two ongoing projects each of the Pakistan Academy of Letters and National Book Foundation in the PSDP 2016-17. An amount of Rs9 million has been allocated to two new projects, that is,

establishment of the digitisation centre for documentation of artefacts and archival material, and PC-II of the National Museum of Pakistan. Similarly, the Urdu Dictionary Board has been provided Rs20 million for computerisation and digitisation of 22-volume Urdu dictionary.

Programmes for the private media

The PEMRA has taken steps for introducing the Direct to Home (DTH) technology, which will bring huge investment and counter the black DTH market. Moreover, licences will also be issued for satellite TV, FM radio stations, mobile TV and audio, etc. The PEMRA has also initiated the digitalisation drive to meet the international standards. All the cable operations will be upgraded to the optic fibre from the existing analogue cable system.

Future plans

- Digitalisation of the existing cable TV networks by September 2016
- Direct to Home (DTH) licencing
- Digital Audio Broadcast licencing
- Digital Terrestrial TV Licencing
- Satellite radio

PILLAR-II

**Achieving sustained, indigenous
and inclusive growth**

Chapter 13 | FISCAL, MONETARY AND CAPITAL MARKET DEVELOPMENT

Pakistan has made remarkable fiscal adjustments during the last two years by bringing down the overall fiscal deficit, as a percentage of the GDP, from 8.2 per cent in 2012-13 to 5.3 per cent in 2014-15 and targeting it at 4.3 per cent during 2015-16. Major challenges on the fiscal front such as burgeoning power sector subsidies, bleeding Public Sector Enterprises (PSEs) and declining tax-to-GDP ratio have been resolved partially and efforts are being made to further progress on these fronts. Fiscal policy is focused on consolidation through targeted subsidies, broadening tax base and prioritising the public expenditure in line with the growth and development objectives of the Vision 2025.

The monetary policy has supplemented the fiscal policy by maintaining price stability, strengthening the financial sector and ensuring availability of credit to the productive sectors of the economy. Ultimately, the aim is to gear up fiscal and monetary policies to help steer the economy to higher growth path while maintaining macroeconomic stability.

Review of the fiscal developments during 2015-16

Consolidated total revenue during July-March 2015-16 stood at Rs2,962 billion which is 10.4 per cent higher than the total revenue of Rs2,683 billion collected during the same period of the last year. Consolidated tax revenue was recorded at Rs2,481 billion, registering a growth of 20.3 per cent over the corresponding period of last year. Tax collection significantly improved on account of administrative measures, withdrawal of exemptions, and levy of regulatory and excise duties on a number of goods. Consolidated non-tax revenue stood at Rs481 billion, posting a decrease of 22.4 per cent. The reason for this decrease was a 25.1 per cent decline in federal non-tax revenue emanating from lower collections under windfall levy against crude oil, defence, dividend, passport fee, the SBP profit, royalties on oil and gas, and discount retained on crude oil price. Provincial non-tax revenue, on the other hand, registered a growth of 21.1 per cent. A summary of consolidated fiscal operations is given at Table-1 whereas their details are at Annexure-1.

Table-1
Consolidated fiscal operations (July-March 2015-16)

(Rs billion)

Item	July-March 2015-16	July-March 2014-15	% change	As % of GDP	
				July-March 2015-16	July-March 2014-15
Total revenue	2,961.9	2,682.6	10.4	10.0	9.8
a. Tax revenue	2,481	2,063.2	20.3	8.4	7.5
b. Non-tax revenue	480.9	619.5	-22.4	1.6	2.3
Total expenditure	3,971.3	3,731.6	6.4	13.4	13.6
a. Current	3,407	3,199.1	6.5	11.5	11.6
b. Development	699.4	579.7	20.7	2.4	2.1
Fiscal deficit	1,009.4	1,048.9	-3.8	3.4	3.8
GDP (current market prices)	29,598*	27,493			

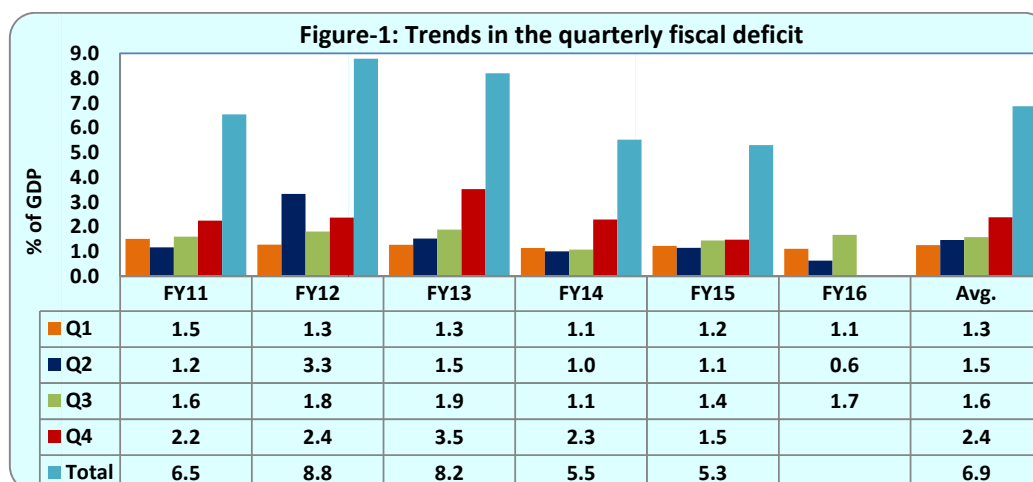
*Provisional

Source: Finance Division

The FBR's tax collection was recorded at Rs2,103 billion during the period under review as compared to Rs1,775 billion during the comparable period of last year, registering a growth of 18.5 per cent. This growth is contributed by direct and indirect taxes by growing at 13.2 per cent and 21.9 per cent, respectively. Within indirect taxes; customs duties, sales tax and federal excise duty recorded impressive growths of 43.6 per cent, 17.6 per cent and 10.2 per cent, respectively.

Consolidated total expenditure during the period under review stood at Rs3,971 billion, registering a growth of 6.4 per cent over the total expenditure of Rs3,732 during the comparable period of last year. Current and development expenditures grew by 6.5 per cent and 20.7 per cent, respectively. Within development expenditure, the PSDP registered a growth of 24.8 per cent with increase in both federal and provincial PSDP spending by 20.8 per cent and 27.7 per cent, respectively. Other development expenditure (non-PSDP) decreased by 5.3 per cent. Net lending to the PSEs registered a decline of 24.4 per cent.

Consolidated fiscal deficit was recorded at Rs1,009 billion or 3.4 per cent of the GDP as compared to Rs1,049 billion or 3.8 per cent of the GDP during the corresponding period of last year. Keeping in view trends in quarterly fiscal deficits depicted in Figure-1, the fiscal deficit target of 4.3 per cent may not be achieved at the end of 2015-16.



Source: Finance Division

The government updated and published its Medium-Term Debt Strategy (MTDS) in March 2016 for the period 2015-16 to 2018-19, which aims to strengthen debt sustainability and resilience to fiscal shocks, and finance the country's growing development needs. The public debt stock as on March 31, 2016, stood at Rs19 trillion, posting a growth of 13.1 per cent over the stock as on March 31, 2015. The public debt-to-GDP ratio increased from 61.6 per cent to 64.8 per cent over the year.

Table-2
Pakistan's public debt profile

Item	(Rs trillion)		
	March 2016	March 2015	% Change
Public debt (a+b)	19.2	16.9	13.1
a. Domestic debt	13.4	11.9	12.4
b. External debt (i+ii)	5.8	5	14.9
i. Government external debt	5.2	4.6	11.7
ii. Debt from IMF	0.6	0.4	54.5
As % of GDP			
Public debt	64.8	61.6	
a. Domestic debt	45.3	43.4	
b. External debt	19.5	18.3	
i. Government external debt	17.5	16.9	
ii. Debt from IMF	2	1.4	
GDP (current market prices)	29.6*	27.5	

*Provisional

Source: State Bank of Pakistan

Fiscal outlook 2016-17

The fiscal deficit will be brought down to below four per cent of the GDP in 2016-17 through a strategy of revenue mobilisation and expenditure rationalisation. In order to raise tax-to-GDP ratio, the government will further streamline the tax concessions and exemptions introduced under the Statutory Regulatory Orders (SROs), reform the tax administration, focus tax compliance and establish a tax policy research and analysis unit. Fiscal consolidation will be

primarily driven by broadening of the tax net. In this context, the government has announced Voluntary Tax Compliance Scheme, which has not yet made significant contribution at the initial stage.

The government will continue strengthening frameworks for the public debt and financial management by reducing energy subsidies and restructuring or privatising the loss-making Public Sector Enterprises. The Fiscal Responsibility and Debt Limitation Act 2005 will be suitably amended to align it with new fiscal imperatives. The public debt-to-GDP ratio will be kept on a downward trajectory during 2016-17 through effective fiscal and prudent debt management.

Review of the monetary developments and inflation 2015-16

In order to catalyse domestic and foreign investment, the Vision 2025 advocates coordination and synchronisation of fiscal, monetary, investment, commercial and industrial policies. The State Bank of Pakistan reduced the policy rate from 6.5 per cent to 6 per cent in September 2015, kept it unchanged in the subsequent three monetary policies and reduced it further to 5.75 per cent in May 2016. The leeway for this loose monetary policy is provided by low inflation, substantial increase in foreign exchange reserves and stability in exchange rate.

The Year-on-Year CPI inflation rose from the record low level of 1.3 per cent in September 2015 to 4.2 per cent in April 2016. The period average inflation rose from 1.7 per cent to 2.8 per cent during this period and is expected to remain below the annual target of six per cent. The increase in demand is also supported through increase in credit to private sector stemming from the reduction in policy rate during the last two years. The easy monetary policy has contributed to improved financial conditions of the major corporate sector and revival of growth in the manufacturing sector. The continued monetary easing is aimed at maintaining the momentum of the uptick in economic activity with a focus on escalating credit intake by the private sector.

In order to further strengthen the monetary policy framework and improve monetary transmission, the State Bank of Pakistan introduced changes in the Interest Rate Corridor (IRC), which has improved monetary policy transmission to market interest rate. The SBP Act 1956 was amended by the Parliament in November 2015 to bring monetary policy decision-making closer to international best practices. The amendment sets up a statutory Monetary Policy Committee (MPC) responsible for formulating monetary policy consistent with prevailing economic realities. The establishment of this independent Monetary Policy Committee is a major step in strengthening the SBP's autonomy.

The money supply as measured by broad money (M_2) grew by 7.5 per cent (Rs846 billion) during July 1, 2015, to May 13, 2016, as against its expansion by 8.2 per cent (Rs817 billion) during the corresponding period of 2014-15. The details of monetary aggregates are given in Table-3.

Box-1 Policy rates (%)	
Jun-12	12
Aug-12	10.5
Oct-12	10
Dec-12	9.5
Jun-13	9
Sep-13	9.5
Nov-13	10
Nov-14	9.5
Jan-15	8.5
Mar-15	8
May-15	6.5
July-15	6.5
Sep-15	6
Nov-15	6
Jan-16	6
Apr-16	6
May-16	5.75

Source: State Bank of Pakistan

Table-3
Monetary aggregates

(Rs billion)

Factors affecting broad money (M2) growth	Stocks at end of June 2015	Monetary impact since July 1 to	
		13-May-16	15-May-15
A. Net Foreign Assets of the banking system	812.7	121.7	230.2
B. Net Domestic Assets of the banking system (1+2+3)	10,469.4	724.2	586.6
Growth		6.92%	6.26%
1. Net government sector borrowing (a+b+c)	6,958.2	605.6	639.6
a. Borrowing for budgetary support	6,403.6	619.5	617.6
i. From SBP	1,928.9	-151.9	-266
ii. From scheduled banks (net)	4,474.7	771.4	883.6
b. Commodity operations	564.5	-13.3	22.7
c. Others	-9.8	-0.6	-0.7
2. Credit to non-government sector (a+b+c+d)	4,456	339.7	235.1
a. Credit to private sector	4,003.1	294.4	168.4
b. Credit to the Public Sector Enterprises	458.7	44.7	66.8
c. PSEs Special Account-debt repayment with SBP	-24.1	-0.2	
d. Other financial institutions (SBP credit to NBFIs)	18.3	0.7	0.01
3. Other items (net)	-944.8	-221.1	-288.2
Broad money (M2)	11,282.1	846	816.7
Growth		7.50%	8.19%

Source: State Bank of Pakistan

The Net Foreign Assets (NFA) of the banking system registered an expansion of Rs122 billion as compared to its expansion of Rs230 billion during the comparable period of the last year. The Net Domestic Assets (NDA) of the banking system witnessed an expansion of Rs724 billion as compared to its expansion of Rs587 billion last year.

There is a paradigm shift in the government borrowing for budgetary support. Reliance on borrowing from the commercial banks decreased from Rs884 billion in the corresponding period of 2014-15 to Rs771 billion during the period under review. The government borrowing from the SBP, on the other hand, registered a net retirement of Rs152 billion as compared to its retirement of Rs266 billion last year. The net government borrowing for commodity operations contracted by Rs13 billion as compared to its contraction of Rs23 billion last year.

Credit to the private sector expanded by Rs294 billion as against its expansion of Rs168 billion last year. Credit to the Public Sector Enterprises (PSEs) increased by Rs45 billion as compared to its expansion of Rs67 billion last year.

The average CPI stood at 2.8 per cent during July-April 2015-16 as against 4.8 per cent during the corresponding period of last year. The average WPI and SPI (for all income groups combined) stood at -1.3 per cent and 1.8 per cent, registering reduction from 0.03 per cent and 2.1 per cent respectively in the corresponding period of the last year.

Table-4
Average price indices (%)
(Base year 2007-08)

Index	July-April	
	2015-16	2014-15
Consumer Price Index (CPI)	2.8	4.8
- Food	2.1	3.6
- Non-food	3.3	5.7
- Core	4.1	6.9
Wholesale Price Index (WPI)	-1.3	0.03
Sensitive Price Index (SPI)*	1.8	2.1

*SPI for all income groups combined

Source: Pakistan Bureau of Statistics

In September 2015, the CPI inflation dipped to 1.3 per cent on the Year-on-Year (YoY) basis, the lowest in more than 12 years. The fall in inflation mainly owed to falling global oil and commodity prices. In April 2016, it rose to 4.2 per cent following a steadily rising trajectory since October 2015. In the corresponding month of April 2015, it was recorded at 2.1 per cent. The rising trend in inflation is partially because of lower base effect and a pickup in the aggregate demand. The core inflation (non-food non-energy), on the YoY basis, fell to 4.4 per cent in April 2016 from 5.4 per cent in April 2015.

Monetary and inflation outlook 2016-17

The monetary expansion during 2016-17 will be in line with the projected GDP growth and CPI inflation. Average inflation during 2016-17 is projected at six per cent on the basis of anticipated low global oil and commodity prices and stable exchange rate. The low inflation will allow the SBP to adhere to a prudent policy rate regime in order to encourage and maintain the momentum of private sector's credit intake and an overall improvement in the economic activity.

An important aspect of the SBP's Strategic Plan 2016-2020 is to implement flexible inflation targeting. This would result in adoption of a certain range of inflation as an explicit nominal anchor for monetary policy. Not only would it enhance the SBP's credibility but would also make it easier for market participants to effectively devise their pricing mechanisms. In this regard, the SBP would start formulating the roadmap and carry out the underlying research during 2016-17 to shift to inflation targeting in the coming years.

Review of the capital market developments 2015-16

A broad-based, modernised and developed capital market is considered imperative for macroeconomic stability and economic growth. Pakistan's capital market is predominantly comprised of stock market. Pakistan Stock Exchange (PSX) scaled new height of KSE-100 Index at 36,694 points on May 20, 2016, which indicates a robust economic activity and revival of investor confidence. However, volatility remained the hallmark of PSX during July-April 2015-16. The global equity markets crash in September 2015, owing to the economic health of China and other emerging markets, had detrimental effect on KSE-100 Index which witnessed a gradual decline. Moreover, contagion of oil price dip triggered a sharp downturn in the US markets which also impacted most of the Asian and European stock markets. The stock markets in the emerging and the EU markets experienced losses amid plunging oil prices and worries over China's slowing economy.

The equity market, after starting the year in a meltdown mode, is on a comeback kick and has shown signs of revival. Any rebound in the regional markets can generate spillover effects, providing a boost at the bourse. The overall volatility and decline during the period is attributed to dipping oil prices, profit taking, divestment by foreign investors and uncertain political environment.

The Securities and Exchange Commission of Pakistan (SECP) initiated a number of structural, legal and fiscal reforms aimed at strengthening risk management, enhancing transparency, improving governance of the capital market infrastructure institutions and increasing investor protection in order to develop a fair and competitive capital market. In this regard, the following are a few key initiatives of the SECP during the first nine months of 2015-16:

- Integration of stock exchanges
- Promulgation of major laws
- Improved compliance with IOSCO Principles and Pakistan's inclusion in MSCI Market Classification Review
- Approval of regulatory framework for Asset-under-Custody regime
- Brokers are restricted to select only category A or B auditors from the State Bank of Pakistan's Panel of Auditors to improve quality of audits and enhance transparency.
- Introduction of the Research Analyst Regulations 2015 conforming to the IOSCO principles
- Review of the earlier regulatory framework for book building and introduction of a comprehensive Book Building Regulations 2015
- Amendments in Small and Medium Enterprises (SMEs) regulations to facilitate fund-raising by SMEs
- Introduction of the concept of e-IPO, that is, electronic submission of subscription forms to facilitate the general public during the Initial Public Offerings (IPOs)

Box-2

Pakistan Stock Market performance relative to the Asian markets

Pakistan has the honour of the best performing stock market in local currency terms in Asia over the last five years (percentages given below). Even in calendar year 2015, when most of the Asian markets displayed negative returns, KSE-100 Index experienced an absolute change of two per cent. This is despite the fact that in 2015, net foreign portfolio investment witnessed outflow of \$317 million as compared to net inflow of \$383 million during 2014. This indicates the resilience of domestic investors and the fundamental strength of locally listed corporate sector.

Country	5 Years	4 Years	3 Years	2 Years	1 Year
Pakistan	173	189	94	30	2
Philippines	65	59	20	18	-4
India	27	69	34	23	-5
Thailand	25	26	-7	-1	-14
Indonesia	24	20	6	7	-12
Vietnam	19	65	40	15	6
Malaysia	11	11	0	-9	-4
Sri Lanka	4	14	22	17	-6
Hong Kong	-5	19	-3	-6	-7
Singapore	-10	9	-9	-9	-14
MSCIFM	-16	8	3	-15	-18
MSCIEM	-31	-14	-25	-21	-17

Capital market outlook 2016-17

The SECP's future roadmap includes measures towards capital market development plan and subsidiary legislation under the Securities Act and Futures Market Act. Efforts will be made to establish consolidated customer protection fund and Centralised Know Your Clients Organisation, widening circuit breakers and introduction of market halts. Efforts for diversification of capital market beyond stock market will be made.

Annexure-1

Consolidated fiscal operations

(Rs billion)

Items	July-March 2015-16	July-March 2014-15	% change	As % of GDP	
				July-March 2015-16	July-March 2014-15
A. Total revenue	2,961.9	2,682.6	10.4	10	9.8
a. Tax revenue	2,481	2,063.2	20.3	8.4	7.5
i. Federal	2,294.3	1,918	19.6	7.8	7
FBR's tax collection	2,103	1,775.1	18.5	7.1	6.5
- Direct taxes	794	701.5	13.2	2.7	2.6
- Indirect taxes	1,309	1,073.6	21.9	4.4	3.9
Customs duties	300	208.9	43.6	1	0.8
Sales tax	894	760.3	17.6	3	2.8
Federal excise duty	115	104.3	10.2	0.4	0.4
Other taxes	191.3	142.8	33.9	0.6	0.5
ii. Provincial	186.7	145.2	28.6	0.6	0.5
b. Non-tax revenue	480.9	619.5	-22.4	1.6	2.3
i. Federal	436.2	582.6	-25.1	1.5	2.1
- Mark-up (PSEs & others)	11.1	5.1	115	0.04	0.02
- Dividend	35.8	54.8	-34.6	0.1	0.2
- Profits (Postal Deptt/PTA)	5.4	-	-	0.02	-
- Surplus profit of SBP	177.6	222.5	-20.2	0.6	0.8
- Defence	80.6	154.3	-47.8	0.3	0.6
- Passport Fee	8.1	12	-32.7	0.03	0.04
- Discount retained on crude oil Price	5.7	6.7	-15.1	0.02	0.02
- Royalties on oil and gas	46.3	61	-24.1	0.2	0.2
- Windfall levy against crude oil	1.6	10.7	-85.2	0.01	0.04
- Others	64	55.4	15.6	0.2	0.2
ii. Provincial	44.7	36.9	21.1	0.2	0.1
B. Total expenditure	3,971.3	3,731.6	6.4	13.4	13.6
a. Current expenditure	3,407	3,199.1	6.5	11.5	11.6
i. Federal	2,368.9	2,255.8	5	8	8.2
- Interest	1,079.4	974.5	10.8	3.6	3.5
- Defence	482.9	485.9	-0.6	1.6	1.8
ii. Provincial	1,038	943.2	10.1	3.5	3.4

b. Dev. exp. and net lending	710.2	594	19.6	2.4	2.2
i. Development expenditure	699.4	579.7	20.7	2.4	2.1
- PSDP	623.4	499.4	24.8	2.1	1.8
Federal*	251.3	207.9	20.8	0.8	0.8
Provincial	372.1	291.5	27.7	1.3	1.1
- Other development expenditure	76	80.2	-5.3	0.3	0.3
ii. Net lending	10.8	14.3	-24.4	0.04	0.1
c. Statistical discrepancy	-145.8	-61.4	-	-0.5	-0.2
C. Overall fiscal deficit	1,009.4	1,048.9	-	3.4	3.8
D. Financing of fiscal deficit	1,009.4	1,048.9	-	3.4	3.8
a. External	222.9	137.8	61.8	0.8	0.5
b. Domestic	786.5	911.1	-13.7	2.7	3.3
- Bank borrowing	538	469.4	14.6	1.8	1.7
- Non-bank borrowing	248.4	426.5	-41.8	0.8	1.6
- Privatisation proceeds	-	15.2	-	-	0.1
Primary balance	70	-74.4	-	0.2	-0.3
Revenue balance	-445.1	-516.4	-	-1.5	-1.9
GDP (current market prices)	29,598**	27,493			

* Net excluding development grants to provinces

**Provisional

Source: Finance Division

Chapter 14 | TRADE AND COMMERCE – BALANCE OF PAYMENTS

Pakistan is at the onset comfortably placed at its balance of payments position. Low current account deficit, ample availability of financing, reserves building up and above all relatively stable exchange rate are some of the characteristics of Pakistan's external position. However, the critically important exports and imports are contracting for the second year in a row which is a cause of concern within comforts of external position. Remittances have already started feeling the heat of the lower oil prices in the Middle East.

The focus of overall balance of payments policy is not only promoting trade policy to get more exports but also shore up non-exports earnings, that is, strengthening of remittances, capital and financial accounts and increasing reserves. The strategy yielded dividends as weaker exports are more than compensated by rise in non-exports current receipts to keep current account deficit at lower level. The improvement in the balance of payments is driven by accretion of forex reserves and robust growth in remittances. Remittances got a boost via facilitation and acknowledging remittances as global exports of expertise, while the regional initiatives explain improvement in the Foreign Direct Investment (FDI).

Many developing countries are facing problems amidst weaker global demand which neutralised the gains of lower oil prices. Emerging economies are slowing down and facing heat of lower commodity prices led lower trade flows. Developing countries, like Pakistan, are most susceptible to growth spillovers from major advanced markets. Pressure on currencies of commodity exporter countries has increased. China has been undergoing a rebalancing effort according to which trade intensive investment and exports is shifted to consumption and services-led growth policy. This has serious repercussions for external sector comforts in developing countries.

The strategy of regional connectivity through different modes including China Pakistan Economic Corridor (CPEC) has helped in boosting the FDI to some extent in this fiscal year. The Chinese investment proved to be substantial for the FDI inflows in Pakistan. The exchange rate remained generally stable on the back of persistent accretion in foreign exchange reserves.

Performance review 2015-16

The last Annual Plan envisaged an optimistic outlook. Exports target was set at \$25.5 billion, which was higher than \$24.1 billion recorded during 2014-15. Imports were projected at \$43.3 billion as against \$41.3 billion achieved during 2014-15. The trade deficit was targeted at \$17.7 billion compared to \$17.2 billion in 2014-15. The current account deficit was targeted to be \$2.9 billion in 2015-16 as against \$2.7 billion in absolute terms. However as per cent of the GDP it was kept constant at one per cent of the GDP (Annexure-1). The total liquid foreign exchange reserves of the State Bank of Pakistan stood at \$20.8 billion by the end of April 2016 as against

\$17.7 billion by the same month of the last year. This is equal to financing of around five months of imports showing comfortable level of reserve adequacy. The actual performance against these targets is reviewed in subsequent paragraphs.

Table-1
Balance of payments

(\$ million)

	Actual	July-April		% Change
	2014-15	2014-15	2015-16	
Current Account Deficit	-2,709	-1,846	-1,519	
Trade balance	-17,191	-14,158	-14,457	2.1
Exports	24,089	20,098	18,192	-3.6
Imports	41,280	34,256	32,649	-0.9
Services (Net)	-2,963	-2,107	-1,757	-16.6
Income (Net)	-4,595	-3,672	-3,836	4.5
Current transfers (Net)	22,040	18,091	18,531	2.4
Worker remittances	18,721	15,236	16,034	5.2
Financial and capital account, o/w	5,371	3,673	2,925	-20.4
Direct Investment (net)	850	893	1,002	12.2
General government	1,400	481	2,300	378.2
Disbursement	4,243	2,847	4,661	63.7
Amortisation	2,841	2,364	2,361	-0.1
Overall balance	2,646	2,116	892	
Gross Official Reserve	14,836	13,919	17,223	

Source: SBP

Balance of trade

In 2014-15 the trade deficit increased from the previous year due to the pace of contraction in exports (-3.9 per cent) outpaced the contraction in imports (-0.9 per cent). However, the trade deficit remained almost close to the comparable period of last year. It remained at the level of \$14.5 billion in July-April 2015-16 and the Annual Plan 2015-16 envisaged the target of \$17.7 billion for the entire year.

Exports

The declining trend in exports continued unabated for the second year in a row during the period under review. The trend is seen in both quantities and values. Textiles account for nearly 54 per cent of exports and its weaker performance triggered exports contraction. The factors behind both originate from domestic and external sources. The pressure of lower international prices and lower external demand are furthered by domestic supply side constraints. The Textile Policy 2014-19 had a low impact in the short-run as its primary focus is on substantial investment in modernisation and competitiveness. Since Pakistan's exports are concentrated to a few economies and few products, the portfolio is much riskier. However, contraction is across the board and equally contributed by all groups.

Exports of goods stood at \$18.2 billion during July-April 2015-16 against \$20.1 billion in the corresponding period of last year thereby showing a contraction of 9.5 per cent. Exports for the full year of 2015-16 are estimated to be around \$22.3 billion against the Annual Plan target of \$25.5 billion (Annexure-1). Services exports during July-April 2015-16 witnessed a contraction of 14.5 per cent to \$4,411 million from \$5,159 million during July-April 2014-15.

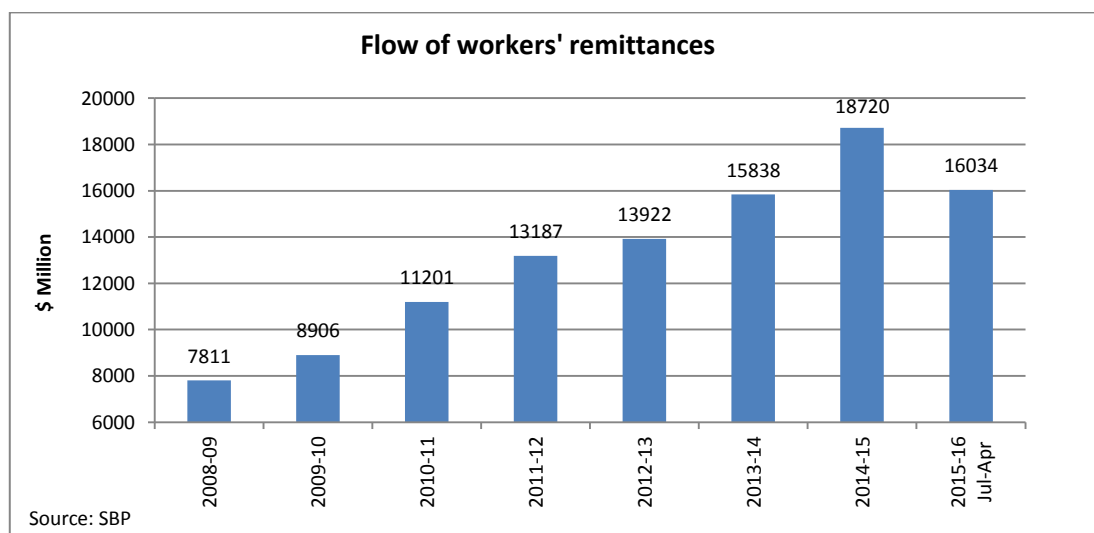
Imports

Imports contracted by 4.7 per cent during July-April 2015-16 and stood at \$32.6 billion and expected to reach around \$39.4 billion by the end of this fiscal which is far below than Annual Plan target of \$43.2 billion (Annexure-1). The decrease in import bill is mainly due to the sharp drop in oil prices. Petroleum imports during July-April 2015-16 stood at \$6.1 billion as against \$9.8 billion recorded during the corresponding period last year showing a decrease of \$3.7 billion in ten months. On the other hand, imports of machinery showed a higher import bill especially power generating machine and electronics apparatus imports. Domestic cotton crop failure bore additional import bill cost of \$665.2 million in the shape of import of raw cotton. Construction related activities put additional burden on imports to the tune of \$1.7 billion in the shape of additional expense on iron and steel imports.

Workers' remittances

The current account balance gets its boost from workers' remittances. Remittances reached \$16 billion during July-April 2015-16 from \$15.2 billion in the corresponding period of last year (Annexure 1) thereby registering an increase of 5.2 per cent. Keeping this trend in view, remittances are expected to meet the annual plan target of \$19 billion. All major countries barring US recorded a positive growth while remittances from the US showed a decline of 6.1 per cent. Remittances from Saudi Arabia witnessed an increase of 5.9 per cent.

Although remittances are growing but the growth rate has slowed down. The growth used to be in double digit which has now shrunk to single digit level. Remittances from major oil exporting economies are growing at a slower pace. Saudi Arabia, UAE and other GCC countries have shown a decline in growth rates recently. The oil exporting countries are trying to manage their fiscal spending at the pre-crisis level. However, if oil prices persisted at the lower level, Pakistan could face serious moderation in worker's remittances. This could have serious implications for balance of payments. Pakistan needs to diversify its foreign exchange inflows as well. The trend in worker's remittance is reflected in Figure below.



Current account balance: The current account deficit was targeted at \$2.9 billion (-1.0 per cent of GDP) in the Annual Plan 2015-16 against a deficit of \$2.7 billion (-1.0 per cent of GDP) recorded in 2014-15 (Annexure 1). With estimated trade deficit at \$17 billion and remittances of \$19.2 billion during 2015-16, the current account in 2015-16 is estimated to be around \$1.7 billion (Annexure-1). The estimated decrease in current account deficit is mainly due to stagnation in trade deficit, and growth in remittances.

Capital and financial account: Inflows in the financial account remained at a level of \$2.6 billion during July-April 2015-16. However, they are dominated by higher disbursements on government account which stood at \$4.7 billion as against \$2.8 billion recorded in the corresponding period of last year (Annexure 1). The amortisation payments have remained the same to \$2.4 billion during July-April 2014-15 and the corresponding period this year. Net inflow of foreign direct investment has increased from \$893 million to \$1,002 million in the same period. The portfolio investment recorded net outflow of \$445 million compared to inflow of \$1810 million last year (Annexure 1).

Overall balance: The overall balance recorded a surplus of \$892 billion in July-April 2015-16 compared to \$2.1 billion recorded in the comparable period of 2014-15 (Annexure-1).

Exchange rate

The average monthly exchange rate against US dollar during April 2016 stood at Rs.104.7 against Rs101.7 in the same period of previous year. The average exchange rate of the period July 15-April 16 stood at Rs104.2 as against Rs101.2 in the corresponding period last year. As far as Real Effective Exchange Rate (REER) is concerned it reached 120.1 in March 2016 with base 2010 = 100. However, compared to June 2015 (119.9), the REER showed an increase of about 0.2 per cent.

Outlook 2016-17

Trade account: Exports in 2016-17 are projected to grow by 10.8 per cent to \$24.8 billion from \$22.3 billion estimated for 2015-16. Imports during 2016-17 are projected to increase by 14.8 per cent to \$45.2 billion from \$39.4 billion estimated for 2015-16. Hence, the trade account is projected to be in deficit by \$20.5 billion in 2016-17 from \$17 billion estimated for 2015-16. (Annexure-1)

Current account balance: The current account is targeted to be in deficit by \$4.5 billion in 2016-17 (-1.5 per cent of the GDP) as against the level of \$1.7 billion (-0.6 per cent of the GDP) estimated for 2015-16 (Annexure-1).

Capital and financial account: Gross aid disbursements during 2016-17 are expected to remain at the level of \$5.6 billion against \$5.5 billion estimated for 2015-16 while amortisation has been estimated at \$4.7 billion during 2016-17. The net inflow of the FDI in Pakistan during the 2016-17 has been projected at \$4.6 billion.

Overall balance: Analysing the trend in the trade deficit, the overall balance is likely to result in accumulation of reserves by around \$1.4 billion in 2016-17. Details are given in Annexure-1.

Programmes

The Strategic Trade Policy Framework (STPF) 2015-18 outlines a clear policy by the Government to address issues facing Pakistan's trade. These initiatives have been devised by taking all the stakeholders and line ministries on board. For short-term export enhancement, basmati rice, horticulture, meat and meat products and jewellery will be given preference. The Focus Markets for short-term export enhancement will be Iran, Afghanistan, China, and European Union

The salient features of the STPF 2015-18 are given below.

- The import of inputs reflected in the restricted list will be allowed to be imported by manufacturer-cum-exporter. (This will be done under Duty and Tax Remission of Exports (DTRE), Temporary Importation, Bonded Warehouses, Common Bonded Warehouses and Export Oriented Unit Schemes subject to conditions)
- For export of rice, the support for import of parboiling machinery has been envisaged. Incentives will be provided for branding and certification. Support will be provided for development of warehousing facilities for rice in Iran and Saudi Arabia.
- With the ease in sanctions on Iran; basmati rice, kinnow and meat products will be promoted in Iran under the market-linked focus product strategy. The strategy would be to develop infrastructure for approach to the Iranian market through land routes.
- There is potential for export of rice, cotton yarn, fabrics and garments to China through strategic interventions. The stakeholders will be informed of the concessions under the China Pakistan FTA. The review of FTA and conclusion of the 2nd Phase of FTA will be fast-tracked
- The following measures will be undertaken in the selected agriculture sectors:
 - 50 per cent support on the cost of imported new plant and machinery for specified under-developed regions
 - 100 per cent mark-up support on the cost of imported new plant and machinery on all Pakistan basis

Box-1
Initiatives for regional connectivity (SPTF 2015-18)

- Resolution of outstanding issues in Afghanistan Pakistan Transit Trade Agreement (APTTA)
- Negotiation and early conclusion of Afghanistan, Pakistan and Tajikistan Transit Trade Agreement (APTTTA)
- Effective implementation of Transports Internationaux Routiers (TIR) Convention
- Reactivation of Quadrilateral Transit Trade Agreement (QTTA) among Pakistan, China, Kyrgyz Republic and Kazakhstan
- Institutional lead on formulation of a Pakistan-Afghanistan-Central Asia regional economic integration framework through a Regional Trade Office, at the Ministry of Commerce

Source: *Ministry of Commerce*

The following incentives will be undertaken for the sectors of leather, pharmaceutical, fisheries and surgical instruments:

- Matching grant up to a maximum of Rs5 million for specified plant and machinery or specified items to encourage innovation in SMEs and export sectors
- Common Facility Centre for surgical sector will be established

Following incentives for technology up-gradation will be provided in the shape of investment and mark-up support:

- 20 per cent investment support up to a maximum of Rs. 1 (one) Million per annum per company will be available for import of new plant and machinery.
- 50 per cent of mark-up support on up-gradation of technology will be provided for import of new machinery/plant, subject to a maximum of Rs. 1 (one) Million per annum per company

Annexure-I

Balance of payments

(\$ million)

ITEM	July-April		2015-16		2016-17	
	2014-15	2014-15	2015-16	Proj.	Estimate	proj.
Current Account Balance	-2709	-1846	-1519	-2891	-1723	-4530
Balance on Goods	-17191	-14158	-14457	-17735	-17048	-20460
Exports fob	24089	20098	18192	25547	22330	24750
Imports fob	41280	34256	32649	43282	39379	45210
Services Balance	-2963	-2107	-1757	-3313	-2308	-2585
Balance on Primary Income	-4595	-3672	-3836	-4636	-4603	-4833
Balance on Goods, Services and Primary Income	-24749	-19937	-20050	-25684	-23960	-27879
Balance on Secondary Income	22040	18091	18531	22793	22237	23349
Workers Remittances	18721	15236	16034	18989	19241	20203
Capital Inflows	375	353	296	295	355	399
Financial Inflows	4996	3320	2629	7093	3155	5569
Direct Investment (Net)	850	893	1002	2344	1202	4550
Portfolio Investment (Net)	1882	1810	-445	800	-534	100
Other Investment	2264	617	2072	3949	2486	919
General government	1400	481	2300	3078	2760	875
Disbursements	4241	2847	4661	4842	5593	5632
Amortisation	2841	2366	2361	1764	2833	4757
Others	864	136	-228	871	-274	44
Errors and Omissions	-16	289	-514	0	-617	0
Reserves and Related Items	2646	2116	892	4497	1170	1438
Memorandum Items						
Current Account Balance (% of GDP)	-1.0	-0.8	-0.6	-1.0	-0.6	-1.5
Exports fob (growth rate %)	-3.9	-3.6	-9.5	5.5	-7.3	10.8
Imports fob (growth rate %)	-0.9	-0.9	-4.7	6.0	-4.6	14.8

Source: SBP and Planning Commission estimates

Annexure-II

Major exports

(\$ million)

Items	2014-15	July-April		2015-16		2016-17
	Actual	2014-15	2015-16	Proj.	Estimate	Proj.
A. Food Group	4560	3860	3369	4889	4043	4481
Rice	2035	1750	1549	2215	1859	2061
B. Textile Group	13476	11265	10395	14283	12474	13826
Cotton Yarn	1842	1591	1082	2009	1298	1439
Cotton cloth	2455	2086	1880	4644	2256	2500
Knitwear and bedwear	4512	3722	3608	4721	4330	4799
Ready-made Garments	2101	1715	1799	2180	2158	2392
C. Other Manufacturers Group	3839	3226	2652	4068	3182	3527
Leather tanned and Leather Manufacturers	1084	912	735	1147	881	977
Chemicals And Pharm. Products	978	810	637	1024	765	848
Engineering Goods	227	188	154	239	184	204
Jewellery	8	5	6	7	7	8
Cement	434	382	274	484	329	365
E. All Others	2011	1020	776	1981	931	1032
Exports (Shipment basis)	23885	19371	17192	25221	20630	22866
Exports (fob)	24089	20098	18192	25547	22330	24750

Source: PBS, SBP and Planning Commission Estimates

Annexure-III

Major imports

(\$ million)

Item	2014-15	July-April		2015-16		2016-17
	Actual	2014-15	2015-16	Proj.	Estimate	Proj.
A. Food Group	5028	4173	4368	4474	5262	6041
Tea	341	291	439	321	515	591
Palm Oil	1779	1457	1376	1981	1681	1930
B. Machinery Group	7420	6107	7091	6771	8616	9892
Power Generating Machinery	1372	1097	1534	1131	1920	2204
Electrical Machinery and Apparatus	1204	958	1530	1192	1923	2208
Telecom	1377	1179	1158	1330	1352	1552
Road Motor Vehicles Build Units CKD/SKD	1605	1286	1572	1336	1963	2254
C. Petroleum Group	11695	9861	6093	15830	7226	8296
Petroleum Products	7597	6273	4145	9692	5019	5762
Petroleum Crude	4098	3588	1948	6138	2225	2555
D. Agri. and other Chemi. Gr.	7448	6195	5977	7174	7187	8251
Fertiliser Manufactured	867	817	675	771	717	823
Plastic Materials	1801	1469	1488	1758	1824	2094
E. Metal Group	3706	3016	3362	3195	4131	4743
Iron and Steel Scrap	1043	848	871	764	1072	1231
F. All Others	10683	3300	3718	10592	11411	13101
Total Imports (Shipment basis)	45980	32652	30609	48035	42803	49141
Imports (fob)	41280	34256	32649	43282	39379	45210

Source: PBS, SBP and Planning Commission Estimates

Chapter 15 | **BALANCED DEVELOPMENT – FOCUS ON THE LESS DEVELOPED REGIONS**

The Special Areas in Pakistan (Azad Jammu and Kashmir, Gilgit-Baltistan and Federally Administered Tribal Areas) are blessed with natural resources, that is, minerals, forests, attractive tourist places, water, precious stones, hydel power potential and bulge of the young population. These provide a solid base for the prosperity and progress of the Areas. The government has been making its utmost efforts to fully utilise these potentials, and bring these areas economically at par with other parts of the country.

The Pakistan Vision 2025 has suggested a roadmap and long-term policies to achieve sustained economic growth for the Areas, and the 11th Five Year Plan (2013-18) provides action plan to achieve these targets. In the Plan, development goals are set and adequate financial resources are allocated to achieve these goals. The administration of the Areas has been authorised to utilise these funds according to the developmental needs. It is in line with the present government policy of the optimum devolution and decentralisation of the administrative and financial powers for all areas and regions.

The financial resources provided to the Areas by the federal government are being utilised for development of the infrastructure and provide facilities in the education, health, drinking water supply, agriculture, energy, irrigation and social welfare sectors. The Annual Plan 2016-17 aims at improving the socio-economic infrastructure and living standard of these less developed areas.

Performance review 2015-16

During the period under review, some areas in the FATA and Gilgit-Baltistan (G-B) faced adverse law and order situation, which proved to be a hurdle in implementation of the developmental projects. Efforts have been made by the federal government to achieve the desired goals in collaboration with the local administration. A summary of the financial and physical targets achieved is given below.

Financial

During 2015-16, an amount of Rs39,525 million was allocated for the less developed Special Areas. Out of the total allocation, an amount of Rs825 million was set aside for the Area Development projects – reflected in Ministry of Interior and Narcotics Control – whereas an amount of Rs38,700 million was earmarked as block allocation for the development in three Special Areas. Details of allocation and utilisation for various agencies are given below.

Table-1
Agency and division-wise allocations and utilisation

(Rs million)			
Agency, and division	Allocation	Utilisation	Utilisation (%)
Narcotics Control Division (Area Development Projects)	230	181	78.3
Interior Division (ICT)	595	539	90.6
Sub-total	825	720	87.2
Special Areas (block allocation)			
Azad Jammu and Kashmir (AJ&K)	11,500	11,500	100
Gilgit-Baltistan	8,200	8,200	100
Federally Administrated Tribal Area (FATA)	19,000	19,000	100
Sub-total (block allocation)	38,700	38,700	100
Grand total	39,525	39,420	99.7

Physical

Funds provided as the block allocation by the federal government are utilised in multiple sectors as per needs of the local administrations. During FY16 in the Azad Jammu and Kashmir, 124 development projects were completed. The bulk of funds, allocated for the transport and communication sector, were 41 per cent, followed by power 11.4 per cent, education 9.6 per cent, Local Government & Rural Development seven per cent, agriculture 2.3 per cent, physical planning and housing 6.8 per cent and health three per cent. With these allocations, 150 kilometres of the rural roads, 250 kms of double lane roads and 500 kms of link roads were constructed. Moreover, eight tourism development centres, three sports stadiums and two rescue centres are established. Keeping in view importance of the human resource development, skill trainings were imparted to 450 people, including 250 women. 1,500 government employees and youth were given the IT training, and the IT labs were established in 150 middle, high and higher secondary schools.

In G-B, 80 kms of blacktop and shingle roads, 12,000 meters water supply lines, 19 hydel power stations and 12 turbines were constructed. In the education sector, 50 projects – construction of new schools, colleges, and libraries – have been completed, including the Cadet College Skardu (Phase-II). 13-km long new irrigation channels and improvement of 22 km-existing channels have been completed. Also, 30 projects of the health sector have been completed.

In the FATA, the development allocation is provided as one line budget in the Public Sector Development Programme (PSDP), which is further distributed among various sectors, sub-sectors, agencies and frontier regions. In the FATA ADP 2015-16, priority was given to the social sectors with 41.56 per cent share, followed by

infrastructure 35 per cent, and economic sector 9.8 per cent. Through these funds, 30 primary schools, six colleges and two hostels were established, while 44 primary schools upgraded to middle level and two high schools upgraded to the higher secondary level. 44 water supply

Box-I

Area development

The area development projects under the Narcotics Control Division (NCD) aim to eliminate the poppy cultivation and other illicit trades in the remote areas by making these areas accessible to the local administration and introducing high-value crops. The scope of these projects includes construction of the rural roads, irrigation channels, hydel and drinking water supply schemes, distribution of agricultural inputs and electrification of villages. These projects help to overcome challenges of poppy eradication and improvement in the living standard of people.

schemes (tube well based), 77 gravity based and 195 solar based water supply schemes were completed. The FATA administration has also been facing challenges of reconstruction and rehabilitation of the Temporary Displaced Persons (TDPs), who remained priority during 2015-16. A total of 49 schemes worth Rs3,000 million were approved. Out of this, Rs2,000 million were released and placed at the disposal of the Pakistan Army in the respective agencies for early starting and completion of these schemes. In addition to the block allocation, the federal government is also financing multi-sectoral area development programmes and projects through the Narcotics Control Division.

Outlook 2016-17

In the fiscal year 2016-17, priority has been accorded to the ongoing schemes and projects of various sectors, which are near completion to ensure that the benefits of these projects should reach the people. A number of steps have been taken to ensure maximum decentralisation of the administrative and financial powers.

In this Plan, development of infrastructure and strengthening of the local institutions have been emphasised to enhance capacity of the local administration. The economic potential in the areas of hydropower, minerals, tourism, agriculture, fisheries and forestry will be utilised to ensure sustainable development.

Programme

Financial

The development programme for the FY17 proposes Rs42,969 million for the Special Areas. Out of the total allocation, an amount of Rs42,000 million has been earmarked as the block allocation, and the local administration has been authorised to allocate funds to respective sectors according to their needs. An amount of Rs158 million has been set aside for the projects reflected in the Narcotics Control Division for the areas development projects, Rs811 million for the Interior Division for the rural areas of the ICT, and special packages for the militancy-affected areas in Malakand, Dera Ismail Khan, Bannu, Swat and other such areas. Details of allocations for various agencies are given below.

Agency-wise allocations for 2016-17

(Rs million)

Agency, and division	Allocation
Narcotics Control Division	158
Interior Division (ICT)	811.38
Sub-total	969.38
Special Areas	
Azad Jammu and Kashmir (block allocation)	12,0000
Gilgit-Baltistan (block allocation)	9,000
FATA (block allocation)	21,000
Total (Special Areas)	42,000
Grand total	42,969.38

Box-II
Decentralisation of powers
 The National Economic Council (NEC) has approved enhanced sanctioning powers of the Gilgit-Baltistan Development Working Party (GBDWP) from Rs400 million to Rs750 million. The FATA Development Council has been formed, under chairmanship of the Governor Khyber Pakhtunkhwa, to approve projects above Rs200 million up to Rs400 million. Decentralisation of powers has given more financial autonomy to these regions to prioritise their projects.

Physical

In order to achieve goals outlined in the Vision 2025 and 11th Five Year Plan (2013-18), the following are the proposed physical targets.

In the AJ&K, 200 IT labs will be established in the middle, high and higher secondary schools, and skill trainings in various disciplines will be imparted to 1,500 workers, including 300 women. Eight tourist resorts will be developed at the potential sites. 200 kms of rural roads and 250 kms of the link roads will be constructed and rehabilitated. Also, 1,200 entrepreneurs are targeted to provide credit assistance, and two polytechnic institutions, two Rescue 1122 centres and 70 educational institutions will be established. Moreover, the agricultural inputs and micro credits facilities will be provided to farmers to increase productivity of the agricultural sector.

In G-B, 40 kms of blacktop roads and 40 kms of shingle roads are to be constructed. In the education sector, 58 projects are targeted for completion, which construction of new schools, colleges and libraries. 15-km long irrigation channels are to be constructed and 20-km existing channels will be improved and repaired. In the energy sector, 12 hydro power projects are near completion for 15 MW hydel generation, and 220-km distribution lines will be laid down.

Box-III

Special Development Working Party

In the wake of operations Zarb-e-Azab and Rah-e-Nijat in the North and South Waziristan, considerable damage was done to infrastructure. For an early reconstruction and rehabilitation of affected areas, the FATA Secretariat, in consultation with the Military authorities, has developed a plan of action 'Permanent Reconstruction Programme worth Rs3,000 million (to be completed in over three years). The basic objective is to ensure fast-track implementation of roads and social infrastructure projects for which an alternate mechanism in the form of a high-level special committee (Special Development Working Party), headed by the Commander 11 Corps with representatives from the Finance Division and Planning Commission, has been suggested for approval of projects. For the Permanent Reconstruction Programme, Rs5,000 million have been released as the Technical Supplementary Grant (TSG) out of the total allocation of Rs10,000 million (remaining amount will be released by June 2016).

The prevailing situation of the FATA warrants special attention for investment for an overall development of the FATA with more focus on the social sector development. The funds allocated, through the block allocation, will be distributed among 16 different sectors spread over seven Agencies (Bajaur, Khyber, Kurram, Mohmand, North and South Waziristan, and Orakzai) and six Frontier Regions (Bannu, Dera Ismail Khan, Kohat, Peshawar, Tank and Lakki Marwat). Moreover, the FATA administration is also dealing with reconstruction of the damaged infrastructure due to the prevailing insurgency and rehabilitation challenge of the Temporary Displaced Persons (TDPs) in the FATA. Efforts will also be made for mainstreaming of the Sustainable Development Goals (SDGs) in the FATA in line with the national commitment, which includes establishment of the SDGs Unit for the FATA.

Chapter 16 | PHYSICAL PLANNING AND HOUSING

About 40 per cent of the Pakistan's population is urbanized. However, urban expansion is confronted with rapid population growth, lack of access to shelter, infrastructure, services and serious environmental issues. There is a strong relationship between urbanization and GDP growth whereby cities are considered pathways to higher growth. Most growth in recent decades has originated in urban-based services, followed by industry that is also largely urban in nature. Although Pakistani cities contribute overwhelmingly to GDP and towards government revenues, however, yet they are short of delivering basic services to many of their residents. Investments in basic urban services for all are required to maintain and enhance the productivity dividend of urban living, and for sustained and inclusive higher growth.

The Vision 2025 aims at transforming our urban areas into creative, eco-friendly sustainable cities through improved city governance, effective urban planning, efficient local mobility infrastructure (mass transit systems) and better security to make urbanization an important driver of growth.

The present government is striving hard to set out a realistic and sound framework for modernization of infrastructure and sustainable urbanization as per international standards. This is to be achieved by the revival of economy, socio-economic development, generating employment opportunities by providing modernized, efficient and sustainable infrastructure. Physical Planning and Housing Sector aims at promoting orderly, coordinated and sustainable modernized land use development of human settlement, including housing, drinking water supply, sewerage, drainage and infrastructure development. However, there is a need for a stronger role for governments through reformed instruments of modernized urban planning.

Performance review 2015-16

During this year, an amount of Rs12.85 billion was allocated in the federal PSDP to different ministries, divisions and departments for implementation of the urban development programmes. Major allocations were made to the programmes and projects relating to water supply and sanitation, government office buildings, housing and urban roads, etc. It is estimated that till the end of this June, approximately Rs12 billion will be spent on the development of projects related to the physical planning and housing sector.

Besides, the provincial governments had allocated substantial amount for the execution of projects relating to the sector, that is, Punjab Rs25 billion, Sindh Rs3.730 billion, Khyber Pakhtunkhwa Rs2.173 billion, Balochistan Rs2.922 billion and Azad Jammu and Kashmir (AJ&K) Rs 780 million. (Detail is at Annexure-I).

Outlook 2016-17

During the year, an amount of Rs18.55 billion has been allocated, and focus will be on the provision and expansion of sustainable and affordable urban municipal services and housing facilities in collaboration with the private sector. The housing sector will be developed keeping in view increasing urbanisation and growth in population. In this regard, a modern 'Housing information system' will be established to provide data on housing demand and supply. The private sector will be encouraged and facilitated to transform 'Katchi abadis' into adequate sustainable settlements through provision of low-cost and low-income housing along with adequate

allied infrastructure, that is, sewerage, clean water, gas and electricity. The federal government will facilitate and support provincial and regional governments to shift the development trend towards vertical expansion, especially in the city centres to provide adequate and affordable residential facilities in addition to commercial space to the citizens. Zoning laws will be revised to cater to the growing demand for commercial and parking space in large urban centres. This will involve the use of 'mixed use' areas - residential and commercial. Decent and affordable mass transit systems along with pedestrian networks will gradually be established in all mega cities and rapidly growing secondary cities in phased manner to transform Pakistani cities into cleaner and eco-friendly cities.

Other policy interventions to address urban development include: establishment of the Construction Sector Development Board, expansion of inner markets, city cluster development, digitisation of the land registration system and establishing a regulatory body to regulate and manage real estate sector. The community-based participation will be promoted to transform cities into 'creative' cities, where local and innovative solutions are found to local problems through community organisation in collaboration with the city governments.

These improvements will be the first step in developing 'smart cities' - cities that are capable of adapting to increasing complexity and demand for knowledge communication given urban expansion. To be able to cope adequately to increasing population and city size with respect to providing public services, real-time updates on city traffic patterns, pollution, crime, parking spaces, water and power will be required.

Box-I

Pakistan Urban Planning and Policy Centre

The establishment of the Pakistan Urban Planning and Policy Centre under the auspices of Planning Commission is an attempt to anchor the subject of 'urban development' at the national level for consolidating efforts for a better urban future for Pakistan. Pakistan Urban Planning and Policy Centre will initiate reforms and innovation in urban development in collaboration with the provinces. This centre will launch all initiative required for implementation of new urban agenda for Pakistan i.e. National Spatial Policy and National Land Use Plan to provide guidelines for optimal utilization of land resources. Besides, research on urban issues and capacity building programme for urban planners and experts will also be launched.

Programmes

The following are important strategic programmes planned for the FY17 to achieve the national goals:

- Prime Minister's Apna Ghar Scheme
- Establishment of Urban Planning and Policy Centre
- Establishment of Construction Sector Development Board
- Formulation of the National Urban Policy
- Formulation of the National Spatial Plan
- Formulation of National Disaster Management Policy in consultation with national and international organisations
- The provincial governments will be encouraged to implement urban policies to increase public and private spending on urban services
- Federal Government in collaboration with Provincial Governments would focus on scaling-up efforts for provision of most affordable and sustainable municipal services
- Provincial, local and city districts governments would be encouraged to develop and implement water supply and sanitation programmes in line with the Vision 2025

Box-II

Prime Minister's Apna Ghar Scheme

Provision of affordable housing to low income groups is a priority of the present government. In this context, the Prime Minister announced a mega housing programme 'Apna Ghar Scheme' under which 1000 clusters of 500 houses each will be developed for low income families throughout the country. The execution of the project is entrusted to Apna Ghar Company Limited under Ministry of Housing and Works. The proposed house comprises two-rooms (covered area of 415 Sq.ft). The price of the house is Rs1 million. Land required for construction of houses under this scheme has been identified and allocated in Lahore, Jhelum, Charsadha, Bannu, Lakki Marwat, Dera Ismail Khan, Gilgit, Skardu, Gwadar and Quetta by the respective provincial governments.

Annexure-I

List of the provincial projects

S.#	Project Title
Punjab	
1	Saaf Pani Initiative for clean water in Punjab (Rs20,731 million)
2	Pakistan Approach to Total Sanitation (PATS) in Punjab (Rs400 million)
3	Implementation of 937 (Nos) water supply and sanitation schemes
4	Implementation of Pakistan Approach to Total Sanitation (PATS) – Open
5	Defecation Free (ODF) programme in Punjab by declaring 3360 villages ODF in 36 districts of Punjab with the coverage of more than 9 million people.
6	Promoting the use of safe, hygienic latrines for men, women and children
7	Comprehensive sewerage scheme Chenab Nagar Chiniot
8	Urban sewerage/drainage schemes in Jampur city and Bahawalnagar
9	Improvement / Extension of urban water supply sewerage and drainage scheme Malikwal city District M.B.Din
Sindh	
1	Establishment of Directorate of Urban Policy and Strategic Planning Unit
2	Strengthening of Monitoring and Evaluation Cell P&D including out sourcing for Third Party Monitoring
3	Preparation of Development - Master Plan of 19 Districts headquarter towns of Sindh
4	Improvement of Major Fisherman's Settlements and Rehabilitation of Flood Affected Areas in Coastal Areas of Thatta, Sujawal and Badin
5	Sindh Cities Improvement Programme
6	Sindh Municipal Services Delivery Programme (SMSDP)
Khyber Pakhtunkhwa	
1	Enhancement of existing facility of MIS/GIS for C&W Department
2	Construction of High Rise Flats at Nishterabad Peshawar (Phase-I)
3	Construction of Offices and Residences at Mardan, Buner, Abbottabad, Swat, Bannu, Chitral, Peshawar
4	Construction of Residences and Bachelor Hostel in all District headquarters for Government Servants in Khyber Pakhtunkhwa
5	Establishment of Project Unit for PaRRSA / PDMA for USAID Projects in C&W Department
6	Establishment of Housing Foundation for Government Servants
7	Water Supply Scheme from Indus River to Village Rehman Abad Shakar Dara along with adjacent villages, Kohat
8	Water Supply Schemes Risalpur, Swabi, Swat, Abbottabad, Karak
9	Sanitation scheme Khansher Garhi, Pabbi, District Nowshera
10	Construction of Gravity based Water Supply Scheme for Batkhela Town from River Swat
11	Drainage Sewerage and Solid Waste Management Plan Zone-II PK-64 DIKhan
12	Conversion of Existing Water Supply/ PHE Tube wells on Solar system at Distt: D.I.Khan
13	Master Planning for Galiyat Region
14	Clean Drinking Water for All (CDWA)
15	Improvement of Water Supply, Sewerage/ Drainage System in Selected Districts of KP
16	Procurement of Sanitation Equipments and Machinery (Procurement of Compactor Multi Loader and Mechanical Sweepers)
17	Establishment of Play Lands in Existing Parks
Balochistan	
1	Construction of Shirani Town for newly created district Shirani
2	Construction of offices and residences at Loralai, Washuk, Harani, Quetta, Islamabad, Khuzdar, Turbat, Zamri, Kila Saifullah

3	Development of water supply & sewerage infrastructure at Ziarat, Quetta, Asozai Tallari, Awaran, Surab Kalat/Mangochur, Sui, Harna, Ormara, Sheikh Manda,
4	Mach Town , Dalbandin Town, Pishin
5	Development of Musa khail Town
6	Master plan of five divisional headquarters in Balochistan (Turbat, Khuzdar, Loralai, Sibi, D.M.Jamali)
7	Area development in Mastung
8	Pashtoonabad development package
Azad Jammu and Kashmir	
1	Construction of office and residential facilities at Muzaffarabad, Neelum, Hattian, Authmaqam, Rawlakot, Mir pur, Bhimber, Kotli
2	Water Supply and sewerage schemes at Neelum, Haveli, hattian Bala, Abbspur, Bhimber, Mirpur, Kotli

PILLAR-III

**Governance, institutional reform
and modernisation of the public
sector**

Chapter 17 | INSTITUTIONAL REFORMS AND GOVERNANCE

Governance refers to exercise of political, economic, and administrative authority to manage nation's affairs. It comprises of complex mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences. It denotes interplay of state institutions, markets and civil society and a set of processes that deliver entitlements, services and rights to citizens. Development activities flourish where people make their voices heard, human rights are respected, information is shared, civil society and media are vibrant.

The Pakistan Vision 2025 recognises Democratic Governance, Institutional Reform and Modernisation of Public Sector as one of the seven pillars of development and growth framework. To actualise this pillar, the strategy outlined in the 11th Five Year Plan (2013-18) focuses on improving governance, strengthening institutions, fostering markets, initiating reforms in the areas of judicial system, civil service, tax administration, procurement, financial management and public sector enterprises. These reforms are being carried out through broad based consultation with provinces and other stakeholders.

Performance review 2015-16

During the year, a number of governance initiatives and projects were initiated and considerable progress has been made in areas including strengthening institutions, fostering markets, initiating reforms in the areas of judicial system, civil service, tax administration, procurement and financial management. Planning and Development Division has been given additional portfolio of reforms and is named as Ministry of Planning, Development and Reform. A comprehensive reforms agenda including civil service reform has been initiated with stakeholders' consultation and participation. An initial presentation to Prime Minister on Civil Service Reform has been made. Result and performance based management remained the central theme of reforms and smart governance initiatives has been launched. To enhance performance of individual Ministries, Performance Contracts for 11 key ministries and divisions were prepared in consultation and repeated meetings with concerned Ministries and submitted to the Prime Minister's Office for approval. The Performance-Based Remuneration Committee has been constituted to devise recommendations for incentivising civil service. In addition, to make civil service performance driven and specialised, structural reforms are being worked on. Performance Evaluation Proforma has been devised to evaluate objectively qualitative and quantitative performance of the officers through the Key Performance Indicators (KPIs).

The 2nd Pakistan Governance Forum 2015 was organised to ensure sustainability and continuity of last year's efforts. The key thematic areas of the event included: civil service reforms; police and criminal justice reform; tax reforms; accountability and transparency; e-governance; open government; education sector reform; health sector reforms; investment

climate: ease of doing business and Islamabad model city. In parallel, the Governance Expo 2015 was held to showcase and disseminate important information of key ministries and government organisations in context of their recent achievements in provision of good governance services and initiating reforms. The recommendations of Pakistan Governance Forum 2015 on its thematic areas are under consideration for implementation. For improvement of law and order in the country, National Security Policy was prepared in consultation with stakeholders. A reliable Information Communication Technologies (ICT) based systems in the public sector enterprises has been established to promote efficiency, transparency and accountability in service delivery and decision making.

The 2015 Corruption Perceptions Index of Transparency International measuring the perceived levels of public sector corruption worldwide on a scale of 0 (highly corrupt) to 100 (very clean) clearly reports 30 score of Pakistan during 2015 which is better than that of last year's reported 29 score. The global report indicates that Pakistan has further improved its ranking from the 50th most corrupt country in 2014 to 53rd in 2015.

To improve public sector management efficiency number of development projects were implemented during the year. An amount of Rs 2.4 billion including foreign aid of Rs 0.27 billion was allocated for various governance initiatives and projects. By the end of April 2016, Rs 1.8 billion has been utilised. It is expected that the remaining allocation will be disbursed and utilised by the end of fiscal year. To improve governance indicators, a project titled "Reforms and Innovation in Government for High Performance" was implemented in Ministry of Planning, Development and Reform. To ensure the active participation of the young people in national development, Planning Commission launched Young Development Fellows Programme. This year, third batch of 40 young men and women with distinguished background and carrying leadership potential was recruited.

For effective implementation of Public Sector Development Programme, performance and Result-Based Monitoring (RBM) has been adopted by Ministry of Planning, Development and Reform. Based on the RBM parameters, 400 projects have been monitored and eight projects were evaluated during the year. A web based Project Monitoring and Evaluation System (PMES) has been established for sustained flow of e-information on projects' implementation. PMES is facilitating the line ministries and divisions and Provincial departments as a central database for storing essential data of projects implementation and completion which is the backbone of PSDP Projects monitoring activity. To make this endeavour more effective, following activities have been undertaken during the year:

- Functionality of Project Monitoring and Evaluation System (PMES) has been enhanced.
- Online connectivity with the Planning Commission through the PMES has been extended up to 33 Ministries.
- The target of gathering the data of 3,000 projects has been achieved.
- The number of trained users of the PMES has been increased to 2,100.
- Continuous desk support to the PMES users was provided.
- Six formal training sessions were arranged for the Project Directors of various ministries and divisions on use of the PMES.
- A dashboard was developed for the senior management with the following features:
 - User-friendly and accessible, both on computers and smart phones

- Dynamic and interactive graphs for:
 - Progress of the completed PSDP projects
 - Time Over Run of the completed PSDP projects
 - Timeline of Projects containing historical physical and financial progress
 - One-liner and one-pager report
 - Allocation, releases and expenditure comparison
 - Projects classification on the basis of physical and financial progress
- The one-pager progress of 571 projects was updated in the One-Pager Module during first quarter review meetings

Major efforts were made to reduce backlog and accelerate disposal of outstanding cases under Access to Justice Programme (AJP) implemented by Ministry of Law and Justice. For quick disposal of commercial cases, Commercial Courts have been established at Sindh High Court, Karachi and Lahore High Court as a pro-investment measure. The Urdu Translation Units have also been established in the Ministry of Law and Justice and Law Departments of Sindh, KP and Balochistan respectively. Moreover, a project 'Establishment of Model Police Stations in the ICT and Police Reforms' has been initiated to include all aspects for improving community policing.

Various policy and administrative measures were undertaken by the Federal Board of Revenue to improve revenue administration in the country which include gradual withdrawal of the SROs' regime, registering new taxpayers, Computerised Risk Based Evaluation of Sales Tax (CREST) system, Audit of corporate and non-corporate cases through random computer balloting, Voluntary Tax Compliance Scheme (VTCS), roll out of an integrated customs clearance system (WeBoc) and certain new policy measures have also been introduced through Finance Act, 2015 in order to increase the cost of doing business for non-filers. Besides Policy and administrative measures, major development projects have been initiated including Establishment of Inland Revenue Offices in Pakistan for extending tax base, tax collection and taxpayers' facilitation across Pakistan. Development of Integrated Transit Management System (ITTMS) under ADB Regional Improving Border Service Project at a cost of Rs31 billion has been initiated. It envisages construction and development of modern and state of the art Border Crossing Complexes at Torkham, Chaman and Wagah to facilitate transit trade. The project aims to enhance the capacity of FBR to clear the goods at a fast pace thereby facilitating international trade. Another project containing three Fixed and one Mobile Scanner with JICA Grant at a cost of Rs1.8 billion has been initiated for security enhancement at Karachi Port and Port Qasim.

In area of public information and statistical management, Pakistan Social and Living Standard Measurement project was implemented by Statistics Division to provide social and economic indicators in the alternate year at provincial and district level. The project and its activities have been shifted from project mode to regular side with effect from July 1, 2015. The project 'Update of Rural Area Frame for the Conduct of Census/Survey' has been initiated with the objectives of updating the rural area frame, capture rapid expansion in the towns close to rural areas. Moreover, the project 'Change of Base of National Accounts' has also been initiated with the objectives to change the base of the National Accounts from 2005-06 to 2015-16 and price indices from 2007-08 to 2015-16.

During 2015-16, various initiatives and projects were implemented in the governance sector by provincial governments. The Punjab government has implemented number of projects to improve capacity and efficiency of the government departments which includes Punjab Cities Governance Improvement Project, Supporting Punjab Resource Management Reforms, Punjab Capacity Building Programme, Establishment of Urban Sector Policy & Management Unit and Capacity Building of Civil Servants for Policy Making.

The Punjab Cities Governance Improvement Project (PCGIP) was implemented with focus on strengthening the institutional capacity and service delivery of local governments in five key cities; Faisalabad, Gujranwala, Lahore, Multan and Rawalpindi. The project has supported selected cities in strengthening systems for improved planning, resource management, and accountability. It has also improved provincial capacity to respond promptly and effectively to an eligible crisis or emergency. The project will be extended across the province in a phased manner.

To curb corruption, bribery and slow pace of service delivery, the Punjab Public Management Reform (PPMR) Programme has been implemented to support improving transparency and resource management of targeted departments. It has supported access to information about key services especially in remote and marginalised areas. Sub-National Governance Programme (SNGP) was implemented to improve management of service delivery by strengthening the evidence based decision making, and responsiveness to citizens and enhance government transparency and local accountability. The government has introduced Citizen Feedback Model to improve citizens' lives, which has helped building a strong citizen-state relationship.

The Sindh government has undertaken various initiatives during the year to improve transparency and good governance through reforms in public sector. Public Expenditure and Financial Accountability (PEFA) assessment has been carried out. The Sindh Public Sector Management Reform Project has been initiated for the period of five years. Main objectives of the project include increasing revenue mobilisation through tax policy reforms and increased administrative efficiency in tax collection and enhancing performance of public financial management systems; strengthening public procurement performance. A Tax Reform Unit has been established. The Sindh government has approved Sindh Tax Revenue Mobilisation Plan which comprises a set of activities to deliver results that cover a wide range of cross-cutting tax policy and tax administration issues.

The Khyber Pakhtunkhwa government has implemented number of other projects to improve governance, capacity and efficiency of the government departments to build responsiveness and effectiveness of state to restore citizen trust; stimulate employment and livelihood opportunities; and ensure the delivery of basic services. Initiatives towards citizen-centric governance have been initiated. The province has strengthened citizen legal rights and established accessible and effective institutional mechanisms to enable them to assert these rights. The KP has adopted Right to Information Act and so far the only province to have passed a Right to Public Service Act in 2014. Steps to decentralise service delivery functions and resources to local governments were taken. The province adopted the Local Government act (LGA) and has held local government elections in 2015.

The Balochistan government has also initiated various reforms for improved governance and better public service delivery. Governance Support Project is being

implemented which focuses on improving governance and public service delivery by strengthening the line departments. To strengthen institutional capacity for preparing and negotiating the terms of concessions and other forms of the public-private partnerships (PPP), Public Private Partnership Cell has been established in Planning & Development Department. In addition, Governance and Policy Project has been initiated which aims to enhance service delivery, job creation and address growth aspects of governance. In addition to the above, Government of Balochistan has also implemented number of initiatives during 2015-16 to improve capacity and efficiency of the government departments which includes capacity building for officers of P&D Department etc.

Outlook for 2016-17

Good governance is essential to ensure effective service delivery. Steps are needed to improve public participation and involvement of civil society. And to check deterioration in governance and exploitation of the public resources, empowerment of marginalised and excluded classes is needed. Public sector management needs to be made more efficient through a variety of measures which includes civil service reforms; procedural reforms; system regulations and controls mechanism. Some of the reforms programmes and initiatives in the area of governance already initiated at Federal and Provincial levels will continue during 2016-17. An amount of Rs8.32 billion including foreign aid of Rs0.35 billion has been proposed for the governance sector in 2016-17.

Programmes

The major projects and initiatives, which will be implemented during 2016-17, are as under:

Public Sector Management Efficiency

Access to Justice Programme: The Programme was launched with a loan component of US \$350 million from Asian Development Bank (ADB). The objective of programme is to enhance access to justice by citizens. Under this programme, major efforts are being made to reduce backlog and accelerate disposal of outstanding cases. The programme has also introduced non-judicial legal services. Since inception 36 schemes amounting to Rs. 5755.111 million have been initiated of which 14 schemes costing 392.813 million have been completed and remaining 22 schemes costing Rs. 5362.298 million are under implementation. Commercial Courts established at Sindh High Court, Karachi and Lahore High Court will quickly dispose commercial cases for ease of doing business. The Urdu Translation Units, established in the Ministry of Law and Justice and Law Departments of Sindh, KP and Balochistan, will disseminate legal information to aware citizens about their rights and entitlements.

Tax reforms: The Federal Board of Revenue will continue various policy and administrative measures to improve revenue administration. Main features of these measures are as under:-

- Under the amended law, FBR's power of issuing SRO's has been transferred to ECC who practice it under special circumstances. First two sets of exemptions have already been withdrawn in the Budget 2015-16. An exercise has been initiated to withdraw 3rd tranche of remaining exemptions and concession in the Budget 2016-17.
- Since 2013 several initiatives have been undertaken and some are in pipeline to broaden the tax base. Steps will be undertaken to incorporate 300,000 new taxpayers for which 250,000 notices have been issued.

- During Tax Year 2016 corporate and non-corporate cases will be selected for audit through random computer ballot.
- Computerised Risk Based Evaluation of Sales Tax (CREST) system will resolve fake invoicing and refund issues.
- An e-Portal will be made fully accessible to taxpayers for filing income tax, sales tax and excise duty. An integrated customs clearance system (WeBoc) will be further rolled out.
- Human Resource Management has been improved and further structural initiatives will be undertaken through organisational reform programme. For better performance management, qualitative as well as quantitative performance of the employees will be evaluated through the Key Performance Indicators (KPIs).

Besides Policy and administrative measures, major development projects will be implemented including Establishment of Inland Revenue Offices in Pakistan for extending tax base, tax collection and taxpayers' facilitation across Pakistan. The project envisages establishment of Inland Revenue Offices at 33 stations including purchase of land for 16 stations. Development of Integrated Transit Management System (ITTMS) under ADB Regional improving Border Service Project at a cost of Rs31 billion has been initiated. It envisages construction and development of modern and state of the art Border Crossing Complexes at Torkham, Chaman and Wagah to facilitate transit trade. The project will greatly enhance the capacity of FBR to clear the goods at a fast pace thereby facilitating international trade. Another project containing three fixed and one Mobile Scanner with JICA Grant at a cost of Rs. 1.8 billion has been initiated for security enhancement at Karachi Port and Port Qasim.

The positive impact of tax reforms has started paying dividends. On one hand, tax revenues have improved substantially and on the other hand, these reforms have brought significant improvement in the tax base. It is hoped that Tax-GDP ratio will increase to a reasonable level in the coming years.

Reforms and Innovation in Government for High Performance: The project 'Reforms and Innovation in Government for High Performance' worth Rs11 billion, launched in the Ministry of Planning, Development and Reform, will help improving governance indicators through promoting innovations, strengthening institutions, fostering markets and initiating reforms in the areas of judicial & police system, civil service, state owned enterprises, democratic governance, local government, e-government systems and procedures, tax administration, procurement, financial management, enforcing property rights, and public sector.

To achieve the Pakistan Vision 2025 objectives and to review state of reforms, develop innovative solutions and recommend plans for accelerated implementation by Federal Ministries and Provincial Governments, Pakistan Governance Forum has been made as a regular activity to ensure sustainability and continuity of past years efforts.

Young Development Fellowship Programme: To ensure the active participation of the young people in national development, Planning Commission launched Young Development Fellows Programme with a budget of Rs261 million. This year, Planning Commission has recruited third batch of 40 young men and women with distinguished background and carrying leadership potential. Next year, another batch of 40 Young Development Fellows will be recruited under the programme. Two high performing officers of Technical and Economist

Groups of Planning Commission and other Economic Ministries will be sent for PhD programme in their respective areas in the selected leading international universities during this year.

Civil Service Reforms: Following government's commitment to reform, Ministry of Planning and Development has been given additional portfolio of reforms and is named as Ministry of Planning, Development and Reform. Institutional Reforms Group has been setup to take reforms agenda forward. A comprehensive reform agenda including civil service reform has been initiated with stakeholders' consultation and participation. Result and performance based management is the central theme of reforms and smart governance initiatives has been launched. In addition, structural reforms to make civil service performance driven and specialised, structural reforms are being worked on. An initial presentation to Prime Minister on Civil Service Reform has been made. The performance management system for the ministries and divisions has been initiated. To enhance performance of individual ministries, the Performance Contracts for 11 key ministries and divisions, after consultations and numerous meetings with the ministries concerned, has been submitted to the Prime Minister's Office for approval. The Performance Management System will be implemented in the ministries and divisions. The Performance-Based Remuneration Committee has been constituted, which will finalise specific proposals and mechanism for performance-based remuneration.

Public Information and Statistical Management: The project 'Pakistan Social and Living Standard Measurement (PSLM)' has been initiated to provide social and economic indicators in the alternate year at provincial and district level. The PSLM Surveys provides a set of representative based estimates of social indicators at the provincial and district levels. The project will provide data used by the government to monitor development plans and rapid assessment of programmes initiated under Poverty Reduction Strategy (PRSP) in the overall context of the MDGs. The PSLM Project and its activities have been shifted from project mode to regular side with effect from July 1, 2015. Reports have been up loaded on PBS website and micro data is released as per PBS data dissemination policy. The survey would be instrumental in SDG indicators monitoring. The Project on Change of Base of National Accounts from 2005-06 to 2015-16" will be continued at a cost of Rs. 0.279 billion with the objectives to change the base of the National Accounts from 2005-06 to 2015-16 and price indices from 2007-08 to 2015-16.

The project 'Updation of Rural Area Frame for the Conduct of Census/Survey' worth Rs249 million will help achieve the objectives of updating the rural area frame, capture rapid expansion in the towns close to rural areas, increase in commercial activities in rural areas, changes in rural community due to rural-urban migration, changes in the boundary description of respective administrative units due to formation of new districts, tehsils and towns and to prepare manual and digitalised mauza maps.

Police reforms: For improvement of law and order in the country, the National Security Policy has been prepared in consultation with all stakeholders. The National Action Plan has been initiated to crack down on terrorism and supplement the ongoing anti-terrorist offensive in North-Western Pakistan. The Plan provided the framework for the 21 amendment to the Constitution, which established speedy trial military courts for offences relating to terrorism. It has also led to the resumption of capital punishment and mandatory re-verification through fingerprint recognition of all subscribers on mobile telephony. In addition, a project 'Establishment of Model Police Stations in ICT/Police Reforms' has been initiated to include all aspects for improving community policing which will be implemented during the year.

Monitoring and evaluation of the federally-funded projects

The Planning Commission, through the Projects Wing, has adopted the result based monitoring of development projects. The Wing undertakes evaluation of development projects and programmes. It includes the systematic and objective assessment of the ongoing or completed projects, programme or policy. The aim of monitoring and evaluation will remain focused on determining relevance and fulfilment of objectives, efficiency, effectiveness, impact and sustainability of development activities. The recommendations made in the evaluation reports will be beneficial to the stakeholders by providing guidelines for improvement in policy and planning in future. The PMES will facilitate the line ministries and divisions and provincial departments as a central database for learning lessons and making the future implementation of the development projects relevant to the development goals.

During the year 2016-17, 450 projects will be monitored to ensure effective implementation and timely completion of projects. Emphasis will remain on the result-based monitoring to assess outcome of the projects in-line with the parameters of efficiency and competitiveness. Ex-post evaluation of 15 projects will be under taken to assess the outcome and impact of the projects with reference to their planned objectives, which will also serve as a feedback for future planning. To make the projects' monitoring more effective and facilitate working of the Projects Wing, the MIS Section has envisaged the following activities.

- The PMES will be operationalised in all the remaining offline Ministries.
- New projects in the PSDP 2016-17 will be made part of database and the progress of all the PSDP projects will be reported via PMES.
- New users will be trained by conducting training sessions on the use of PMES.
- Continuous help desk support to relevant users on PMES will be provided.
- The M&E capacity of stakeholders will be built through PMES.
- New software applications will be developed on need basis.
- The functionality of the One-Pager Module of PMES will be enhanced by adding the following features:
 - Geo positioning of project on map using coordinates
 - Integration with the Vision 2025 pillars
 - Addition of map graphs in Dashboard

Governance reforms in provinces

Punjab

The Punjab government development priorities are fully aligned with those of the Federal Government. The Punjab Growth Strategy 2018 and Pakistan Vision 2025 are an outcome of the same strategic thinking. Under the strategy, interventions in governance, reforms and innovation include: building a modern system of land records, especially in urban areas to improve the functioning of land markets and institutional realignment and capacity building of civic agencies to provide equitable and improved public service delivery. The Government of Punjab is implementing the Punjab Land Records Management and Information Systems (LRMIS) Project which will improve land records service delivery, contributing to long-lasting tenure security and more efficient operation of land markets. Government has launched the Punjab Public Management Reform (PPMR) Programme to support improving transparency and resource management of targeted departments by supporting access to information about key services especially in remote and marginalised areas. This Programme will continue supporting

the design and implementation of smart performance monitoring systems by using innovative techniques to gather information about service delivery and performance by seeking citizens' feedback. To improve citizens' lives and build a strong citizen-state relationship, Citizen Feedback Model will be further strengthened. Taking strides in governance reforms, Punjab government has opened ultra-modern automated driving test track centres wherein after passing the learning and driving license test, licenses are being issued online.

The Sub-National Governance Programme (SNGP) will improve management of service delivery by strengthening the evidence based decision making, and responsiveness to citizens and enhance government transparency, local accountability and openness to citizens. The programme aims to ensure that the government services better meet the needs of poor people in selected districts by (i) Enhancing the evidence-base used by sub-national government for key decisions about service provision (ii) Encouraging sub-national governments to be more transparent and responsive to poor people's needs (iii) Strengthening the capability of sub-national government to ensure provision of decent services to poor people.

Sindh

To improve transparency and good governance through reforms in public sector, Government of Sindh has undertaken various initiatives which will be implemented during financial year 2016-17. Sindh Public Sector Management Reform Project envisages strengthening public sector performance in the province through improved revenue generation and expenditure management during the year 2016-17. The Public Financial Management (PFM) Action Plan Reform Strategy will also help achieving objectives of revenue mobilisation, strengthening planning and budgeting processes, budget execution, reporting, accountability & transparency and capacity building with oversight and external audit in coming years.

A Tax Reform Unit has been established which would generate data and information; design and implement specific initiatives or measures for raising optimal tax revenue, and orchestrate a tax policy dialogue among the tax administration entities. To cater the training needs of the tax officials, an agreement with IBA has been signed on 15th February 2016 to help support research and capacity building in the identified areas.

Government of Sindh has approved Sindh Tax Revenue Mobilisation Plan which comprises a set of activities to deliver results that cover a wide range of cross-cutting tax policy and tax administration issues including tax simplification, modernisation of tax administration and taxpayer facilitation. The Public Financial Management Reform Strategy 2014/15-2019/20 has been initiated with the objective to ensure a public finance system that is based on the principles of transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development.

Khyber Pakhtunkhwa

The Khyber Pakhtunkhwa government has undertaken initiatives towards citizen-centric governance. Number of projects to improve governance, capacity and efficiency of government departments to build responsiveness and effectiveness of the State to restore citizen trust; stimulate employment and livelihood opportunities; and ensure the delivery of basic services will be implemented.

Government's programme for the next year places strong emphasis on better governance and delivery of social services. The KP Integrated Development Strategy (IDS 2014-2018) prioritises increased coverage and quality of basic services. The IDS provides clear problem diagnostics in each sector and details planned initiatives with timeframes, budget allocations, and targets for key performance indicators (KPIs).

The government has also adopted a long term Governance Action Plan (2015-2025) which envisages responsibilities, sets indicative timelines, along with cost estimates for each of the planned actions. It focuses key areas which include: (i) citizen-centric governance and citizen engagement including grievance redress mechanisms and proactive collection of citizen feedback on service delivery, (ii) ICT tools for transparency, accountability, and citizen facilitation including e-procurement, taxpayer facilitation centres, and systems for monitoring service delivery in education and health, (iii) local government capacity development, (iv) public financial management, including public consultations on budget preparation and reviews of expenditure, (v) anti-corruption, (vi) security, justice, and human rights, and (vii) monitoring of service delivery performance in education, health, agriculture, livestock, and forestry.

The Government is initiating various measures to increase its own sources of revenues thereby reducing its dependency on federal transfers. Initially, the KP Revenue Authority has been established which has taken over STS collection from the Federal Board of Revenue (FBR).

Balochistan

The Balochistan government will implement various reforms for improved governance and better public service delivery. Governance Support Project is being implemented which will focus on improving governance and public service delivery by strengthening the line departments. Under GSP interventions, establishment of E-Citizen's Grievance Redressal Mechanism development in Balochistan Ombudsman office; capacity building of Anti-Corruption establishment; citizen engagement at various levels; monitoring mechanism of public service delivery; and increase in revenue sources revenues, especially from the Sales Tax on Services (STS) are envisaged.

Public Private Partnership Cell has been established which will strengthen institutional capacity for preparing and negotiating the terms of concessions and other forms of the public-private partnerships (PPP). In addition, Governance and Policy Project will enhance service delivery, job creation and address growth aspects of governance.

Special efforts will be made to reduce terrorism and crimes. An Intelligence Fusion Cell will be further strengthened to share intelligence about terrorists and criminals among all law enforcing agencies. All agencies will jointly participate in operation.

To improve transparency and accountability in public procurement of services and goods, Balochistan Public Procurement Regulatory Authority has been established. Similarly, transparency in financial affairs is being enhanced. Steps will be undertaken for automation of pension disbursement through direct credit system and enhance pensioner's coverage has been achieved so far.

In addition to the above, Government of Balochistan will implement number of other initiatives to improve capacity and efficiency of the government departments which includes capacity building for officers of the planning and development department, etc.

PILLAR-IV

Energy, water and food security

Chapter 18 | ENERGY

Due to the ever-growing industrial requirements and population, the demand for electricity and various fuels has been rising consistently, while lesser availability in the past has widened the gap between the demand and supply. In addition, the challenges confronting by the sector are multi-dimensional in nature that include high cost oil generation, higher transmission and distribution losses due to de-rated outdated system and poor revenue collection. Consequently, all these factors give rise to higher tariffs resulting in higher subsidies and circular debt, particularly in power sector. To overcome this gap, multi-dimensional approach has been adopted.

The developments of indigenous energy resources (renewable and non-renewable) are critical for sustainable economic growth as envisioned in the Vision 2025. Pakistan's electricity generation mix is heavily tilted towards non-renewable sources. The development of the hydro power projects has slowed down due to controversies about major dams despite the large potential of hydro power generation. On fuels side, private investment in the petroleum industry could not be achieved due to prevailing law and order situation in the past.

The government is making concerted efforts to address the energy sector challenges. Almost 74 per cent of the CPEC's estimated outlay is for energy sector. Besides, import of the LNG and respective inland pipeline infrastructure, kick-starting of the 2,500 MW DASU Mega Hydel Power Project, 4,500 MW Diamer Bhasha Project and 969 MW Neelum-Jhelum Hydropower project are major initiatives of the government to alleviate energy problems. To harness indigenous coal resources Thar coal-based 1,200 MW power generation project has achieved the financial close under the CPEC. Further, renewable potential (wind and solar) are under active exploitation.

Performance review 2015-16

Fuel sector

Oil and gas

The annual production of crude oil was 32.03 million barrels in 2015-16, which is 79 per cent of the target of 40.44 million barrels. The domestic production of natural gas was 1.49 trillion cubic feet which is almost as per the target of 1.50 trillion cubic feet. The Liquefied Petroleum Gas (LPG) production of 592,854 tons has surpassed the target of 584,000 tons. A total of 75 wells including 32 exploratory wells drilled, resulting in 17 oil and gas discoveries. Initial flows from these discoveries are 4,347 barrels oil per day and 180 million cubic feet per day gas (details at annexure-I).

Gas consumers' addition and pipelines construction

As per targets, 401,039 new consumers were added to Sui Gas Companies. Moreover, SNGPL and SSGCL have added total of 4,711 kms of new transmission and distribution pipelines in their respective jurisdictions (details at Annexure-II).

To cater for the capacity bottleneck of the existing gas transmission network to transport additional volume of gas supplies from Southern to Northern regions of the country, a project envisaging 42" 1100-km long having 1.2 BCFD capacity, has been proposed. An Inter-Governmental Agreement on cooperation between Pakistan and Russia has been signed on 16th October 2015.

To meet growing demand of natural gas the Engro LNG Terminal was commissioned on 27th March, 2015 and handled Twenty Nine ships up to April, 2016. Due to continuous supply of re-gasified LNG into the system, the power sector has witnessed sharp relief in electricity load management. Almost all the sectors received enhanced gas supply particularly compressed natural gas sector (CNG). Another project, that is, Gwadar-Nawabshah LNG Terminal and Pipeline Project envisaging laying of 42" 700-km pipeline along with LNG terminal of 600 MMCFD capacity is under implementation. In this regard Framework Agreement has been signed between the National Energy Administration (NEA), China and Ministry of Petroleum and Natural Resources (MoP&NR).

To overcome natural gas shortages, the MoP&NR is undertaking a fast track LNG services project and has signed 15 years LNG Sale Purchase Agreement (SPA) with Qatar with initial quantities of 2.75 million tons per annum (MTPA) for the first year and 3.75 MTPA by 2017.

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline was inaugurated in December 2015.

The Iran-Pakistan Gas Pipeline Project (IP) envisaging laying of 42 inches 1,931 Km pipeline having 750 MMCFD capacity could not proceed well due to sanctions on Iran. However, in wake of lifting sanctions on Iran, new gas market dynamics particularly lowering oil prices and subsequent LNG procurement from Qatar, the implementation framework on the IP project is being reviewed.

Coal sector

The Geological Survey of Pakistan (GSP) has carried out various surveys and exploratory drilling operations for coal exploration under the following projects;

- Appraisal of Newly Discovered Coal Resources of Badin Coal Field and its adjoining areas of Southern Sindh.
- Exploration of Tertiary Coal in Central Salt Range, Punjab.
- Exploration and Evaluation of coal in Raghni area, Tehsil Sharig, Balochistan.

An allocation of Rs69 million was made in the PSDP 2015-16 for the above-mentioned coal projects.

Box-I	
Salient features of the TAPI Project	
Gas Volume	3.2 billion cubic feet of natural gas per day (bcfd)
Gas Supplier	Turkmenistan
Gas Buyers	Afghanistan (500 MMcfd), Pakistan (1,325 MMcfd) and India (1,325 MMcfd)
Supply Source	Gylkynish and adjacent gas fields
Pipeline Dia/length	56-Inch, 1,680 km
Proposed Route	Supply Source-Heart-Kandahar-Chamman-Zhob-DG Khan-Multan-Fazilika(Pak-India Border)
First Gas Flow	2019

Thar coal development

The Government of Sindh has developed 12 blocks at Thar coal field. The Sindh Engro Coal Mining Company (SECMC) has started mining work to develop an open pit mine at Thar Block-II and about Four (04) million cubic meters overburden has been removed. All major work on mine engineering has already been done. The construction of temporary site facilities has also started by the Chinese contractor. The project being an important component of CPEC has achieved financial close.

Outlook and programmes 2016-17

A target of domestic production of 43.8 million barrels per annum of crude oil and 1.51 trillion cubic feet gas per annum has been set for 2016-17. The supply demand gap in both oil and gas sectors will be filled through import of crude oil and petroleum products. The indigenous gas supply will be supplemented through LNG imports to the tune of 4.5 million tonnes.

Programmes 2016-17**Fuel sector**

Total of 116 wells including 52 exploratory and 64 development are planned to be drilled by the Exploration and Production (E&P) companies. The Seven existing OMC's will construct ten new oil storages at six locations.

The up-gradation projects of Attock Refinery Limited (ARL) to enhance refinery capacity by 10,400 barrels per day (BPD), Premier Motor Gasoline (PMG) by 20,000 Tons per month and Euro-II 0.05 per cent Sulphur HSD, are expected to be completed by the end of 2016. Similarly other refineries i.e. National Refinery Limited (NRL) and Pakistan Refinery Limited (PRL) will complete their up-gradation projects by June 30, 2017.

Both SNGPL and SSGCL have plans to add total of 412,058 new consumers to their respective systems during the year 2016-17. In addition, SNGPL and SSGCL have plans to lay down 6,032 Km of new transmission, distribution and service pipelines in their respective networks.

To transmit the imported LNG to up-country, the SSGCL will construct 42" dia 342-km pipeline from Karachi (Pakland) to Khairpur (Nara) for transporting 1.2 BCF RLNG dedicatedly to SNGPL. The project is expected to be commissioned by December 2016. Moreover, 4LPG Air Mix Plants would also be installed. The Gwadar-Nawabshah Natural Gas Pipeline and LNG Terminal at Gwadar are being actively pursued to be completed by 2018.

During 2016-17 the LNG import is planned to be increased to 4.50 million tons /annum. In order to enhance import capability of country with regard to LNG, another LNG Terminal is being undertaken by Pakistan LNG Terminal Company Limited (PLTCL) established by the Government. The bids for 2nd Terminal were invited by PLTL and are under evaluation by the company.

The TAPI project activities including finalisation of transit fee, gas transport agreement and appointment of EPC contractor would be implemented during 2016-17. The implementation on IP project will be reviewed in consultation with the Iranian counterpart and accordingly a revised implementation framework will be devised.

An amount of Rs143 million has been allocated in PSDP 2016-17 for the following two projects of Geological Survey of Pakistan.

- Appraisal of Newly Discovered Coal Resources of Badin Coal Field and its adjoining areas of Southern Sindh
- Exploration of Tertiary Coal in Central Salt Range, Punjab

The Sindh Engro Coal Mining Company (SECMC) with their Chinese contactors will continue its mining project of 3.8 million tons per annum capacity for supplying Thar coal to 2x 330 MW power plant at Block-II. About 40 million cubic meters of over burden will be removed. Under dewatering operations mine will dewatered to a tune of 35 cusecs per day.

The Khyber Pakhtunkhwa Oil and Gas Company Ltd (KPOGCL) has planned to execute Basin Studies of Khyber Pakhtunkhwa and Establishment of Khyber Pakhtunkhwa Hydrocarbon Research Centre (KPHRC). The Government of Punjab has also established Punjab Energy Holding Company (PEHC) to cater for Oil and Gas exploration in the province in close collaboration with the Director General Petroleum Concession, Ministry of Petroleum and Natural Resources (MPNR).

Performance review 2015-16

Power sector

An addition of 402.66 MW out of 1,027 MW planned in 2015-16 was actualised. A total of 6046 different villages throughout Pakistan were electrified. Details are given at table-1 below.

Table-1
Addition in generation capacity 2015-16

Sr. #	Name of project	Agency	Fuel/ Source	Capacity (MW)
1	Sapphire Wind Power Company (Pvt) Ltd	AEDB	Wind	49.5
2	Chiniot Power Ltd	AEDB	Bagasse	62.4
3	RYK Mills Limited	AEDB	Bagasse	30
4	Hamza Sugar Mill Limited	AEDB	Bagasse	15
5	Yunus Energy Ltd	AEDB	Wind	50
6	Tapal Wind Energy (Pvt.) Ltd	AEDB	Wind	30
7	Metro Power Co. (Pvt) Ltd	AEDB	Wind	50
8	KPK	Energy Deptt	Hydel	105.3
9	Punjab	Energy Deptt	Small Hydel	10.46
Total Addition 2015-16				402.66

The existing installed capacity is 24,760MW, including 22,885 MW on the NTDC system and 1,875MW on the K-Electric. The power generation mix by source is given in the Figure-1 below.

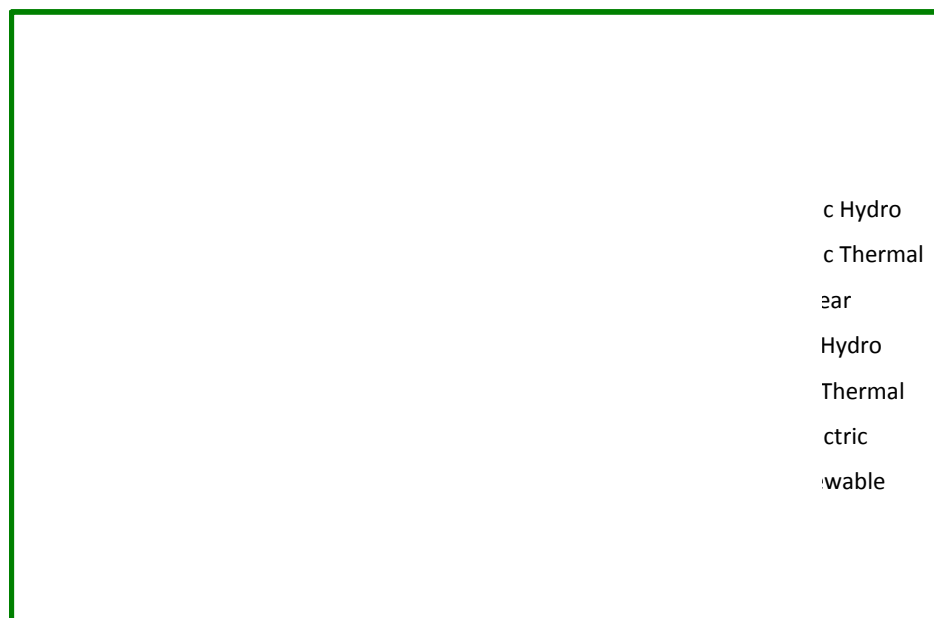


Figure-1

Transmission and distribution system

During 2015-16, the NTDC transmission has been enhanced by adding 4200 MVA and 3680 MVA on 500 kV and 220 kV systems respectively. The transmission lines were extended by 1,005 km accordingly. Detail is given at Table-II below:

Table-II
Transmission capacity addition

Sr. No.	Voltage Level	Addition in Transformation Capacity (MVA)			Addition in T/Line (km)	Estimated Cost (Million \$)	Expected Completion
		New	Augmt.	Total			
1.	500kV	3900	300	4200	549	988 (for both)	2015-16
2.	220kV	3140	540	3680	556		

Further, to cope with increasing power demand all Distribution Companies (DISCO's) are executing Power Distribution Enhancement projects in different phases throughout the country.

Outlook 2016-17

The projects for power generation 5,304 MW are expected to come on line and a total of 7092 villages will be electrified by the end of 2016-17. The demand-supply gap is expected to narrow down. The CPEC is expected to add 10,400 MW to the grid by 2018 in the IPP mode. The CPEC projects include coal, hydro and wind. List of the CPEC projects is attached as Annexure-III. It will not only augment supplies in a major way, but also significantly change the energy mix, by reducing the average cost of generation.

The development of hydro power resources is being actively pursued and about 9551 MW projects are at various stages of construction. Work on 969 MW Neelum Jhelum is in advance stage. An overall 80.4 per cent physical work is completed. The first unit (242 MW) will start generation in July 2017 and other 3 units of 242 MW will start generation by the end of 2017, similarly the first unit of Tarbela 4th Extension will start generation of 470 MW in 2016-17. Other are at various stages of construction, these are 4500 MW Diamer Bhasha, 128 MW Keyal Khwar, 106 MW Golan Gol, 2160 MW Dasu Hydropower Project (stage-1), 34.5 MW Harpo, 243 MW 2nd Rehabilitation of Warsak Hydropower station. Similarly 2880 MW nuclear power projects are at various stages of construction.

The pre-feasibility and feasibility studies of approximately 18875 MW hydro projects have been completed. The projects are under various stages of approval, and finances for these projects are being arranged. These are 7100 MW Bunji Hydropower Project, 310 MW Refurbishment and up gradation of the Mangla Generating Unit 1-6, 1100 MW Kohala, 690 MW Shyok Dam, 665 MW Lower Plas Valley, 496 MW Lower Spat Gah, 40MW Basho, 2300 MW Pattan, 4000 MW Thakot, 2100 MW Dasu stage-II 48 MW Jagran, 26 MW Shagarthang.

Approximately, a total of 4020 MW thermal projects in the public sector are under construction. These are 1320 MW Coal fired Power Plant Jamshoro, while construction on two 2400 MW LNG-based power plants at Haveli Bhadur Shah and Balloki have been started, while 300 MW coal-fired Power Plant Gwadar is under active consideration. These plants are expected to be completed by 2018.

Programmes

Power sector

An amount of Rs405,233 million (including Rs305,658 million through own resources by the Wapda, NTDC and Discos) has been allocated for various power projects for 2016-17 of the Ministry of Water and Power, Ministry of Kashmir affairs and Gilgit Baltistan, Pakistan Atomic Energy Commission and Pakistan Nuclear Regulatory Authority. The installed power generating capacity is planned to be increased from 24,760MW in June 2016 to 30064 MW in June 2017 through an addition of 5304 MW in system. The break up is given at Table-III below:

Table-III
Power generation addition for 2016-17 (MW)

Sr. #	Name of project	Agency	Province	Fuel / source	Capacity (MW)	Commissioning date	Issues / Probability
1	Norinco International	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
2	Harvey Wind	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
3	Zulaikha Energy	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
4	Din Group	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
5	Gul Ahmed	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
6	ACT 2 Wind Energy	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
7	Artistic Milliners	Energy Deptt	Sind	Wind	50	17-Jun	Power Evacuation issues/100%
8	M/s Gul Ahmad Energy Ltd	AEDB	Sind	Wind	50	Aug-16	Power Evacuation issues/100%
9	M/s Master Wind Energy (Pvt.) Ltd	AEDB	Sind	Wind	49.5	Sep-16	Power Evacuation issues/100%
10	M/sHydrochina Dawood Power (Pvt.) Ltd	AEDB	Sind	Wind	49.5	Sep-16	Power Evacuation issues/100%
11	M/s United Energy Pakistan Ltd	AEDB	Sind	Wind	99	Sep-16	Power Evacuation issues/100%
12	M/s Tenega Generasi Ltd	AEDB	Sind	Wind	49.5	Sep-16	Power Evacuation issues/100%
13	Tapal Wind	AEDB	Sind	Wind	30	Sep-16	Power Evacuation issues/100%
14	Metro Power Company	AEDB	Sind	Wind	50	Sep-16	Power Evacuation issues/100%
15	M/s Sachal Energy Development (Pvt.) Ltd	AEDB	Sind	Wind	49.5	Jun-17	Power Evacuation issues/100%
	(Federal = 427 MW, Provincial = 350 MW) Sub-Total (Sindh)				777		
16	Chashma-III Nuclear Power Plant	PAEC	Punjab	Nuclear	340	Jul-16	No issue / 100%
17	Chashma-IV Nuclear Power Plant	PAEC	Punjab	Nuclear	340	Feb-17	No issue / 100%

18	Balloki RLNG single Cycle GT1/GT2	NPPMCPL	Punjab	RLNG	772.97	Jun-17	No issue / 80%
19	Haveli Bahader Shah RLNG Single Cycle GT1/GT2	NPPMCPL	Punjab	RLNG	771.7	Jun-17	No issue / 80%
20	Bhikki RLNG (Single Cycle)	Energy Deptt	Punjab	RLNG	720	Jun-17	No issue / 100%
21	Chianwali HPP	Energy Deptt	Punjab	Hydel	5.38	Jun-17	No issue / 100%
22	Digoutfall HPP	Energy Deptt	Punjab	Hydel	4	Jun-17	No issue / 100%
23	Zoenergy Solar	Energy Deptt	Punjab	Solar	900	Jun-17	No issue / 100%
(Federal = 2224.67 MW, Provincial = 1629.38 MW) Sub-Total (Punjab)					3854.05		
24	Tarbela 4 Project	WAPDA	KPK	Hydel	470	Jun-17	30%
25	Daral Khwar Swat	Energy Deptt	KPK	Hydel	36.6	Before June 2017	No issue / 100%
26	Ranolia Kohistan	Energy Deptt	KPK	Hydel	17	Before June 2017	No issue / 100%
27	Machai Mardan	Energy Deptt	KPK	Hydel	2.6	Before June 2017	No issue / 100%
(Federal = 470 MW, Provincial = 56.2 MW) Sub-Total (KPK)					526.2		
28	Patrind Hydropower Project	PPIB	AJK	Hydel	147	Apr-17	No issue / 100%
Sub-Total (AJ&K)					147		
Total Addition 2016-17					5304.25		

Transmission and distribution system

To enhance the transmission capacity during 2016-17, about 6,480 MVA of 500 and 220 kV systems will be installed along with 2,165 km of transmission lines as per details given at Table-IV below:

**Table-IV
Transmission capacity addition 2016-17**

Sr. No.	Voltage Level	Addition in transformation capacity (MVA)				Addition in T/Line (km)	Estimated Cost (MUS\$)	Expected Completion
		New	Aug.	Ext.	Total			
1.	500kV	0	0	1800	1800	1668		
2.	220kV	4250	180	250	4680	497	1387	2016-17

Further, all the Distribution Companies (DISCO's) will continue executing the Power Distribution Enhancement projects in different phases for increase in power distribution capacity.

Private sector

The PPIB is currently processing 27 multiple fuel (oil, coal, gas, and hydel) based Independent Power Producers (IPPs) projects with a cumulative capacity of 15852MW. Out of these, (10) projects of 9393 MW are based on coal and 16 projects of 6339 MW are hydropower projects. In addition, PPIB is also processing R-LNG based power projects of around 4600 MW power generation capacity in public as well as private sector.

New initiatives: Sustainable Energy for All

In context of global initiative to formulate a National Action Plan (NAP) for development of Sustainable Energy for ALL (SE4ALL) by 2030, Planning Commission has notified the constitution of a National Steering Committee for SE4ALL under the Chairmanship of Minister for Planning, Development and Reform. The primary mandate of this Steering Committee is to oversee the preparation of National Action Plan in line with Vision 2025 and in harmony with global goals and targets set forth up to 2030 under Sustainable Development Goals (SDGs) through a consultative process involving relevant Federal/Private/International Stakeholders and civil society organizations. This initiative is being supported by UNDP Pakistan. To ensure the strong ownership of the proposed NAP, to be launched

Box-II Sustainable Energy for All (SE4ALL) Initiative

In 2011, United Nations initiated the Sustainable Energy for All (SE4ALL), which is a global forum for all countries to make joint efforts towards achieving its three key objectives; a) universal access to energy; b) doubling the rates of energy efficiency and conservation; and c) doubling the share of renewable energy in the overall energy mix by 2030. These objectives are planned to be achieved through following set of targets spelled out under SDG #

- Ensure universal access to affordable, reliable and modern energy services
- Increase substantially the share of renewable energy in the global energy mix
- Double the global rate of improvement in energy efficiency
- Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

Expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and landlocked developing countries, in accordance with their respective programmes of support.

during the plan period, a number of consultative meetings will be held at national and provincial levels. The formulation of the National Action Plan will be followed by preparation of the Investment Prospectus and Implementation Agenda.

CASA-1000 Project:

Brief description	Import of 1,300 MW electric power from the Kyrgyz Republic and Tajikistan to Pakistan and Afghanistan.
Cost of the project	Rs31 billion
Transmission line	1200 km, 500 kV, High Voltage, Direct Current
Inauguration	Prime Minister of Pakistan inaugurated the project on May 12, 2016 in Dushanbe.
Electricity buyers	Pakistan (1000 MW) and Afghanistan (300 MW)
Electricity transfer period	Five months in summer season
Supply Source	Hydropower Stations located in the Republic of Kyrgyz and Republic of Tajikistan.

Annexure - I

Energy (Fuel sector)
Oil and Gas Production and Development
(Achievements and targets)

S.No	Items	Units	Targets 2015-16	Expected achievement up to 30-06-2016	Per cent achievements	Targets 2016-17
1 Production						
1.1	Crude Oil	Million barrels	40.44	32.03	79.20	43.80
1.2	Gas	Trillion cft	1.50	1.49	99.33	1.51
1.3	LPG	Tons	584,000	592,854	101.51	638,750
2 Number of wells drilled						
		Nos.	94	94	100	116
2.1	Exploratory	Nos.	54	40	74.07	52
2.2	Development	Nos.	40	54	135	64

Annexure - II

Energy (Fuel sector)
Gas consumers, transmission and distribution addition
(Achievements and targets)

S.No	Items	Units	Targets 2015-16	Expected achievement up to 30-06- 2016	Per cent achievement	Targets 2016-17
1 Gas consumers added						
1.1	SNGPL					
1.2	Domestic	Nos.	300,000	300,000	100	300,000
1.3	Commercial	Nos.	-	138	-	1,000
1.4	Industrial	Nos.	-	-	-	20
1.5	Sub-total (SNGPL)	Nos.	300,000	300,138	100.05	301,020
2 SSGCL						
2.1	Domestic	Nos.	106,000	100,554	94.86	110,600
2.2	Commercial.	Nos.	356	300	84.26	386
2.3	Industrial	Nos.	67	47	70.14	52
2.4	Sub-total SSGCL	Nos.	106,423	100,901	94.81	111,038
2.5	Total SNGPL + SSGCL	Nos.	406,423	401,039	98.67	412,058
3 Transmission and distribution extension by the gas companies						
3.1	SNGPL					
3.2	Transmission	Kms	173	173	100	-
3.3	Distribution and Service	Kms	3,250	3,250	100	4,220
3.4	Subtotal SNGPL	Kms	3,423	3,423	100	4,220
4 SSGCL						
4.1	Transmission	Kms	164	68	41.46	623
4.2	Distribution and Service	Kms	1,600	1,220	76.25	1,189
4.3	Sub Total SSGCL	Kms	1,764	1,288	73.01	1,812
4.4	Total SNGPL + SSGCL	Kms	5,187	4,711	90.82	6,032

Annexure-III

Projects of the CPEC

(\$ million)

Sr.	Energy Projects	MW	Estimated cost	Category
1	Port Qasim Electric company Coal fired, Sindh	1,320	1,980	Priority
2	Sahiwal 2x660 MW Coal-fired Power Plant, Punjab	1,320	1,600	Priority
3	Engro Thar 4x330 MW, Sindh	1,320	1,000	Priority
	Surface mine in Block II of Thar Coal field, 6.5 mpta, Sindh		860	Priority
4	Gwadar Coal Power Project, Gwadar	300	360	Priority
5	HUBCO Coal power plant 660 MW, Balochistan	660	970	Priority
6	Rahim Yar Khan Coal Power Project, Punjab	1,320	1,600	Priority
7	SSRL Thar Coal Block 6.5mpta, Sindh		1,300	Priority
	SSRL 2x660 MW mine mouth power plant	1,320	2,000	Priority
8	Quaid-e-Azam 1000MW Solar Park, Punjab	1,000	1,350	Priority
9	Dawood 50MW wind Farm, Sindh	50	125	Priority
10	UEP 100MW wind Farm, Sindh	100	250	Priority
11	Sachal 50MW Wind Farm, Sindh	50	134	Priority
12	Sunnec 50MW wind Farm, Sindh	50	125	Priority
13	Suki Kinari Hydropower Station, KPK	870	1,802	Priority
14	Karot Hydropower Station, AJK	720	1,420	Priority
15	Matiari to Lahore Transmission Line		1,500	
16	Matiari to Faisalabad Transmission Line		1,500	
	Total (Priority)	10,400	21,486	
	Projects	MW		
17	Gaddani Power Park Project			Actively promoted
(i)	2x660MW	1,320	3,960	Actively promoted
(ii)	Jetty + Infrastructure		1,200	Actively promoted
18	HUBCO coal power plant	660	970	Actively promoted
19	Salt Range Mine Mouth Power Project including mining	300	800	Actively promoted
20	Kohala Hydel Project	1,100	2,397	Actively promoted
21	Pakistan Wind Farm II (Jhampir, Thatta)	100	150	Actively promoted
22	Thar mine mouth oracle	1,320	1,300	Actively promoted
23	Muzaffargarh Coal power plant	1,320	1,600	Actively promoted
24	Gas Power Plant 525MW	525	550	Actively promoted
	Total (actively promoted)	6,645	12,927	Total (actively promoted)
	Total (energy projects)	17,045	34,413	

Chapter 19 | WATER

An increasing population, coupled with injudicious use of water resources has put enormous pressure on national resources and has implications for the nation's food and water security. It has made Pakistan a water stressed country. Water has emerged as the major constraint to agricultural growth. Therefore, the situation calls for an integrated framework encompassing water resources management, water conservation, drainage programmes, management of floods and hill torrents as well as lining of water courses and canals.

The level of agricultural production is directly related to the availability and effective use of water as a major input. An additional 10 MAF will be needed at the farm gate by the end of the 11th Five Year Plan (2013-18) in order to meet the needs of a rising population, increase agricultural production and to achieve the planned targets of Vision 2025. The water strategy includes:-

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

Performance review 2015-16

During the fiscal year 2015-16, all efforts were made for timely completion of on-going projects to achieve the Plan targets. A sum of Rs30.120 billion was allocated for water sector's development programmes. Out of which more than Rs25 billion is expected to be utilised (about 83 per cent of allocation) by end of the June 2016.

Achievements

- Substantial completion (phase-I) of Kachhi Canal in Balochistan and Raineer Canal in Sindh for irrigating 2.864 million acres.
- Completion of Gomal Zam Dam Project in the FATA and Khyber Pakhtunkhwa for irrigation of 163,100 acres of agricultural land and 17.4 MW power generation.
- Completion of Darawat Dam (near Hyderabad Sindh) for irrigating 25,000 acres of agricultural land and Power Generation of 0.45 MW.
- Substantial completion of Nai Gaj dam (near Dadu Sindh) to irrigate 28,800 acres of land and Power Generation of 4.20 MW.
- To save the water losses of irrigation system, utilisation of Rs400 million for lining of small canals and minors in the Punjab and Sindh during the FY16.
- For the rehabilitation and improvement of existing irrigation canals in Punjab, Sindh and KP, an amount of Rs600 million are expected to be utilised during the year 2015-16.

- Rs5.600 billion are allocated and expected to be utilised on construction of new medium size dams all over Pakistan (Gomal Zam, Darwat, Nai Gaj, and Kurram Tangi dams).
- In Balochistan, Sindh, Punjab and Khyber Pakhtunkhwa about Rs5.490 billion are expected to be utilised on construction of new small and delay action dams and recharge dams.
 - **Punjab** Rs1,683 million (Mujhid, Mora Sher, Ghabir and Papin dam)
 - **Sindh** Rs650 million (Kohistan and Nagarparkar areas of Sindh)
 - **Khyber Pakhtunkhwa** Rs1,000 million (Kundal and Sanam dam and 20 small dam)
 - **Balochistan** Rs3,233 million (Shadi Kaur, Bathozai, Const. of 100 small dams (Package-II&III), Basol dam, Mangi dam and others)
- In drainage sector a sum of Rs3 billion has been allocated for the implementation of RBOD-I, II & III Projects to protect and reclaim 4.90 million acres of irrigated land.

Besides these above stated major initiatives four projects were also completed during this year which are as follows:-

- Land and Water Monitoring and evaluation of the Indus Plains (SMO)
- Rehabilitation of Flood 2010 Damages (RBOD-I), Larkana, Dadu and Qambar Sindh.
- Construction of Six Flood Dispersal Structure on Nari River, Balochistan
- Consultancy Services for Surveys, Investigation and Detailed Design of 07 Small Dam in Sindh
- Correcting Approach of River Chenab to control erosive action along its R/B opposite RD 0+00 M.Garh, Flood Bund to RD 131+500 Khangarh Flood Bund in Muzaffargarh

Key physical targets and achievement for 2015-16

Item	Unit	Target 2015-16	Achievements 2015-2016	
			Physical	%age
Irrigation				
Water Availability (additional)	MAF	135.62	133 *	97
Earthwork for dams and canals, irrigation system	MCM	15	10	67
Concrete work for dams, canals, irrigation system	MCM	0.90	0.60	68
Construction of delay action, check and small dam	Nos.	20	15	75
Drainage and reclamation				
a) Surface Drains (Earthwork) (extension, rehabilitation and remodelling of drain)	MCM	6.00	3	50
Flood Control Programme				
Under normal flood programme (flood scheme)	No	15	7	46

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

Increase in achievement is mostly due to large inflow at Rim station and rainfall.

Outlook 2016-17

To achieve the goals of the 11th Five Year Plan (2013-18), the following programmes and projects will be implemented in this year.

- The investment will focus on the augmentation measures i.e. construction of small and medium dams and disposal of drainage effluent in a safe manner (through construction of RBOD-I, II & III).
- Conservation measures i.e. lining of irrigation channels and rehabilitation of irrigation system which are being implemented under federal programme and are gradually transferred to the provinces.
- Protection of infrastructure, agriculture lands and abadies from onslaught of floods under Flood Control and management programme.
- Climate change, trans-boundary water issues, demand management, water governance, resettlement, reuse of waste water, water rights management, recharging ground water, are the focus areas of the development plan.
- Consultation to formulate a comprehensive national water policy is underway.

Out of total proposed water sector's budget (Rs31.06 billion) for the FY 2016-17, maximum resources have been earmarked for on-going development projects near completion, construction of small and medium dams, drainage projects (RBOD-I, II & III), construction of new canals projects and improvement of existing irrigation system.

Expected water availability

It is expected that the overall water availability at farm gate will remain about 134.6 MAF in 2016-17. This would include surface water supplies through canal withdrawals, canal lining and remodelling, irrigation system rehabilitation and improvement programme, construction of small and medium dams, check dams and retention weirs. About 51 MAF of water would be included in the system from underground fresh water aquifer mainly by private tube wells. Water losses of the system through seepage would be improved through major emphasis on water conservation measures such as remodelling and rehabilitation of existing irrigation system, lining of irrigation channels and watercourses and completion of on-going mega projects.

Drainage

In the drainage sub-sector priority works on RBOD-I, II & III will continue during FY 2016-17, for this about 3.00 MCM of earth work for surface drains and concrete and stone work is planned to be completed, more than 12 MCM of earthwork targets have been fixed for rehabilitation of the existing channels, small and check dams, irrigation infrastructure and system improvement and construction of the major and minor structures. An amount of Rs4,800 million is allocated for drainage related projects.

Flood management

An amount of Rs500 million has been allocated to complete ongoing and new small emergent flood schemes in Pakistan.

Medium and small dams

An amount of Rs 7,960 million (26 per cent of total water sector allocation) has been allocated during 2016-17 for small and medium dams, whereas Rs5,471 million are allocated for recharge, check and delay action dams to control flood water and recharging ground aquifer.

Lining of the irrigation channels

After the 18th Constitutional amendment, projects related to conservation measures such as on-farm water management and high efficiency irrigation system have already been shifted to provinces however at present on-going programme for “lining of irrigation channels in saline zones” will continue in Punjab and Sindh with an allocation of Rs900 million for the next fiscal year 2016-17 (federal).

Major ongoing projects

- Gomal Zam Dam (Main dam structure completed. Works on irrigation network is in progress)
- Nai Gaj Dam (48% completed)
- Mohmand (Munda) Dam Project KP (Initial works in progress)
- Kurram Tangi Dam (at initial works)
- CRBC (1st Lift-cum-Gravity) canal Project (at initial works)
- Kachhi and Ranjee Canals (Phase-I of both canals is substantially completed)
- RBOD-I, II & III (Physical works completed 76%, 80% and 84% respectively).
- Construction of 100 Small dams (works in progress on Package-II &III) Balochistan
- Construction of small and check and recharge dams in Sindh, KP and Punjab.

Other ongoing projects and programmes

- Construction of Mohre Shera Dam, Mujahid Dam, Papin and Ghabir Dam Punjab.
- Revamping and rehabilitation of Irrigation System in Sindh Punjab and KP.
- Lining of Irrigation Channels in Punjab, Sindh.
- Makhi Farash Link Canal and Fall Structure on Nara Cana (Sindh)
- Construction of Shadi Kour, Toiwar/Bathozai, Basol and Mangi Dam Project in Balochistan.
- Construction of Small Dams in Tehsil Khaliqabab, Distt Kalat
- Const. of 100 Small Dams in Tehsil Dobandi, Gulistan Qilla Abdullah and Chaman District.
- Remodelling of Warsak canal Peshawar KP.
- Construction of Palai, Kundal dams and new small dams in Mansehra, KP
- Implementation of small emergent flood schemes under the Flood Protection Programme
- Survey, investigation and research, and channelisation of the Deg Nullah Punjab

Key physical targets 2016-17

Item	Unit	Target 2016-17
Irrigation		
a) Water Availability (additional)	MAF	134.56
b) Earthwork for dams and canals, irrigation system	MCM	12
c) Concrete work for dams, canal, irrigation System	MCM	1
d) d) Construction of delay action, check and small dam	Nos.	9
Drainage and reclamation		
a) Surface Drains (Earthwork) (Extension, rehab. and remodelling of drain)	MCM	3
Flood Control Programme		5
Under Normal Flood Programme (flood scheme)	Nos.	

Chapter 20 | FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

Agriculture provides food, supplies raw material to the industry and contributes to exports besides generation of employment and livelihood. Agriculture accounts for about 20 per cent to the GDP of Pakistan. Not only direct but also indirect contributions of the agriculture sector have made it important for overall economic wellbeing of the country in the present stage of economic development. The average growth rate has been below three per cent during the 2000s, which was, however, not been very encouraging. During the last couple of years, the commodity downturn in the international market has serious fallout on the rural economies. The major challenge has been the low returns to farmers from the proceeds of their commodities because of higher costs of production and low demands for exports. The reduced prices of agricultural commodities have significantly reduced farmers' earnings and overflowing of agricultural commodity stocks. This called for well-thought interventions to give relief to farmers, and agricultural processors and traders from the sufferings and enable them to invest in optimum mix of inputs for getting higher farm yields, and improve competitiveness in the national and international markets. Towards this end, the Prime Minister has announced a Rs341 billion relief package for farmers.

Out of the 17 Sustainable Development Goals (SDGs), eight are related to food and agriculture (Box-1). To achieve those goals, both the Pakistan's Vision 2025 and 11th Five Year Plan (2013-18) provide respectively long and medium term strategies and directions for the development of the agriculture sector and enhance food security situation in the country on sustainable basis. The Vision 2025 seeks a hunger-free Pakistan with ensured food security of its inhabitants by ensuring investments on the entire value chain from production, processing, storage, trading, and distribution to consumers. Cluster based agriculture development has been identified as a key strategy to transform the sector in next ten years. This approach will attract major investments from the private sector under a well-developed business ecosystem where public sector provides enabling environment and even business opportunities. The agricultural development strategy of the 11th Plan focuses on increasing productivity by efficient use of inputs and application of improved technologies to accelerate agriculture growth and reduce rural poverty, achieve self-reliance in essential food commodities and expand exports and galvanise agro business potential. It aimed to achieve an average growth

Box-1
Food, agriculture and Sustainable Development Goals

SDGs-1) end poverty, 2) zero hunger, 6) water, 7) energy, 12) responsible consumption and production, 13) climate change, 14) life below water and 15) life on land are related to agriculture one way or the other. The food ecosystem i.e. the way it is grown, produced, consumed, traded, transported, stored and marketed connects all relevant SDGs and provide a path for an inclusive and sustainable economic growth.

rate of four to five per cent per annum in the agriculture sector to support overall growth and development strategy of the government.

Performance review 2015-16

During the year, the agriculture growth rate was dismal (-0.19) and could not achieve the set targets of 3.9 per cent (Table 1). Livestock growth was satisfactory (3.63 per cent) but it could not bridge the gap created by bad performance of crops (-6.25 per cent). Poor output of major crops especially of cotton, rice and some minor crops like gram was the main reason dragging the sector behind the targets. Growth in forestry was high (8.84 per cent) and fishing sector's performance was also satisfactory (3.25 per cent).

Table-1
Growth rate of the agriculture sector (per cent)

Item	2014-15	2015-16		2015-16
	Actual	Target	Achievement	Share in GDP
Crop	1.04	3.7	-6.25	7.38
Livestock	3.99	4.1	3.63	11.61
Forestry	-10.43	4.0	8.84	0.41
Fisheries	5.75	3.0	3.25	0.43
Agriculture	2.53	3.9	-0.19	19.82

Source: Pakistan Bureau of Statistics

Despite the poor growth in the crop production, food supplies in the local market were quite comfortable during 2015-16. Granaries were overflowing with about two million tonnes stock of wheat, a staple food, before the start of the new crop season of wheat in April-May. The imports of edible oils, tea, pulses, tomato, onion, and other fruits and vegetables at appropriate time also contributed in this stability. Food inflation was in control and calculated at 2.1 per cent in 2015-16 as compared to 3.6 per cent in 2014-15 during July to April. The food inflation in 2013-14, however, was at 9.3 per cent in the same timeframe. The government did not increase the support price of wheat of Rs1,300 per 40 Kg, in the current season to protect local consumers. Better food security situation in Pakistan is also evident from the improvement in the Global Food Security Index (GFSI) score compared to 2014, which considers the core issues of affordability, availability, quality and safety across a set of 109 countries. The Index is a dynamic quantitative benchmarking model, constructed from 28 unique indicators that measure these drivers of food security across both developing and developed countries. The overall score and ranking based on GFSI for some regional countries is presented in the following Table 2.

Table-2
GFSI (Overall score and ranking)

Country	Ranking	Score/100		Score change
	2015	2014	2015	
China	43	62.2	64.2	+2.0
Sri Lanka	66	51.7	53.7	+2.0
India	72	48.3	50.9	+2.6
Pakistan	80	43.6	45.7	+2.1
Nepal	88	37.7	40.5	+2.8
Bangladesh	92	36.3	32.4	-3.9

Source: The Economist, Intelligence Unit

The GFSI overall score of Pakistan, India, Nepal, and Sri Lanka indicates moderate improvement in food security with almost the same margin in all these countries, while there was deterioration in the case of Bangladesh.

Crop production

The data given in table 3 show that most of the crops have missed the Plan's production targets in 2015-16. Wheat production registered a modest increase of 1.58 per cent over preceding year. The decrease in production of rice was attributed to 4.9 per cent reduction in area sown over the last year. Though sugarcane surpassed the previous year production but missed its Plan's target. Major reasons for plummeting cotton productivity by 27.8 per cent during the last year includes low returns, bad weather in July and August and pest flare up especially the pink bollworm. Lower level of toxin in Bt. cotton grown on around 85 per cent of area could not protect the crop against the worms attack. Potato and onion production did well when compared with the last year's achievements. Maize production has been growing well for the last many years largely due to the use of high quality hybrids seeds, improved production technologies and market profitability. The bumper potato production, however, penalised the farmers with low prices and farmers' earning from this crop which dropped below the breakeven point.

Table-3
Crop production targets and achievements

(000 Tonnes)

Crops	2014-15	2015-16	2015-16 Achievement (P)	Per cent change over	
	Actual	Target		2014-15 Actual	2015-16 Target
Wheat	25,086	26,000	25,482	1.58	-1.99
Rice	7,003	6,902	6,811	-2.73	-1.32
Sugarcane	62,826	68,035	65,475	4.22	-3.76
Cotton (mil. bale)	13.96	15.49	10.07	-27.83	-34.99
Maize	4,937	3,709	4,920	-0.35	32.65
Gram	379	715	312	-17.68	-56.36
Onion	1,671	1,967	1,675	0.24	-14.84
Potato	3,998	3,564	4,135	3.43	16.02

Source: PBS, Federal Committee on Agriculture (FCA), NFS&R and MinTex

Market stabilisation: Commodity market crash in the World has serious implications for the local agriculture. The local markets also performed sluggishly and as a consequence, farmers' profitability has reduced substantially. Keeping in view the situation government supported the farming community through market interventions (ensuring the support price of Rs1,300 per 40 kg for wheat and Rs3,000 per 40 kg of seed cotton by procuring 7.05 million tonnes of wheat and about 100,000 bales of cotton), support to traders in the form of export subsidies particularly to sugar (\$100 per tonne) and to wheat (\$ 50-90 per tonne) and direct support of Rs5,000 per acre of each small cotton and rice growers. The Prime Minister's Farmers package was one of the significant steps to rescue the agriculture sector by extending public support (Box 2). The government has also set up a stakeholders committee to deliberate and come up with a permanent system to avoid such type of market failures in future.

A nominal decrease in import from \$3.5 billion in 2015 to \$3.4 billion in 2016 from July to March was observed in food items. Export has however decreased substantially from \$3.3 billion to \$2.7 billion in the same period. The FAO estimates that bearish trend in the commodity market will continue to prevail till 2019. Import of the agricultural commodities from regional countries, especially India, is badly affecting the sector since the Indian agriculture is heavily subsidised compared to Pakistan's agriculture which is heavily taxed. In addition, India heavily invests on the agriculture sector through its development budget, while such budgetary support is meagre in Pakistan. This uneven playing field has put local farmers in deprived situation, where they could not compete with their Indian counterpart and thus destined to loose farm incomes. This situation is though beneficial for the consumers but at the cost of poor farmers.

Box-2

Prime Minister's Farmer Package of Rs341 billion

The package largely endeavoured to address the issues of smallholder farmers. It provided direct cash assistance to growers, loan support to processors, subsidies on fertilizer and electricity and tax relief on import of machinery. Salient features of the package are given below.

- Rs147 billion as direct benefit to small famers.
- Rs194 allocation for loans and loan support.
- Rs5,000 per care cash support to cotton and rice farmers.
- Rs20 billion to subsidize fertilizer
- Rs2.5 billion premium support on insurance
- Rs30 billion mark up free loan for solar tubewells
- Rs7 billion for cheap electricity for tubewells
- Reduction in duties/taxes from 45 to 9 per cent in agriculture machinery imports.
- Reduction in taxes from 17 to 7 per cent on cold chain establishment
- Income tax free Halal food business for three years
- Reduction of two per cent of mark up on loans by the ZTBL
- Facilitation and exemptions on loans for rice business.

Source: PM Office

Agricultural Inputs

Fertiliser: The agricultural lands of Pakistan are deficient in nitrogen (100 per cent), phosphorus (80-90 per cent) and potassium (30 per cent). Deficiency of micronutrients has also been observed in different areas. During the outgoing year, the fertiliser prices continued increasing despite a significant reduction in its prices in international market. This was due to imposition of various taxes and duties on the input. This along with the sluggish international market contributed in the lower terms of trade of the agriculture sector as a whole and resulted in reduced off-take of nitrogen (N) and potash (K) against the Plan's target as well as previous year achievements (Table 4). The off-take of phosphate however improved because of Rs500 per bag subsidy. With regard to production and import, around 80 per cent of the fertilizers used in Pakistan were produced locally while rest were imported, which remained similar to the last year.

Table-4
Fertiliser off-take, target and achievement

(000 Tonnes)

Nutrient/ Product	2014-15	Target	2015-16	Per cent change over	
	Actual		Achievement	2014-15 Actual	2015-16 Target
Nitrogen	3,309	3,350	2,812	-15.02	-16.06
Phosphate	975	968	1,014	4	4.75
Potash	33	29	22	-33.33	-24.14
Total	4,317	4,347	3,848	-10.86	-11.48
Urea	5,937	5,982	4,809	-19.00	-19.61
DAP	1,801	1,775	1,853	2.89	4.39

Source: National Fertilizer Development Centre, Planning Commission

Agricultural credit: Availability of credit is very important for purchasing input mix needed by the resource poor landholders. During 2014-15, banks surpassed their target by Rs15 billion, disbursing an amount of Rs515 billion. For the fiscal year 2015-16, a hefty target of Rs600 billion was assigned to the financial institutions, which was about 32 per cent more than that of previous year. During the first nine months (July to March) banks have disbursed about Rs386 billion of the agricultural credit which is 18 per cent higher than last year of Rs326 billion and 64 per cent of the year's target during the same time frame.

Improved Seed:

Improved seeds can bridge the gap in average crop yields and their potentials. Main sources for seeds are agricultural research system, Provincial Seed Corporations, and private sector which are presently unable to meet the demand of improved seeds of both major and minor crops. To attract private sector in the seed industry, supportive legislation has been missing. In 2015 however some improvements were

Box-3 Seed legislations

In 2015 a long outstanding issue of seed sector was resolved by making an amendment in the Seed Act 1976. Following are the main tenants of the Amended Seed Act:

- The private sector is recognised as a business player in the seed industry
- The nucleus seed from research stations will also be shared with the private sector
- Private sector is allowed to establish the seed certification laboratories
- Requirements for the truth-in-label marketing and quality control will be implemented
- The mechanism for the approval of GMO seed is provided
- Seedling nurseries will be registered to ensure quality
- Relevant rules of the Act are being framed
- To protect and promote investment in seed industry by local and international firms, Plant Breeders Right is also under consideration the Standing Committee of the National Assembly on Cabinet has cleared it

made while some are in pipeline (Box 3). Proper legal framework will attract private sector in high tech seed like GMOs and seedling industry. During last year, 20 new varieties of different crops were registered and released making the total number of varieties at 680 in the country. Both public and private sector combined could not supply sufficient high quality seed of different crops to the farmers during 2015-16 which badly affected the crop output.

Irrigation water: The country depends mainly on the Indus Basin irrigation system coming from surface and ground water resources for supply to the irrigated agriculture. Water availability at

farm gate in 2015-16 was calculated at 133 MAF against the target of 135.62 MAF. Short supply of water may be attributed to lower precipitation than expected.

Plant protection: In Pakistan, major chunk of pesticides has generally been used on cotton crop. Cultivation of Bt. varieties of cotton on 85 per cent area of the crop, however, has substantially reduced the volume of pesticides application. But the expression of Bt. gene in cotton varieties is not up to the mark thus creating resistance in cotton insects and affecting pest incidence in the crop. Private sector is engaged in the business of indigenous production, import and distribution of agriculture pesticides. Provincial governments keep a check on quality control and related issues. Although the GST on pesticides has been reduced to 7 per cent but cotton crop failure has shown its insignificance largely because of very low output prices. The pesticides availability situation both from indigenous as well as imported resources is given in the following Table 5.

Table-5
Pesticides availability in Pakistan

(Tonnes)

Pesticides	2014-15 (July to March)	2015-16 (July to March)
Imported	17,281	15,540
Indigenous production	64,921	62,673
Total availability	82,202	78,213

Source: Department of Plant Protection, M/o NFS&R.

Agricultural mechanisation in Pakistan is mostly confined to tractor which is dominated by two market players, namely Millat and Ghazi tractors, which are using very old and fuel inefficient technologies making the sector highly uncompetitive. Import duty of 34 per cent on tractor is disincentive to improve the quality of tractors. During the period from July 2015 to March 2016, there was a sharp decline in tractor production. Around 21,942 tractor units were produced in the country as compared to 35,753 tractor units produced in the corresponding period of previous fiscal year because of poor demand in the market. Similarly production of diesel engines, wheat threshers and chaff cutter has been declined by 76 per cent, 49 per cent and 30 per cent respectively in the same time period. This situation may have serious implications against the technology penetration in the sector. The reduction in duty rate from 28-43 per cent in 2014-5 to 9 per cent in 2015-16 on import of agriculture machinery did not help to improve the demand of the machinery due to sluggish farm product markets. The import of agriculture machinery has been reduced from \$67 to \$40 million from July to March in respective years. Local market of farm implements is highly unorganised, complex and dominated by large number of small and medium scale enterprises (SMEs). Quality standards do not exist or not being implemented properly.

Weather pattern

The agriculture sector envisages a vast component to be carried out in the open; hence it is more subject to climatic conditions, occurrence of changes and their implications upon the dynamics of whole system. During 2015-16, comparatively dry winter and excessive rainfalls during spring season have been observed which produced bad impact on farming. For example, abnormal rains in the month of July and August in 2015 badly affected cotton output.

Livestock, dairy, poultry and fisheries

The livestock, poultry and fisheries subsectors are important segments of agriculture and play a vital role in national food security and the overall economy. Physical performance of livestock, dairy, poultry and fisheries sub-sectors during 2015-16 is given in Table 6.

Table-6
Physical performance and targets of livestock, poultry and fisheries

(000 Tonnes)

Items	2014-15	Target	2015-16	Per cent change	
	Actual		Achievement	2014-15 Actual	2015-16 Target
Meat	3,697	3,873	3,873	4.76	-
Beef	1,951	2,017	2,017	3.38	-
Mutton	671	686	686	2.24	-
Poultry	1,074	1,170	1,170	8.94	-
Milk	52,632	54,328	54,328	3.22	-
Eggs (Mil No's)	15,346	16,188	16,188	5.49	-
Fish	765	788	795	3.92	0.89
Inland	285	295	305	7.02	3.39
Marine	480	493	490	2.08	-0.60

Source: M/o NFS&R

Livestock and dairy: During 2015-16, the livestock contributed 58.5 per cent to agricultural GDP and 11.6 per cent to the national GDP. About 3,873 million tonnes meat was produced in Pakistan in 2015-16, which was 4.76 per cent higher than the preceding year. Pakistan is one of the leading milk producers in the world and produced 54,328,000 tonnes in 2015-16 with an increase of 3.22 per cent over 2014-15. Out of it only about 3 per cent of milk was processed for value addition, while major chunk was consumed locally through traditional marketing system. Milk processing industry is developing rapidly in Pakistan and provides good investment opportunities. Establishment of halal food authority in 2015 will further boost the livestock and dairy sector in coming days (Box 4).

Box-4

Pakistan Halal Authority

Pakistan is getting only a nominal share of the huge export market of halal food, due to non-existence of a legal and recognized entity at the national level. To realize the potential, an authority is being established in Pakistan. The Parliament has passed a bill to regulate halal food production and processing. It is tasked to recommend halal standards for government-notified articles and processes for adoption by a national standards body in accordance with comprehensive guidelines of Organization of Islamic Cooperation provided for certification of halal products and authorize a halal logo. The scope of the halal sector covers a wide range of items such as food, pharmaceuticals, health, food supplements and toiletries etc.

Poultry: Due to sustainable growth in the sector, poultry has attained an incredible status in rural economy and now is one of largest industries in Pakistan. It is a mean of livelihood for millions. Poultry meat and eggs are cheaper sources of protein diet. Poultry meat production was 1,170 thousand tonnes in 2015-16 which was 30 per cent of the total meat production in the country and had played vital role in soothing demands of mutton and beef. Its growth rate was 8.9 per cent in last year. Likewise eggs have also surpassed production of previous year by

5.5 per cent. The main reason of the success of high sustainable growth in poultry is due to the government policy of let the market decide and not intervene in the price setting mechanism of open market and provide regulatory framework which gave confidence to the private sector investors.

Fisheries and seafood: Fisheries and fishing industry are means of food and source of livelihood for people especially in the coastal areas and play an important role in the national income through export earnings. Overfishing and use of illegal nets (catching of juvenile fish), quality control, unhygienic handling and supply chain issues are major impediments which cause volatility in this sector. Illegal fish catch from the deep sea by other countries remains uncontrolled and has been causing loss of around \$100 million per annum. Export earnings from fish and allied products were \$239 million in 2015-16 compared to \$265 in 2015-16 (July 2015 - March 2016). Quality has been a main concern to access high end markets. After continuous efforts, export ban to the EU was lifted. Recently quality issues, surfaced about fish export to Saudi Arabia, which are being addressed.

Development outlay

Policy and regulatory framework and high-end research for the agriculture sector lies with the federal government, while operational part is in the provinces. In their respective domains, the federal and provincial governments have made investments in 2015-16 as given below.

Federal government: Allocation for the projects under Ministry of National Food Security and Research was Rs1,500 million in 2015-16. Since food and agriculture is a cross cutting subject, it is therefore been dealt in different ministries of the federal government. Review of the PSDP 2015-16 depicts that a total sum of Rs7,360 million was allocated to 57 schemes of different ministries / divisions / agencies for development of food and agriculture sector (Table 7).

Table-7
Food and agriculture sector, PSDP allocations 2015-16

Sr.#	Ministry, division, and agency	No. of Schemes			Total cost	Allocation
		Ongoing	New	Total		
1.	National Food Security and Research	16	07	23	8,588	1,500
2.	Planning, Development and Reform	-	02	02	2,200	200
3.	Higher Education Commission	06	03	09	6,926	760
4.	Science and Technological Research	01	-	01	39.5	9
5.	Water and Power	05	00	05	54,968	1,432
6.	Interior	09	-	09	521	98
7.	Port and Shipping	02	02	04	191	58
8.	Finance	02	-	02	1,725	200
9.	Climate Change	-	01	01	105	23
10	AJ&K and G-B	01	-	01	8,200	3,079
Total		42	15	57	13491	7,360

Source: PSDP 2015-16

Provincial governments: Agriculture and allied sectors are being dealt by various departments of the provincial and regional governments. Outlay of agriculture, food, livestock and fisheries for fiscal year 2015-16 of the provinces is given in table 8.

Table-8
Allocations in the Annual Development Programmes (2015-16)

(Rs millions)

Province and region	Sector and sub-sectors				Total outlay
	Agriculture	Food	Livestock	Fisheries	
Punjab	10,725	725	5,065	600	17,115
Sindh	9,280	360	867	533	11,040
Khyber Pakhtunkhwa	2,121	501	276	139	3,037
Balochistan	4,205	-	380	289	4,874
Gilgit-Baltistan	587	-	108	54	749
FATA	377	-	453	13	844
AJ&K	100	-	100	28	228
Total	27,395	1,586	7,250	1,656	37,887

Source: Provincial and regional governments

Outlook 2016-17

Keeping in view the structure of the agriculture sector, inputs supply, available policy and regulatory framework and investments, crop production in the country has been targeted as given in table 9. Since agriculture is a prone to vagaries of weather therefore the realization of targets is subject to the condition that crops escape the weather upheavals in the respective crop seasons.

Table-9
Production targets of important crops for 2016-17

(000 Tonnes)

Crop	Production
Major crops	
Wheat	27,357
Rice	6,838
Sugarcane	67,535
Cotton (million bales)	14.1
Maize	4,607
Minor Crops	
Gram	709
Onion	2,016
Potato	4,316

Source: Federal Committee on Agriculture, M/o, NFS&R and MinTex, 11th Five Year Plan, Planning Commission

To achieve overall crop production targets, sustained supply of quality inputs is very important. The amended Seed Act is expected to enhance the role of private sector regarding production of basic seed, its multiplication, and certification and also in establishment of accredited seed testing laboratories. The Plant Breeder's Right which is in the process of enactment will further strengthen the technology flow in the seed sector in coming days. Seed requirements for different crops during the year are given below in table 10.

Table-10
Targets of improved seed in 2016-17

(000 Tonnes)			
Crop	Requirements	Target	Per cent
Wheat	1085	239	22
Cotton	40	40	100
Paddy	42.48	15.3	36
Maize	31.91	11.3	36
Fodders	40.14	13.3	33
Oilseeds	10.58	2.3	22
Pulses	47.50	10.3	23
Vegetables	5.07	5.1	100
Potato	372.73	52.2	14

Source: 11th Five Year Plan, Planning Commission

Fertiliser is very important for the crop productivity and hence in the realisation of production targets. During 2016-17 the outlook for fertilizer in the country is given in table 11, most of which will be produced in the country. It is hoped that the local urea production will improve with the improvement in gas supply to the manufacturing plants in 2016-17.

Table-11
Offtake targets of fertilisers in 2016-17

(000 Tonnes)	
Nutrient/Product	2016-17
Nitrogen	3328
Phosphate	848
Potash	28
Total	4204
Urea	5882
DAP	1488

Source: NFDC, Planning Commission

The government is committed to provide ample finances for agriculture operations. The target of agricultural credit for 2016-17 has been fixed at Rs680 billion in the 11th Five Year Plan. Keeping in view the enthusiasm of the banks, push by the State Bank of Pakistan and support by the Government, it is expected that this target will be achieved.

The investments are being made for water resources development to ensure the needed additional water supply. Public sector is investing on conservation and efficiency improvement of water use. The PSDP allocation for water sector is Rs31 billion for 2106-17 besides the investments of the provinces. About 134.56 MAF water is expected to be available for agriculture purpose in this year. Current decline in diesel prices has reduced operational cost of farming. However, as a long term strategy, investments are being made in sources of alternative energy (solar) and high efficiency irrigation systems in the provinces to economise the water use in agriculture of the country.

The agricultural mechanization is facing multiple challenges related to farm machinery and equipment, infrastructure, technology, markets, operations, legislation, financing, policy framework. Moreover, land holdings, cropping patterns, market price of crops, and availability of labour and cost of labour are the major factors deciding the agricultural mechanization. These challenges pose a serious impediment to the growth of the industry. Reduction in import duty to 9 per cent is expected to improve high quality equipment availability in the market. Consultation to rectify the technology issues with tractor manufactures will settle and as a result better quality equipment will become available. Less domestic production of farm machinery or implements in last year will affect the mechanization momentum, however.

The high-end food markets are very stringent with regard to quality and safety of the food items. To improve the regulation a system is being established by the name of National Animal Plant Health Inspection Services (NAPHIS). The NAPHIS Bill is under consideration of the Parliament for enactment. Hopefully it will be done in 2016-17 to positively affect the food exports in coming days.

Pakistan's geographic position provides a scope for considerable opportunities to boost livestock especially in the case of Halal food. The potential to enhance the quality of livestock, poultry, fisheries and sea foods production and trade will be exploited by developing veterinary infrastructure, improvements in gene pool, standardization of feed, development of skill of manpower, effective enforcement of legislation, adoption of global best practices, compliance to international standards, advancement towards value addition and provision of standardised and efficient veterinary services. Livestock production targets for the fiscal year 2016-17 are given in table 12.

Table-12
Livestock production targets for 2016-17

Item	Targets
Meat	4,061
a) Beef	2,085
b) Mutton	701
c) Poultry	1,276
Milk	56,080
Eggs (Million Number)	17,083
Fish	840
a) Inland	330
b) Marine	510

To realise the targeted growth in the GDP (5.7 per cent) the agriculture growth rate has been fixed at 3.48 per cent for the year 2016-17. Anticipated contributions from the important crops, other crops, ginning, livestock, forestry and fisheries sub sectors will be 2.5 per cent, 3.2 per cent, 2.5 per cent, 4.0 per cent and 3.0 per cent and 3.0 per cent respectively. Reasons for downturn of agriculture sector in the outgoing year i.e. global commodity crash will remain as such. The ongoing year will be a difficult one yet again if the sector is left unattended. The government is however fully cognizant of the situation. For revival of the sector integrated efforts will be made to make agriculture once again a vibrant and internationally competitive sector of economy. In line with the Vision 2025 and 11th Five Year Plan, it will include fiscal and

monetary measures, suitable policy support for market integration and stabilisation along with technology penetration and competitiveness in the sector.

Programmes

The food and agriculture is a cross-cutting subject, which is being dealt by various tiers of the government and development partners in Pakistan. The Planned development activities in the country for the fiscal year 2016-17 are given below.

Public Sector Development Programme (Federal)

The focal point for food and agriculture at federal level is the Ministry of National Food Security and Research. For this the allocation in the PSDP 2016-17 is Rs1,520 million. Important schemes of the Ministry are given below.

- Promotion of Olive Cultivation on Commercial Scale in Pakistan
- Establishment of Horticulture Research Institute, Khuzdar Balochistan
- Establishment of Livestock Research Institute, Turbat, Balochistan
- Indigenization of Hybrid Seed Production for Enhanced Crop Production
- Monitoring of Crops through Satellite Technology Phase-II
- Pak China Cooperation for Agricultural Research and Development (PCCARD)
- Research for Agriculture Development Programme (Islamabad)
- Strengthening of Coastal Agriculture Research Station Bhawani Balochistan
- Up-gradation & Establishment of Animal Quarantine Stations in Pakistan
- Bovine Spongiform Encephalopathy (Cow Disease) Surveillance and Capacity Leading to O/E Negligible Risk Country Status for Pakistan
- Strengthening / Up-gradation of Agriculture and Livestock Research System of Arid Zone Research Institute, Umerkot, Sindh
- Agricultural Information Portal
- Commercialisation of soybean crop
- Milk and meat supply chain improvement
- Risk based control of foot and mouth disease

Solar Tube Wells Scheme: Another welcoming effort by the present government to improve the agriculture sector is launching of mark-up free solar tube wells scheme. It would reduce production costs and increase farm productivity/income. It will be funded outside of PSDP.

Besides the Ministry of National Food Security and Research, some other federal ministries have also been doing agriculture related activities. To support marine fisheries activities Rs145 million have been allocated in 2016-17. Total allocation of the federal government for such activities was Rs7,360 million in 2015-16 (Table 6). In this year, sufficient allocation will be made to fund the ongoing as well as new schemes.

The Planning Commission is also actively working on some agriculture-related initiatives, which are given below.

- **Establishment of Centre for Rural Economy:** A Centre for Rural Economy is being established under the Planning Commission to support the Government in formulation

of policies, plans and programs for the development of the rural economy of Pakistan through evidence based research.

- **Value Addition in Agriculture - Cluster Development Approach:** A feasibility study/PC-II on “Value Addition in Agriculture - Cluster Development Approach” is under implementation. This will help the establishment of an efficient value chain in identified clusters of different high-potential agriculture commodities in Pakistan. The commodities for cluster development and the locations of clusters in each commodity will be identified through stakeholders’ involvement. The private sector, provincial governments, donors, farming community, researchers, and community change agents will be involved in meeting the infrastructure, technology, and human resources gaps along the value chain of each commodity. The regulatory framework and incentives will be created to induce investment from various stakeholders.

Annual Development Programmes (Provincial)

The allocation of funds to agriculture and allied subsectors by the provinces/regions in their respective Annual Development Programmes 2015-16 was Rs37,887 billion, given in the above table 7. The allocation for 2016-17 is expected to be enhanced substantially to support the sector’s development needs. The following are some projects of the provincial governments which were approved from the forums of the CDWP and ECNEC being bigger in size and foreign or federal funded.

Economic Transformation Initiative, ETI – Gilgit-Baltistan: This Project was approved in 2015 at a cost of Rs12,315 million (\$120.15 million). The programme intends to improve income and reduce poverty in rural areas of Gilgit-Baltistan region by benefitting around 100,000 rural households in seven districts through sustainable development of agriculture value chain. The Project will bring 50,000 acres of additional land under irrigation.

Punjab Economic Opportunities Programme (PEOP): This is an on-going project of Government of Punjab. The revised project was approved at a cost of Rs8,783 million. The programme focuses on the poverty alleviation in 14 districts of the Punjab through provision of marketable skill and training opportunities in the region.

Construction of Cold Storage and Date Processing Unit, Turbat, Balochistan: The project was approved at the cost of Rs500 million. It is reported that 40 per cent of the total dates produced in the Mekran Division wasted or smuggled to Iran, where it is processed and exported again to Pakistan on higher prices. The facility under this project would check this trend and the wastage of dates and ensure better prices to the local growers and processors.

Sindh Irrigated Agriculture Productivity Enhancement Project: It is under implementation at a cost of Rs30 billion, including a World Bank loan of Rs19.6 billion. The project is aimed at reduction of water demand through three types of interventions, that is, water course improvement, improved field irrigation technologies coupled with precision land levelling and adoption of high-efficiency irrigation system and furrow irrigation for improved agricultural productivity among small and medium scale farmers.

Punjab irrigated agriculture productivity improvement project: With the World Bank (IDA) credit of \$250 million, this is an ongoing programme to improve productivity of water use in agriculture through improved on-farm irrigation infrastructure, and promotion of crop diversification and better input application.

Gwadar-Lasbela Livelihood Support Project: This \$35 million worth project, mainly funded by the IFAD, is under implementation in the coastal areas of Balochistan to provide livelihood opportunities to 20,000 household.

Poverty Alleviation Programme: With the funding from the IFAD, the Punjab government is implementing a project to alleviate poverty in high poverty prevalent districts of the southern Punjab. It will transfer assets, develop capacity, increase agriculture productivity and provide livelihood opportunities to 80,000 poor households of the targeted areas.

Nutrition Sensitive Agriculture Project: This was approved in 2016 for three years to improve the nutrition status in three districts of Sindh, that is, Umerkot, Jacobabad and Sanghar. The Project will follow the community development approach and establish fund to support nutrition related agriculture activities. The cost of the project is Rs582 million of which 85 per cent will be funded by the DFID.

The provincial governments, through their own ADPs, have approved mega projects for the uplift of agriculture in their respective areas. The Farm to Market Road Programme of the Punjab with a cost of Rs150 billion for three years is the important initiative, which is improving connectivity in the rural Punjab. Similarly, the Chief Minister Punjab has announced Rs100 billion Packages for the development of the agriculture sector in the province.

Development partners programmes

The international development partners are assisting Pakistan for the development of agriculture sector. The USAID has been trying to bring innovations, improving agribusiness, improving marketing and irrigation facilities in agriculture sector. Australian Aid through agriculture sector linkages and value chain development programs will continue to help strengthen the local agriculture. Italian government is assisting in olive promotion. The DFID has big investment for the sector and mainly focusing on capacity building and nutrition sensitive agriculture. The UN agencies, especially FAO, WFP and IFAD, have very elaborated programmes for Pakistan. The IFAD-funded programmes are under implementation in G-B, Punjab and Balochistan. The World Bank has the biggest funding for the economic growth and improvement of agriculture infrastructure in Sindh and Punjab. The JICA also has an initiative for value-chain development of fruits in G-B. It is expected that the development assistance from all the partners will continue in 2016-17 to support economic growth and development in Pakistan.

Chapter 21 | NUTRITION

Nutrition is an important determinant of the health and development outcomes, but malnutrition persists as a global public health problem. Under nutrition is associated with food insecurity, poor diet quality and quantity, leading to high rates of infection and diseases. The National Nutrition Survey (NNS) 2011 of Pakistan indicates 44 per cent stunting, 32 per cent underweight and 15 per cent wasting among under five-year children. The NNS also shows that key micronutrients are widely deficient and 58 per cent of the households are food-insecure.

The timely food production, import and export of the essential food items has maintained food availability during the fiscal year 2015-16 to meet the food consumption requirements. However, inflation and deflation of prices of the food items imposes direct impact on population's food consumption.

Performance review 2015-16

Nutritional situation

According to the Global Nutrition Report 2015, there are actions that leaders of every country should take to end malnutrition in all its forms. More than 160 million under-five children worldwide are stunted (too short for their age) while more than 50 million do not weigh enough for their height or are wasted. The report recommended that countries can meet the second SDG – Ending hunger, achieve food security

and improved nutrition, and promote sustainable agriculture by 2030 – through political commitment, redesigning the existing food systems, engaging new partners, particularly private sector, identifying data gaps, and strengthening accountability.

According to the GFSI¹ Pakistan has been placed at the 77th position among 109 countries ranked by the GFSI (2014). Child malnutrition status of the region is given below:

¹Global Food Security Index

Box-1

Nutrition strategy to achieve targets of the Vision 2025

Progressive development in nutrition has been initiated with the adoption of the Pakistan Vision 2025, and is contributing to the achievement of the Sustainable Development Goals (SDGs) and World Health Assembly (WHA) Global targets. All the development activities are aligning with the 11th Five Year Plan (2013-18), Global SUN Movement strategy (2016-20) and 2nd International Conference on Nutrition (ICN2) declarations. The multi-stakeholder platform, formed as a result of joining the SUN movement, shows a high-level commitment for nutrition at the national and sub-national levels with all partners on board. Pakistan's multi-sectoral nutrition strategy is being formulated through a consultative process, which is based on the provincial policy guidance notes, inter-sectoral nutrition strategies, and national and global commitments. This will provide a common ground for an efficient implementation, effective Monitoring and Evaluation (M&E) to achieve the agreed targets through an improved accountability. The strategy will cater to nutrition holistically, including the vulnerable population like children, pregnant and lactating women, and elderly people in light of the Vision.

Prevalence (per cent) of Child Malnutrition <5 years Anthropometry

Country	Under weight	Stunting	Wasting
Afghanistan	33	59.3	8.6
Bangladesh	36.8	41.4	15.7
India	43.5	47.9	20
Iran	4.6	6.8	4
Nepal	29.1	40.5	11.2
Pakistan	32	45	10.5
Sri Lanka	26.3	14.7	21.4

Source: World Health Organization (WHO) Global Targets Tracking Tool

Based on the projects and programmes planned for 2015-16, the following progress has been made.

The Pakistan Multi-sectoral Nutrition Strategy is in the development stage after formation of the provincial policy guidance notes and inter-sectoral nutrition strategies. Efforts have been made to fulfil targets envisaged in the Pakistan Vision 2025 by establishing and strengthening the SUN Secretariats and Units at the national and sub-national levels.

The support of the nutrition development partners was sustained at the national and provincial levels for various nutrition interventions, which included: Community Based Management of Acute Malnutrition (CMAM), Management of Severe Acute Malnutrition and Nutrition Surveillance system, trainings and development manual, Integrated Community Case Management (CCM) of diarrhoea, pneumonia and malaria through the Lady Health Workers (LHWs), behaviour change communication, food and nutrition security through the Strategic Priority Area (SPA-VI) of the ONE UN Programme. These interventions led to reduction in mortality and morbidity among the vulnerable population, especially children less than five years of age, and pregnant and lactating women.

Lipid-based nutrient supplement for the malnourished pregnant and lactating women is in the last stages of development with the support of the World Food Programme (WFP), and research shows promising results of acceptability and usage.

The Universal Salt Iodization (USI) Programme is being implemented with the assistance of the development partners, that is, MI, WFP, UNICEF and Global Alliance for Improved Nutrition (GAIN). The Programme is continuing in 110 districts to benefit almost 174 million.

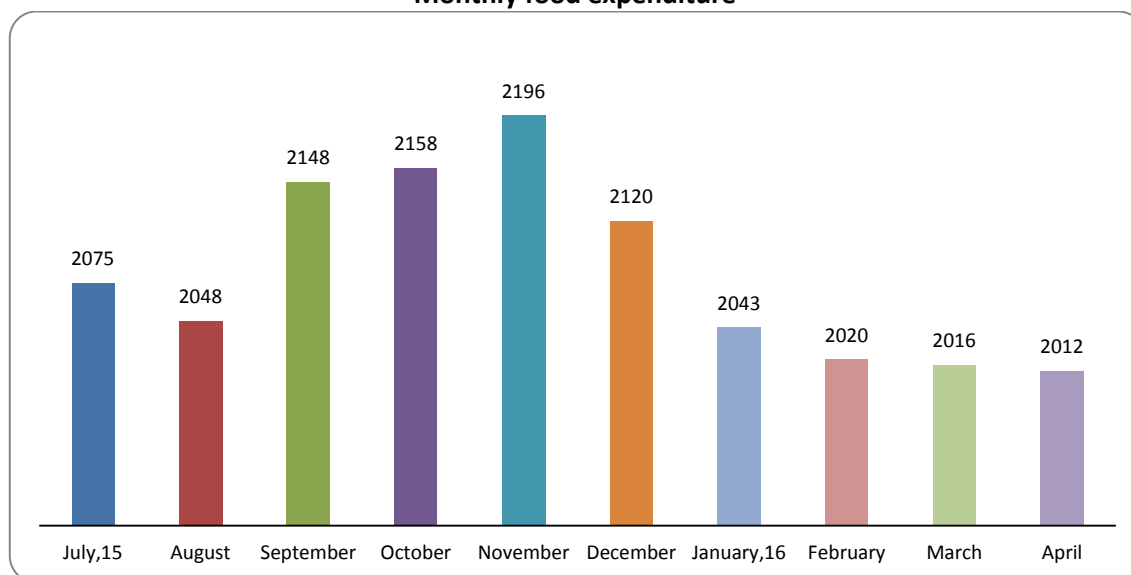
A wheat variety Zincol 2015, with the support of Harvest Plus, has been introduced to enhance intake of zinc and iron to overcome hidden hunger.

Food availability and cost of food basket

The overall food availability of essential food items was maintained during 2015-16. Based on the national average, the estimated average food expenditure has been Rs2,100 per person per month during July-April 2015-16. This expenditure has been based and calculated for the

fulfilment and provision of minimum food basket providing 2,100 calories² with 60 grams protein. The chart below shows the trend of expenditure on food.

Figure-1
Monthly food expenditure³



Source: Nutrition Section of the Ministry of Planning, Development and Reform

Outlook 2016-17

The total funds allocated for the National Initiative for SDGs/Nutrition is Rs100 million in the federal PSDP 2015-16. Sindh and Balochistan have allocated Rs580 million for nutrition support programmes, whereas the Punjab and Khyber Pakhtunkhwa have allocated Rs2,000 million for the health integrated programmes in the ADPs 2015-16, having nutrition component. The Pakistan Multi-sectoral Nutrition Strategy is in the development stage, and will be developed with stakeholders' consultation in 2016. These projects will improve the nutritional status of under five-year children and pregnant and lactating women in the targeted districts of both the provinces.

Programmes

The Pakistan Multi-sectoral Nutrition Support Programme will be initiated by the Ministry of Planning, Development and Reform (MoPD&R) to support and scale up nutrition efforts at all levels, including coordination, institutional capacity strengthening, monitoring and evaluation and behaviour change through nutrition awareness.

The MoPD&R and FAO is reviewing and updating the Food Composition Table (FCT) and Dietary Guidelines (DG) for Pakistan to provide information on food and diet to the general public. Likewise, the Cost of Diet Analysis is being done by the MoPD&R and WFP to provide up-to-date information on the cost of minimum acceptable diet.

² Minimum food basket as per the Food and Agriculture Organisation criterion. However, Pakistan poverty estimates are based on 2,350 calories.

³ Recommended the Pakistani food basket based on (2,100 calories), Food Composition Table for Pakistan (revised 2001) and cost from the Consumer Price Index (CPI), Pakistan Bureau of Statistics

The Ministry of National Health Services, Regulation and Coordination (NHSR&C) has established the National and Provincial Fortification Alliances to tackle hidden hunger in the country. It is also in the process of establishing a Vitamin A Task Force and development of Vitamin A supplementation guidelines with the UNICEF support.

The Pakistan Nutrition Programme of the MoNHSR&C for the AJ&K, FATA, G-B and ICT, targeting children, pregnant and lactating women and adolescent girls, will be launched to address malnutrition, institutional capacity improvement, coordination support and strengthening of the nutrition-related regulations and standards.

The Ministry of National Food Security and Research is conducting a food security analysis to provide the updated information on the situation, and factors that are prevalent and cause more than 50 per cent of households to be food insecure.

Box-2

Behaviour change for improving nutrition

The Pakistan Vision 2025 lays strong emphasis on sustainably improving condition of the population through the Behaviour Change Communication (BCC). This change is critical for having positive impact of the nutrition-specific and sensitive interventions. All the nutrition projects, at the federal and provincial levels, have this component focused at target population, policy-makers and other stakeholders. It will enhance the levels of knowledge and increase the awareness among men and women, who have children less than 5-year of age and pregnant and lactating women; so as to improve utilisation of the existing food and to improve their behaviour towards health and nutrition. Efforts are also being done in the preview of the public-private partnership and CSR component of the private companies, where the Planning Commission has signed an MoU with a multinational company (Nestle). Other companies are also being encouraged to participate and contribute to improve the nutrition situation with the same kind of agreements.

The government is planning to hold a new National Nutrition Survey and National Complementary Feeding Survey (NCFA), with funding from the DFID worth £8.3 million through the UNICEF and other development partners. These surveys will provide the much-needed multi-sectoral baseline data on nutrition in Pakistan.

The Sindh government is in the process of launching the Nutrition Sensitive Agriculture Programme Phase-I for three districts having high incidence of malnutrition, that is, Jacobabad, Umerkot and Sanghar. The objective of the Programme is to improve quality and diversity of diets in target households through nutrition sensitive agriculture. It will be achieved by introducing diverse production systems in target households, improving quality of production and introducing techniques to store and process food to smoothen consumption.

Fortification of wheat flour with iron and folic acid and edible ghee and oil with vitamin A and D is underway with funding from the DFID worth up to £46 million under the Food Fortification Programme, which aims to improve the nutritional status, especially children, adolescent girls and women of reproductive age. In order to implement this project, the DFID has committed an agreement with the Micronutrient Initiative (MI) and Mott MacDonald. The Programme will target 1,082 flour mills to fortify wheat flour with iron and folic acid, and about 100 oil and ghee mills to fortify edible oil and ghee for the next five years.

The World Bank (WB) supported integrated health sector reforms projects in the Punjab of Rs9.8 billion with the IDA \$100 million, and in the KP of Rs22 billion with \$20 million grant,

having nutrition as a strong component. Both the projects have been started, and are going to be further strengthened in the coming financial year. The DFID, with a funding of \$256 million, is also supporting these provinces under the Provincial Health and Nutrition Programme (PHNP).

The stunting prevention programmes will be continued as the key interventions for managing malnutrition in the country. The WFP-supported project in Thatta and Sajawal showed significant results. This will be expanded by investing in other districts of the country. The UNICEF will also manage \$20 million USAID funding for the Stunting Reduction Programme in three districts of Sindh (Ghotki, Khairpur and Nausheroferoz) in accordance with the regional approach to focus efforts in the first 1,000 days of a child's life, starting from conception. The Programme also stresses actions that improve the nutritional status of mothers, pregnant and lactating women.

The Micronutrient Initiative (MI) Pakistan has secured funding from the New Venture Fund for Nutrition Advocacy in Pakistan. The project will be implemented through the SUN CSA, involving 110 CSOs, 100 parliamentarians and policymakers, and 80 media persons for nutrition-related advocacy in Pakistan. Along with the WFP, the MI is also supporting the Wheat Flour Fortification for flour mills of the AJ&K, and will fortify about 300,000 metric tonnes wheat flour annually. Every year, 2.6 million persons, including 400,000 women of reproductive age, will benefit and 52,000 million tonnes of the fortified flour will be produced by 11 flour mills.

The European Union is also supporting a nutrition programme in three districts of Sindh to enhance food security by focusing on kitchen gardening, wash activities, management of the acute malnutrition and awareness raising.

Chapter 22 | ENVIRONMENT AND CLIMATE CHANGE

The major challenges facing the world today are to meet the demands of an ever-increasing population, and reverse the environmental degradation. Environmental factors are changing drastically and if left unchecked, pollution and environmental degradation will pose a monumental threat to social and economic growth of the country. Pollution on a wide scale is damaging the land, water, and air of Pakistan. Climate change in this region is starting to affect the forestry and ecosystems adversely and the pattern of life of common man.

Pakistan has set sights on the goals of sustainable development through vision 2025 as development and progress have to go on without the cost of deterioration and destruction of natural resources. The extreme conditions of the weather in Pakistan like the floods of 2010, 2011, 2013 and 2015 have been a testament to the destructive power of nature. As per the past estimates the country is losing more that Rs. 365 billion annually in direct and indirect losses to the economy and the numbers may have climbed even higher. There is a dire need to address the situation otherwise resultant cost to the society in both health and monetary terms will be immense.

In the list of environmentally vulnerable countries, Pakistan is ranked in the top ten, however, among the GHG emitting countries Pakistan is ranked 135. This reflects that the country is in the list of least GHG emitters and among top vulnerable countries, therefore, immediate and sound policy and implementation mechanism is the need of the hour.

The world is facing serious problems such as climate change, air and water pollution, waste disposal, natural resources depletion, deforestation and loss of biodiversity. Industrialized nations which are still major consumers of the Earth's resources, are also leading emitters of greenhouse gases thus they are prime responsible for environmental degradation and climate change in the world. The climate of the globe is fast changing and creating immense problems for the humans and wildlife alike.

The Intergovernmental Panel on Climate Change (IPCC), which includes more than 1,300 scientists from the United States and other countries, forecasts a temperature rise of 2.5 to 10 degrees Fahrenheit over the next century. More research is required with extensive amounts of data to conclude what the future will bring but the amount of data available suggests that climate change will change the way this planet will shape itself. Dry areas will become drier and wet areas will become wetter. Coastal storms will increase in frequency and intensity. The monsoon may transform in dramatic ways.

In the near future, Massive relocations of people are expected as the climate of certain heavily affected areas will become unbearable. The population of environmentally displaced is

bound to rise and create havoc in certain areas of the globe. Under the 10 years National Disaster Management Plan (NDMP) institutional capacity building is being enhanced to combat disasters in first phase of this plan, surveillance and forecasting capacity of Pak MET is being enhanced by replacing and installing weather surveillance Radars at various places of the country.

Pakistan is evermore affected by the drastic effects of climate change due to its geographical location and socio-economic situation. Developing nations lack resources and capabilities to adapt changes on a large scale, and damaging effect of the natural calamities is multiplied manifold. In the recent years, highly variable monsoon rains and severe climatic events such as floods and droughts have rattled the socio-economic structure of Pakistan. The extreme weather conditions, like the floods of 2010, 2011, 2013 and 2015, have caused losses worth billions of rupees. In the near future, massive relocations of people are expected as the climate of certain heavily-affected areas will become unbearable since the environmentally displaced population is bound to rise. The institutional capacity of the National Disaster Management Authority (NDMA) is being enhanced to combat disasters in the first phase, surveillance and forecasting capacity of the Pakistan Meteorological Department (PMD) is being enhanced by replacing and installing weather surveillance radars across Pakistan.

Performance review 2015-16

As the devastations caused by global climate change come into focus, the world is putting together efforts to ameliorate its devastating effects by tapping resources being allocated on the international level to combat climate change at the national level. In this regard, the government has already undertaken various programmes and projects for sustainable development. The Sustainable Land Management Programme, in assistance with the UNDP, is being implemented. Development of reverse linkages between the PMD and Marmara Research Centre Turkey is under way, which will provide the PMD with enhanced support and capacity-building in the seismic research and development. Other projects, with focus on the climate change, are also in the pipeline.

Outlook 2016-17

The Annual Plan will keep its focus on the sustainable development with emphasis on the climate change and its mitigation on the national Scale. The provision of a productive and healthy natural environment, along with noticeable improvement in air and water quality, will be given priority. Building indigenous capacities for mitigation of the effects of the climate change is urgently required. Developing policies and procedures to keep the disastrous effects of the climate change to minimum needs to be expedited for which following road map has been chalked out:

Transformation of the existing environmental policies into practice by implementing a programme based approach, and to identify gaps and issues, activities and action plan as well as strategies to overcome the environmental issues

A realistic approach in management of the ecosystem to be carried out with an emphasis on the imperative ecosystem segments, such as protection of the biodiversity, water conservation and soil erosion protection, carbon sequestration and biodiversity protection, etc.

In Pakistan, provision of drinkable water and sanitation requires special attention as presently, a large number of households do not have access to enough potable or shallow water, and numerous also lacks in proper sanitation system. Poor sanitation leads to sickness and negatively impacts the ecosystem. Therefore, a strategy to improve sanitation and expand access to clean drinkable water, particularly in rural areas, is being implemented with the help of the provincial governments.

Due to the water scarcity, the waste water treatment is imperative for the continuous supply of water to agriculture. Despite having the potential and capacity of the industry for designing and fabricating wastewater and sewage treatment plants locally, it is pathetic that a meagre portion of the industrial wastewater is being treated and reused. Therefore, to treat and recycle industrial effluents, a Wastewater Treatment Programme will be initiated in the country in collaboration with the provincial governments.

For increased forestry cover and enhancement of the natural resources, a strategy will be implemented through applied approach of ownership to develop forest cover along with conservation and restoration. Also, a strategy will also be designed to prepare locals to manage forest areas and wild lands around their residences. This will also include provision of the alternate energy sources, such as LNG at affordable price, to the residents of the forest cover areas.

International Practices

The Kyoto Protocol focused on promoting low-carbon development through the Clean Development Mechanism (CDM). Although the CDM has undoubtedly resulted in some low-carbon investment that would not have otherwise occurred, alongside it, traditional development organizations have begun to invest in low-carbon development as well. The World Bank, for example, has ramped up climate-related spending, and the UNEP has set climate change as a priority in its capacity-building efforts. These efforts are constrained, however, by funding that is not commensurate with the scale of the challenge, as well as by deeper challenges in the development aid model.

The 21st Session of the Conference of the Parties (COP-21) to the UN Framework Convention on Climate Change (UNFCCC) was held in Paris where world leaders – including Pakistan - hammered out an agreement aimed at stabilizing the climate and avoiding the worst impacts of climate change. The agreement consists of four main areas which are mentioned below:

- Adoption & Mitigation
- Intended Nationally Determined Contributions (INDCs)
- Technology Development and Transfer
- Capacity Building

Another important path to low-carbon development is new technology, such as carbon capture and storage (CCS), which focuses on securing and storing carbon dioxide emissions before they are released into the atmosphere. Although this technology is still in its early stages, successful pilot projects offer hope of developing and implementing it for large-scale projects. Some countries are committed to implementing variations of it, and both bilateral and multilateral cooperation is under way. This cooperation is particularly important because implementing CCS on a large scale can be expensive and offers few obvious economic benefits. One of the major multilateral efforts in this area is the Carbon Sequestration Leadership

Forum (CSLF), which supports joint efforts to develop cost-effective carbon sequestration technology.

Renewable and nuclear energy will be critical in diminishing reliance on fossil fuels and developing low-carbon communities. Expectations for nuclear power as an alternative source of energy are especially high among big emitters such as India, China, and the United States, as well as in a number of developing countries that lack the necessary infrastructure to meet their growing energy needs. Currently, the International Atomic Energy Agency (IAEA) assists countries in determining whether nuclear energy is a feasible option. When nuclear energy is optimal, the agency assists with energy planning and developing relevant infrastructure, such as drafting nuclear legislation and establishing independent and effective safety regulators.

There has also been significant international action on renewable energy. The International Renewable Energy Agency (IRENA), founded in January 2009, is the first international forum for specifically promoting the use of renewable energy. The UNEP has launched several initiatives, including the Global Bio energy Partnership (GBEP), to support the deployment of biomass and bio fuels, and the Solar and Wind Energy Resource Assessment (SWERA), which seeks to make renewable energy data widely available. Despite these promising international efforts, only about 25 percent of the world's energy is produced through renewable and alternative sources (including hydroelectric, biomass, and nuclear). However, investment in these areas continues to increase (rising seventeen percent to a total of \$257 billion in 2011) and more and more countries are setting policy targets for using renewable energy.

Another dimension of the solution is often ignored but is likely, in the long term, to be the most prominent: domestic policy reform in developing countries that encourages low-carbon investment. This might include steps like energy market reform or reduction of tariff barriers to low-carbon technology transfer. International institutions have begun to promote domestic policy shifts through measures like technical assistance provided by organizations like the UNEP and UNDP, discussions on tariff reductions for environmentally friendly technologies through the WTO, and processes aimed at phasing out fossil fuel subsidies spurred through the G20. Some existing institutions, though, may incidentally work against positive developments in this area. The Kyoto Protocol's CDM, for example, may discourage countries from making climate-friendly policy changes by rewarding countries only for activities that go beyond existing national policy. Complicating matters, efforts to promote policy shifts and efforts aimed at providing assistance with clean development are rarely coordinated with each other.

Environmental indicators and target data

S.#	Environmental indicators	2012-13 Benchmark	Plan targets
1	Forest cover including state-owned and private forest and farmlands (percentage of the total land area)	5.2	6
2	Area protected for conservation of wildlife (percentage of the total area)	11.6	12
3	Access to sanitation (national) percentage	72	90
4	Access to clean water (national) percentage	87	93
5	Number of continuous air pollution monitoring stations	7	14
6	Percentage of sulphur (by weight) in high speed diesel	0.6	0.50 to 0.05
7	Sanitary landfill in major cities	--	6

The set of targets and rules which will be helpful in implementation of the SDG's are being devised in consultation with different stakeholders. However the previous plan targets, set under the MDG 7, were achieved in various fields. As shortage of the CNG promotes use of gasoline, the automakers need to be given stringent specifications to develop and market zero carbon emission vehicles. The new auto policy will enable the government to keep a vigilant eye on the producers, while a vehicle certification policy is also under consideration, which will not allow air-polluting vehicles on road. The Sustainable land management will enable the government to get the desired forest cover and land use plans to be implemented to get the maximum output from fertile land. Pakistan still needs to improve enormously on the fronts of access to sanitation, solid waste management and energy efficiency. There is a dire need to get the population sensitised, and a change in their attitude is also imperative.

Programmes

Some of the programmes to be implemented by the federal government are:

- Sustainable Land Management Programme Phase-II, (Islamabad)
- Installation of Weather Surveillance Radar at Karachi
- Development of reverse linkages with the Marmara Research Centre Turkey
- Carbon Neutral Pakistan
- Strengthening capacity for effective implementation of the Pakistan trade control of the Wild Fauna and Flora Act (under consideration)
- Establishment of the Climate Change Reporting Unit (under consideration)
- National Disaster Spatial Data Infrastructure (under consideration)
- Implementation of Human Resource Development Plan (under consideration)

PILLAR-V

**Private sector and
entrepreneurship-led growth**

Chapter 23 | **MANUFACTURING, COMMERCE AND MINERAL SECTORS**

A robust and vibrant manufacturing sector is of paramount importance for the economic growth and development of any country. The role of value-added products in the manufacturing sector is crucial and depends on technology upgradation, enhanced technical skills and better management. Pakistan's manufacturing base is narrow and concentrated in a few sectors. Our main industries are textile, cement, fertiliser, steel, tobacco, edible oil, pharmaceuticals, construction materials, automotive industry, sugar, food processing, chemicals and light engineering, etc. In order to be competitive at the international level, the Pakistan Vision 2025 and 11th Five Year Plan (2013-18) envisages strengthening of institutions, removing infrastructural bottlenecks, promoting public-private partnership, encouraging investment, developing skills and building knowledge economy, ease of doing business, increasing labour market efficiency, using of the ICT, and tapping large domestic and regional markets.

Performance review 2015-16

The manufacture sector recovered from the sluggish performance mainly driven by acute energy shortage, and posted healthy growth in the first nine months. Availability of energy, raw material, skilled manpower and market forces are the necessary ingredients for the industrial growth. The market forces are oriented around profitability, consistency and continuity in policies, etc. The government can perform an important role in creating conducive environment to foster private sector investment and increased growth. During 2015-16, the overall Large Scale Manufacturing (LSM) sector has shown growth of 4.7 per cent for the period of July-March 2015-16 when compared to the same period of the previous year which was 2.79 per cent. (The sector-wise detail is at Annexure-I.)

According to the National Accounts Committee (NAC), in the FY16, the industrial sector grew at the rate of --- per cent against targeted --- per cent, the manufacturing sector by --- per cent against 6.1 per cent, the LSM by --- per cent against targeted --- per cent, while the SME grew at --- per cent against targeted --- per cent. These growth rates are provisional and final figures for the whole year will be determined later. The main growing industries in 2015-16 are textile, chemicals, automobile, pharmaceuticals, food, beverages and tobacco, leather products, fertilisers, cement and non-metallic minerals.

A total of Rs790 million were allocated for 18 development projects of the Industries and Production Division in the PSDP 2015-16, against which Rs672 million were released till May 2016. Similarly, Rs165 million were allocated for two development projects of the Textile Industry Division in the PSDP 2015-16, against which Rs52 million were released till May 2016.

Outlook 2016-17

The manufacturing data of 2015-16 reveals that the industrial sector is gradually reviving and flourishing. With improvement in energy, law and order situation, investment opportunities, increasing government expenditure in the infrastructure development like Industrial Estates and Special Economic Zones (SEZs), announcement of new auto industrial development policy, it is expected that the industrial sector would gain further momentum in 2016-17. Likewise, the proposed Industrial Parks and SEZs along the China-Pakistan Economic Corridor (CPEC) route will bring investment from China therein, which will further improve the industrial output in 2016-17.

Table-1
Sector-wise allocation in the PSDP 2015-16 and 2016-17

Sector	(Rs million)	
	2015-16	2016-17
Ministry of Industries and Production	790.881	909.5
Ministry of Textile Industry	165	50

Programmes

The federal government has initiated various projects for the revival and boosting-up the industrial growth in Pakistan. The basic objective of these projects is the provision of various facilities to investors like developed infrastructure, skilled workers, marketing facilities, and common facility centres. Some of the important projects are:

- Hyderabad Engineering Support Centre, Hyderabad (Rs223 million)
- Water Supply Scheme for Hub Industrial Trading Estate Phase-II (Rs373 million)
- Establishment of the Bostan Industrial Estate Phase-I (Rs400 million)
- Provision of Infra-structure in Quetta Industrial Estate (Phase-IV) (Rs126 million)
- Establishment of Gems and Jewellery Training and Processing Centre in Muzaffarabad, AJ&K (Rs59 million)

The Vision 2025 has suggested the cluster-based development model to transform the industry sector. Detailed value chain analysis is underway, which will help identify important clusters to be included in the long-term industrial transformation plan. It is expected that project 'Cluster Development Based Industrial Transformational Plan – V2025' will immensely help the manufacturing sector through targeted interventions.

The government announced the Auto Industry Policy in March 2016, which will attract new investment in this sector, and the allied industries will get benefit from it as well. The Textile Policy 2014-19 is under active implementation to boost up the textile sector, particularly its exports. Work on the CPEC is also progressing on fast track. The Industrial Parks and SEZs have been identified by provinces, which will create new economic opportunities and boost up the industrial growth.

The list of potential sites identified by the Board of Investment (BoI) and provincial for the SEZs along the western route of the CPEC is given in box-I.

Commerce sector

The trade and commerce contributes about 17 per cent towards the GDP. It adds to the national economy by facilitating trade, improving export competitiveness and persistently trying to reduce the cost of doing business so as to achieve higher market share for the Pakistani products in the global markets. In order to further increase its contribution towards the economic growth, there is a need to increase export competitiveness and improve domestic value chains. Sustainable increase in the economic growth requires a continuous expansion in the country's export base.

The commerce and industry are both interdependent sectors; hence revival of the industry will have impact on the commerce sector as well. By investing in technology, Pakistan will shift from producing low value-added products to high-value products. The Engineering Development Board, PTA, PCSIR and other research and technology institutions will play key role in the indigenisation of technologies.

During July-April 2015-16, exports decreased to \$17 billion from \$19 billion during July-April 2014-15, registering a decrease of about \$2 billion. The reason for this can be attributed to the international prices of commodities, increase in cost of production due to rise in energy prices and other input costs.

Performance review 2015-16

During this year, the Ministry of Commerce was allocated Rs875 million for developing the sector. The major projects implemented in 2015-16 were: Purchase of equipment, furnishing, curriculum development and training of Pakistan Institute of Fashion Design Lahore (cost Rs755

Box-I

Khyber Pakhtunkhwa

1. Marble and Granite IE at Mansehra (80 acres)
2. IE Nowshera at Karnal Sher Khan Interchange at M-I (1,000 acres)
3. Expansion of IE Hattar, Phase-VII (424 acres)
4. IE Ghazi (Hattar-II) (90 acres)
5. IE DI Khan (188 acres)
6. IE at the border of Kohat and Karak (1,000 acres)
7. Industrial and Economic Zone Bannu (400 acres)
8. Batagram

Balochistan

1. Turbat Industrial and Trading Estate (1,000 acres)
2. Industrial Estate Khuzdar (5,000 acres)
3. Dasht Industrial Zone near Quetta
4. Bostan Industrial Estate (1,000 acres)
5. Industrial zone at the junction of Qilla Saifullah, Zhob and Loralai
6. The free zone at Gwadar is in addition to the above sites identified.

Sindh

1. Chinese Industrial Zones near Karachi (1,000 acres)
2. Textile City in the Eastern Industrial Zone of Port Qasim, Karachi (1,250 acres)
3. Marble City, Karachi (300 acres)

Punjab

Existing and under-development

1. Multan Industrial Estate Phase-II (667 acres)
2. Rahim Yar Khan Industrial Estate (450 acres)
3. Bhalwal Industrial Estate (400 acres)

Possible future industrial estates

1. DG Khan Industrial Estate (3,815 Acres)
2. Mianwali Industrial Estate (600 Acres)
3. Rawalpindi Industrial Estate (200 Acres)
4. PD Khan Industrial City (10,000 acres)

Gilgit Baltistan and Islamabad Capital Territory (ICT)

1. Moqpondass, District Gilgit
2. Model ICT-SEZ, Islamabad

million), and Restructuring of Pakistan Institute of Trade and Development (worth Rs508 million). Upon completion, these projects will contribute in creating trained and qualified manpower in the fields of fashion and design, textile, furniture, gems and jewellery and footwear to strengthen the export-base by providing new products in the world market. In addition, the restructured Pakistan Institute of Trade and Development will serve as a centre of excellence for training and research in the international trade and commerce.

In view of the importance of improving the country's investment climate and to actualise the target of the Vision 2025 of ranking Pakistan in the top 50 countries on the World Bank's Ease of doing business ranking, the government is implementing an action plan for improving Pakistan's business environment. The plan is based on interventions in six of the 11 Doing Business Indicators, which include: starting a business, dealing with construction permits, getting credit, paying taxes, trading across borders and enforcing contracts. These indicators have been chosen on the basis of Pakistan's declining performance in the recent years. The plan focuses on short, medium and long-term reforms to be implemented for reducing time, procedures and costs associated with fulfilling regulatory requirements for business firms under these six areas. The Doing Business Secretariat at the Finance Division is coordinating with all the stakeholders for development of their respective Doing Business Reform Plans.

Outlook 2016-17

The strategy for improving the commerce sector includes development of lucrative and accessible markets and better competitiveness of products. The tariff and non-tariff trade barriers are the main hurdles in expansion of trade. Efforts will be for reducing these hurdles through policy intervention. Trade fairs and expos will be organised frequently to capture new markets. Regional trade will be strengthened. The GSP Plus trade concessions have proved to be helpful in capturing the European Union markets to a certain extent. However, the provision of the basic inputs, like electricity and gas, will be ensured for the timely delivery of orders. The recently-launched Strategic Trade Policy Framework 2015-18 lays emphasis on the following targets for development of the commerce and trade sectors:

- Increase in exports up to \$35 billion by 2018
- Improve export competitiveness
- Shift from factor-driven economy to efficiency driven and innovation-driven economy
- Increasing share in the regional trade

Programmes

An amount of Rs797 million has been allocated for developing the commerce sector, and efforts will be made to utilise this amount for achieving high and sustainable economic growth envisaged in the Vision 2025. In accordance with the Vision, new programmes will be initiated for capturing global export markets by organising expo fairs at the Expo Centres of Peshawar, Faisalabad and Quetta, and additional infrastructures and services at the Expo Centre Lahore are in the pipeline.

In addition, project 'Strengthening of Research and Analysis capability of National Tariff Commission Islamabad' is also in the pipeline to enhance the institutional capacity. The projects to continue during the fiscal Year 2016-17 are: Restructuring of Pakistan Institute of Trade and Development (PITAD) Islamabad (Rs508 million), and Purchase of Equipment, Furnishing, Curriculum development and Training of Pakistan Institute of fashion design (Rs755 million).

Mineral

Pakistan is well-endowed with minerals, such as coal, copper, gold, limestone, marble, gemstones and others. The mining and quarrying sector grew by 0.6 per cent in 2015-16. Estimates suggest there are copper reserves 1.9 billion tonnes and 11.2 million ounces of gold. Similarly, there are coal reserves of 184.7 billion tonnes waiting to be utilised. However, the present contribution of minerals to the GDP is not corresponding with its potential. The primary reason for this mismatch is the application of the out-dated technologies, poor management and inadequate capital in addition to the adverse security situation in the areas, where the bulk of the mineral resources are located. The mineral sector of Pakistan is spread over 600,000 square kilometres and 92 known minerals, while 52 are commercially exploited. Above 5,000 operational mines and 50,000 SMEs contribute towards an average production of 68.52 million tonnes per year, and direct employment of 300,000 workers. In comparison to the world's export market of \$3,612 billion, mineral exports of Pakistan are negligible valuing at \$1.17 billion.

Performance review 2015-16

The government has taken various steps to overcome hurdles in exploration. Two projects are under execution by the Ministry of Petroleum and Natural Resources through the Public Sector Development Programme (PSDP). The progress for the project 'Acquisition of four drilling rigs with accessories for the geological survey of Pakistan', include: review of specification of the latest drilling rigs available in the international market, preparation of the technical specification of drilling rigs, preparation of tenders, advertisement of tenders in different newspapers and eleven companies and suppliers have purchased tenders document, constitution of the technical and purchase committees, placement of order for purchase of rigs are completed and delivery date of two rigs and accessories is June 10, 2016. Another project 'Exploration and evaluation of metallic minerals in Uthal and Bela areas, district Lasbela, Baluchistan' is in the process of approval.

The Geological Survey of Pakistan (GSP) is striving to explore natural resources of the country so as to utilise these for uplifting the economy. The GSP collects and provides detailed information to various national and international institutions. The geological mapping of 3,200 square kilometres on 1:50,000 scales was completed in different parts of the country, which included coverage of 640 square kilometres each of Balochistan, Sindh, Punjab, Khyber Pakhtunkhwa, Northern Areas and Gilgit-Baltistan. Collection of the data, geological maps, toposheets, and digitalisation of the maps is being taken. Further, investigations were carried out to explore and evaluate coal deposits in Musakheil, Kingri and Toisar Basin, Musakheil district, Balochistan.

Outlook 2016-17

The federal government, through the PSDP, is funding two projects, that is, Acquisition of four drilling rigs with accessories for the Geological Survey of Pakistan and Exploration and evaluation of metallic minerals in Uthal and Bela areas, district Lasbela, Baluchistan, is under approval. On March 30, 2016, the Central Development Working Party (CDWP) approved the project 'Cluster Development Based Mineral Transformational Plan – V2025' to conduct research study about the mineral clusters of Pakistan. The Project will be executed by the Ministry of Planning, Development and Reform.

Annexure-I

Manufacturing item	Growth or decline (%)	
	July-March 2014-15	July-March 2015-16
Textile	0.97	0.62
Food, beverages and tobacco	-0.93	3.66
Coke and petroleum products	5.47	2.40
Paper and board	-5.74	-2.90
Pharmaceuticals	6.84	7.21
Fertilisers	0.95	15.92
Electronics	8.51	-9.98
Iron and steel products	35.63	-7.48
Leather products	9.11	12.18
Chemicals	6.67	10.01
Non-metallic mineral products	2.71	10.23
Rubber products	1.88	11.68
Wood products	-78.46	-58.03
Engineering products	-10.74	-17.64
Automobiles	17.06	23.43

Source: Pakistan Bureau of Statistics

PILLAR-VI

**Developing a competitive
knowledge economy through
value-addition**

Chapter 24 | HIGHER EDUCATION

The higher education sector is directly responsible for generation of knowledge and production of trained human resource for socio-economic development of society. Access to the higher education and its quality directly influences the produce of a country. Universities and degree awarding institutions play a vital role in rapid economic growth of nations. We live in the age of knowledge economy, and the role of academia is central for this. Nations having abundance of trained manpower and access to cutting edge technologies have developed at a rapid pace than those depending on natural resources only.

The Vision 2025 stands on the seven Pillars, and Pillar-I emphasises developing human and social capital. Pakistan has to make significant leap in the education, health and social development sectors to catch up with its peers. The Vision presents a comprehensive approach to address human and social development gaps with an emphasis to develop human and social capital for taking the full advantage of Pakistan's youth bulge. It aims at substantial raise in levels of education and improvements in its quality. The Vision envisages increasing spending on education up to four per cent of the GDP by 2025. The key goals are:

- i. Universal primary education with 100 per cent net primary enrolment
- ii. Increase higher education coverage from seven per cent to 12 per cent, and the number of PhDs from 7,000 to 15,000

The Pillar-VI of the Vision is 'Developing a competitive knowledge economy through value-addition'. The key goals of this pillar are: Join the ranks of the top 75 countries as measured by the World Economic Forum's Global Competitiveness Report, and improve Pakistan's score on the World Bank Institute's Knowledge Economy Index (KEI) from 2.2 to four. It is important to mention here that the Global Competitiveness Index (GCI) takes into account factors like number and quality of the Higher Education Institutions (HEIs), number of scientists and engineers produced per year, industry-academia linkage, and spending in research and development. Hence the GCI is directly relevant to this sector, like with the KEI.

The 11th Five Year Plan 2013-18 envisages increasing higher education access to over 1.7 million by 2016, investing in the human resource to produce 10,000 PhDs in the next five years, revamping curricula, focusing on quality assurance, increasing access to the higher education at district level and improving governance system at the university level. The Plan particularly emphasises developing strong linkages among the industry, R&D and academia, and focus on demand-driven research.

Moreover, Pakistan is projected to become the 5th populous country by 2030 having around 242 million with a large portion of the youth. This dividend can only be gained through higher productivity and faster economic growth by providing quality higher educational attainments throughout the population.

Performance review 2015-16

Financial

The Higher Education Commission (HEC) was allocated Rs20.5 billion in the PSDP 2015-16 for 144 projects. The amount was revised to Rs20 billion after three development projects were transferred to other ministries. In addition, the government also allocated Rs10 billion for the Prime Minister's Youth Laptop Programme and Rs514 million for the project 'Award of Scholarships to Students from Afghanistan under Prime Minister's Directive' as the non-PSDP initiatives. An amount of Rs14 billion were released by May 2016 under the PSDP 2015-16. The total disbursement and utilisation would substantially increase by end of fiscal year. Rs11.1 billion were disbursed by April 2016 to the non-PSDP projects.

Increase in access

Increasing access to the higher education is one of the fundamental goals of the Vision 2025 and 11th Five Year Plan. In this respect, the HEC has taken many steps to enhance the enrolment by 12 per cent of the youth aged between 17 to 23 years. A comparison of the last decade is given in table-1.

Table-1
Number of universities, Degree Awarding Institutions (DAIs) and enrolment

Year	Universities and Degree Awarding Institutions			Student enrolment* (Million)
	Public	Private	Total	
2004-05	57	53	110	0.5
2008-09	70	57	127	0.8
2012-13	87	66	153	1.1
2013-14	87	69	156	1.2
2014-15	94	69	163	1.4
2015-16	101	73	173	1.7

* Including students from the Allama Iqbal Open University and Virtual University

It is evident from table-1 that the student enrolment has increased substantially, and is at par with target set in the 11th Five Year Plan. The coverage of the higher education institutions in various regions of the country is given in table-2:

Table-2
Region-wise distribution of universities and campuses

Provinces and regions	Public sector		Private sector		Total	
	Universities	Campuses	Universities	Campuses	Universities	Campuses
Azad Jammu and Kashmir	5	1	2	0	7	1
Balochistan	7	1	1	1	8	2
FATA	0	0	0	0	0	0
Gilgit-Baltistan	1	1	0	0	1	1
Islamabad	14	0	4	9	18	9
Khyber Pakhtunkhwa	19	11	10	3	29	14
Punjab	34	37	25	9	59	46
Sindh	21	16	30	4	51	20
TOTAL	101	67	72	26	173	93

Pakistani universities on the world arena

One of the main goals of the sector is not only providing higher education, but maintaining its quality. This can only be judged by visibility of the Pakistani universities at the global level. With the government and HEC support, the Pakistani institutes are trying hard to develop sustainable, dynamic and internationally competitive higher education sector that makes a major contribution to the economic prosperity, national well-being, expansion and dissemination of knowledge. Due to the collective and concerted efforts, output of the HEIs has shown remarkable improvement, and Pakistan has been acknowledged. In the recent years, many Pakistani universities have improved their rankings on the regional and global arenas. The addition of the Pakistani universities in the QS Asian ranking is given in table-3.

Table-3
QS World ranking of the Pakistani universities for the last three years

2014		2015	
University	Rank	University	Rank
PIEAS	106	PIEAS	115
AKU	116	QAU	116
QAU	123	AKU	117
NUST	129	NUST	119
LUMS	181-190	LUMS	161-170
COMSATS	201-250	COMSAT	201-250
Karachi University	201-250	Punjab University	201-250
Punjab University	201-250	UAF, Faisalabad	251-300
UAF, Faisalabad	251-300	UET, Lahore	251-300
UET Lahore	251-300	Karachi University	251-300
Total HEIs 10		Total HEIs 10	

Human Resource Development

Over the years, the HEC has invested heavily to address shortage of quality faculty. Many indigenous, foreign and split MS, MS leading to PhD and PhD programmes have been launched to bridge the gap. Similarly, some of the infrastructure projects also contain HRD component, which is known as the Faculty Development Programme. The HEC has awarded a total of 1,057 PhD scholarships in 2015-16, including 707 indigenous and 350 overseas scholarships.

Research and Development

The HEC is accentuating establishment of the Office of Research Innovation and Commercialisation (ORIC) to guide and support the Business Incubation Centres (BICs) in the HEIs to transfer technology, commercialise research and encourage researchers, young entrepreneurs and start-ups for developing early-stage business ventures. These programmes have been designed to

- promote commercial research culture through strong venture of university-industry,
- boost the economic development through the industrial research output,
- foster formation and development of the start-up businesses to the point of obtaining significant, third-party investment support,
- educate start-up companies and entrepreneurs about the process of new venture development to improve their potential for future entrepreneurial success, and
- create an entrepreneurial community to give faculty and students experience of learning through mutual support, which is important for successful entrepreneurship.

By April 2016, a total of 46 ORICs and 17 BICs had been established to support the government's vision of knowledge economy. The government has established the Technology Development Fund for the PhD scholars, returning from abroad, to introduce new technologies in Pakistan for fostering dreams of knowledge economy through introduction of new technologies in industries for value-addition.

Another parameter for judging quality of research in the higher education and its impact at the global level is articles published and number of citations. The data of the year 2015 shows that articles published were 9,322, citations 8,490 (out of 9322, 6,446 articles were cited, and 1,201 articles were published out of the HEC-funded research projects. Some of the important initiatives undertaken are as under:

- About 30 to 32 per cent of the approved development funds have been allocated for provision of the latest teaching and research lab equipment to expand and enhance the R&D infrastructure of the universities.
- A project for establishment of the Seerat Chairs in six public sector universities has been approved at a cost of Rs192 million.
- The JICA will provide Rs212 million for the Balochistan University of Information Technology, Engineering and Management Sciences (BUIITEMS) Quetta for provision of training and lab equipment.
- The KOICA will provide Rs374 million as grant-in-aid for establishment of the Pak-Korea Capacity Building Centre for Agriculture and Livestock Technology at the Arid Agriculture University, Rawalpindi.

Infrastructure development

About 20 per cent of the development funds have been allocated for infrastructure development of the universities to expand the access to higher education through 27 new development projects approved in 2015-16 including two new universities at Sibi and FATA. Priority has been given to universities in the far-flung areas.

Outlook 2016-17

The HEC will continue to evaluate, improve and promote higher education by providing policy guidelines, and set priorities for promotion of the socio-economic development. Increasing accessibility will be the main focus, and the primary emphasis will be on the development of the talented youth of Pakistan through implementation of a number of initiatives, like award of merit and need-based scholarships, provision of the ICT infrastructure, state-of-the-art labs, laptops, etc. The faculty development programmes will continue to be the mainstay of the HEC, which includes foreign and local PhD scholarship programmes, as well as split PhD, and the post-doctoral fellowships. The main areas of intervention during 2016-17 will be...:

Access to higher education

The government has decided to provide access to the higher education at the district level to facilitate the masses across the country. The HEC has identified districts, where the campuses or satellite campuses in the first phase will be completed. (Box-I next page)

Continuation of scholarship programme

The main intervention will be provision of both indigenous and foreign scholarships to fresh students, young faculty and researchers of masters and PhD levels. During 2017-16, the HEC will award 1,630 scholarships – 1,000 indigenous and 630 overseas.

Infrastructure development

Infrastructure development at the universities for their expansion, revamping of the existing infrastructure, provision of equipment and other allied facilities will continue. The priority will be given to those universities, which have not got any development project in the last two to three years, newly established and those in the far-flung areas.

Pak-US Working Group on Education, Science and Technology

Pakistan and USA have been collaborating for cooperation in different areas of interest. In a landmark achievement, a new working group 'Pak-US Working Group on Education, Science and Technology' was created in 2015. So far, two meetings of the working group have taken place, and have identified many areas of cooperation in the higher education and S&T sectors. Pakistan and USA have agreed to place 10,000 PhD scholars at the American universities with no or minimal tuition fees, continue the Fulbright and US Need Based scholarship schemes, cooperate to establish Institute of Leadership, Centre for Advanced Studies in Climate Change and joint study for replicating the US community college model in Pakistan.

Programme

The HEC has been provided with Rs21 billion for its 167 projects (86 ongoing and 81 unapproved) in the PSDP 2016-17. Separate funds for the Laptop Project and Afghan Scholarships Scheme have been earmarked outside the PSDP. In addition to the on-going activities, many new projects have been proposed for uplift the higher education sector. A Brief account of some important initiatives is given below.

- The HEC will start two new projects, that is, establishment of University of Gwadar at Gwadar and establishment of Campus of University of Balochistan at District Zhob. These projects are in line with the China-Pakistan Economic Corridor (CPEC), and will contribute towards providing better higher education facilities in Balochistan.
- Under the University Access at District level Initiative, sub-campus of the public universities will be established, which include 16 public sector institutes and 15 of the distant learning universities in phase-1 of the project.
- Skill universities at federal and provincial levels will be established, which include upgrading the NISTE Islamabad to Skill University, NUTECH University and skill universities in Sindh and Khyber Pakhtunkhwa.

Box-1

Campuses at the district level

New campuses of the existing universities will be established across the country. The HEC was advised to conduct detailed survey in this regard. In the first phase, sub campuses of the Karakoram University at Hunza, Virtual University at Ganche, Shigar, Khyber Agency, Dera Bugti, Harnai, Jhal Magsi, Qila Abdullah, Ziarat, Hafizabad, Pakpattan, Nankana Sahib, Muzafargarh, Kohistan, Tharparkar and Tando Muhammad Khan, University of Poonch (AJ&K) at Farward Kahoota, University of Balochistan at Pishin and Dera Murad Jamali, SBK University at Noshki, Hazara University at Battagram, Swat University at Shangla, Gomal University at Tank, KUST at Hangu, MUET at Jacobabad, SAU at Umerkot, SALU at Shahdadkot, and IBA Sukkur at Kashmir will be established.

- In order to provide education facilities in the far-flung area, one of the important initiatives will be to establish the University of Baltistan, which will be the second after the Karakoram University in Gilgit.
- The HEC is working on concept of the Smart Universities, which will be connected on campus, and will help create better environment for learning from anywhere in the university.
- The HEC will offer 100 scholarships to the Cuban students and 30 each to the Hungarian and Small Island Developing (SID) nations under the Academic and Research Linkages with different countries under the Bilateral Agreements project.
- The first S&T park will be established under the project 'Establishment of National Science and Technology Park at NUST'.
- In a drive to focus on the social sciences, a project will be implemented by the HEC for establishment of five schools in major social sciences disciplines in the public sector universities.
- Under the Technology Development Fund project, the returning PhD scholars will be funded for developing prototypes and commercialise their innovative ideas.
- The HEC will work on a new project for developing academic and research linkages with the foreign universities, including top 50 Chinese universities.
- A programme for entrepreneurship and job creation for universities will be started for providing guidance to fresh graduates and university students.
- The HEC will establish the National Academy of Higher Education.
- The IBA Sukkur already has three community colleges, and will extend the number through a project 'Establishment of IBA Sukkur Community Colleges'.
- Under various HRD initiatives, a total of 12,516 scholarships will be provided to the Pakistani nationals in the next five to ten years.

Chapter 25 | SCIENCE AND TECHNOLOGY

The science and technology is a cross-sectoral subject encompassing all sectors of economy with the knowledge-based, and research and development-led solutions. Although all Pillars of the Vision 2025 have some relevance, direct or indirect, to the science and technology, the most relevant is Pillar-VI, which defines role of the competitive knowledge economy, and spells out its ingredients. The desire to achieve efficiency, quality and increased productivity across the industrial and manufacturing, services, agriculture and hi-tech industries can only be realised through innovation and subsequent value-addition by contributions from academia, research organisations and industry. There is a need to develop business and technical incubators for graduating youth for promoting entrepreneurship, developing S&T and industrial parks for better collaboration of the local and international industries, promoting the cluster-based approach for industries and create awareness about certification, quality control and Intellectual Property Rights.

The Vision 2025 and 11th Five Year Plan (2013-18) both integrate S&T and higher education sectors as the Knowledge and Technology Driven Economic Development Framework. The Plan defines in more detail the sectoral focus and need for excellence in the future technologies necessary for economic development of the country. It focuses on increasing competitiveness, capability to innovate, adapt and create indigenous technologies and designs, commercialisation of research, promotion of entrepreneurship, strong linkage of industry and R&D, develop new products leading to local industrial growth. The thrust areas of the Plan in this regard are: Strengthening Metrology, Standards, Testing and Quality (MSTQ) system, Developing human resource and subsequent R&D in the fields of Material Science and Nano-Technology, leather, textile, electronics, space science, marine resources, engineering and food technology. The Year 2016 has also been declared as the Year for Productivity, Quality and Innovation (PQI). The Annual Plan 2016-17 focuses on the key elements of the Vision and Five Year Plan.

Performance review 2015-16

The main stakeholder and line ministry in this sector is the Ministry of Science and Technology (MoST) and R&D organisations under its administrative control. However, the objectives of the sector, programmes and projects are not restricted to one ministry. This is evident from the fact that over the years, projects from other S&T and R&D organisations, like Pakistan Atomic Energy Commissions (PAEC), NECSOM, SUPARCO, Pakistan Meteorological Department (PMD), Survey of Pakistan and Pakistan Nuclear Regulatory Authority (PNRA), have also been approved and funded under the umbrella of the S&T Sector.

Performance of the MoST and its R&D organisations

An amount of Rs1,510 million was allocated to the MoST for 25 development projects during FY16, and Rs1,040 million were released, while an amount of Rs1,001 million were utilised by May 2016. The Planning Commission encourages the ministries and divisions and organisations

to collaborate with other local organisations, private sector and industry as well as international organisations to play their role in the economic development of the country. Accordingly, the MoST focused on the R&D, transfer of technology and commercialisation of the products and processes already developed over the years by its organisations. The focus group and follow-up meetings were held. The issues, problems and needs of various industrial sectors were identified, and subsequently addressed by the relevant R&D organisations of the MoST. Some of the key highlights of the efforts undertaken by the MoST and its R&D Organisations are as under:

- **The MoST is guiding and supporting the Small and Medium Enterprises (SMEs)** for exploring and adopting new trends and requirements of intentional competitiveness, improved industrial productivity and quality according to the requirements of internationally recognised standards and guidelines. The SMEs will be given incentives in developing a certification framework for meaningful participation in the global supply chains, enhancing export trade and improve business practices.
- **Engaging the private sector through the public-private partnership programmes** for viable R&D in order to meet the future challenges of the World Trade Organisation (WTO). The universities and private sector are being persuaded to establish R&D facilities, leading to a well-defined innovation culture in the country. The MoUs, with leading academic institutions and chambers, have been signed for collaborative efforts.
- **Upgradation of the R&D infrastructure of labs and facilities** was continued to enhance the internal research capability of the MoST organisations. One such example is the NPSL, which was able to achieve the highest level of accuracy and traceability of its measurement system to the international system of measurement. This will support the public, private and industrial sectors enabling these to export quality products by fulfilling the WTO requirements.
- **Industry focused R&D** is the prime impetus at the Pakistan Council of Scientific and Industrial Research (PCSIR). Presently, the Council is promoting lab scale development to the pilot scale level in pharmaceutical, chemicals, food, herbal, minerals, cosmetics, etc. The PCSIR has developed processes and leased out to different industries, patents registered and provided consultancy services to various industry clients.
- In an effort to **reduce the water borne diseases by creating awareness in people** as well as ensuring safe drinking water practices, the PCRWR has recently completed the national project 'Provision of Safe Drinking Water'. Under this project, a network of 23 water quality laboratories has been established at the district level in all provinces and completed a nation-wide assessment survey of over 10,000 water supply schemes (1,808 urban and 8,320 rural) as well as capacity-building of 3,000 professionals associated with the water supply agencies. These efforts are facilitating the provincial and local governments in ensuring safe drinking water supplies.
- For **energy conservation**, the Electrical Test Centre for Household Electrical Appliances and Lighting Products at Lahore is being upgraded. The Centre will create awareness and provide services to industry to benchmark and help increase energy efficiency of the household electrical appliances, lighting products and accessories.
- **Trade-related interventions** by the MoST are being undertaken through the Pakistan Standards and Quality Control Authority (PSQCA), Pakistan National Accreditation Council (PNAC) and National Physical and Standards Laboratory (NPSL). These organisations are actively involved in export and trade enhancement and improving health and safety of consumers through mandatory and voluntary standards.

Performance by the R&D organisations outside the MoST

The National Electronics Complex of Pakistan (NECOP) is a project being implemented by the National Engineering and Scientific Commission (NESCOM). The Project is a major initiative towards achieving self-reliance in research, design and manufacturing of the specified electronic systems through comprehensive human resource development and systematic augmentation of the existing capabilities through technical and financial assistance of China.

The Pakistan Atomic Energy Commission (PAEC) is implementing projects, like Development of Probiotic Laboratory, which has facilities of culture collection of novel biodobacterium strains, determining level of biodobacetrria in the commercial dairy products, established a microbiological lab and linkage with the food industry. Similarly project 'Upgradation of PINSTECH Labs' has contributed towards providing necessary laboratory infrastructure for advanced materials, nano-materials, sol-gel technology, RF Accelerator and chemical meteorology.

The Survey of Pakistan has started a programme for the Geodatic Datum of Pakistan, which will help Pakistan to redo its survey for boundaries with geodetic points within country and set up standards like PGCS2014 by the technical assistance of China and resolving disputes over boundaries and property.

Global Performance Indicators

The GCI is published every year by the World Economic Forum to assess the competitiveness of countries based on various criteria. These include: institutions, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation. However, only a few of these sub-indices are relevant to the S&T Sector. Based on the GCI report 2015-16, comparison with the region is given Table-1.

Table-1
GCI 2015-16

Parameters	Rank out of 140 countries				
	Pakistan	China	India	Malaysia	Turkey
Technological readiness	113	74	120	47	64
Capacity for innovation	89	31	42	20	60
Availability of scientists and engineers	44	36	108	05	50
Quality of scientific research institutions	104	42	45	20	82
Overall GCI rank	126	28	55	18	51

Pakistan needs to work on the war footing even to match the region. This is clear from table-1 that in all parameters of the competitiveness indices, Pakistan is much behind India, Malaysia, Turkey and China. Due to continuous investment in the higher education sector, the availability of scientists and engineers has improved over the years. However, the situation in technological readiness, quality of the S&T institutions as well as capacity for innovation need immediate arresting steps.

The Global Innovation Index (GII) is published every year by Johnson Cornell University in collaboration with the "Institut Européen d'Administration des Affaires" (INSEAD) and World Intellectual Property Organisation (WIPO). It describes the Innovation Efficiency Ratio for both innovation input and output. The main factors taken into account include: institutions, human and capital research, infrastructure, market sophistication, knowledge and technology and creative outputs. There are many other sub-indices, but the table-2 below only enlists the relevant indices.

Table-2
GII 2015

Parameters	Rank out of 140 countries				
	Pakistan	China	India	Malaysia	Turkey
Innovation input	136	41	100	31	71
Innovation output	117	21	69	34	46
Innovation efficiency	47	06	31	56	23
Overall innovation rank	131	29	81	32	58

The GII in table-2 also shows the similar trend as that of the GCI. Pakistan needs to focus on more innovative approach, promote industry and R&D linkage, and the entrepreneurial culture to catch up with the region and rest of the world.

Outlook 2016-17

The focus of the S&T sector will remain on achieving targets set in the Vision 2025 and 11th Five Year Plan, and the major emphasis will be on ensuring that Pakistan acquires world-class expertise in the cutting edge technologies within five years.

It is alarming that the number of trained human resource is decreasing in the S&T sector due to lucrative salaries in the academia and private sector. There is a need to review policies for aligning the incentives with generation, registration, and commercialisation of knowledge and innovation. Major thrust areas include: emerging technologies like nanotechnology, biotechnology, hydrogen fuel cell, advance materials and polymers and continuing R&D in the areas, like renewable energy technologies, marine sciences, electronic, quality assurance and standards, water conservation and control of waterlogging in the low-lying areas. Besides, the MoST will be undertaking some other activities. The Ministry announced its last S&T Policy in 2009, and the MoST is revisiting and reframing the Policy, which is expected to be announced in 2016-17.

Box-1

Pak-US S&T collaboration

Pakistan and America started S&T collaboration in the 1980s. Both countries have successfully completed six phases of the collaboration. Under this programme, the S&T projects of mutual interest are funded by both sides. Agreement for Phase-VII of this programme has recently been signed, and both sides have shown commitment to cooperate in future.

Since the current year is the PQI one, the MoST has already started implementing a project for certification incentives for the SMEs. Some other initiatives will also start in 2016-17, which include some new award programmes and awareness campaigns.

Pakistan and America have constituted the Working Group on Education, Science and Technology (WGEST). The second meeting of the Group was held in Washington in February 2016 wherein protocols for enhancing the S&T collaboration between two countries were signed. The initiatives of this cooperation will start materialising during FY-17 (see box-1).

Some important projects have recently been approved for the S&T organisations outside the MoST, and some are in the pipeline. Organisations like PAEC, NESCOM, PNRA, Survey of Pakistan and SUPARCO will keep on playing their respective roles in the economic growth of the country.

Programmes

The proposed PSDP allocation for the MoST for FY17 is Rs1,777 million against 20 projects. In addition, various projects of organisations outside the MoST will also get substantial financing for their R&D-related projects. Some of the important initiatives and projects to be implemented by the MoST during 2016-17 are as under:

Development of an island of excellence in the emerging technologies such as nano, bio, hydrogen fuel cell, advance materials, polymers, etc. For this purpose, projects relating to the Biotechnology and Nano-technology Driven Economic Development and Development of Hydrogen Fuel Cell have been proposed in the PSDP 2016-17. Pakistan has signed the S&T Cooperation Agreement with the USA in February 2016 under the Pak-US Working Group on Education, Science & Technology. This programme started in early 1980s will continue for collaboration between two nations for research on projects of mutual interest.

The Pakistan Council for Renewable Energy Technology (PCRET) will focus on developing high-tech, low-cost and sustainable energy solutions with renewable resources to help overcome energy crisis and minimising the energy divide between the developed and less developed rural parts of the country. The PCRET, through a PSDP project, is also launching a training programme for promotion of its product line and awareness among masses about use of renewable energy technologies.

The Science Talent Farming Scheme (STFS) was approved in 2015-16, and the Pakistan Science Foundation (PSF) will start implementing this project in 2016-17. This programme has been conceived to train the Pakistani young students at the secondary school level until PhD in the best national and international institutions for production of quality scientists and engineers. The next phase of this scheme will be establishing a National Science School, which will have state-of-the-art facilities.

Box-2

2016 – Year of PQI

Since 2016 has been marked as the year of the PQI, the MoST, R&D organisations, academia and industry have been tasked to create awareness among the masses for importance of enhancing productivity, maintaining quality and promoting innovative ideas. The Ministry will arrange Innovation Awards, Quality Awards, Conduct Innovation Survey and start awareness campaign in 2016-17 to promote

The year 2016 is the Year of Productivity, Quality and Innovation (PQI), and the MoST has planned to launch Industrial National Innovation Survey, National Innovation Award, Quality Award and Need Assessment of the S&T Human Resources for Deriving Innovation. The ongoing initiative of the Certifications Incentive for SMEs will continue in addition to the awards and survey project, while some other important initiatives are awareness campaign among the stakeholders about the PQI.

The PNAC will launch programme for creating awareness among the Pakistani manufacturers, exporters and traders regarding the Halal Accreditation and establishment of the Halal Authentication Laboratories for promotion of the halal standards and build international credibility.

The PCSIR will continue to build quality manpower in precision mechanics and instrumentation technology by introducing new training programmes for technical training of the aspiring youth. The Council is also planning to set up a stone cutting and polishing training centre at Gilgit, and strengthen its laboratory facilities for polymers and plastics to facilitate the industry.

The PCRWR will continue to conduct studies on the Indus Basin, deserts and mountains for collecting data of water quality and reservoirs, suggest improved land and water conservation practices to enhance waste land productivity in areas like the Thar desert and control of waterlogging in the low-lying areas of Sindh.

For international cooperation in science and technology, the MoST has adopted two-pronged strategy of developing linkages, that is, through the bilateral agreements and MoUs with friendly countries and coordination with the intergovernmental, international and regional organisations dealing with the S&T.

The MoST is strengthening its Commercialisation Cell to enhance facilities for supporting demand-driven research, innovation and commercialisation.

The PAEC project for the 'Upgradation of PINSTECH Labs and Probiotic Laboratory' will continue, and the PAEC will collaborate for the new initiative of the Biotechnology Driven Economic Development with the MoST. The PNRA will get financial support for its project for capacity building in design assessment and analysis to ensure safety of nuclear power plants. Another PNRA project for establishment of the National Radiological Emergency Coordination Centre will also be funded. The Survey of Pakistan will continue to implement its project for establishing the Geodatic Datum of Pakistan.

Chapter 26 | INFORMATION AND COMMUNICATIONS TECHNOLOGY

In the global arena, Information and Communication Technology (ICT) is now entering into a new phase where emerging technologies like deep learning, big data and Internet of Things (IoT) will have a profound impact in all spheres of human life. The creativity and innovation is rising to new heights. The new knowledge wave will open new vistas of human development and economic growth. The knowledge-centric economic development and growth delineated in the Vision 2025 hinges on utilising the potential of ICT. ICT intensity is directly related to level of development in the world. Pakistan needs to reform accordingly following the global 'tectonic growth shift'.

The ICT is the key driver for having agile and high performance government, high quality human capital, innovation, entrepreneurship culture and e-services enablement. A Responsive Government is based on citizens' engagement and feedback model which leverages the power of the ICT. This will ensure greater social inclusion.

Pakistan has a wide potential given its youth skilled with the ICT to become a significant player in the international market. This could be vouched that Pakistan is the 4th largest freelancer¹ country in the freelancing world.

Quality higher education, technology education and vocational training are essential for developing highly-skilled workforce for expanding our industrial base and fostering an environment of high productivity. It is an established fact that pervasiveness of ICTs is a precondition for job creation, entrepreneurship and new business avenues.

Performance review 2015-16

Pakistan's ICT sector continues to grow, however, the international arena is moving very fast thus posing a challenge for catching up. This is evident from the World Economic Forum's Global Information Technology Report (GITR 2015) that Pakistan is lagging behind on most of the dimensions of the survey even in the regional context (Annexure). So, business and government usage of ICT is comparatively better. As Pakistan has very affordable telecommunication tariffs (ranked 15) due to tough market competition, it can build on this situation in a positive manner to increase internet access for households (ranked 110), increased number of the internet users (ranked 122) by encouraging content in the local languages and improve the international internet bandwidth (ranked 112). Therefore, the situation calls for concerted efforts to substantially improve the rankings of various indicators in the GITR.

¹ Pakistan Software Export Board (PSEB)

Electronic as well as Mobile commerce has great potential and recent upsurge in the domestic market in terms of new start-ups are offering local solutions for customers over the internet. Even some international companies have entered into the domestic market in the last couple of years. However, it has yet to be adopted in a big way. Pakistan's e-commerce market is estimated around \$100 million with a per capita spending of \$0.55. These numbers are very low even when compared to regional countries. Major reasons for slow growth are lack of e-commerce gateway and slow pace of legislation against the cybercrimes in Pakistan.

The government has been in the process of enacting laws to strengthen cyber security. In this regard, Prevention of Electronic Crimes Bill 2015 has been passed by the National Assembly. This Bill includes enhanced penalties and punishments for cybercrimes. On the other hand, internet security aspects like Public Key Infrastructure (PKI) certification and privacy laws need enactment to become competitive on the international trading ecosystem.

Growth in telecommunication sector moderated recently, with tele-density reaching 70 per cent. The 3G/4G mobile cellular and broadband services had a rapid growth in the year with mobile subscribers reaching 130 million and mobile broadband subscribers to 27.9 million.

Description	Key ICT indicators	
	July 2015	March 2016
Tele-density	64%	70%
Mobile cellular tele-density	62%	67%
Broadband subscribers	17.7 million	30.1 million
3G/4G broadband subscribers	14.6 million	27.9 million

Source: Pakistan Telecommunication Authority (PTA)

In the PSDP 2015-16, Rs3,543 million were allocated for the ICT sector. Despite closure of a number of the PSDP-funded projects in the ICT, the emphasis remained on providing strong foundation for the future. Some of the major projects that were executed in the ICT sector during 2015-16 are:

- Replication of E-Office in the federal ministries is underway.
- The Machine Readable Passport and Machine Readable Visa Project (MRP/MRV) Phase-III will provide deployment of the system in the remaining 75 districts of the country, thus providing full geographical coverage for citizens.
- Construction of Cross-Border Optical Fibre Cable for Alternative International Connectivity. Under this project, 820 km OFC is being laid.
- Computerisation of Prime Minister's Secretariat, Islamabad (Phase-II) is in progress and is likely to be completed by June 2018.
- Provision of the GSM facilities in Neelum district of the AJ & K (Phase-I)
- In the 'Automation of Central Directorate of National Savings (CDNS) Phase-II' project, out of 140 branches, 100 branches will be automated till December 2016.
- In the Punjab Land Records Management and Information System Project, out of 25,000 mauzas 23,009 mauzas have been completed.

Outlook 2016-17

The ICT sector is now at the take-off stage and as such, it needs to be nurtured and encouraged to expand at a highly-accelerated pace to become a real enabler and facilitator of development. The 11th Five Year Plan (2013-18), identifies potential IT areas of growth, with particular emphasis on software development, software and IT workforce export, in-country employment opportunities, e-governance for an effective service delivery, m-governance and smart monitoring, FDI for IT and telecom hardware production, technology incubators and support for entrepreneurs, business expansion through e-commerce, e-learning and e-education and Business Process Outsourcing (BPO).

The CPEC will accelerate the pace of creativity and strengthen the ICT infrastructure in the country. Since the 3G, 4G and LTE have already gained attraction, the domains of e-services and e-commerce are seeing new systems and applications being developed catering to the local demand. This will further spur expansion and development of IT Industry and increased domestic consumption of the ICTs as well as software exports.

Box-1

China-Pakistan Economic Corridor initiative

The game-changer CPEC initiative lays significant emphasis on ICTs. Strategic ICT initiatives include:

- Construction of Cross-Border Optical Fibre Cable for Alternative International Connectivity
- Establishment of Khunjrabad-Gwadar OFC Network
- Establishment of National Data Centre
- National Broadband Satellite Programme
- Safe Cities Programme

With a strong focus on improving national ICT infrastructure and linking it with regional and international systems under the CPEC will enable the country to become an attractive transit route for international trade and services. In this regard, establishment of Khunjrabad-Gwadar OFC network with international connectivity through China and Middle East is of strategic importance. Another significant programme that will boost the national ICT infrastructure relates to establishment of the National Data Centre to provide impetus to e-government initiative. These initiatives will further impact to attract our young workforce in producing value added and innovative products and services.

Programmes

The PSDP earmarked for the ICT sector for 2016-17 is Rs5,020 million. This allocation is planned to be utilised for development of the IT industry by further raising its standard to compete in the international arena, development of human resource with emphasis on skill development and accelerating the pace of e-government to facilitate the people in access to government services. Emphasis on introduction of public sector services will also enhance efficiency and transparency in governance. The major thrust for 2016-17 will be as follows:

The IT infrastructure and capacity-building of the local IT companies to attract more international IT companies will be undertaken. In this regard, some of the important projects included in PSDP 2016-17 are:

- The SUPARCO launched the work on the high resolution Remote Sensing Satellite (PRSS) to meet the national and international user requirements in the field of satellite imagery. It will also be utilised to help in various aspects of disaster management such as flood forecasting and damage assessment.

- Establishment of Software Technology Park in Islamabad with the assistance of Korea. Office space at a reasonable rate will be provided through this project along with establishment of the ICT Centre of Excellence.
- National Data Centre is being planned by National Telecommunication Corporation (NTC) which will provide better and secure hosting platform to various Public sector entities.
- Enhancing IT Exports Through Industry Support Programmes: IT Industry Support Programme is a multi-million rupee initiative that will provide help to IT industry in further strengthening its capacity, improve its processes, expand outreach to international markets and strengthening academia-industry-government linkages by providing young professionals an opportunity to work as interns and further polish their skills.

The e-government projects will continue to be the centre-piece of public sector information technology initiative. The major e-government projects in 2016-17 include:

- Innovation Fund Programme will provide impetus for developing low cost, high impact applications and systems that would improve the working of the public sector, increase facilitation to citizens in access public services and enhance productivity and good governance in the public sector.
- Machine Readable Passport and Machine Readable Visa Project (MRP/MRV) Phase-III will provide deployment of the system in the remaining districts of the country, thus providing full geographical coverage for citizens.
- Automation of processes and offices of Central Directorate of National Savings (CDNS) will enable to facilitate the citizens for more investment into the government schemes.

Initiatives by the Ministry of IT, through the USF Company to promote internet growth and mitigate Digital Divide in rural areas of Pakistan, are:

- **Universal Service Fund:** The Information Technology Ministry is committed to minimise the information and communication gap between rural and urban communities. During the last two year, subsidy of Rs9.2 Billion has been disbursed for un-served areas. For the year 2015-16, a total subsidy of around Rs10 billion has been approved.
- **Rural Telephony (Basic telephony and cellular services):** Subsidy of Rs. 2.7 billion has been provided to extend coverage to 172 unserved mauzas, with major emphasis on Baluchistan. Some recently contracted projects are Chitral, Shangla, Zhob, Sibi and Kalat lots covering 2675 mauzas.
- **Broadband:** For the reporting period, about 290,842 broadband connections were provided. 662 Educational Broadband Centres (EBCs) and 233 Community Broadband Centres (CBCs) were established in Sindh, Punjab and
- Khyber Pakhtunkhwa Subsidy of Rs. 2.96 billion was disbursed against this work.
- **Optic Fibre Cable:** 2,472 kms of OFC has been laid to connect 32 THQs and major towns in the provinces of Balochistan, Punjab and at a subsidy cost of Rs1.6 billion. Contract worth Rs1.9 billion has been awarded for Chitral, for providing basic telephony and data services to around 1.2 million people residing in 1,173 mauzas of Chitral, Upper Dir and Lower Dir districts.
- **Universal Tele-Centres:** Setting up of 500 Universal Tele-Centres (UTCs) across the four provinces of Pakistan have been approved. Each UTC will act as a resource centre that

will provide public access to ICT services primarily for the people in un-served, under-served rural and semi-urban areas of Pakistan. Estimated cost of this project is PKR 12 billion.

- **Infrastructure Development (USF Special Projects)**

- **Tech city:** RFP has been approved by the board for provisioning of incubation and hatchery for start-ups. Under the project, space and allied infrastructure will be provided to 50 incubates per year.
- **ICT for Girls:** Women Digital Empowerment Programme has been set in motion to equip 5000 women per year of underprivileged sections of society with the skills of computer programming to enhance employment opportunity. The project will be funded by USF to establish 50 computer labs. The project will be executed jointly by USF and Bait-ul-Maal.

Annexure

Sr.#	Index Title	Global Information Technology Report (2015) (Rankings)					
		Pakistan	India	Turkey	Malaysia	Sri Lanka	Korea
1.	Networked Readiness Index	112	89	48	32	65	12
2.	Laws relating to ICTs	114	67	58	8	63	12
3.	Mobile network coverage	112	110	1	102	85	39
4.	Int'l Internet bandwidth	112	113	41	69	119	68
5.	Capacity for innovation	51	48	77	13	29	24
6.	Importance of ICT to govt. vision	117	71	57	6	16	15
7.	Government Online Service	92	57	53	31	37	3
8.	Govt. success in ICT promotion	89	81	68	6	13	11
9.	ICT use & govt. efficiency	116	70	40	6	20	13
10.	Internet access in schools	89	87	58	34	101	10
11.	Prepaid mobile cellular tariffs, PPP \$/min	15	4	41	60	3	32
12.	Internet access for households	110	102	61	46	103	1
13.	Number of internet users	122	115	72	41	100	15

PILLAR-VII

**Modernising transportation
infrastructure and greater
regional connectivity**

Chapter 27 | TRANSPORT AND LOGISTICS

The transport and logistics sector comprises physical infrastructure and services. The physical infrastructure constitutes rails, roads, road transport, sea trade and related freight and air transport, whereas the services include packaging, delivery, storage, and trade logistics and facilitation. The factors like high freight, insurance, longer delivery times and renewal costs, are considered as important additional costs. The aggregate transport and logistics costs — including opportunity cost, service standards and trade facilitation — ultimately determine the efficiency of the Transport and Logistics Sector and also represent the cost of doing business in Pakistan.

Pakistan is gifted with a strategic location, which is well-suited to serve as a hub of commercial activity. Transport contributes about 10 per cent to the GDP, accounts for over 6 per cent of employment, and consumes 35 per cent of the total energy annually.

The Vision 2025 set the target of raising the road-density to a level of 0.45 kilometre per square km by 2018, which will increase the existing road national network from about 2,60,000 km to 3,58,000 km. Major upgrade in the railway system includes: increasing speed from 95 km per hour to 120-140 km per hour, doubling of tracks on main line sections, increasing line capacity with a modern signalling system, establishing North-South and East-West corridors and developing linkages through road and rail to the Central Asian states, China, and other neighbouring countries and development of a separate freight corridor on the railway tracks. The Vision emphasises participation of the private sector as a growth-driver. This will further enhance productivity, competitiveness, efficiency, innovation and entrepreneurship in the country.

In the aviation sector, the government has approved New National Aviation Policy, which is aimed at provision of equal opportunities to all airlines and operators, enhance competition, benefit passengers and provide more employment opportunities. Pakistan has a total of 46 airports for conducting commercial operations. Out of these airports, 42 are owned and operated by the Pakistan Civil Aviation Authority (CAA), out of which, 13 are being used for both international and domestic operations, whereas 11 are only for domestic operations, and the remaining 22 are either scaled down or closed for operations due to various reasons. Out of the four private airports, Sialkot is serving both international and domestic operations, while remaining three are for only chartered aircraft operations. The CAA generates aeronautical revenue to the tune of 70 per cent of its total income. Aeronautical revenue is mainly generated by the three major airports; Jinnah International Airport (JIAP) Karachi-54 per cent, Allama Iqbal International Airport (AIIAP) Lahore-27 per cent and Benazir Bhutto International Airport (BBIAP) Islamabad-13 per cent and with remaining locations generating six per cent of the total aeronautical revenue, while the non-aeronautical revenue is 30 per cent of the total revenue of the CAA.

Road transportation is the backbone of Pakistan's transport system, which accounts for 96 per cent of all passengers and freight traffic. This highlights the current minimal participation of the Pakistan Railways in Pakistan's passenger and freight transport.

Pakistan has a coastline of over 1,000 km and an offshore exclusive economic zone, covering an area of 240,000 square kilometres, remains unexplored. Two major ports, Karachi and Qasim, handle 95 per cent of all international trade. The Gwadar Port has been built as a leading one in the region to serve as a gateway for the China-Pakistan Economic Corridor (CPEC).

Recognising importance of transport in economy and besides making large investments to improve road, rail, air and ports infrastructure, the government has planned to focus on supporting trade and logistics services. Through initiative of the CPEC, the Economic Trade Corridor will be developed to connect Gwadar with Khunjrab up to Kashgar, and creating further east and west linkages besides developing economic trade centres and zones at potential locations.

The federal government has also initiated steps to provide mass transit transport facilities to the citizens of major urban cities, i.e. Islamabad-Rawalpindi, Karachi, Lahore and Peshawar.

Performance review 2015-16

Under the new two initiatives, that is, China-Pakistan Economic Corridor (CPEC) and Urban Mass Transit System in the transport and logistics sector, significant progress has been made which is given below:

China-Pakistan Economic Corridor

The backbone of the CPEC is transport infrastructure and the basis is the major projects along the transportation routes or passages. China and Pakistan are developing the long-term plan to connect Kashgar with Gwadar and Karachi which includes a master plan that would contain projects for developing the economic corridor. After consensus reached between both sides, the Monographic Study on Transport Planning of CPEC 'Transport Plan of CPEC' was approved in the 5th Joint Cooperation Committee (JCC) meeting held on 12th November, 2015.

The spatial scope of the Transport Plan consists of 11 major connection points, i.e. Kashgar, Gilgit, Islamabad, Lahore, Multan, Sukkur, Karachi, Peshawar, Quetta, D.I.Khan and Gwadar based on regional transport characteristics as agreed by China and Pakistan. The Plan focuses on study of arterial roads, railways, Gwadar Port and Gwadar airport projects. The planned period is 2014 to 2030, with the Short-term from 2014 to 2020 (with priority projects before 2017-18), medium and long-term from 2021 to 2030. 85 to 90 per cent of the infrastructure projects cost is to be financed by concessionary loans from China, with the remaining to be financed by the government of Pakistan.

The CPEC Corridor will connect Kashgar with Gwadar (Port) through existing road network in the beginning, developing the missing connections first, with easiest one on priority, through scientific planning.

Progress on the CPEC projects is given below which includes most of the projects got approved and being implemented during the year under review.

The Karakoram Highway (KKH), called N-35, spans the 887 km long distance between the China-Pakistan border and the town of Burhan, near Hasan Abdal. The Burhan to Havelian Section (59 km) has been named Hazara Expressway will be totally financed by the Federal Government through ADB loan (US\$327 million) to the extent of 92.5 per cent of total cost. The next section from Havelian to Mansehra (39 km) of Havelian to Thakot (118 km) having 4-lane and remaining portion up to Thakot as 2-lane will be constructed under CPEC as early harvest project to be completed in 48 months. Multan–Sukkur Motorway (392 km) as 6-lane facility has been approved by ECNEC as early harvest project of CPEC.

Urban Mass Transit System

The Metro Bus Service for Islamabad-Rawalpindi (total length: 22.5 km, 8.6 km in Rawalpindi and 13.9 km in Islamabad) has become operational in 2015 at a cost of Rs44,737 million, which was funded on 50:50 sharing basis between the federal and Punjab governments. A project of the Lahore Orange Line Metro Train has been approved by ECNEC and is under implementation stage, which was to be funded by the Chinese loan, at the cost Rs165,226 million, and is scheduled for completion in 2018. The project of the Green Line for Karachi (length 17.8 km) at the cost of Rs16,100 million, which is fully funded by the federal government; has been approved and is under implementation stage.

In addition to the above initiatives; the PSDP for 2015-16 provided an outlay of Rs222,764 million for the federal programme under T&L sector. Against this, expenditure of Rs180,894 million is expected to be incurred by the end of the current financial year, giving an overall expenditure of 81 per cent (**Annex-I**). The salient features of implementation are given below.

Pakistan Railways

During 2015-16, the main thrust was at the improvement of existing infrastructure, signalling system, and procurement and manufacture of rolling stock like locomotives, coaches, and bogie wagons. These projects were completed during the year, which include: procurement and manufacturing of 202 passenger coaches, and feasibility study (PC-II) for construction of new rail link from Islamabad to Muzaffarabad via Murree.

The projects, which reached at an advanced stage of completion, include: rehabilitation of existing track from Kotri to Rohri, doubling of track on Khanewal-Raiwind Section (246 km), improvement of signalling system between Lodhran-Khanewal-Shahdarah Bagh, rehabilitation of overaged 27 HGMU-30 DE Locos, procurement of high-capacity bogie wagons and 40 power vans, rehabilitation, upgradation and conversion of 400 passenger coaches, strengthening and rehabilitation of 159 weak bridges.

Against an allocation of Rs41,000 million, an expenditure of Rs26, 300 million is expected to be incurred during 2015-16, giving utilization of 64 per cent.

Ports and shipping

Against an allocation of Rs12,000 million, an expenditure of Rs8,355 million is expected to be incurred by the end of the Fiscal Year, showing utilisation of about 70 per cent. During the year, preparatory works continued on the projects of Eastbay Expressway Gwadar for loan negotiation with Chinese, and Mehran Highway (Phase-III), Karachi, development & construction of port allied structures in the Mula Band area.

National Highway Authority

During the year, funds were utilised to gear up the slow moving ongoing projects, especially for Gwadar links and regional connectivity, and provided funds for those projects, which were near completion.

Against an allocation of Rs1,59,600 million (FEC: Rs63,950 million), an expenditure of Rs137,515 million is expected to be incurred during the period, showing 86 per cent utilisation.

Among the ongoing projects, works continued on the construction of Faisalabad-Khanewal Expressway Phase-II (184 kms), bridge over the River Indus linking N-5 with N-55 at Nishtar Ghat, Peshawar Northern Bypass (34 kms), Khuzdar-Shahdadkot-Ratodero (Khoriquba Saeed Khan 143 kms) (M-8), Hoshab-Nag-Basima-Surab Road N-85 (459 kms), Burhan-Havelian-Mansehra Expressway, National Highway Development Sector Project (NHDSP) – revised for improvement and construction of 687 km of roads under the ADB financing, Kalat-Quetta-Chaman N-25 (247 km), Kolpur Bypass N-65, Lowari Tunnel and access roads, Bewata-Khajuri-Waigum Rud N-70 (132 km), Alpuri-Besham Section N-90 (34 km), rehabilitation and upgradation of the Jalalpur Pirwala-Ucch section (45 km) of the Multan-TMP Road, construction of the Amri-Qazi Ahmed Bridge over the River Indus at Qazi Ahmed Amri, and Larkana bridge over the River Indus.

National Highways and Motorways Police

The entire allocation of Rs201 million is expected to be incurred during 2015-16. The ongoing work includes: construction of the Central Police Office at Mauve Area, Sector G-11/1, Islamabad and construction of complex for National Highway & Motorway Police at Rahim Yar Khan.

Construction Technology Training Institute

The entire allocation of Rs53 million is expected to be incurred during the period on the ongoing works under the project 'Enhancement of Training Capabilities of the CTTI (Phase-IV) Islamabad.

Green Line Bus Transit Project, Karachi

Against an allocation of Rs100 million, an expenditure of Rs3,000 million is expected to be incurred during the period on the project. The additional cost of expenditure will be met out of released funds already available with the company established under the Companies Act for speedy completion of the project.

Pakistan Maritime Security Agency

The entire allocation of Rs1,000 million is expected to be incurred on the continuation of procurement/ construction of six Marine Patrol Vessels (MPV).

Civil Aviation Authority

Against an allocation of Rs3,471 million, an expenditure of Rs200 million is expected to be incurred on the land acquisition for the establishment of basic aerodrome facilities at Mansehra besides preparatory works for construction of New Gwadar International Airport (NGIA) at Gwadar.

Karachi Shipyard and Engineering Works

The entire allocation of Rs900 million is expected to be incurred on the project 'Installation of new Ship Lift and Transfer System with lifting capacity up to 7,781 tonnes'.

Finance Division

Against the total allocation of Rs2,530 million, an expenditure of Rs2,265 million (90 per cent) is expected to be incurred for completion of ongoing works of various provincial road projects co-financed by the Federal Government, these are sponsored by the Finance Division.

Housing and Works Division

Against the total allocation of Rs769 million, an expenditure of Rs331 million is expected to be incurred for completion of the ongoing works of various provincial & Federal road projects; the provincial road projects co-financed by the Federal Government, these are sponsored by the Housing and Works Division.

Kashmir Affairs and Gilgit Baltistan Division

The entire allocation of Rs700 million is expected to be incurred on continuation of works of construction of Rathua Haryam Bridge, Athmuqam Keran Bypass Road and Nuasehri Laswa Bypass road sponsored by this Division.

Outlook 2016-17

During this financial year, emphasis will be on: i) Asset management with consolidation, upgrading, rehabilitation and maintenance of the existing system, ii) Enhancing the role of private sector participation in sector development and institutional capacity building, iii) research and development by adopting modern technology, procedures and processes to increase sector efficiency, and iv) Improving the regional and domestic connectivity, regional connectivity will provide links to China, Central Asian States, Iran, Afghanistan and India.

It is planned to revitalise the Railway system by transforming it into a commercially-oriented entity, while retaining the railway infrastructure in the public ownership.

Airports have evolved as drivers of business location and urban development in the 21st century. To supplement the growth in the aviation industry and enhance its non-aeronautical revenue, Pakistan Civil Aviation Authority has planned to develop its airports into aerotropolis or airport cities. The objective is to provide complete facilities to the users of the airport under one roof or in the same vicinity. These airport cities are currently planned at all the three major airports, that is, Karachi, Lahore and Islamabad through the CAA's own resources as outside the PSDP.

Development of the port infrastructure and rationalisation of the port charges is envisaged to cater to trans-shipment through the Landlord Port concept with enhanced private sector participation.

CPEC Railway Projects

The CPEC 'early harvest' plan includes a complete overhaul of the 1,687-km long railways Main Line-1 (ML-1) between Karachi and Peshawar expected to be completed by 2020. Upgrading of the railway line will permit train travel at 160 km per hour, versus the average of 60 to 105 km per hour speed currently possible on the existing track. The upgrades will also cut transit time from Karachi to Peshawar by half.

In addition to a complete overhaul of the Karachi to Lahore, the remaining stretch of track between Lahore and Peshawar is to be upgraded to a dual track railway. Improvement and upgradation of the existing line from Taxila to Havelian and establishment of dry port at Havelian near Baldher will be done.

The CPEC project also includes major upgrade on the 1,254 kms long railways Main Line-2 (ML-2) between Kotri in the Sindh province, and Attock in the northern Punjab province via the cities of Larkana and Dera Ghazi Khan. The route towards northern Pakistan roughly parallels the Indus River, as opposed to the ML-1, which takes a more eastward course towards Lahore. The project also includes a plan to connect Gwadar with Jacobabad.

New Gwadar International Airport (CPEC project)

An international airport will be constructed 26 km away in the northeast of Gwadar Town with airfield construction belonging to Class 4F. China has converted \$230 million loan for the construction of the New Gwadar International Airport into grants, which is scheduled to be completed by December 2017.

Gwadar Port

The port will promote port-city construction, gradually form the collection and distribution system, gradually recover the handling capacity of the Port, planning for first expansion of the existing Multi-Purpose Terminal, create a safe, excellent business environment and build favourable conditions for the development of port, urban and industries to achieve the initial development of trade and logistics in Gwadar Port Free Zone.

Urban Mass Transit System

The federal government has taken initiative to provide mass transit transport facilities to the citizens of major urban cities, that is, Islamabad-Rawalpindi, Karachi, Lahore and Peshawar. In this regard, Metro Bus project at Islamabad-Rawalpindi has been operationalized while the Metro Bus Transit System at Karachi (Green Line) & Metro Train at Lahore (Orange Line) are under implementation. However, the Mass Rapid Transit System project for Peshawar is under design stage and funding of \$180 million has been committed by the ADB.

Programmes

An allocation of Rs259,165 million has been proposed for the development programme of the sector. The share of the sector is about 40 per cent of PSDP 2016-17 (Annexure-1). The salient features of the proposed programme are outlined as under:

Pakistan Railways

An allocation of Rs41,000 million has been proposed for 2016-2017. Works will continue on the projects for rehabilitation and doubling of track, procurement and manufacture of the DE locomotives, repair of DE locos, procurement and manufacture of passenger coaches, replacement of old and obsolete signalling system, rehabilitation of over aged DE Locos, replacement of metal sleepers and track renewal.

The new initiatives will include: procurement of new rolling stock, improvement of signalling system, feasibility study for provision of new rail links from Gwadar to the rest of the Railway network to facilitate functioning of the Gwadar Deep Sea Water Port. Additional schemes during the period include: i) initiation of work for upgradation of main line (ML-1) from Karachi to Peshawar and development of dry port at Havelian under the CPEC; ii) conversion of 260 passenger coaches from 110 volts to 220 volts electrical system, iii) feasibility study for dedicated freight corridor for transportation of coal from Karachi to Lahore, iv) renovation and upgradation of major railway stations, and v) development of infrastructure for uninterrupted coal supply chain from Karachi to various coal-fired power plants, including procurement of locomotives and rolling stock.

Under the CPEC new projects which includes feasibility study to connect Gwadar with Karachi, connect Gwadar to Jacobabad via Basima, feasibility study for up gradation of Main Line (ML-II) from Havelian to Jacobabad via Bhakhar-Kundian-Daud Khail-Basal and Taxila, feasibility study for rail link from Havelian to Pak China border (682 km) and doubling/improvement of existing track from Port Qasim to Bin Qasim Station

Ports and Shipping

An allocation of Rs11,580 million has been proposed for Ports and Shipping (P&S) for on-going projects of construction of Eastbay Expressway (under CPEC), construction of Mehran Highway (phase-II) from Port Qasim to Steel Mills road, development & construction of port allied structures in Mula Band area, provision of coal conveying system from Pakistan International Bulk Terminal (PIBT) to railway network at Port Qasim. Under new CPEC projects which includes capital dredging of berthing areas and channel for additional terminal, feasibility study for construction of break waters and infrastructure development for the EPZA and GIEDA at Gwadar.

Ministry of Communications

Under the Ministry of Communications, Rs193,285 million has been proposed, which include Rs188,000 million for the NHA and Rs5,285 million for projects of other organizations under the Ministry which includes green line bus transit project Karachi, enhancement of training facilities at the Construction Technology Training Institute (CTTI), construction of the Central Police Office for the National Highway & Motorway Police (NH&MP), Islamabad and construction of complex for NH&MP at Rahim Yar Khan and operational research wing of National Transport Research Centre (NTRC).

National Highway Authority

A policy and regulatory framework for private sector participation in National Highways would be adopted in consultation with different stakeholders to facilitate investment and increase efficiency. An allocation of Rs188,000 million has been proposed for the NHA, which comprises Rs178,470 million for the ongoing projects, and Rs9,530 million for new projects. Among the ongoing projects, works will continue on the projects for Karachi –Hyderabad M-9 (136 Km), construction of the Lyari Expressway Project (LEP) (16.5 Km) (Karachi), National Highway Development Sector Improvement Program (NHDSIP) ADB Revised - Qila Saifullah Loralai Waigum rud (N-70), Peshawar Northern Bypass (34 km), Rakhi Gaj-Bewata (N-70) East West (34 kms), land acquisition and construction of the Burhan-Hakla on M-1 to DI Khan Motorway (CPEC), Gwadar-Turbat-Hoshab Section (200 kms) of Gwadar-Ratodero Road (892 kms) M-8 including Khuzdar-Shahdadt Kot-Ratodero (143 kms-(Gwadar, Turbat, Khuzdar in Balochistan and Kamber, Shahdadt Kot and Larkana in Sindh), widening and Improvement of N-85, Hoshab-Nag-Basima-Surab Road (459 kms), Zhob Mughal Kot 81 kms N-50, rehabilitation of the DI Khan-Mughal Kot 50-km section N-50, construction of the Burhan-Havelian Expressway (E-35) 59.1 kms, approach roads to the New Islamabad International Airport (NIIA) (land acquisition and shifting of utilities), construction of road network for the NIIA Main Link, Thallian Link and periphery road, land acquisition and construction of the Sialkot-Lahore Motorway (91 kms), construction of highway from Athmuqam to Taobutl including two tunnels in Neelum Valley, dualisation of Gandhi Chowk to Sarai Narang + Domali to Rangeenabad Old Banu Road N-55, Dualisation of the Indus Highway Remaining Portion (164 kms) (Kohat Sarai Gambila), improvement and widening of Jaglot – Skardu Road (S-1, 167 kms).

Projects under the CPEC include: i) construction of Lahore-Abdul Hakim-Khanewal Section (276 km) of PKM, (ii) construction of Multan-Sukkur Section (392 km), (iii) Construction

of Havelian-Thakot Section (118 km) including acquisition of land, and v) acquisition of 100 m wide ROW for Hakla-Burhan to DI Khan-Yarik as 4-lane motorway (285 kms) and initiation of construction works.

New projects include, construction of new bridge on River Chenab between Shujaabad (Multan) and Khangarh (Muzafagarh), construction of double carpeted road from Chowk Azam to Layyah and Layyah Taunsa bridge over River Indus and construction of Kallokot-DI Khan bridge over the River Indus.

Pakistan Maritime Security Agency

An allocation of Rs597 million has been proposed for the PMSA under the Ministry of Defence, for continuation of work on the procurement and construction of six Maritime Patrol Vessels for the PMSA.

Karachi Shipyard and Engineering Works

An allocation of Rs2,300 million has been proposed for the KS&EW under the Ministry of Defence Production, for continuation of ongoing works for the project of installation of ship-lift and transfer system to provide docking and repair facilities for big ships of up to 7,781 tonnages at the KSEW.

Civil Aviation Authority

An allocation of Rs2,450 million have been made for CAA under Aviation Division, for continuation of the ongoing works on the New Gwadar International Airport (NGIA) under CPEC, establishment of basic aerodrome facilities at Mansehra – acquisition of land for construction and establishment of airport at Mansehra.

Finance Division

A total allocation of Rs2,397 million has been proposed for continuation of ongoing works besides initiation of new provincial road projects in all the four provinces by this division.

Housing and Works Division

An allocation of Rs3,545 million has been proposed for continuation of the ongoing works besides initiation of new provincial and federal road projects in all the four provinces by this Division.

Kashmir Affairs and Gilgit Baltistan Division

A total allocation of Rs1,200 million has been proposed for continuation of the ongoing road projects by this Division.

Annexure-I

Transport and communications

(Rs million)

No.	Executing Agency	PSDP allocation for 2015-16	Estimated Expenditure during 2015-16	Expenditure percentage of PSDP allocation	Proposed PSDP 2016-17
1	M/o Communications	159,965	140,622	88	193,285
1(a)	National Highway Authority (NHA)	159,600	137,515	86	188,000
1(b)	Green line Bus Transit Project, Karachi	100	3,000	3000	5,000
1(c)	Const. Technology Training Institute (CTTI)	53	30	56	23
1(d)	National HW & Motorway Police (NH&MP)	201	77.4	39	257
1(e)	National Transport Research Centre (NTRC)	10.65	-	-	4.92
2	Pakistan Railways	41,000	26,300	64	41,000
3	M/o Ports and Shipping	12,000	8,355	70	11,580
4	Aviation Division				
4(a)	Pakistan Meteorological Deptt. (PMD)	28.58	21	75	10
4(b)	Civil Aviation Authority (CAA)	3,471	200	6	2,450
4(c)	ASF Barracks Accommodation at NIIA Islamabad	400	400	100	800
5	Defence Division				
	Construction of 6 Marine Patrol Vessels for Pakistan Maritime Security Agency (PMSA)	1,000	1,000	100	597
6	Defence Production Division				
	Shiplift and Transfer System (KSEW)	900	900	100	2,300
7	Finance Division (Provincial Roads)	2,530.60	2,265	90	2,397
8	Housing and Works Division (Provincial Roads)	769.62	331	43	3,545
9	AJ&K and G-B Division (Const. Of Rathua Haryam Bridge, Athmuqam - Keran Bypass Road and Nauseri - Laswa Bypass Road, AJ&K)	700	500	71	1,200
Total (transport and communication)		222,764	180,894	81	259,165
Total PSDP					655,000
Transport and communication share					40%