

Annual Plan 2017-18

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FOREWORD

After nine years, economy witnessed a growth of 5.3 percent due to prudent policies of the government. Credit goes to the economic team of the government for expansion in industrial sector, revival of agriculture, significant growth in services, construction and electricity generation, and large scale manufacturing sectors. The economy has started to show signs of sustained growth momentum owing to restoration of peace, macroeconomic stabilization and fiscal consolidation. International economic agencies and donors are appreciating revival of Pakistan economy. Positive ratings for financial and economic stability and upward revision of Pakistan's growth targets by IMF and World Bank are positive signs.

The overall sentiment in the economy is upbeat. Pakistan Stock Exchange was the best performing market in Asia in 2016. Businesses, particularly foreign investors and companies operating in Pakistan are optimistic about the prospects and profits. Single digit inflation at 4.1 percent during July-April 2016-17 is a healthy sign. China-Pakistan Economic Corridor (CPEC) has given impetus to foreign investment and industrial sector to further spur GDP growth and transform Pakistan into a regional economic hub. The early harvest energy projects under CPEC will have a discernible impact on the economy. The energy and infrastructure projects are expected to attract further foreign direct investment and bridge the energy shortfall. The enhanced power generation capacity resulting from CPEC projects is thus expected to augment growth in medium to long term.

In this backdrop, economic growth prospects are positive for 2017-18. However, we are mindful of the challenges regarding current account deficit and export sector and these will be addressed adroitly. Keeping in view the achievements in macroeconomic stabilisation and untapped enormous potential of the economy, a growth target of the GDP at 6.0 per cent has been set for 2017-18 with contributions from agriculture at 3.5 per cent, industry 7.3 per cent and services 6.4 per cent. The Plan outlines various projects under the Public Sector Development Programme to be initiated in 2017-18, which will further strengthen the economy, besides contributing towards socioeconomic uplift.





Preparation and compilation of the Annual Plan 2017-18 in light of Pakistan Vision 2025 is an outcome of studious job carried out by the professionals of all the sections of the Ministry of Planning, Development and Reform. We are committed to our journey of putting Pakistan in top 25 economies by 2025 step by step and year by year. At the end, I appreciate the efforts of the Review Committee for working hard to ensure the overall quality and consistency of this document.

Prof Ahsan Iqbal

Minister for Planning, Development and Reform
Deputy Chairman Planning Commission
Islamabad, May 23, 2017

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EXECUTIVE SUMMARY

Executive Summary

Macroeconomic framework

Growth sustained during 2016-17 as macroeconomic indicators remained stable and depicted an optimistic economic outlook. GDP registered 5.3 per cent growth - highest in past nine years. Agriculture sector as targeted, grew by 3.5 per cent. Important Crops grew by 4.1 per cent while Other Crops registered growth of 0.2 per cent. Livestock, Fishery and Forestry achieved growth of 3.4 per cent, 1.2 per cent and 14.5 per cent, respectively. Industry registered a growth of 5 per cent during 2016-17.

Construction and manufacturing sectors were main contributors as manufacturing sector grew by 5.3 per cent compared to the target of 6.1 per cent. Mining and quarrying sector posted a growth of 1.3 per cent against its target of 7.4 per cent for 2016-17. Small and household sector achieved its target of 8.2 per cent. Value addition in electricity and Gas generation & distribution was 3.4 per cent against the target growth of 12.5 per cent. Construction sector showed growth of 9 per cent against the target of 13.2 per cent.

Services sector surpassed its target of 5.7 per cent and grew by 6 per cent due to revival in LSM and agriculture sectors along with increase in imports. Wholesale & retail trade managed to grow by 6.8 per cent against its target of 5.5 per cent. Finance and insurance sector attained 10.7 per cent growth against its target of 7.2 per cent. General government services grew by 6.9 per cent against the target of 7.0 per cent. Other privates services showed growth of 6.3 per cent as against the target of 6.7 per cent.

Investment remained at 15.8 per cent of GDP in 2016-17 against the target of 17.7 per cent. Fixed investment to GDP ratio grew from 14 per cent in 2015-16 to 14.2 in 2016-17, against the target of 16.1 per cent. National Savings remained at 13.0 per cent of GDP, against the target of 16.2 per cent.

GDP is expected to grow at 6 per cent during 2017-18 with contributions from Agriculture (3.5per cent), Industry (7.3 per cent) and Services (6.4 per cent). The growth targets are subject to risks of extreme weather fluctuations, interruption in envisaged reforms and non-aligned monetary and fiscal policies. However, the targets are attainable with revived agriculture sector, consistent growth in industrial sector, pick in private sector credit and expected completion of early harvest projects under China-Pakistan Economic Corridor (CPEC).

Public Sector Development Programme

Public Sector Development Programme (PSDP) is the driver of economic growth besides ensuring the equitable socio-economic development. Besides Federal PSDP, provinces, public sector enterprises and local authorities also invest their resources for development in the country. For 2016-17, the National Development Outlay was set at Rs1,675 billion, including Federal PSDP at Rs800 billion and Provincial ADPs at Rs875 billion.

The overall size of national development outlay for 2017-18 at Rs2,113 billion, is 25 per cent higher than previous year with foreign assistance component Rs 357 billion. The size of the federal PSDP is Rs1,001 billion while that of Provincial ADPs is Rs1,112 billion - the highest in the history of Pakistan. Transport and communication sector has been given highest priority (Rs411 billion) followed by energy sector Rs403 billion to overcome shortage of power in the country. Substantial funds (Rs150 billion) are earmarked for health and population (Rs56 billion), education / higher education (Rs47 billion) and SDGs (Rs30 billion). Special programmes such as energy and clean drinking water for all (Rs25 billion), Special Federal Development Programme (Rs40 billion), Prime Minister's Youth Programme (Rs20 billion), Rehabilitation of TDPs and Security Enhancement (Rs90 billion) and Gas Infrastructure Development Cess (Rs25 billion) have also been budgeted in federal PSDP 2017-18. An allocation of Rs62 billion (44 per cent higher over last year's allocation) has been made for Special Areas including AJ&K (Rs22 billion), Gilgit-Baltistan (Rs15 billion), and FATA (Rs25 billion) to formulate their Annual Development Programmes 2017-18.

Population

Countries with high population growth rate have adverse consequences on socio-economic fabric because of pressure on limited resources, high rate of dependency and ultimately poverty with all its allied problems. The provincial governments of Punjab, Sindh and Khyber Pakhtunkhwa have developed their population policies and strategies to ensure the universal access to family planning and reproductive health services. The population policy of Balochistan is also ready for the approval of the Cabinet. The present government has taken a major initiative by conducting the long awaited 6th Population and Housing Census, which has started from 15th March 2017 in two phases. Another important step of this government is the formation of the National Population Policy, which is being prepared under the guidance of Planning Commission.

In 2016-17, an amount of Rs8.2 billion was spent on population welfare projects by federal and provincial governments. The same amount is again allocated in PSDP 2017-18. The provincial governments are also funding their population welfare projects. To improve the performance of family planning services, new initiatives have been taken by the provincial governments of Punjab, Sindh and Khyber Pakhtunkhwa for 2017-18.

School and college education

Federal government will consolidate the ongoing initiatives in education sector while some new projects will be implemented through PSDP 2017-18. The areas of interventions include 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 *Madressah* students in the contemporary system of education, harmonizing and standardizing of curriculum, assessment and training at the national level, and increasing vertical mobility by providing merit scholarship through the NEST. The coordination between Federal and Provincial Education Departments will be strengthened through Inter Provincial Education Ministers Conference (IPEMC) which is functional under Ministry of Federal Education & Professional Training Islamabad.

Health

The Government will strengthen, upgrade and manage healthcare facilities particularly primary health care. Rs16 billion have been earmarked for National Programme for Family Planning and Primary Healthcare, Rs7.4 billion for Expanded Programme for Immunization, Rs3 billion for Prime Minister's National Health Programme. Besides new Programmes will be started in 2017-18, including Prime Minister's Programme for New Hospitals (Phase-I) with an allocation of Rs8 billion, Prime Minister's National Health Programme (Phase-II) Rs7 billion and Prime Minister's Programme for New Hospital, Master Planning, Rs1.3 billion. Non-communicable diseases (NCDs) and cancer will be controlled through establishment of Cancer Hospitals.

Establishment of integrated health emergency surveillance and response system would be carried out; Incorporation of E-health and M-health, and establishment of strong and organized Health information and Disease Surveillance System. The other major schemes would be implementation of a national plan for affordable vaccinations, efforts to improve child health and reduce stunting, increase in the number of paramedical staff, expansion of the Lady Health Worker Programme to target poor female patients; bring fertility rates to the levels consistent with maternal health, and skilled personnel including women medical officers in BHUs/RHCs.

Labour, employment and skill development

Unemployment has decreased from 5.96 per cent in 2013-14 to 5.94 per cent in 2014-15. The planned initiatives for employment and skill development along with higher economic growth and CPEC related investments in energy and infrastructure projects would help in alleviating the unemployment in the country. The Plan focuses to provide and promote technical and vocational training by extending geographical access through the public-private partnership in market demand trades. The targeted GDP growth of 6 per cent for 2017-18 will not only absorb the growth in labour force, but also clear some portion of the backlog.

Skill development is an important instrument for socio-economic transformation of the society. The current plan focuses on promotion of technical and vocational training in demand driven areas particularly CPEC related identified priority areas. Prime Minister's youth training Programme, National Internship Programme, Prime Minister's Youth Skill Development Programme (phase IV) are being implemented all over the country which will contribute towards availability of trained and productive workforce both local and abroad and ultimately socio-economic uplift of people of country.

Poverty alleviation and Sustainable Development Goals

The first goal of Sustainable Development Goals calls for an end to poverty in all its manifestations everywhere by 2030. Although, this is in complete consonance with slogan of Pakistan Vision 2025 "people first" but at the same time it poses the challenge of eradicating poverty in all its dimensions and from all parts of Pakistan.

The government recognises social protection/social safety nets as a means to mitigate risks and vulnerabilities and to reduce poverty through transfers and social insurance for risk mitigation regardless of prior or future contribution. In 2016, the Technical Advisory Committee for Social Protection led by the Planning Commission approved a social protection policy

framework that outlines the institutional arrangements and fundamental elements of the national system to provide targeted support to the poor.

The provisional pro-poor expenditure for July-December 2016-17 was estimated at Rs1017.5 billion. Benazir Income Support Programme (BISP) allocation and penetration has been increased. Impact evaluation analysis indicates that unconditional cash transfers contributed to reduce poverty among BISP beneficiaries (20 per cent reduction in the proportion of beneficiaries living below the poverty line from 2011 to 2014 in the sample) and strengthened women's empowerment by providing the cash transfer to any ever-married woman in a BISP-eligible household. Prime Minister's youth loan scheme and Prime Minister's Skill Development Programme were also instrumental in poverty alleviation and employment generation endeavours.

Social welfare

The Plan focuses on providing an enabling environment for sustainable community development, people participation and provision of need based social services by the stakeholders in poverty stricken and miserable areas. Voluntary work, mobilizing local resources and effective community mobilization will be promoted by providing technical, social and financial assistance to target groups. Inclusive education and protecting senior citizens rights will be an important area. It would also focus on formulation of guidelines and a standardized framework in area of social welfare for empowerment of vulnerable people including women, children, youth, persons with disabilities, transgender persons, patients and senior citizen etc. The initiatives for promotion of social entrepreneurship under the "Center for Social Entrepreneurship" would be promoted in the country by encouraging stakeholders.

Gender and women empowerment

A women right based approach to develop women's economic, social and development rights, entitlements and sensitization on gender issues would have to be encouraged. The representation of women in decision making bodies, participation in electoral process, opportunities for women entrepreneurship and gender equality are being promoted. Focus of the public and private sector stakeholders' intervention would be on addressing issues faced by the poor, vulnerable and marginalized women living in rural and urban areas through poverty alleviation, income support, protection of women rights, women entrepreneurship and affirmative action by the government.

Youth and sports

The federal government is implementing a comprehensive programme for development and mainstreaming of the young population of the country. All programmes are running successfully and have so far benefitted more than one million young people. Similarly sports facilities are being established in various cities of the country. For creating sportsman spirit in youth, National competitions are being arranged every year. These competitions play a key role in creating national harmony, tolerance and identifying fresh talent for national and international championships in different games. An amount of Rs1,322 million was allocated for sports in last year which have been substantially increased to Rs3,044.16 million in 2017-18.

Religious pluralism and interfaith harmony

The Constitution of Pakistan makes the State of Pakistan responsible for protecting rights of all citizens without any discrimination. To achieve the religious pluralism and promote interfaith harmony, a national framework and national guidelines for equitable opportunities of development for all communities would be developed in consultation with stakeholders. Tolerance among different segments of society would be enhanced by promoting peace and harmony as envisaged in 11th Five Year Plan 2013-18 and Vision 2025. The intervention for protection and welfare of minority communities would be further enhanced.

Mass media, culture and national heritage

For providing television signals to the left out pocket in the Gilgit-Baltistan, Azad Jammu & Kashmir, Baluchistan and others areas of the country, Rebroadcast Stations (RBS) are being installed such as Kotli Sattian, Buner, Pooran, Astore, Barkhan, Karan, Athmuqam, Ziarat etc. FM Radio Stations are set up at the district level for providing community Radio facilities. So far 46 FM Radio Stations have been installed by Public Sector (Pakistan Broadcasting Corporation) and 210 FM Radio Stations have been established by the private sector. The balancing, modernization and replacement of equipment is an ongoing process both in Pakistan Television (PTV) and Radio Pakistan for improving the quality of sound and picture. Medium wave transmitters are also being installed / replaced in various parts of the country such as Gwadar, Mirpur, Muzaffarabad. Urdu Dictionary has been computerized and will be available on website. The revised allocation to Mass Media Sector is Rs300.60 million. Similarly, the revised allocation to Culture Sector is Rs63.88 million. The allocation for the Mass Media and Culture sectors for 2017-18 is Rs811.79 million and Rs272.7 million, respectively.

Fiscal, monetary and capital market development

During July-March 2016-17, fiscal deficit stood at 3.9 per cent of GDP as compared to 3.5 per cent during the corresponding period of last year. It has already surpassed its annual target of 3.8 per cent due to low growth of total revenue as a result of a shortfall realised in tax collection and a decline in non-tax revenue. During 2017-18, efforts will be made to maintain fiscal deficit in manageable limits with the confines of Fiscal Responsibility and Debt Limitation Act (FRDLA) 2005 by enhancing revenue mobilization and containing non-priority / non-development expenditures.

Money supply as measured by broad money (M2) expanded by Rs936.4 billion (7.3 per cent) during 1st July 2016 to 5th May 2017 as compared to its expansion of Rs716.9 billion (6.4 per cent) during the corresponding period of last year. This higher monetary expansion is due to a low policy rate of 5.75 per cent adopted by the State Bank of Pakistan since May 2016. During 2017-18, better energy supplies to manufacturing sector and higher aggregate demand would necessitate higher business /private sector loans which along with growing bank financing for CPEC related activities and accelerated development works would lead to higher monetary expansion. Average CPI rose to 4.1 per cent in July-April 2016-17 from 2.8 per cent in the corresponding period of last year. Average CPI inflation during 2017-18 is expected to increase by around 6 per cent. Anticipated higher aggregate demand, greater monetary expansion and impact of rising global prices would put upward pressure on inflation.

During 2016-17, the Securities & Exchange Commission of Pakistan (SECP) initiated number of structural, legal and fiscal reforms in order to develop a fair and competitive capital

market. Capital market is expected to remain vibrant during 2017-18 through various measures to be adopted by the SECP under its future roadmap comprising of measures for capital market development and subsidiary legislation under the Securities Act and Futures Market Act.

Trade and commerce – Balance of payments

The current account deficit was targeted at \$ 4.5 billion (-1.5 per cent of GDP) in the Annual Plan 2016-17 against a deficit of \$3.4 billion (-1.2 per cent of GDP) recorded in 2015-16. With estimated trade deficit at \$23.8 billion and estimated remittances of \$ 19.9 billion during 2016-17, the current account in 2016-17 is estimated to be in deficit by around \$ 8.3 billion

Exports of goods stood at \$16.1 billion during July-Mar 2016-17 against \$ 16.3 billion in the corresponding period of last year thereby showing a contraction of 1.4 per cent. Exports for the full year of 2016-17 are estimated to be around \$ 21.6 billion against the Annual Plan target of \$ 24.8 billion. Services exports during July-Mar 2016-17 witnessed a decline of 2.8 per cent to US \$ 1977 million from \$ 2033 million during July-Mar 2015-16. Imports increased by 14.2 per cent during July- Mar 2016-17 and stood at \$ 33.9 billion and expected to reach around \$ 45.4 billion by the end of this fiscal year with the Annual Plan target of \$ 45.2 billion. Remittances reached \$ 14.1 billion during July-Mar 2016-17 from \$ 14.4 billion in the corresponding period of last year thereby registering a decrease of 2.3 per cent. The annual plan target of remittances for 2016-17 was \$ 20.2 billion.

Exports in 2017-18 are projected to grow by 6.8 per cent to \$23.1 billion from \$ 21.6 billion estimated for 2016-17. Imports during 2017-18 are projected to increase by 7.6 per cent to \$ 48.8 billion from \$ 45.4 billion estimated for 2016-17. Hence, the trade account is projected to be in deficit by \$ 25.7 billion in 2017-18 from \$ 23.8 billion estimated for 2016-17. The current account is targeted to be in deficit by \$ 8.9 billion in 2017-18 (2.6 per cent of GDP) as against a deficit of \$ 8.3 billion (2.7 per cent of GDP) estimated for 2016-17.

Balanced development – Focus on the less developed regions

During 2016-17 various Programmes/projects were implemented in Special areas, which primarily focused on the improvement of socio economic conditions of the people. An amount of Rs42.36 billion was allocated. During the year a major initiative taken by federal government, was introduction of FATA reform for mainstreaming of less developed areas.

The Programme for 2017-18 proposes Rs46.08 billion for Special areas (FATA, AJK & GB). The major chunk of financial resources has been allocated for FATA with share of 48 per cent, whereas for AJK and Gilgit Baltistan the shares are 28 per cent & 22 per cent respectively, remaining 2 per cent were allocated to area development projects under M/o Interior & Narcotics Control. The funds allocated for these regions will be primarily spent for those on-going schemes which are near completion. The allocation during FY 2017-18 is 9 per cent higher than the previous year. It will bring a considerable improvement in existing facilities to the people of less developed areas.

Physical planning and housing

To tackle the rapid urbanization issues, during the current financial year, the government's focus was to formulate and implement the Spatial Strategy, with spatial development action plans at provincial, district and tehsil level, besides, undertaking

metropolitan economic planning across entire urban regions enabling all stakeholders to formulate comprehensive development plans and carry out a coordinated set of targeted investments, to link cities with rural suburbs. For the year 2017-18, an allocation of Rs41 billion has been made for the physical planning and housing sector programmes to be implemented by various ministries, divisions and departments. The important programmes/projects include Establishment of Pakistan Urban Planning and Policy Centre; Gwadar Port Green and Smart City Master Plan; and Establishment of Bureau of Infrastructure Development.

Institutional reforms and governance

Public sector management will be made more efficient through a variety of measures including modernization and capacity building of public sector institutions, civil service reforms (recruitment, training, promotion, transfer/ posting and performance evaluation); procedural reforms; procedural regulations and controls; tax and judicial reforms. Smart governance would be ensured for big push to increase transparency, fair play and make systems faster and user friendly. Effective monitoring and evaluation would be encouraged and supported. Corporate governance will be improved to increase public-private interface, and by developing legal and regulatory frameworks.

Energy

Energy sector is one of the major recipients of Federal PSDP. Around 74 per cent of total CPEC projects are energy related projects which include coal, hydro and wind. It is expected that 7524.28 MW will be added to the national grid by the year 2017-18 and consequently it will almost equate the supply and demand. 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. The project CASA 1000 transmission line will transmit 1000 MW of surplus hydel power generated in the central Asian countries to Pakistan and will not only connect the power transmission lines but will also promote regional connectivity.

In petroleum sector, environment friendly and efficient fuel RON 92, 95/97 has been introduced. Moreover, entire imports of High Speed Diesel (HSD) shall conform to Euro-II specification. To supplement the indigenous gas supply, LNG import would be increased to 9 million tonnes per annum. Moreover, to enhance handling capacity for the LNG import, 2nd LNG Terminal at Port Qasim is expected to be commissioned by end 2017. Both SNGPL and SSGCL are augmenting their gas transmission infrastructure to effectively utilize the additional supply of gas through import of LNG.

Water

Pakistan is a water stressed country, efficient use of water is an important requirement for sustainable agricultural growth. The Annual Plan 2017-18, centres around five important elements i.e. water augmentation, water conservation, groundwater management, protection of infrastructure from water logging, salinity, floods and proposition of institutional reforms. The Plan is aimed at construction of small/medium and large dams and development of I&D

infrastructure to achieve improved water conveyance and use efficiency. An amount of Rs38 billion has been allocated to achieve the above mentioned objectives/programmes for 2017-18.

It is expected that total water availability (at farm gate) will be increased as an outcome of water sector development projects. A target of 134.22 MAF of water availability at farm gate has been set for the year 2017-18. During this Plan period 6 major water sector projects are hoped to be completed. Flood management has been a sensitive endeavor due to vulnerability of Pakistan to climate swingers. The Annual Plan 2017-18 duly heeds to this aspect and an amount of Rs500 million has been allocated for the implementation of seven emergent small flood schemes under “Normal/Emergent Flood Programme” in all provinces.

Food security and agricultural development

Agriculture sector achieved the target of 3.5 per cent during 2016-17 contrary to the contraction of 0.27 per cent during 2015-16. The Prime Minister Farmer’s package, government support to the sector in the last year budget, and stability in commodity market contributed to this achievement. The growth in the agriculture sector not only supported the national and rural economy but also improved food security situation. The momentum of development is expected to continue in 2017-18, keeping in view the expected stability in the commodity market. In view of the performance of the sector in outgoing year, a growth target of 3.5 per cent has been retained for 2017-18. Major growth will be contributed by the livestock (3.8 per cent), important crops (2.0 per cent), other crops (3.2 per cent), cotton ginning (6.5 per cent), fishing (1.7 per cent) and forestry (10 per cent).

Nutrition

Malnutrition is resulting in stunting and wasting that is compromising the cognitive abilities of the future generation. There is an increased political realization and commitment for improving nutrition. In addition to government, civil society, business communities, academicians and researchers are actively engaged with the relevant authorities to improve nutrition. Specialized Nutritious Products are being developed in country with the support of partners to realise the potential of human resources. The provinces are also coming up with their initiatives to address malnutrition. Evidence has been generated to guide the policy makers and development partners for investing in nutrition so as to have greatest impact in short, medium and long term.

Environment and climate change

Global Climate Risk index lists Pakistan as the 5th most vulnerable country in the world. Pakistan is amongst the smallest contributors to the global carbon emissions but is affected the most by the extreme weather events and climate change. The Prime Minister’s Green Pakistan initiative, Sustainable Land Management Programme, phase-II and Weather Surveillance Radar at Karachi are being implemented. There are also projects like Development of Reverse Linkages with MARMARA Research centre Turkey, revival of wildlife resources in Pakistan which are being executed.

A realistic approach in the management of ecosystem will be carried out with the special emphasis on imperative ecosystem segments. For increased Forestry cover and enhancement of Natural Resources a 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. Strategy would also include provision of alternative energy resources to the residents of forest cover areas such as LNG at affordable price. Countries are taking stock of the collective efforts in relation to progress towards the goal set in the Paris Agreement and to inform the preparation of NDCs.

Manufacturing, mineral and commerce sectors

Pakistan's industrial sector faces many challenges including non-existence of Industrial Policy, outdated technology, less innovative products, poor & ineffective academia-industry linkages, low level of integration in global value-chains, and rising cost of production due to input factors. Despite these challenges, manufacturing sector is gradually reviving and flourishing as LSM's growth rate was 5.06 per cent during the first nine months of financial year 2016-17. The Government is trying utmost to revive the industrial sector and initiated various development projects in this regard. It is expected that manufacturing sector would better perform in financial year 2017-18 compared with financial year 2016-17.

Government has taken various steps to overcome hurdles to explore and exploit the natural endowment of Pakistan. Currently, minerals contribution to the GDP is around 3 per cent but it has a vast potential of increasing up to 5 to 6 per cent, which is contingent upon due consideration of government authorities to develop the mineral sector of Pakistan. Geological Survey of Pakistan will undertake geological mapping of about 5120 sq.km. area in various parts of the country. Mineral exploration projects include iron ore, coal, copper, shale gas potential, gold in Punjab and Balochistan, Lead-Zinc-Barite investigations in Balochistan and Khyber Pakhtunkhwa, limestone, iron occurrences, salt, bio stratigraphic studies in Sindh, Punjab and Balochistan, copper-gold prospects in, Balochistan. Environmental, geotechnical, geo-hazard, urban and hydro geological studies will be carried out in different parts of Balochistan, Sindh and Gilgit Baltistan.

Higher education

An allocation of Rs21.49 billion was made for 122 development projects of the universities and Higher Education Commission under PSDP 2016-17. In addition to this, Rs5.45 billion were provided through technical supplementary grant for PM's Laptop Scheme (Phase-II) and Rs0.57 billion for 2 scholarships schemes for Afghan students. The increasing focus on higher education sector has significantly contributed to its better access and global visibility of the universities. The university enrolment by 2016-17 was about 1.5 million in 183 public and private universities. Similarly QS Global ranking of universities for 2016 included 5 Pakistani universities in top 200 Asian Universities and 5 universities between 200-300 rankings. In 2016-17 about 2,300 PhD and Master leading to PhD scholarships were awarded to the faculty of universities and fresh candidates. This includes 1,180 indigenous and 1,120 foreign scholarships. During 2016-17 about 30-32 per cent of the approved development funds were allocated for provision of latest teaching and research lab equipment enhance the R&D infrastructure of the universities and 20 per cent for infrastructure development.

During 2017-18, there is a remarkable increase with an allocation of Rs35.6 billion in PSDP for higher education sector. The initiatives to provide access to higher education by establishing new and strengthening existing universities to cover all districts of Pakistan, providing scholarships and missing facilities in the campuses will be continued in this year.

Science and technology

During 2016-17, an allocation of Rs1,776.87 Million was made to Ministry of Science & Technology against 21 ongoing projects. Various scientific organisations were strengthened and scholarships were provided especially through Science Talent Farming Scheme to promote science education and research. For 2017-18, an amount of Rs2,428 million has been allocated to support the development projects of the scientific organisations and educational institutions working under the Ministry of Science & Technology.

Information and communication technology

During the last year, growth in telecommunication sector remained reasonable coupled with broadband services. The Plan lays emphasis on connectivity and projects such as Remote Sensing Satellite and Optical Fibre project which will help achieve strategic objectives of the sector. To tap the potential of IT sector, certain initiatives are being launched such as Software Technology Park in Islamabad along with multi-million industry support programme. ICTs for girls programme is aimed at spurring the socio economic uplift of girls through digital learning. Establishment of ICT Innovation Centres holds paramount importance for achieving socio-economic development. In this regard initiatives such as Financial Technology, Internet of Things and Robotics will be pursued on priority basis.

Transport and logistics

Size of the proposed investment for infrastructure projects has been increased from \$46 billion to \$54 billion under CPEC. An allocation of Rs403.78 billion has been made for T&L during 2017-18 showing an increase of 55.8 per cent over the previous year which is 40 per cent of the total PSDP. For Railway, against an allocation of Rs41.0 billion in the 2016-17 whereas an amount of Rs43 billion have been allocated in 2017-18. For Ports & Shipping, against an allocation of Rs11.58 billion in 2016-17, an allocation of Rs6.74 billion has been made in 2017-18. Under national roads & highways sub-sector (NHA), an allocation of Rs319.72 billion has been made in 2017-18 as against Rs188 billion in 2016-17. Under the aviation sub-sector, against an allocation of Rs3.25 billion was made in 2016-17 whereas Rs2.66 billion have been allocated in 2017-18 for the projects of Civil Aviation Authority and Airport Security Force. During the year, the Metro Bus project connecting New Islamabad International Airport (25.6 km) from already constructed Metro bus station at Peshawar Morr, Islamabad, was initiated in 2016-17 with completion in August, 2017 for operation.

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
FEG	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
NAVTTCC	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

Economy sustained the upward growth trajectory during 2016-17. Macroeconomic indicators were stable and depicted an encouraging economic outlook. Real sector was vibrant as agriculture sector rebounded and industry showed upward growth. Large scale manufacturing (LSM) revived and private sector credit, fixed investment in particular, picked up pace. Policy rate stayed at a multi-decade low level whereas average inflation was contained at 4.1 per cent (July-April 2016-17). Pakistan's stock market index crossed the barrier of 52,000 points for the first time in May 2017. Pakistan stock market was categorised as the best stock market in Asia in 2016. Pakistan issued US\$1 billion *Sukuk* at relatively low rates of 5.5 per cent in October 2016. Pakistan capital market was upgraded to 'emerging market' status in terms of MSCI Index. Standard & Poors upgraded Pakistan's long-term credit rating from B minus to B with stable outlook (2016). World Bank upgraded Pakistan's ranking on 'Doing Business Index' from 148 to 144. These improvements based on good performance of the economy are a result of prudent macroeconomic policies.

Review of Annual Plan 2016-17

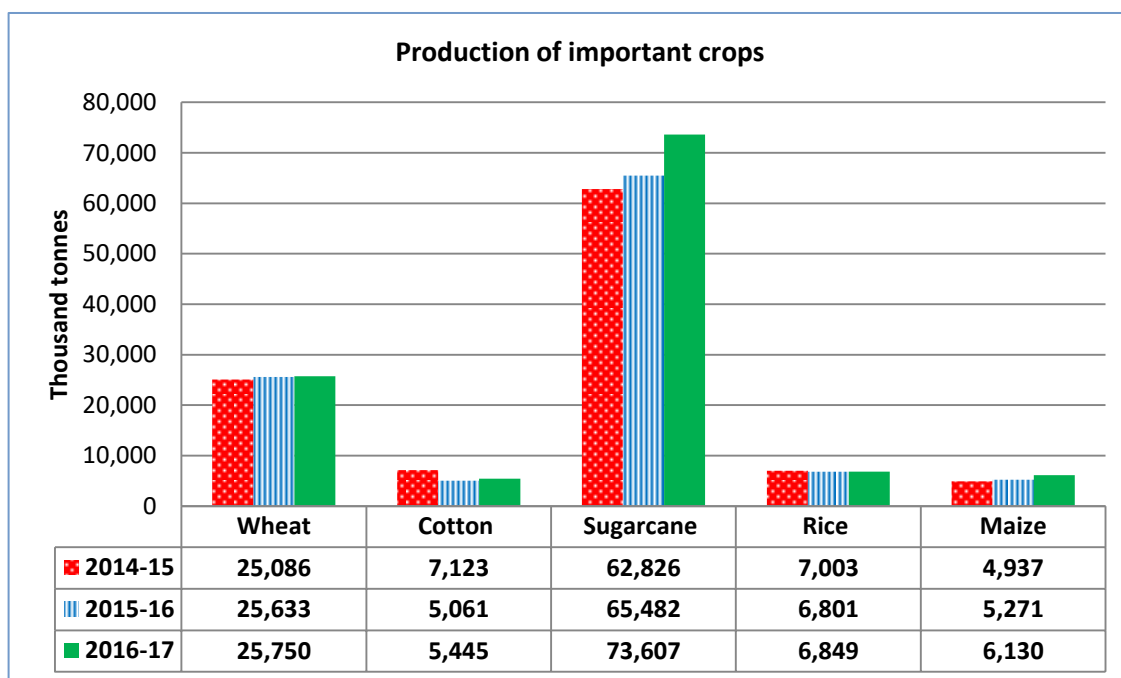
The Annual Plan for 2016-17 envisaged real GDP growth of 5.7 per cent based upon sectoral growth projections for agriculture, industry and services sectors at 3.5 per cent, 7.7 per cent and 5.7 per cent, respectively. The assumptions underpinning the growth target included recovery in agriculture sector, consistent growth in industry, revival of LSM, steady energy supply, investment friendly environment and implementation of China-Pakistan Economic Corridor (CPEC) projects. As expected, macroeconomic indicators were stable on the back of improved agriculture performance, revival of private sector activities, acceleration in LSM, and expansion in industrial sector during 2016-17. Resultantly, GDP growth was registered at 5.3 per cent, which is highest in past nine years.

Agriculture

Agriculture sector contributes 19.5 per cent towards GDP growth and provides employment to 43.5¹ per cent of the employed 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. Vision 2025 reiterates the importance of bridging the yield gap and envisages reduction of 40 per cent of yield gap by the year 2025.

¹Labour Force Survey 2014-15

During 2016-17, agriculture sector was targeted to grow by 3.5 per cent on the basis of expected growth of important crops (2.5 per cent), other crops (3.2 per cent), cotton ginned (2.5 per cent), livestock (4 per cent), fishing (3 per cent) and forestry (3 per cent). Agriculture sector met its target of 3.5 per cent growth. Important crops grew by 4.1 per cent while other crops registered growth of 0.2 per cent. Livestock, fishing and forestry achieved growth of 3.4 per cent, 1.2 per cent and 14.5 per cent, respectively.



Source: Pakistan Bureau of Statistics

Growth of *rabi* crops was satisfactory with wheat crop showing substantial growth in the irrigated areas. Sowing operations in rain fed areas were affected and some of the area remained fallow due to dry field. However, the damage was mitigated to some extent by later showers in January 2017 which reduced the stress at later stage of the crop. Moreover, there was also an increase in fertiliser off-take (Nitrogen by 15.7 per cent and Phosphate by 5.9 per cent). Therefore, despite the projected fall in wheat production in *barani* areas, the production of wheat was 0.5 per cent higher than 2015-16.

Cotton production showed improvement in 2016-17 due to lesser pests' attack and strict enforcement of pest controls at field level which curtailed the requirement of agro-chemical applications in spite of 14.2 per cent reduction in the area under cultivation. The cost of production thus remained manageable for the farmers. Moreover, the increase of 32 per cent in average cotton prices in international market led to a surge in cotton price in domestic market. Cotton production increased by 7.6 per cent as compared to the last year i.e. 10.7 million bales as against 9.9 million bales.

Sugarcane crop showed remarkable growth of 12.4 per cent in 2016-17 with a highest ever production of 73.6 million tonnes. Continuous increase in the area under cultivation and its production has been a result of government's subsidy on export of sugar which didn't impact the profitability of the farmers compared to its competing crops especially cotton.

Rice crop showed marginal growth of 0.21 per cent compared to 3 per cent last year. The area under cultivation decreased due to lower prices of rice in 2015-16. Maize registered strong growth of 16.3 as compared of 7 per cent last year due to increase in area of maize. However, livestock also sustained the growth momentum in the agriculture sector. Thus, due to the overall improved performance of important crops and forestry, agriculture sector registered growth of 3.5 per cent which is the highest in past 7 years, compared to 0.3 per cent in 2015-16.

Industry

Industrial sector plays a significant role in the economic development of a country. It contributes 21 per cent to GDP and employs 23.4 per cent of total employed labour force. The industrial sector registered a growth of 5 per cent during 2016-17, compared with growth rate of 5.8 per cent in 2015-16. Construction and manufacturing sectors were the main contributors in this growth. Improved energy supply for industry, better security situation, availability of cheap finances, lower expenses on fuel consumption, and private credit off take contributed to the industrial growth.

Manufacturing sector grew by 5.3 per cent compared to the target of 6.1 per cent during 2016-17 and 3.7 per cent in 2015-16. The over-all output of LSM increased considerably by 4.9 per cent against the target of 5.9 per cent. Although LSM did not achieve the target for the period under review, it showed marked improvement compared to 2.9 per cent growth of 2015-16. The LSM dominates the overall industrial sector, accounting for 80 per cent of the sectoral share and 10.7 per cent of GDP. The revival in LSM growth came from expansionary monetary policy, improved energy supplies, increased domestic demand for consumer durables, private sector credit pickup and buoyant growth in construction activities.

The main contributors of growth were iron & steel products (16.6 per cent), electronics (15.2 per cent), automobiles (11.3 per cent), pharmaceuticals (8.7 per cent), food, beverages & tobacco (9.7 per cent) and non-metallic mineral products (7.1 per cent). The growth impetus particularly came from iron and steel products (weight in LSM: 5.39 per cent) which can be attributed to increased activity in construction and infrastructure projects initiated under CPEC. Food and beverages group (weight in LSM: 12.37 per cent) also posted healthy growth when compared to last year i.e. 9.7 per cent in 2016-17 as against 0.6 per cent in 2015-16. An increase of 24 per cent in sugar production contributed substantially to this increase.

Mining and quarrying sector posted a growth of 1.3 per cent compared to target of 7.4 per cent for 2016-17. Small and household manufacturing met its target of 8.2 per cent. Value addition in electricity & gas generation and distribution grew by 3.4 per cent against the targeted growth of 12.5 per cent. Construction sector showed growth of 9 per cent against the target of 13.2 per cent.

Services sector

The significance of services sector in economic growth is evident from its ever rising contribution to GDP. Historically, the major determinants of services sector growth are external sector, government expenditures and market size. Increase in activities in emerging sub-sectors including hoteling, hospitality and gig services reflect changing life style of people. However, growth in agriculture and industry leads to growth of services sector.

During 2016-17, services sector grew by 6 per cent, surpassing its target of 5.7 per cent, backed by the revival in LSM and agriculture along with increase in imports. Finance & insurance, wholesale & retail trade, transport, auctioning, hoteling & restaurants and CPEC related imports have been the major contributors of growth in services during the year. Wholesale & retail trade registered a growth of 6.8 per cent during 2016-17, surpassing its target of 5.5 per cent.

Finance and insurance sector attained 10.7 per cent growth against its target of 7.2 per cent which was mainly supported by high growth in deposits and loans. Although the profits of banking sector were lower in 2016-17 when compared to last year, yet the recovery of loans from private sector was higher as compared to previous year.

Transport, storage and communication sector achieved the growth of 3.9 per cent against the target of 5.1 per cent for the year 2016-17. Transport, being an important sub-sector, has registered 20 per cent growth in buses and 39.3 per cent in trucks. This increase in demand may be associated with Chief Minister's *Apna Rozgar* Scheme. Performance of communication sector was adversely affected by tepid response to 'Cellular Subsidiary and Voluntary Separation Scheme' of Pakistan Telecommunication Company Limited (PTCL). However, the losses to PTCL were partly neutralised by 27 per cent increase in demand for 3G/4G subscriptions.

General government services grew by 6.9 per cent close to the target of 7 per cent. Most of the government expenditures were on security and defence services. In development expenditures, construction of roads & highways, power generation and social sector expenditures remained high in government priorities. Other private services showed growth of 6.3 per cent as against the target of 6.7 per cent.

Investment and Savings

Economic activity in infrastructure, construction, transport, energy and allied sectors provided favourable environment for growth and encouraged investment in the country. Total investment for 2016-17 was recorded at 15.8 per cent of GDP. Fixed investment to GDP ratio grew marginally from 14.0 per cent in 2015-16 to 14.2 per cent in 2016-17, against the target of 16.1 per cent. Since 2010-11, investment to GDP ratio has increased by 1.09 percentage points. This improvement has been derived from public and private investment. Though private investment marked growth of 9.9 per cent in 2016-17 as against the target of 12.2 per cent but it has potential to grow more due to the expected investment in CPEC related activities.

National Savings remained at 13.1 per cent of GDP as against the target of 16.3 per cent. Consumption grew by 10.3 per cent in 2016-17 from 6.3 per cent in 2015-16 leading to subpar growth of savings, given the inverse relationship between the two. On the other hand, national savings have not been increasing with the same pace which may be associated with the expanding middle class.

Outlook 2017-18

Economic growth prospects remain positive for 2017-18 with revival in agriculture sector, consistent growth in industrial sector, pick up in private sector credit and expected completion of early harvest projects under CPEC. Inflation, though showing an upward trend, is expected to remain close to 6 per cent next year. Investment climate is expected to

improve further by reducing cost and enhancing ease of doing business in Pakistan. Growth of industrial sector can be further augmented by improving governance in the sector and launching a comprehensive reform programme for Public Sector Enterprises. Timely releases of Public Sector Development Programme (PSDP) funds and further improvement in implementation and monitoring of projects will add to overall economic development. Similarly, projects aiming at inclusive development, such as social housing schemes, can potentially drive sustainable growth over coming years. Therefore, policies aiming to improve agriculture growth, improve governance in all sectors, cut losses in Public Sector Enterprises and encourage export-oriented private sector will augment growth in 2017-18.

Growth of GDP for 2017-18 is targeted at 6 per cent with contributions from Agriculture (3.5 per cent), Industry (7.3 per cent) and Services (6.4 per cent). The growth targets are subject to risks of extreme weather fluctuations, interruption in envisaged reforms and non-aligned monetary and fiscal policies.

Agriculture

Agriculture sector is targeted to grow by 3.5 per cent on the basis of expected contributions of important crops (2 per cent), other crops (3.2 per cent), cotton ginning (6.5 per cent), livestock (3.8 per cent), fishery (1.7 per cent) and forestry (10 per cent) (Annexure-I). The production targets for important crops are expected to be attained given that the quality and quantity of agriculture inputs is ensured. This includes consistent availability of water, certified seeds, fertilisers, pesticides and agriculture credit facilities, and better water availability.

The prospects for cotton crop in 2017-18 are encouraging. The international revival in cotton prices has spurred prices in domestic market. Resultantly, area under cotton cultivation is expected to increase due to the expectations of lucrative profit margins. This may reduce area under spring and autumn crops, such as maize.

Industry

Industrial sector is targeted to grow by 7.3 per cent during 2017-18. Manufacturing sector is targeted to grow by 6.4 per cent with LSM growth rate of 6.3 per cent, small scale & household manufacturing 8.2 per cent, construction 12.1 per cent and electricity generation & gas distribution by 12.5 per cent. Mining and quarrying sector is projected to grow by 3.5 per cent. Industry is expected to show vigorous performance in 2017-18, as its various subsectors showed encouraging performance in 2016-17 such as cement, iron & steel, electronics, food & beverages and automobiles.

The export stimulus package of Rs 180 billion for five manufacturing sector (textiles, carpets, sports goods, leather, and surgical instruments) is envisaged to enhance production and export earnings. This package is targeted to increase the profitability in the selected sectors by giving them incentive of tax rebate to increase their export proceedings by 10 per cent. Therefore, it is expected that improved energy availability, better law and order situation and lower interest rate will contribute towards achieving the target of industrial sector growth for 2017-18.

Box-1
Gig Economy

Digital economy is taking the world by storm. Within digital economy, Gig Economy is taking roots. Known as ‘sharing or collaborative economy’, Gig economy is “transactions between peers, with platforms taking the role of brokers between peers, with a view to making resource utilization more efficient” and “the outsourcing of tasks, which would normally be delegated to a single employee, to a large pool of ‘virtual workers’”. Measuring the extent of the digital economy, OECD categorised 15 internet based companies under e-commerce, social networking, peer to peer (P2P). Out of these, five were P2P i.e. Uber, Airbnb, eBay, Facebook, and Ten cent. (Employment and Social Affairs, European Parliament, 2016)

Gig economy provides a unique opportunity to Pakistan to become part of the global digital economy as online retail market is expanding in Pakistan. With the advent of technologies of 3G/4G, Pakistan has the basic requirement for gig economy i.e. high speed internet. ‘Careem’ is an example among the pioneers of Gig economy in Pakistan. Scope for such services seems brighter in Pakistan having more than 220 million mobile users, poor public transport, and low car ownership ratio (18 per 1000 persons). With a conducive regulatory framework, more Gif services can be offered, particularly in tourism & hospitality industry.

Services Sector

The growth target for services sector is kept at 6.4 per cent for 2017-18 based on current year’s performance. Accordingly, the targets of major contributors of services sector are set at 5.1 per cent in transport, storage and communication, 7.2 per cent in wholesale & retail trade, 9.5 per cent in finance & insurance, 3.9 per cent in housing services, 7 per cent in general government services and 6.7 per cent in other private services sector. The growth of all these sub-sectors depends on the performance of commodity producing sectors.

Investment and Savings

Investment target for the year 2017-18 is kept at 17.2 per cent of GDP in order to achieve sustained and inclusive growth. Fixed Investment is expected to grow to 15.6 per cent of GDP in 2017-18. National savings as percentage of GDP are targeted at 14.6 per cent. The investment target is achievable given improvement in ease of doing business, affordable energy supply, reduced political uncertainty, prospects of higher profit and enhanced capacity utilization rate. The investment under CPEC is expected to improve the overall investment climate. The spill-over effect from public investment under CPEC is expected to catalyse private sector and foster public private partnership. Moreover, the lagged impact of current investments, including CPEC investments by Government, private local and foreign investors coupled with prudent monetary and fiscal policy is expected to bolster the economy.

Annex-I

**Gross Domestic Product
(2005-06 Prices)**

Items	% Change			
	2015-16 Revised	2016-17		2017-18 Target
		Target	Prov.	
1. COMMODITY PROD. SECTORS	3	5.7	4.3	5.4
A) AGRICULTURE	0.3	3.5	3.5	3.5
Important Crops	-5.5	2.5	4.1	2
Other Crops	0.6	3.2	0.2	3.2
Cotton Ginning	-22.1	2.5	5.6	6.5
Livestock	3.4	4	3.4	3.8
Fishery	3.2	3	1.2	1.7
Forestry	14.3	3	14.5	10
B) INDUSTRY	5.8	7.7	5	7.3
Mining & Quarrying	6.8	7.4	1.3	3.5
Manufacturing (I+II+III)	3.6	6.1	5.3	6.4
I) Large-Scale Manufacturing	2.9	5.9	5	6.3
II) Small & Household	8.2	8.2	8.2	8.2
III) Slaughtering	3.6	3.7	3.6	3.7
Construction	14.6	13.2	9	12.1
Electricity Generation & Gas Distribution	8.4	12.5	3.4	12.5
II) SERVICES	5.5	5.7	6	6.4
Transport, Storage & Communications	4.8	5.1	3.9	5.1
Wholesale & Retail Trade	4.2	5.5	6.8	7.2
Finance and Insurance	6.1	7.2	10.7	9.5
Housing Services	3.9	4	3.9	3.9
General Government Services	9.7	7	6.9	7
Other Private Services	6.8	6.7	6.3	6.7
GDP(bp)	4.5	5.7	5.3	6

Source: Pakistan Bureau of Statistics; Planning Commission

Annex-II

**Macroeconomic Framework
(Current Market Prices)**

Items	2015-16	2016-17	2017-18	2015-16	2016-17	2017-18
	Revised	Prov.	Target	2014-15	2015-16	2016-17
	Growth (%)					
GDP (bp)	27,429	29,896	33,593	5.1	9	12.4
Indirect Taxes (Net)	1,673	1,966	2,326	23.7	17.5	18.3
GDP (mp)	29,103	31,862	35,919	6	9.5	12.7
Net Factor Income from Abroad	1,784	1,772	1,985	6.5	-0.7	12
GNP (mp)	30,887	33,634	37,904	6.1	8.9	12.7
External Resources Inflow (net)	354	866	951	29.2	145.6	9.3
Total Resources/ Uses	31,241	34,505	38,854	6.3	10.5	12.6
Total Consumption	26,714	29,478	32,660	6.5	10.3	10.8
Total Investment	4,527	5,027	6,194	5	11	23.2
Fixed Investment	4061	4517	5,620	4.9	11.2	24.4
Public incl. General Govt.	1,103	1,363	1,611	7.3	23.6	18.2
Private	2,958	3,154	4,009	4	6.6	27.1
Changes in Stocks	466	510	575	6	9.5	12.7
National Savings	4,173	4,157	5,243	3.4	-0.3	26.1
% of GDP						
Total Investment	15.6	15.8	17.2			
Fixed Investment	14	14.2	15.6			
Public incl. General Govt.	3.8	4.3	4.5			
Private	10.2	9.9	11.2			
National Savings	14.3	13.1	14.6			
External Resources Inflow (net)	1.2	2.7	2.6			
Memo Items						
Inflation	2.8	4.1	6			
GNP (mp) Per Capita (Rs)	159,572	170,508	188,626			

Source: Pakistan Bureau of Statistics; Planning Commission

Chapter 2 | PUBLIC SECTOR DEVELOPMENT PROGRAMME

Public Sector Development Programme (PSDP) is the driver of economic growth besides ensuring the equitable socio-economic development. Besides Federal PSDP, provinces, public sector enterprises and local authorities also invest their resources for development in the country. PSDP investment helps in bridging the infrastructure gap and providing a conducive environment to attract private and foreign investment necessary for the economic growth. PSDP is formulated through broad consultations and active involvement of stakeholders with the objective to undertake development programmes/projects according to sectoral and regional priorities in line with Vision 2025.

Performance Review of PSDP 2016-17

The National Economic Council (NEC) in its meeting held on May 30, 2016 approved Public Sector Development Programme (PSDP) 2016-17 at Rs 1,675 billion with federal component of Rs800 billion and provincial programmes (ADPs) at Rs875 billion. The PSDP 2016-17 included Rs229 billion of foreign aid [Rs143 billion in Federal PSDP and Rs86 billion in Provincial ADPs]. While formulating PSDP 2016-17, priority was given to ongoing projects, projects financed with firm commitment of foreign assistance, CPEC projects, projects for higher education and the projects for special areas. PSDP 2016-17 also catered for vertical programmes in health and population sectors as per CCI decision of 28th April 2011. Budget estimates and revised estimates of the national development outlay are given in Table 1.

Table-1
National Development Outlay 2016-17

	(Rs billion)	
PSDP	Budget Estimates*	Revised Estimates
Federal Government	800	715
Provincial Governments	875	824
Total	1,675	1,539

* Including foreign aid of Rs143 billion in Federal PSDP and Rs86 billion in Provincial ADPs

Broad sector-wise budget allocations of the PSDP 2016-17 are given in Table 2. An amount of Rs473 billion (72 per cent of Rs 655 billion) was allocated for infrastructure sector projects. Within infrastructure, power sector got investment of Rs405 billion (including Rs155 billion from budgetary sources and Rs250 billion from WAPDA/GENCO's own resources), transport and communication sector received Rs260 billion, followed by water sector Rs33 billion and physical planning & housing sector Rs19 billion. A sum of Rs25 billion was allocated separately for Gas Infrastructure Development Fund.

Table-2
Sector-Wise Allocation - Federal PSDP 2016-17

Sector	Budget Allocation (Rs billion)
Infrastructure :	469
-Transport & Communications	260
-Energy	155
-Water	33
-Physical Planning & Housing	19
-Fuel	2
Social Sector:	89
-Education including Higher Education	33
-Health & Population	32
-SDGs	20
-Others	4
Science & Information Technology	8
Governance	8
Special Areas (AJK, GB, FATA)	42
Production Sector	4
ERRA	7
Special Federal Development Programme	28
Sub-total	655
PM's Youth Programme	20
Gas Infrastructure Development Fund	25
TDPs & Security Enhancement	100
Total Size	800

A sum of Rs 89 billion (14 per cent) was allocated for social sector which included Rs32 billion for health & population welfare, Rs 33 billion for education /higher education, Rs20 billion for Prime Minister's SDGs programme and Rs4 billion for other social sectors. An expenditure of Rs8 billion is expected to be incurred on science and information technology sector projects, Rs8 billion for improving governance and Rs4 billion in production sector during 2016-17. In addition, an allocation of Rs 20 billion was earmarked to Prime Minister's Youth Programme.

Development of Special Areas (FATA, GB & AJ&K) is responsibility of federal government for which Rs42 billion were provided in the PSDP for formulation of their respective ADPs according to their sectoral/ regional priorities, while Rs7 billion were allocated for completing remaining works initiated by ERRA in the earthquake hit areas of AJ&K and Khyber Pakhtunkhwa. An amount of Rs100 billion was earmarked for special development programme for Temporarily Displaced Persons (TDPs) and Security Enhancement.

Ministry of Planning, Development and Reform undertook three quarterly reviews of PSDP 2016-17 with a view to assess physical and financial progress and adjust allocations so that more funds are diverted to fast moving important projects from anticipated savings of slow projects. During quarterly review meetings, executing agencies were asked to complete as many ongoing projects during PSDP 2016-17 as possible. After assessment of progress and reviews, re-appropriation of Rs53 billion was allowed for 101 on-going projects while remaining within the size of PSDP 2016-17. During reviews, the Ministries /Divisions were

also asked to submit PC-Is of unapproved budgeted projects so that allocated funds can be utilized. Due to these steps, it is expected that more than 145 projects having total estimated cost of Rs68 billion will be completed by June 2017. Original and revised allocations are given below in Table 3.

Table-3
Actual and Revised Allocations - Federal PSDP 2016-17

(Rs billion)

Agency	Budget Allocation 2016-17			Revised Allocation		
	Rupee	F. Aid	Total	Rupee	F. Aid	Total
Ministries/Divisions	255	24	279	261	24	285
Corporations (NHA, Power)	205	116	321	206	116	322
Special Federal Dev. Programme	28	0	28	14	0	14
PM's Global SDGs Achievement Programme	20	0	20	27	0	27
ERRA	4	3	7	4	3	7
Total PSDP	512	143	655	512	143	655

Outlook for PSDP 2017-18

The overall size of Federal PSDP 2017-18 has been set at Rs2,113 billion with 26 per cent higher than last year's size Rs1,675 billion - the highest in the history of Pakistan. The PSDP has been formulated in line with overall development agenda of the Government, depicted in seven pillars of Vision 2025 viz. achieving higher, sustained and inclusive growth; reducing poverty; investing in human capital; improving infrastructure; ensuring balanced development; and achieving food, water and energy security. Ample funds are earmarked in the PSDP 2017-18 for programmes/ projects aiming at achieving SDGs. The Provincial Governments were also advised to tailor their programmes in line with the SDGs as part of the national development agenda. The proposed National Development Outlay for the year 2017-18 is given in Table-4.

Table-4
National Development Outlay 2017-18

(Rs billion)

Agency	BE 2017-18		
	F. Aid	Rupee	Total
Ministries/Divisions	14	307	321
Corporations (NHA, Power)	142	239	381
Special Areas	3	59	62
PM's Global SDGs Achievement Programme	-	30	30
Special Federal Dev. Programme	-	40	40
Energy and Clean Drinking Water for All	-	25	25
ERRA	3	4	7
Sub-Total	162	704	866
Special Dev. Programme for TDPs and Security Enhancement	-	90	90
PM's Youth Programme Initiatives	-	20	20
Gas Infrastructure Development Cess	-	25	25
Total (Federal)	162	839	1,001
Provincial ADPs	195	917	1,112
Total (National)	357	1,756	2,113

The overall development outlay for 2017-18 at Rs2,113 billion is 26 per cent higher as compared to original budget allocation of PSDP 2016-17 at Rs1,675 billion. The size of Federal PSDP is set at Rs1,001 billion – 25 per cent higher than the original size of PSDP for 2016-17 at Rs 800 billion. The overall size of Provincial ADPs has also been increased to Rs1,112 billion, 27 per cent higher than the original size of Provincial ADP's.

Federal PSDP 2017-18

Federal PSDP 2017-18 has been set at Rs1,001 billion. Keeping in view the budgetary constraints, Ministry of Planning, Development and Reform held meetings with the sponsoring Ministries /Divisions to arrive at agreed Indicative Budget Ceilings so as to adequately finance the development projects falling in the overall sectoral and regional priorities of the government. The following broad guidelines were shared with the Ministries/ Divisions while proposing allocations for the development projects under PSDP 2017-18:

- Ensure that the proposed project fall under the priority sectors and contribute to achieve the goals of Vision 2025 and 11th Five Year Plan (2013-18)
- Finance ongoing projects on priority for scheduled completion.
- CPEC projects initiated on EPC contract basis should be allocated required funds.
- Explore Innovative financing for development (PPP, Community participation, cost sharing by NGOs etc.)
- Finance projects having tangible outcome contribution for achieving SDGs.
- Budget foreign grants/ loans commitments appropriately.
- Focus on projects that pertain to the subjects allocated to the Federal Government in view of 18th Amendment in the Constitution.
- Appropriately cater for the needs of less developed areas.
- Finance vertical programmes of health and population as per decisions of the Council of Common Interests (CCI) dated 28-04-2011 etc.
- Budget new projects to at least 20-25 percent of total cost only falling within the priority sectors for taking a felt start.

The Annual Plan Coordination Committee (APCC) met on May 17, 2017 and considered the project-wise budgetary proposals and formulated recommendations for National Economic Council. As per recommendations of the APCC, the proposed programme was reviewed and finalized in consultation with Ministries and Provincial Governments. The final proposed PSDP 2017-18 was considered by NEC on 19th May, 2017 and approved at a size of Rs2,113 billion. Broad sectoral break-up of the PSDP 2017-18 is given in Table-5.

Table-5
Sector-wise allocation in the federal PSDP 2017-18

Sector	Proposed Allocation	Share (%)
Infrastructure	577	67
<i>Power*</i>	84	10
<i>Fuel</i>	2	-
<i>Transport & Comm.</i>	411	48
<i>Water</i>	38	4
<i>PP&H</i>	41	5
Social Sector	150	17
<i>Education (Incl. Higher Edu.)</i>	47	5
<i>Health & population welfare</i>	56	6
<i>PM's Global SDGs Programme</i>	30	3
<i>Others</i>	17	2
Science & Info. Technology	9	1
Governance	14	2
Special Areas (AJK, GB, FATA)	62	7
Special Federal Development Programme	40	4
Production Sector	7	1
ERRA	7	1
Sub total	866	100
Spl. Dev. Prog. for TDPs & Security Enhancement	90	
PM's Youth Programme Initiative	20	
Gas Infrastructure Development Cess	25	
Federal PSDP	1,001	

**Total allocation of Rs 401 billion for power sector includes Rs 317 billion of self-finance portfolio and Rs 84 billion from PSDP*

The highest share of PSDP resources (Rs577 billion) has been earmarked for national level infrastructure development as it is the responsibility of the Federal Government after 18th Amendment. Within infrastructure sector, highest priority has been assigned to transport and communication sector with overall allocation of Rs411 billion, followed by energy sector with Rs403 billion (including Rs317 billion self-financed portfolio of WAPDA/PEPCO etc. RLNG projects would be financed from outside budget). For conservation and augmentation of water resources, Rs38 billion have been earmarked, while Rs41 billion have been allocated for physical planning & housing sector.

Social sector development after 18th amendment comes under the domain of Provinces. However, to augment the efforts of provincial governments, an amount of Rs150 billion has been earmarked for health and population (Rs56 billion), education / higher education (Rs47 billion) and SDGs (Rs30 billion) while other social sectors will get Rs17 billion to provide social services, quality education and health facilities to the people.

To promote technological and scientific research in the country, Rs9 billion has been allocated for science and information technology sector. To support reforms, innovations and capacity building, institutional strengthening and programmes for improving security in the country, Rs14 billion are earmarked for governance sector. An amount of Rs7 billion has been allocated for production sector.

For promoting balanced growth and uplift of Special Areas, an allocation of Rs62 billion has been earmarked (FATA Rs25 billion, AJK Rs22 billion, Gilgit Baltistan Rs15 billion) for formulating respective Annual Development Programmes according to their sectoral and regional priorities. An amount of Rs40 billion has been allocated for undertaking special projects in provinces/ special areas under Special Federal Development Programme.

For completion of infrastructure on-going schemes for reconstruction and rehabilitation of earthquake hit districts of AJ&K and Khyber Pakhtunkhwa, Rs7 billion have been earmarked to ERRA.

For relief and rehabilitation of IDPs and security enhancement, Rs90 billion have been allocated. To meet the financing gap of gas infrastructure, Rs25 billion has been allocated to support the gas companies. To sharpen the skills of youth and equip them with modern technologies and trades to compete for employability within the country and abroad, Rs20 billion have been allocated for Prime Minister's Youth Initiative Programme.

Strategy for federal PSDP releases

Ministry of Planning, Development and Reform has been authorizing project wise releases to sponsoring ministries and executing agencies since 2010-11. Releases are authorized to the sponsoring /executing agencies in the light of quarterly ceilings approved by the Finance Division depending on flow of revenue collection. During 2017-18, Finance Division indicated the formula for quarterly releases at 20 per cent each in first and second quarters and 30 per cent each in third and fourth quarters against rupee allocations. Foreign aid allocations are disbursed by the donor agencies directly to the projects/executing authorities.

To meet the requirements for higher releases for fast moving projects within overall allocation in a particular quarter, Ministries/Divisions were allowed to demand funds for ongoing priority projects. While requesting for release of funds, Ministries are required to provide details of utilization as well as physical progress against the previous releases.

The mechanism for release of funds is being revisited to ensure uninterrupted flow of funds to project authorities. Under the proposed mechanism, the role of FA's organization including the requirement of 'Ways and Means clearance' is being re-defined. The role and responsibilities of the Principal Accounting Officers (PAOs) are being enhanced with a view to make them accountable for releases and utilization of PSDP funds.

Salient Features of Federal PSDP 2017-18

- The total national development outlay for 2017-18 is set at Rs2,113 billion, including federal PSDP at Rs1,001 billion and provincial ADPs at Rs1,112 billion. The Federal PSDP has foreign aid component of Rs162 billion whereas, Provincial ADPs have Rs195 billion as foreign assistance.
- A total of 1002 projects costing overall Rs7.9 trillion are proposed to be financed through PSDP 2017-18. Of this, 631 projects are ongoing with cost of Rs6.6 trillion and reported expenditure of Rs2.2 trillion upto 30.06.2017. In addition, 371 projects are new with estimated cost of Rs1.3 trillion.

- Priority has been accorded to transport and communication sector with overall allocation of Rs411 billion with NHA Rs320 billion, Railways Rs43 billion and Ports & Shipping, Aviation etc. Rs 44 billion.
- Power Sector has been allocated Rs401 billion (including Rs84 billion through budget and Rs317 billion through self-financed portfolio of WAPDA/GENCOs/NTDC etc.). RLNG projects shall be financed from outside budget, among others.
- Besides above, bulk of the investment under CPEC is committed for the power sector to be undertaken on IPPs mode through FDI, transmission and distribution systems are also being re-designed to cater to the needs of these IPPs mode power generating facilities.
- CPEC offers a game changer opportunity for economic growth and employment. It would be a source of regional and national integration boosting trade and economic activities. About Rs180 billion have been allocated for CPEC and related projects in PSDP 2017-18 for scheduled completion.
- For fast track development in FATA, AJK and GB, Rs62 billion have been allocated.
- Though the social sector development is primarily responsibility of the Provincial Governments, to support efforts of the provincial governments, federal government has extended assistance of Rs56 billion to finance vertical programmes of health, population welfare and new initiatives of the Prime Minister such as establishment of new hospitals and national health programme etc.
- To address water shortage in Karachi and to provide decent commuters transport facility, substantial allocations have been provided for Greater Karachi Water Supply Project (K-IV) and Green Line Bus Transit System to complete during 2017-18. Similarly, substantial allocations have been provided to water sector schemes particularly small dams for irrigation and drinking purpose in Balochistan to address water shortage issue.
- To improve social service delivery and socio-economic indicators of Pakistan, Federal Government initiated “Pakistan SDGs and Community Development Programme” during 2014-15. The programme would continue during 2017-18 for providing basic civic amenities to general public at door step. Similarly the Special Federal Development Programme would also continue during 2017-18 with the objective to promote balance growth and to supplement developmental efforts of the Provincial Governments.
- Development takes root in an environment of peace and security, Special development programme to enhance security and rehabilitating infrastructure to ease out resettlement of Temporarily Dislocated Persons (TDPs), initiated during 2015-16 will continue with an allocation of Rs90 billion.

During 2017-18, the following important projects under CPEC have been adequately financed:

- Construction of Thakot to Havelian Road (118 KM)
- Construction of Burhan-Havelian Expressway (59.1 Km)
- Rehabilitation of D.I Khan Mughal Kot Road (50 km Section) N-50

- Land Acquisition, affected properties compensation for construction of Burhan-Hakla to D.I. Khan Motorway
- Construction of Hakla on M-I to Yarik D.I. Khan Motorway
- Lahore-Abdul Hakeem Road (230 km)
- Multan - Sukkur Motorway (387 km)
- Zhob Mughal Kot Road (81 km) N-50
- Widening & Improvement of N-85, Hoshab - Nag - Basima - Surab Road (459 Km)
- Basima – Khuzdar Road (106 km) N-30
- Dualization of Yarik - Mughalkot - Zhob section of N-50 (210 km) including Zhob Bypass
- Gwadar - Turbat - Hoshab Section (200Km) of Gawadar - Ratodero Road (892 Km) M-8 including Khuzdar - Shahdadkot - Ratodero (143 km) - (Gwadar, Turbat, Khuzdar in Balochistan and Kamber, Shahdadkot & Larkana in Sindh)
- Sukkur - Hyderabad Road (296 km)
- Construction of Eastbay Expressway
- New Gwadar International Airport
- Construction of Cross – Border Optical Fiber Cable (OFC) System Between China and Pakistan For International Connectivity of Voice / Data Traffic
- Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution Gwadar
- Comprehensive Feasibility Study for Up-gradation/Rehabilitation of Mainline-I and New Dry Port at Havelian (Balder) Distt. Haripur
- Preliminary Design/Drawings for Up-gradation/rehabilitation of Mainline-I and establishment of Dryport near Havelian
- Feasibility study for Rail Link from Havelian to Pak China Border (682 K.M)
- Infrastructure Development of Export Processing Zone at Gwadar
- Capital Dredging of Berthing areas & channel for Additional Terminals
- Construction of Break Water, Gwadar
- Feasibility Studies to Connect Gwadar with Karachi, Gwadar to Besima and from Besima to Jacobabad via Khuzdar
- Pak-China Technical & Vocational Institute at Gwadar

Following new CPEC initiatives are included in PSDP 2017-18:

- Capacity building for tapping marine living resource potential of Pakistan, through biological oceanography- Phase-I
- Expansion & Up-gradation of NGMS (3G/4G) Services and Seamless Coverage along KKH
- Establishment of PSTC for Precision Mechanics and Instrument Technology at Gwadar

- Establishment of National Institutes of Applied Technology to support CPEC Initiatives
- Gilgit-Shandoor-Chitral Chakdara Road
- Mirpur-Mangla-Muzaffarabad-Mansehra Road

Other initiatives include:

- Infrastructure Up-gradation Project of Karachi Shipyard & Engineering Works
- Pakistan Financial Inclusion and Infrastructure Project
- Construction of National Academy of Public Finance and Accountancy
- Construction of State Guest House and Conference Centre, Islamabad
- Establishment of National Science & Technology Park (NSTP) at Central Campus NUST (PPP mode)
- Up-lifting of Academic and Infrastructure Facilities at Hazara University, Mansehra
- Provision of accommodation facilities for female students in Public Sector Universities
- Pak UK Knowledge Gateway
- National Livestock Technology Park, UVAS, Ravi Campus
- Establishment of National Institutes of Applied Technology (NIAT) to support CPEC Initiatives
- National Business Development Programme for SMEs
- Establishment of Institute of Radiotherapy & Nuclear Medicine, Gilgit
- Gujranwala Institute of Nuclear Medicine & Radiotherapy (GINUM), Phase-II
- Establishment of Advanced Technology Training Center at Knowledge Park, Muridke
- Establishment of National Centre for Cyber Security, Robotics and Automation
- Establishment of Textile Testing and Research Centre, Faisalabad
- Prime Minister's Programme for New Hospitals
- National Preventive Health Programme
- Prime Minister's National Health Programme
- Strengthening of Sports Infrastructure in Pakistan
- Better Cotton Initiatives for Sustainable Cotton Production in Pakistan
- Expo Centres at Islamabad and Quetta

PILLAR-I

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

Chapter 3 | POPULATION

There is a strong relationship between population growth and economic development of the country. All the developed countries of the world have controlled the population and achieved replacement level of fertility. But the case of the developing countries of Asia and Africa is different. As their population growth rate is high, so it has adverse consequences on socio-economic fabric of the country, pressure on limited resources, high rate of dependency and ultimately poverty with all its allied problems. Population stabilization is the key factor for attaining sustainable development.

It is estimated that the population of Pakistan will be around 200 million at the close of year 2017, with the growth rate of 1.9 %. However, exact number will be available after the ongoing population census. This alarmingly high growth rate requires major focus of the federal and provincial governments. Unfortunately during the last few decades, the governments have given little priority to take the serious steps and to devise an effective strategy to tackle the menace of population growth. Illiteracy, deficient family planning & reproductive health outlets, low use of contraceptives, non-acceptance of small family norms, early marriage are some of the major factors responsible for rapid growth of population in our country. It is said that population growth is one of the major problems in the developing countries like lack of educational, health, housing, sanitation facilities, shortage of food, poor infrastructure, high crime rate, and resultantly low literacy rate, unhealthy people and prevalence of poverty.

Review of 2016-17

There is need to improve the performance of Pakistan in family planning and reproductive health when we compare our demographic and family planning indicators with regional countries as our contraceptive prevalence rate (CPR) is low and total fertility rate (TFR), infant mortality rate (IMR) and maternal mortality rate (MMR) are quite high compared to regional countries.

Important demographic indicators of Pakistan are given in the following table:

Table-1
Important demographic indicators of Pakistan

Indicator	Mid 2016	Mid 2017
Population (million)	194.92	198.36
Male (million)	100.42	102.16
Female (million)	94.49	96.20
Urban population (million)	86.40	89.65
Male (million)	44.51	46.17
Female (million)	41.88	43.48

Indicator	Mid 2016	Mid 2017
Rural population (million)	108.52	108.72
Male (million)	55.91	55.99
Female (million)	52.61	52.73
Total Fertility Rate (TFR)	3.8	3.57
Crude Birth Rate (per thousand)	24.8	24.8
Crude Death Rate (per thousand)	6	6
Population Growth Rate (per cent)	1.9	1.9
Contraceptive Prevalence Rate* (per cent)	35	40.6
Life expectancy (year)	69.65	69.8
Females	70	70.2
Males	69.3	69.4
Unmet Need of Contraceptives*	20.1	19.8
Infant Mortality (below 1 year)	62.4	61.4
Infant Mortality (below 5 year)	87	85.4
Maternal Mortality**	171.8	165.6

Source: National Institute of Population Studies (NIPS), Islamabad.

*Source: Track20 Project (FP-2020) Office, Islamabad, Pakistan.

**Source: World Health Organisation (WHO).

Financial review 2016-17

The Population Welfare Programme (PWP) is being executed by the Population Welfare Departments of the provinces and the federating units through the Federal PSDP. Originally the Population Welfare Programme was to end in June 2015 but because of low PSDP allocations during some years, the projects have been extended till June 2017 to utilize the remaining amount of throw-forward. The details of the PSDP funding to PWP from 2013 to 2017, which is the period of the first 4 years of the 11th Five Year Plan, have been given in the following table:

Table-2
PSDP funding to population welfare programme from 2013-14 to 2016-17

Province/ Area	PSDP 2013-14	PSDP 2014-15	PSDP 2015-16	PSDP 2016-17	Total
Punjab	3,288.368	3,633.589	3,608.653	3,583.590	14,114.200
Sindh	2,082.373	2,082.373	2,082.333	2,057.370	8,304.452
Khyber Pakhtunkhwa	1,026.575	1,283.378	1,283.447	1,268.450	4,861.847
Balochistan	523.728	805.736	805.736	795.736	2,930.936
AJ&K	180.021	223.356	223.354	273.356	900.087
Gilgit Baltistan	118.722	118.722	118.722	118.722	474.888
FATA	78.841	78.841	78.841	78.841	315.364
Grand Total	7,298.628	8,225.995	8,201.086	8,176.060	31,901.770

Source: Ministry of Planning, Development and Reform, Islamabad.

The allocation and expenditure of PWP during 2016-17 was around Rs8.2 billion from Federal PSDP, as shown in column 5 of the table). An amount of about Rs32 billion have been spent till now during the 4 years of the 11th Five Year Plan till June 2017. Major portion of the total allocated amount is spent on meeting establishment charges (salary and

employees related expenses). Only a meager share of the allocated funds is utilized on creation and improvement of service delivery centres.

Physical Review

The details of the physical targets during 2016-17 and achievement thereof are given in the following table. It shows that physical targets were achieved reasonably.

Table-3
Physical targets and achievements 2016-17
(Cumulative Number)

Service Delivery Outlet	2016-17 (Targets)	Achievement 2016-17
Family Welfare Centres	3390	3525
Reproductive Health-A Centres	270	276
Mobile Service Units (MSUs)	370	358
Reproductive Health-B Centres	240	209

Source: *Population Welfare Departments of the Provinces and federating units.*

The above table shows that the targets of establishing Family Welfare Centres and Reproductive Health-A Centres were achieved. But the targets of Mobile Service Units (MSUs) and Reproductive Health-B Centres could not be achieved because of financial constraints.

Outlook 2017-18

The present government must be given credit as the long awaited 6th Population and Housing Census was started from 15th March 2017 in two phases. The field operation of census was done in 63 administrative districts under Phase-I and in 87 districts under Phase-II. There were total 458 Census Districts, 3,313 Census Charges, 20,663 Census Circles and 168,294 Census. The census would be very much helpful for government, researchers and planners for critical evidence-based decision making, planning and making effective strategy for population control. It will provide very reliable data on population, its growth and migration trends in different regions/ areas, employment, urban-rural population, male-female ratio, Afghan refugees etc.

The present government has given importance and priority to the population and family planning issues. In the last financial year, two major events viz National Consultative Forum (NCF) on the International Conference on Population and Development (ICPD) beyond 2014 and "Population Summit" were held in Islamabad. The last national population policy was made in 2002 and after the devolution of the subject of population to the provinces, there was no population policy of the country. But now the Prime Minister has assigned the Planning Commission to carry out the strategic review of national policies and preparation of the new National Population Policy. The Ministry of National Health Services Regulation and Coordination will prepare the first draft of the National Population Policy in line with the Provincial Population Policies and after taking inputs from the provinces, federating units, INGOs, NGOs and development partners with bottom-up approach. The first draft of the policy will be presented to the Planning Commission for the improvements, finalization and approval. The Ministry of National Health Services Regulation and Coordination has arranged a consultative meeting with the stakeholders. The UNFPA will assist the federal government in formulating the policy.

The new population policy will address the issues in population, family planning and reproductive health in accordance with the Vision 2025. It will help in improving coordination between federal and provincial governments as well as private sector -, in evolving and integrating strategies and generating more resources. Population Welfare Departments of Punjab, Sindh and Khyber Pakhtunkhwa have formally approved their Population Policies. The draft Population Policy of Balochistan is being processed for the approval of provincial cabinet.

The federal government has also formed the Country Engagement Working Group (CEWG) of the population stakeholders for better implementing FP programme to achieve the targets of 2012 London Summit of Family Planning (FP-2020). Quarterly meeting of the CEWG are being held in different cities to evaluate the progress of our commitments of FP-2020.

Programme

Financial Plan

The extended Population Welfare Programme (2010-15) will be completing in June 2017. The Planning Commission has conveyed to the governments of Punjab, AJ&K, Gilgit Baltistan and FATA to shift their manpower from development budget to non-development budget by June 2017. The Population Welfare Departments of the provinces, AJ&K, Gilgit Baltistan and FATA are preparing new PC-Is for the period of 3 years, from July 2017 to June 2020. In the Public Sector Development Programme (PSDP) 2017-18, an amount of Rs8.176 billion has been allocated for the population sector projects. Details are given in the following table:

Table-4
PSDP allocation for population welfare programme during 2017-18
(Rs million)

Province/ Federating Unit	PSDP allocation 2017-18
Punjab	3,583.589
Sindh	2,057.373
Khyber Pakhtunkhwa	1,268.447
Balochistan	795.736
AJK	273.356
Gilgit-Baltistan	118.722
FATA	78.841
Grand total:	8,176.064

Source: Ministry of Planning , Development and Reform, Islamabad

Physical Targets

Some physical targets during the year 2017-18 for Pakistan are given in the following table. Some other physical activities are also mentioned in the new initiatives of the provinces.

Table-5
Physical Targets 2017-18
(Cumulative number)

	2017-18 (Targets)
Family Welfare Centres	3685
Reproductive Health-A Centres	332
Mobile Service Units (MSUs)	425
Reproductive Health-B Centres	230

If sufficient funds are provided by the provincial governments in addition to PSDP allocation, effective execution, implementing procedures and techniques are used, an efficient monitoring and evaluation system is applied, then the given targets are not difficult to achieve.

New Initiatives

Pakistan Demographic and Health Survey - PDHS 2017–18

National Institute of Population Studies (NIPS) is conducting Pakistan Demographic and Health Survey (PDHS), 2017-18, which will complete in August 2018. The PDHS is a follow-up survey to the 1990-91, the 2006-07 PDHS and the 2012-13 surveys that were also conducted by NIPS. The technical assistance is being provided by ICF International and the financial support will be provided by USAID, DFID and UNFPA.

PDHS 2017-18 will be a nationally representative population based survey with large sample size. The indicators will be collected and presented in terms of national level statistics and for population subgroups such as those defined by age, education, marital status, economic status, urban/rural residence, provinces and regions of the country. The high quality data will be collected on other key indicators like maternal and child health, contraceptive use, infant and especially neonatal mortality, maternal mortality, gender, nutrition, fertility, family planning, immunization, disability, gender, nutrition, HIV/AIDS, TB, Hepatitis etc and internal migration, violence against women. The data will be used to track the SDG indicators, like MMR and IMR. The PDHS data will be very useful for carrying out research on maternal and neonatal morbidity and mortality, and will provide information for evaluation of maternal and child health and family planning programmes for evidence-based planning.

The government of the Punjab is allocating funds in 2017-18 budget for promoting and spreading family planning & reproductive health services. The activities include expansion of Mobile Service Units, aggressive advocacy campaign, M-Governance of FP programme implementation, introduction of Referral System, provision of contraceptives etc.

The government of Sindh is starting E-monitoring system in all the 29 districts of Sindh in 2017-18 to conduct real time monitoring. Two projects namely, Accelerated Family Planning Services and Behavioral Change Communication (BCC) Programme are being launched in Thar draught disaster areas in 2017-18. The “Costed Implementation Plan” (CIP)

Phase-II, on Family Planning will be start at the cost of Rs2.2 billion and about Rs678 million is proposed to be allocated in 2017-18 from the ADP of Sindh.

The government of Khyber Pakhtunkhwa is also expanding its network of Family Welfare Centres (FWCs), Mobile Service Units, strengthening monitoring and evaluation, launching advocacy campaign and involving Imam and religious leaders for promotion of family planning campaigns.

What more can be done

To promote family planning and reproductive health in the country, the following steps are under implementation:

- More funding to the family planning and population welfare projects by the provinces.
- An effective advocacy campaign at national level for promoting family planning by involving civil society, media, religious leaders etc.
- Improvement of service delivery network and infrastructure
- Provision of all time standard contraceptives and universal access to the adult population
- Incorporation of FP in Essential Package for Health Services (EPHS)
- Training and capacity building of the FP staff
- Family Planning education in colleges and universities
- Synergies with development partners, private sector/ NGOs
- A comprehensive and effective monitoring and evaluation system

Chapter 4 | SCHOOL AND COLLEGE EDUCATION

Education sets the foundation for achieving social and economic progress in a country on sustainable basis and acts as an enabler for development. Education is a formal process by which society deliberately transmits its accumulated knowledge, skills, customs and values from one generation to another. It is not only about the individual but it has also a societal role of selecting, classifying, distributing, transmitting and evaluating the educational knowledge, reflecting both the distribution of power and principle of the social contract. The proportional share in terms of the allocation of economic resources is indicative of an economy's priority towards achieving its national interest and consequently in producing good and responsible citizens through quality education.

A broadening of access to quality education has been envisaged in Vision 2025 and 11th Five Year Plan (2013-18) and improving quality of education. Lack of access to education has resulted in low literacy rate, while low quality education affects the productivity of the country's labour force. High dropout rate and absenteeism, weak governance along with inequitable participation of disadvantaged segments such as girls, children in rural areas and those from deprived families are some of the reasons for a low literacy rate or poor quality of education. The public sector education institutions need to enhance their capacity to control increasing dropout rate and low rate of enrolment. The challenges to quality education include lack of schools, lack of equipped laboratories and libraries, lack of trained teachers, lack of quality infrastructure and absence of basic facilities in schools like water, sanitation, electricity and boundary walls.

Performance review 2016-17

In the post 18th Constitutional Amendment scenario, provinces are responsible for policy coordination, increasing access to education, improving quality while maintaining uniform standards in education. For this purpose, Inter-Provincial Education Ministers (IPEM) Conference has been revived under the Ministry of Federal Education & Professional Training and its meetings are convened periodically to resolve the issues in education sector. In order to achieve education related Sustainable Development Goals (SDGs) and for ensuring inclusive and equitable quality education, the Ministry of Federal Education and Professional Training and provincial education departments will take necessary actions. The following table shows a glimpse of education indicators at the national and provincial levels.

Education Indicators at National and Provincial levels, by gender

(Percentage)

Indicator	Primary NER ¹			Middle NER ²			Metric NER ³			Literacy Rate		
	Over-all	Male	Female	Over-all	Male	Female	Over-all	Male	Female	Over-all	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
Khyber Pakhtunkhwa	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 Measures (PSLM) Survey 2014-15.

The above indicators are not very encouraging and there is need to inject more financial resources along with improvement in governance of the sector to improve the educational attainment targets.

Pakistan is not better than any other SAARC country except Afghanistan as revealed from different education sector indicators given below:

Country	Education Indicators										
	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	Gross Enrolment Ratio (GER) 2008-2014				Primary School Dropout rate (2008-2014)	Public Expenditure on education (%age of GDP) (2005-2014)	HDI Rank
		Male	Female		Pre-Primary	Primary	Secondary	Tertiary			
Pakistan	54.7	63.1	78	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	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

Source: Human Development Index Report 2015

Federal PSDP

The federal government adopted a holistic approach to revamp and strengthen all tiers of the schooling system by taking the following ongoing and new initiatives:

¹ **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).

² **Middle NER:** (Number of children aged 11-13 years attending level (class 6-8) divided by total number of children aged 11-13years).

³ **Metric NER:** (Number of children aged 14-15 years attending level (class 9-10) divided by number of children aged (4-15years).

- Improving Human Development Indicators in Pakistan with focus on SDGs relating to Education.
- National Curriculum Council to maintain uniform curriculum standards at the national level
- Modernization of the Examination System to standardize the assessment system
- Mainstreaming of Madrassas to formalize and align their system of education with the mainstream education system and to make their children more productive for society
- National Best Teacher Awards scheme to recognize and honour services of outstanding teachers
- Establishment of Smart Schools to introduce technology-based blended learning
- Educational leadership and institutional management
- National Endowment Scholarship for Talent (NEST) to finance education for talented students

During 2016-17, a sum of Rs 5.716 billion was allocated in the federal PSDP for basic and college education in Federal Areas. An abstract of development projects in PSDP 2016-17 is given below:

Scheme	No. of Projects	Total cost	(Rs in million)
			Allocation
Literacy, Curriculum, Mainstreaming of madrassahs, Capacity building of teachers and principals	09	8,619.11	2,121.06
Establishment / uplifting / Renovation / Physical up-gradation of schools and colleges,	13	6,122.49	1,059.46
Cadet College Kharan	01	1,382.06	500
Digitalization of the holding of National Archives of Pakistan and Improvement of Record Preservation	02	62.047	27.80
National Endowment Scholarships for Talent (NEST)	01	10,000	2,000
Grand total	26	26,185.703	5,708.314

Provincial ADP

During 2016-17, the Punjab government allocated Rs54.64 billion for development schemes in education sector, Sindh allocated Rs11.50 billion, Khyber Pakhtunkhwa Rs15.67 billion, and Balochistan allocated Rs3.84 billion, which totalled to Rs85.65 billion for the basic and college education in the provinces. In education sector, provincial governments prioritized provision of missing facilities, up gradation of girls and boys primary schools 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 in schools, 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 ample budget for the education foundations. Funds within the development budgets have been allocated for the capacity-building of teachers in order to enable them to

provide quality education. In addition, establishment of the cadet colleges to meet the demand of quality education was also prioritized in the provinces.

Outlook 2017-18

Development is an ongoing Process. The government intends to create a knowledge society, by allocating more financial resources for capacity building, research & development, providing access to education for children belonging to low income and disadvantaged segments, decrease disparity, improve quality to strengthen retention and decrease dropout rate at all levels. These measures will lead to reducing regional and gender-wide disparities. Pakistan, being a signatory to the Sustainable Development Goals (SDGs) has established a strong coordination mechanism needed to put forward efforts of federal ministries, provincial and area governments to achieve the targets set under SDGs. Avenues are being explored to increase contribution of the private sector, which at present contributes only 16 per cent of the total educational resources.

The Smart schools project has been initiated to increase quality of education. These schools will use IT based blended learning to increase analytical and cognitive skills. This initiative will be replicated in the provinces and other federal areas. Under the madrasa reforms initiative, the Madrasa students will be mainstreamed with formal education for increasing the chances of their higher education and employability. Initiatives have been taken to modernize and harmonize curriculum, examination and teachers' training at the national level. A modern National Teachers Training Institute will be established in Islamabad. The above mentioned projects, in collaboration with the provincial education sector plans, will help increase access to education at school and college level and improve quality and help bridge the gender parity. These efforts are in line with the Vision 2025 and 11th Five Year Plan.

Programmes

The Federal Government has included 24 projects (ongoing 17 and new schemes 7) for basic and college education for financing in the fiscal year 2017-18. An estimated total cost of Rs25,508.745 million has been earmarked in the PSDP 2017-18 for these projects. Abstract of development projects relating to the basic and college education in the PSDP 2017-18 is tabulated below:

Education sector projects in the PSDP 2017-18

			(Rs million)
Scheme	No. of Projects	Total cost	Allocation
Literacy, Curriculum, Mainstreaming of madrassahs, Capacity building of teachers and principals / Modernisation of Examination System/Education Reforms	11	7,476.67	2,961.93
Establishment / uplifting / Renovation / Physical up-gradation of schools and colleges,	11	6,848.75	2,718.47
Cadet College Kharan	1	1,382.06	500
National Endowment Scholarships for Talent (NEST)	1	10,000	1,000
Grand total	24	25,508.75	7,100.22

Chapter 5 | HEALTH

Better health facilities are the most fundamental for every nation and to all human beings. Health makes a vital and foremost contribution to economic growth, as healthy populations live longer, are more creative and productive. Efficient public health systems are crucial for providing care for the sick, and for instituting procedures that endorse wellness and prevent disease. Poor health contributes to poverty due to the catastrophic costs of illness and diminishes learning capacity during childhood and earning ability during adulthood. It is critical to move towards a system which will enable us to address the challenges and prevent households from getting into the poverty trap and sickness. Therefore, health holds a key position towards prosperity, reduction of poverty and contributes to national economic growth.

Pakistan's Vision 2025 aims to enhance the spending in the health sector to 3 per cent of GDP and the 11th Five Year Plan (2013-2018) aspires to improve the health and well-being of the population of Pakistan as envisioned in Vision 2025. To achieve the objectives in the year ahead, there is a dire need of expanding investment in healthcare, adapting to the effects of climate change and natural disasters by means of intersectoral cooperation, strengthening primary health care services, motivating the human resource by providing incentives at the end of the year and reducing dependence on foreign donors.

Performance review 2016-17

Several programmes and projects are running to strengthen the physical conditions and well being of the people and to curb the diseases in rural and urban areas for which funding has been provided by the federal government. These programmes include, Family Planning and Primary Health Care (FP&PHC), Expanded Programme for Immunization (EPI), Malaria Control Programme, Tuberculosis (TB) Control Programme, HIV/AIDS Control Programme, Maternal Neonatal & Child Health (MNCH) Programme, Prime Minister's Programme for Prevention and Control of Hepatitis and Cancer Treatment Programme. At federal level, a separate programme namely "Coordination / Common Unit to Manage Global Fund" for bringing together the three communicable diseases i.e. TB, AIDS and Malaria has been approved to facilitate allocations, transfer and utilization of foreign funds for combating these three diseases.

The government also focused on development of a National Strategic Framework for acceleration and enhancement of Civil Registration and Vital Statistics (CRVS) in Pakistan. For this purpose, Technical Support Unit for CRVS is under establishment in Pakistan Planning and Management Institute Complex (PPMI).

A national roundtable conference on "Main-streaming Sustainable Development Goals in Development Planning" was organized to honor the significant involvement of SDGs

in Pakistan and to discuss the prospects of youth engagement in policy making for sustainable social sector outcomes. Education and Health sectors, Public Health Engineering Departments (PHED), Provincial Departments, Parliamentarians, and representatives of donor & UN agencies, international & national NGOs participated in the conference to show their commitment and share their views for achieving the SDGs in Pakistan by 2030. Conference was concluded by signing the pledge paper on our commitment of SDGs.

The federal government has also initiated a “Prime Minister’s National Health Programme” to augment the health status of the poor and vulnerable by ensuring their access to quality health care through health insurance. Efforts are underway to reduce the out-of-pocket health expenses by the poor and vulnerable population. An amount of Rs2,000 million has been allocated for this purpose in PSDP 2016-17.

A conference held on “Early Childhood Development” provided a platform to major stakeholders to get together, deliberate and design effective policies to address the health challenges faced by children in Pakistan, with special focus on “Stunting” (low height for age). A multi-sectoral task-force to monitor the progress of various interventions to improve child health in the country has been proposed.

Pakistan is facing double burden of disease and the contribution of deaths by non-communicable diseases (NCDs) has over numbered the communicable diseases. NCDs for example Heart diseases, Diabetes and various types of Cancers etc are a particular danger. It is estimated that by 2020, two out of three Pakistani deaths will be due to NCDs. The stakeholder’s consultative meeting on promoting healthy lifestyle and prevention of NCDs was convened by Planning Commission. To review the progress regarding implementation of the strategic directions set out in Vision 2025 and 11th Five Year Plan (2013-2018) for prevention of NCD’s in Pakistan, meetings were carried out. The Working group also prepared an action plan for the purpose. The plan prioritized prevention of non-communicable diseases through investment in the hospital infrastructure, health awareness through inclusion of Public health and safety knowledge in curriculum at elementary school level, legal bindings of genetic testing before marriage for diseases (e.g. Sickle Cell Anemia , Thalassemia etc), imposition of tobacco taxation, fixed share for investment in health sector and behavioral modification. It also called for the establishment of Non-Communicable Disease and Health Promotion Units to coordinate activities for health value chain. Additionally, it emphasized engagement of communities and incorporation of NCD control at local strategy levels through establishing Non-Communicable Disease surveillance system which would be integrated with district, provincial and national levels. The action plan was afterwards approved by the Honorable Minister PD&R, issued and sent to the relevant federal and provincial departments for initiating implementation. Cancer will be treated through establishment of more cancer treatment hospitals.

Every seventh death in Pakistan is caused by some type of cancer¹. Pakistan Atomic Energy Commission’s (PAEC) 18 cancer hospitals in four provinces are already providing diagnostic and treatment facilities to affected patients. A project was also approved for up-gradation of nuclear medicine equipment of five PAEC cancer hospitals. Other approved projects are “Gujranwala Institution of Nuclear Medicine & Radiotherapy (GINUM) Phase-II. (Rs1397.45 million), Upgradation of Multan institute of Nuclear Medicine and Radiotherapy (Rs896.43 million) and extension of Institute of Nuclear Oncology and Radiotherapy (INOR)

¹ nation.com.pk/lahore/05-Feb-2017/every-7th-pakistani-dies-of-cancer

at a cost of Rs473.69 million. Breast cancer is the most widely spread cancer in Pakistan and different studies show that it kills almost 40,000 women every year. According to World Health Organization (WHO), breast cancer rates are getting worse and it is not sparing even younger age group. Of approximately a population of 100 million females in Pakistan today, about 10 million are going to develop breast cancer in their lifetime. The Government, keeping in view the rising need of cancer treatment facilities, has taken a new initiative of establishing a state of the art 'Cancer Hospital' in Islamabad and the amount of Rs300 million was earmarked in 2016-17 PSDP.

Safe Blood Transfusion project with the technical cooperation of GIZ (German donor agency) and KfW (German Bank) is in the implementation process in all four provinces that will bring down the incidence of hepatitis and other blood borne diseases in the country.

The PSDP allocations were made to health sector projects of Ministry of National Health Services Regulations and Coordination (NHSRC), Capital Administration and Development Division (CADD) and Pakistan Atomic Energy Commission (PAEC). There were 30 projects of health sector at and an amount of Rs25.62 billion was allocated with an expenditure of Rs20.57 billion. The details are given in the following table:

Health Sector Projects of PSDP during 2016-17

(Rs million)			
Name of Ministry/ Organisation	No of Projects	Allocation	Expected Expenditure
Ministry of National Health Services Regulations and Coordination (NHSRC)	14	22,475.11	17,974.25
Capital Administration and Development Division CADD	11	717.29	160
Pakistan Atomic Energy Commission (PAEC)	05	2431.13	2431.13
Total	30	25,623.53	20,565.38

Outlook 2017-18

Sustainable Development Goals propose goals and targets that incorporate economic, social and ecological characteristics and their inter linkages in achieving sustainable development in all dimensions. SDG 3 specifically related to health envisages the global maternal mortality ratio to less than 70 per 100,000 live births, no preventable deaths of newborns and children under-5 years of age, no epidemic of AIDS, tuberculosis and 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 2030, halve the number of global deaths and injuries would occur from road traffic accidents.

For the initiatives of improvement in disease information system and health promotion, campaigns will be encouraged for awareness of the general public. Filtered water supply, hygiene, conventional medicines, Health legislation for several regulatory actions and Road Traffic Accidents (RTAs) are other health areas to be addressed. Access to sexual and reproductive health care services will be supported which includes but not

limited to information and education concerning family planning services. The incorporation of reproductive health into national and provincial strategies and programmes will be encouraged.

The government is formulating national strategic framework to overcome burden of non-communicable diseases. Prevention and control of non-communicable diseases will be perused eagerly. The plan also aspires to decrease drug abuse and develop policies for physically or mentally challenged people.

Efforts will be made for the provision of innovative and affordable vaccines to patients. A project of "Indigenous Vaccine Production" is also under process at National institute of Health (NIH), Islamabad.

Efforts will focus on strengthening 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 Primary Health Care (PHC) outlet including Basic Health Units (BHUs) and Rural Health Centres (RHCs) will be strengthened through provision of medical equipment, staff, and medicine. Establishment of Health Emergency Surveillance and Response System; Implementation of a national plan for vaccinations, incorporation of e-health and M-health system (mobile health management) are also the key areas to work upon by the government besides improving governance and monitoring efforts as envisaged in vision 2025.

Programmes

Following are the vertical programmes for prevention and cure of major diseases. These programmes and projects are already under implementation and according to 7th NFC Award federal government is funding these projects.

- **Family Planning and Primary Health Care (FP&PHC)**

The FP & PHC programme has recruited more than 100,000 Lady Health Workers (LHWs) in 2016-17. LHWs services encompasses the health conditions of women and children through improved sanitation, birth spacing, iron supplementation, larger vaccination coverage and through Ante-natal and post-natal coverage of the pregnant women.

- **Expanded Programme for Immunization (EPI)**

The EPI provides immunization to children against the seven vaccine-preventable diseases under one year of age i.e. childhood tuberculosis, poliomyelitis, diphtheria, Pertussis, neonatal tetanus, measles and hepatitis B. New vaccines like pentavalent vaccine have been introduced with the help of United Nations International Children's Emergency Fund (UNICEF).

- **Malaria Control Programme**

Malaria is the 2nd most prevalent communicable disease in the country. It 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 32 districts), FATA (7 agencies), Sindh (12 districts) and Khyber Pakhtunkhwa (12 districts).

- **Tuberculosis (TB) Control Programme**

Pakistan has the sixth highest burden of tuberculosis worldwide and is among the high multidrug-resistant tuberculosis burden countries. The government declared tuberculosis a national emergency, and implemented the directly observed treatment, short-course (DOTS) strategy followed by the Stop TB Strategy, which includes universal access to quality tuberculosis care in the country. Incidence of TB stands at 231 per 100,000 subjects/people.

- **Human immunodeficiency virus (HIV)/ acquired immune deficiency syndrome (AIDS) control programme**

Pakistan to a large degree has controlled to remain comparatively protected from the increase in AIDS cases to date. It is known as a low-prevalence, high-risk country for the spread of HIV infection. HIV / AIDS programme aims for the behavior change communication (BCC), services to high-risk population groups, treatment of sexually transmitted infections (STIs), and supply of safe blood for transfusions and capacity building of various stakeholders. The programme is technically supported by the UN agencies and Global Fund against AIDS, TB and Malaria.

- **Maternal & child health programme**

Maternal and Child Health (MCH) Programme was initiated to improve women's and children's health conditions through better service delivery and supported health systems. The programme aspires to provide better access to Mother and Child health and Family Planning services with provision of comprehensive Emergency Obstetric and Neonatal Care (EmONC) services in 275 hospitals/health facilities, provision of basic EmONC services in 550 health facilities and family planning services in all health outlets.

- **Prime Minister's programme for prevention and control of hepatitis in Pakistan:**

The programme envisioned meeting the challenges caused by the elevated incidence of viral hepatitis in the country. The programme intends to decrease 50 per cent new cases of hepatitis B and C through advocacy and behavior change communication, hepatitis B vaccination of high risk groups, establishment of screening, diagnosis and treatment facilities in 150 teaching and DHQ hospitals, Safe Blood Transfusion and prevention of hepatitis A and E.

- **Cancer treatment programme**

Cancer has been considered as one of the deadliest type of non-communicable disease and the number of cases is rising frighteningly. Pakistan Atomic Energy Commission's (PAEC) 18 Cancer Hospitals in four provinces are already providing diagnosis and treatment facilities to cancer patients.

New initiatives

The Federal Government envisages establishing 46 new and modern hospitals, comprising of 500, 250 and 100 beds to develop health facilities in the areas and cities where the population is most at need of the quality healthcare system. The Programme will contribute towards reducing Patient to Bed ratio from 1600:1 to 1400:1.

Phase II of the "Prime Minister's National Health Programme (PMNHP)" has been approved to reduce the out-of-pocket health expenses by the poor and vulnerable. An amount of Rs2,000 million has been allocated for this purpose in PSDP 2016-17.

The following table shows the details of PSDP 2017-18 allocations to the Health Sector projects.

PSDP 2017-18 allocation to health sector projects

(Rs million)

Name of Ministry/ Organization	No of Projects	PSDP Allocation
Ministry of National Health Services Regulations and Coordination (NHSRC)	19	4,052.40
Capital Administration and Development Division CADD	13	1,805.15
Pakistan Atomic Energy Commission (PAEC)	7	3,428.36
Ministry of Finance	3	726.27
Ministry of Interior	3	614.36
Total	45	47,099.54

The above table shows the substantial increase of funds for health sector projects. In PSDP 2016-17, there was allocation of Rs25.62 billion for 30 projects but in 2017-18 an amount of Rs47.09 billion is earmarked for 45 projects. This is increase of 83 per cent for health sector projects.

Chapter 6 | LABOUR, EMPLOYMENT AND SKILL DEVELOPMENT

Pakistan Vision 2025 seeks a society in which all citizens have equal opportunity to improve their quality of life. This requires strengthening human and social capital, which will allow the population to optimally contribute to and effectively benefit from economic growth. Employment opportunities are 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 improvement in the social fabric of society. Unemployment is not merely an economic but also a social and political problem. Skill development plays a critical role in productive employment; therefore, improved training and skill development is also essential part of the productive employment strategy. Keeping in view the emerging demands of skilled manpower in national and international markets, particularly the opportunities opened up due to China Pakistan Economic Corridor (CPEC) projects, the present government has emphasized on youth skill development and Technical, Vocational Education and Training (TVET) sectors.

Box-1

Sustainable Development Goals (SDGs) ^{1a}

The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. SDGs goal 8 deals with inclusive growth and productive employment.

“Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”

In developing countries, the middle class now makes up more than 34 per cent of total employment – a number that has almost tripled between 1991 and 2015. However, we are seeing slower growth and not enough jobs to keep up with a growing labour force. According to the ILO, more than 204 million people were unemployed in 2015.

The SDGs promote sustained economic growth by encouraging entrepreneurship and job creation. The goal is to achieve full and productive employment, and decent work, for all by 2030.

The global unemployment rate stood at 6.1 per cent in 2015, down from a peak of 6.6 per cent in 2009, mostly owing to a decline in unemployment in the developed regions. Unemployment affects population groups differently. Globally, women and youth (aged 15 to 24) are more likely to face unemployment than men and adults aged 25 and over. The unemployment rate among women is higher than that of men. In almost all regions, the rate of youth unemployment is more than twice that of adults.

^{1a} UNDP official website

Performance review 2016-17

With existing population growth rate of 1.9 percent there is annual addition of about 3.75 million in population and 1.2 million in labour force. Labour force participation rate indicates supply of labour and proportion of people active in economic activities. Pakistan ranks 9th in terms of its workforce. Whereas in term of population, it ranks sixth largest country in the world. This implies low participation as per latest Labour Force Survey (2014-15). Overall crude participation rate in the country is 32.27 per cent; male and female participation rates are 48.08 per cent and 15.81 per cent, respectively. It indicates that only 1/3rd population is active in economic activities while remaining about 2/3rd population is dependent on their bread- earners. Furthermore, about two-fifths of workforce is illiterate which hampers learning skills and productivity.²

Employment situation

The unemployment rate is persistently decreasing as shown in the table-1. It stood at 5.94 per cent in 2014-15. This is partially contributed by the declining participation rate which is at the lowest ebb in recent history. After 2015, Labour Force Survey (LFS) has not been conducted due to on-going population census activities. However, on the basis of latest survey 2014-15, overall participation rate has decreased from 32.88 per cent in 2012-13 to 32.27 per cent in 2014-15, showing 0.61 per cent decrease in two years. Male unemployment rate has decreased from 5.41 per cent to 4.98 per cent while female unemployment rate has decreased from 9.0 per cent to 8.97 per cent during the period concerned. In absolute numbers, overall unemployed persons have decreased from 3.73 million in 2012-13 to 3.62 million in 2014-15. Male unemployed number has decreased from 2.49 million to 2.31 million. Whereas, female unemployed has increased from 1.24 million to 1.31 million during the period concerned. Net jobs of 1.41 million have been created during 2013-14 and 2014-15.

Table-1
Labour force and unemployment

Year	2012-13		2013-14		2014-15	
	Million	%	Million	%	Million	%
Labour Force	59.74	32.88	60.10	32.28	61.04	32.27
Male	45.98	76.97	45.65	75.96	46.38	75.98
Female	13.76	23.03	14.45	24.04	14.66	24.02
Total	59.74	100	60.10	100	61.04	100
Employment	56.01	93.76	56.52	94.04	57.42	94.06
Male	43.49	77.65	43.33	76.66	44.07	76.75
Female	12.52	22.35	13.19	23.34	13.35	23.25
Total	56.01	100	56.52	100	57.42	100
Unemployment	3.73	6.24	3.58	5.96	3.62	5.94
Male	2.49	66.76	2.32	64.80	2.31	63.81
Female	1.24	33.24	1.26	35.20	1.31	36.19
Total	3.73	100	3.58	100	3.62	100

Source: Labour Force Survey 2013-14 & 2014-15, Pakistan Bureau of Statistics

² Labour Force Survey for the year 2015-16 and 2016-17 has yet not been published by Statistical Division.

Employment by status

As per LFS 2014-15 in the last two years, share of self-employment has increased and unpaid family helpers decreased in overall employment, as a result of government policies towards skill development and provision of loan to youth under Prime Minister's Youth Programme. The share of self-employed has increased from 33.6 per cent in 2012-13 to 36.1 per cent in 2014-15. However, the share of unpaid family workers has decreased in the total employment from 26.3 per cent to 23.8 per cent in the same period. Percentage-wise share of employment by status is given in the table-2.

LFS 2014-15 shows that Employers are just 1.4 per cent of total employment whereas, self-employed, unpaid family helpers, and employees are 36.1 per cent, 23.8 per cent, and 38.7 per cent respectively. The share of self-employed has increased from 33.6 per cent to 36.1 per cent in 2014-15. The share of unpaid family helpers in total employment went down from 26.3 per cent to 23.8 per cent in this period. To enhance the share of self-employed in total employment, efforts are needed to impart market based skills development as well as incentivizing to promote entrepreneurship. This warrants alignment of the curriculum to market demand and overhaul network of technical and vocational educational institutions.

Table-2
Employed: Distribution by Employment Status

Employment by Status	2012-13	2013-14	2014-15
	% of Total	% of Total	% of Total
Employers	1.3	1.1	1.4
Self Employed	33.6	35.4	36.1
Un- paid Family Workers	26.3	24.4	23.8
Employees	38.8	39.1	38.7
Total	100	100	100

Source: Labour Force Surveys of relevant years

Employment trends by sector

Agriculture sector provides employment to 42.3 percent of the population, however, its share in total employment marginally reduced from 43.7 per cent in 2012-13 to 43.5 per cent in 2013-14 and 42.3 per cent in 2014-15 (Table-3). The main reason of this change is due to technical transformation as labour is being replaced by machine. On the other hand share of manufacturing sector gradually increased from 13.3 per cent in 2012-13 to 14.2 per cent in 2013-14 and 15.3 per cent in 2014-15. It implies that the economy is undergoing certain structural changes and further indicates that during last couple of years most of the share left by agriculture was taken by manufacturing. However share of services and construction sector is almost stagnant during this period. The prospects of finding productive/decent 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 necessary pre-condition for sustained economic development.

Table-3
Employment Share by Sector

Employment by Sector	2012-13	2013-14	2014-15
	% of Total	% of Total	% of Total
Agriculture	43.7	43.5	42.3
Services	35.7	35.0	35.1
Manufacturing	13.3	14.2	15.3
Construction	7.3	7.3	7.3
Total	100	100	100

Source: Labour Force Surveys and Economic Survey 2014-15

Youth employment

The youth (age 15-24) comprises more than 40 million of the total population and this remarkable young age structure needs to be channelized as powerful force for economic development through proper education and training. Under the Prime Minister Youth Program the government announced various schemes for youth in September 2013; comprising of Youth Business Loan Scheme, Youth Skill Development Programme, Youth Training Programme, Free Loan Scheme and Fee Re-imbusement Scheme for Less Developed Areas. These initiatives were designed to create a culture of entrepreneurship by making available all the required ingredients to the youth for starting their own business and enhancing their technical know-how and skills for gainful employment. The defined objectives of this package were enabling vulnerable youth and poor segments of population to get good opportunities for gainful and decent employment.

Informal and formal employment

Employment trends show that the informal sector is the largest employer of the workforce. Out of the total employed workforce, 42.27 per cent are engaged in agriculture sector while remaining 57.73 per cent are employed in non-agriculture sector (Table-4 below). The informal workers are usually deprived of basic rights and majority of them is employed as contractual labour directly or through sub-contracting practice.

Table-4
Informal and formal employment

Sectors	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

Women employment

Pakistan has a Gender Development Index (GDI) ranking at 121 out of 155 in the 2015³. However, it is encouraging sign that female participation in the labour market is increasing with the passage of time. Female unemployment rate slightly increased from 8.74 per cent

³ The 2015 Human Development Report (HDR) by UNDP.

in 2013-14 to 8.97 per cent in 2014-15 contrary to contraction in unemployment at national level.

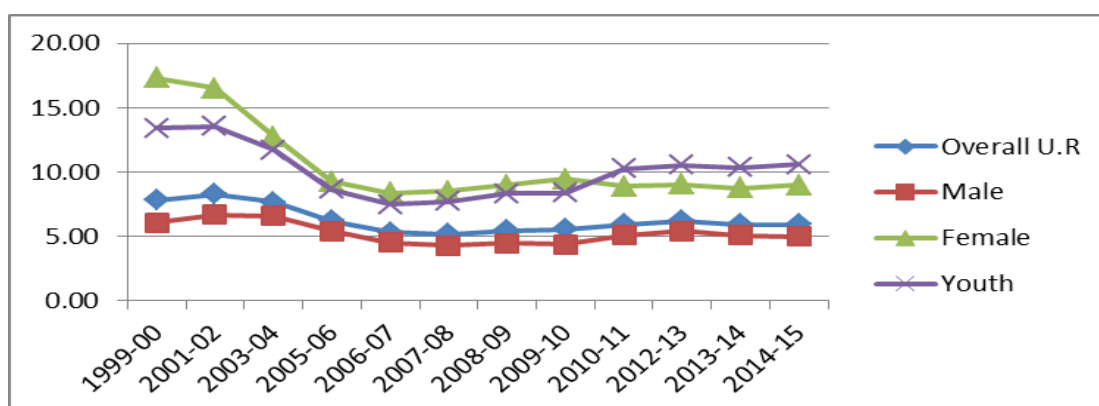
Gender equality is an essential basis for peaceful, flourishing and sustainable world. Providing women with equal access to education, health care, decent work, and representation in political and economic decision-making processes can lead towards sustainable economies and benefit societies at large.

Pakistan is the signatory to the Convention on the Elimination of Discrimination against Women, as well as the Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) that have commitments on improving women's socio-economic conditions in the country and promote gender equality. Legislation against gender-based violence has improved in Pakistan between 2000 and 2016. The government is committed to facilitate the women so that they can play a positive role in the development of the country and special initiatives have been taken to ensure the women empowerment⁴.

Labour market trends

Analysis of unemployment trends of the economy is very important for policy formulation. There remained a steady increase in overall unemployment rate up till 2012-13. Subsequent to that, a falling trend was observed by 2013-14 onward due to economic stability and corrective measures adopted by the present government. Following graph shows the trend of overall unemployment from 1999-2000 to 2014-15.

Unemployment trends (overall, male, female and youth)



Source: Labour Force Surveys of relevant years

Global/regional situation

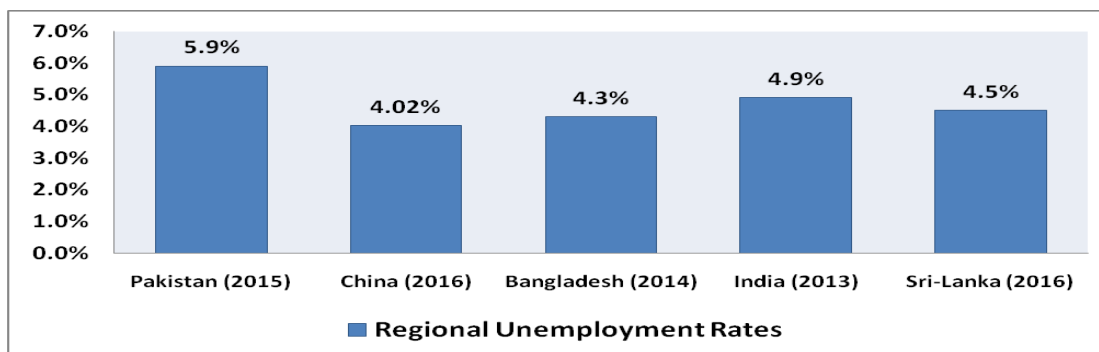
The global unemployment is expected to rise @ 5.8 per cent in 2017 as compared to 5.7 per cent in 2016, which implies addition of 3.4 million more unemployed people in global market (bringing total unemployment to just over 201 million in 2017).

The increase in unemployment rates in 2017 are driven by deteriorating labour market conditions in emerging countries due to impacts of several deep recessions in 2016. The unemployment rate in emerging countries is expected to increase from 5.6 per cent to

⁴ SDG's, National Policy for Development and Women's Empowerment

5.7 per cent during this period. However, in contrast, unemployment is expected to fall in developed countries at the rate of 6.2 per cent in 2017 as compare to 6.3 per cent in 2016⁵.

The unemployment situation in different countries of the region during previous years is comparatively better than Pakistan. The unemployment statistics reveal that Pakistan's unemployment rate is higher than that of China, Bangladesh, India and Sri-Lanka. In China and Bangladesh the stimulus package included the infrastructure improvements, subsidy programmes, trainings and job counseling, which have been showing positive results.



Source: Employment/Statistics Departments of the respective Countries.

Outlook 2017-18

Implementation of “Skill for Growth and Development; TVET Policy for Pakistan (2015)” in letter and spirit will help in overcoming the skills related problems. Government initiatives like CPEC, macro-economic stability, youth business loan schemes, promotion of overseas employment and encouragement of entrepreneurship will be helpful in achieving the targeted level of employment in the country as outlined in the Vision 2025 and 11th Five year Plan (2013-18). The National Skill Strategy (NSS) 2009, developed by the NAVTTC, emphasizes on creating a demand-driven training system responsive to requirement of the job market. After 2015, Labour Force Survey has not been conducted due to on-going population census activities. However, on the basis of last available LFS 2014-15, net jobs of 1.41 million have been created during 2013-14 and 2014-15. Labour Force Survey for 2015-16 onwards is awaited and hopefully that would show further improvements in job creation.

Policy measures for improvement of labour market

Macroeconomic stability and larger PSDP

Pakistan's economy has gained more strength during last two consecutive financial years due to better financial discipline and consistency and continuity in economic policies. Pakistan is now on the radar screen of global investors. After acquiring stabilization, government is now embarking on high growth strategy to create higher employment opportunities. Enhanced size of PSDP and bulk investment in CPEC will increase GDP growth, resulting increase in employment generation.

⁵ World Employment Social Outlook Trends 2017 (ILO)

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, uninterrupted supply of energy to industry will eventually improve the employment prospects in the economy.

Employment generation in CPEC programme:

Investment under CPEC is expected to be around US\$ 60 billion. This huge inflow of investment will generate massive economic activities and thereby employment opportunities. It is expected that CPEC impact on GDP growth would be around 1.5 per cent which will create around 1.5 million additional jobs. Apart from focusing on energy and infrastructure, special economic zones will also be established, which will create tremendous job opportunities and technological advancement.

Job creation through entrepreneurship:

Key to mitigating unemployment especially among youth is to provide them the capability to create their own jobs; to move from pure concept of unemployment to the concept of entrepreneurship/ self-employment. Higher Education Commission (HEC) is preparing an action plan for introduction of entrepreneurship education in the curriculum.

Skill development

It is a well-known fact that productivity, growth and economic well-being, all are related to human capital of a country. Employers always want to invest only in productive human capital or on efficient workers who possess good skill sets and competencies along with positive attitude for quality work and better service delivery. Thus, nature and quality of skill sets of an economy is the major determinant of its competitiveness, employability and quality of life of its people. For the reason, the concept of investing on human capital is gaining focus among other issues of the workforce all over the world.

The government has realized the fact that skill development can be one of the most important instruments for social and economic transformations of the society. Therefore, in Vision-2025 and 11th Five Year Plan, government is committed towards building the innovative society through knowledge, technology, and competition by realizing the vital need of investments in education and skill generation programme. The government is making efforts to invest more on educated and unemployed youth so that immense potential of youth can be transformed into valuable asset for the country. Presently, priority has been accorded to skill development by acknowledging supply of skilled labour force as a mandatory input for inclusive growth process. Further, China-Pakistan Economic Corridor (CPEC) has far-reaching impacts on national economy as it is offering a unique opportunity to effectively harness the demographic dividend. Moreover, regional demand of skilled workforce offers another opportunity to increase the flow of foreign remittances.

To achieve this objective, various Prime Minister's initiatives are being implemented all over the country to produce skilled workforce as per international demand and standards. National Technical Vocational Commission (NAVTC) and National Training Bureau (NTB) under Ministry of Federal Education and Professional Training are actively involved in imparting quality education and technical & vocational training throughout the country including Prime Minister's Youth Skill Development Programme. Ministry of Inter Provincial Coordination (IPC) is implementing Prime Youth Training Programme (National

Internship) to provide on-job internship for almost 150,000 unemployed youth all over the country. Training is being imparted in following areas: Hospitality, Agriculture, (dairy & animal nutrition management), Horticulture, Construction, Information Technology & Telecommunications, Skill for women, Light engineering, Paramedics, Services etc.

Performance review 2016-17

During financial year 2016-17 an amount of Rs3,614.17 million was utilized under PSDP and Prime Minister's package. During 2016-17, "Prime Minister's Youth Skill Development Programme (Phase-III)" was launched by NAVTTC for unemployed and less educated youth. Under the programme, 23,671 individuals were equipped with hand-on skills in various demand driven trades. The objective of the programme is to create competent, motivated, entrepreneurial, adaptable, creative and well trained / skilled workforce for local and international market. Ministry of Inter Provincial Coordination (IPC) has to be trained 50,000 on job internees under "Prime Minister's Youth Training Scheme (NIP)". Under National Talent Pool's programme, around 1037 expatriate Pakistanis professionals have provided their commendable services across the world most prominently from U.S.A, Canada, U.K, Germany, Australia etc., in the fields of medicine, engineering, agriculture, basic or social sciences and Information Technology etc. About 29 of visits have been undertaken by highly qualified overseas Pakistanis under "President Programme for care of Highly Qualified Pakistanis (PPQP)". National Education Foundation is involved in delivering free general education and training to students from class IV to VIII under the project "Vocational Schools in Public Private Partnership (PPP)" at estimated cost of Rs50 million during the current financial year.

Other Physical achievements are as under;

- Development of National Vocational Qualifications Framework (NVQF), 08 operational manuals of NVQF, curriculum for NVQF qualifications, teaching and learning material for NVQF qualifications, 61 competency standards and 61 curricula for various CBT qualifications, 61 assessment packages for various qualifications, teaching and learning manuals for 35 qualifications, competency standards and curricula for 12 trades for cooperative vocational training (CVT).
- Assessment of CBT qualifications, recognition of prior learning (RPL) and recognition of current competencies. Implementation of 10 CBT qualifications in 97 Institutes across the country.
- Trained 221 assessors for conducting formative and summative competency based assessment from across the country, 150 teachers for conducting CBT, 175 principals/managers, up scaled the capacity of institutes and up-gradation of labs/workshops.

Outlook 2017-18

Although Pakistan has trained manpower of professionals and technicians yet more emphasis would be made on creating technical and vocational jobs to cater the domestic as well as international market needs in order to reap the demographic dividend of Pakistan. National Skill Strategy (NSS), developed by NAVTTC, emphasizes on creating a demand-driven training system responsive to requirement of the job market. The priority areas for skill development are well aligned with CPEC projects and indigenous clusters as well as exportability of skilled workforce to regional markets.

Focus is being made on skill development programmes/schemes based on public-private partnership (PPP) including following areas:

- Developing National Skills Information System, NVQF & RPL Assessment Procedures.
- Formalization of informal sector in promoting competency based trainings.
- Capacity building of existing TVET institutes.
- Establishment of Sector Skill Councils (SSCs).
- Skill Development in emerging technologies and trades in line with CPEC and cluster development in major areas i.e. agriculture, industry and mining.
- Increasing employability of madrasas graduates.
- Opportunities for creating TVET institutes in un-covered/less-developed areas of the country.
- Employability of youth through skills training including specific groups, informal economy and rural areas.
- Promotion of entrepreneurship through human resource development.

Programmes

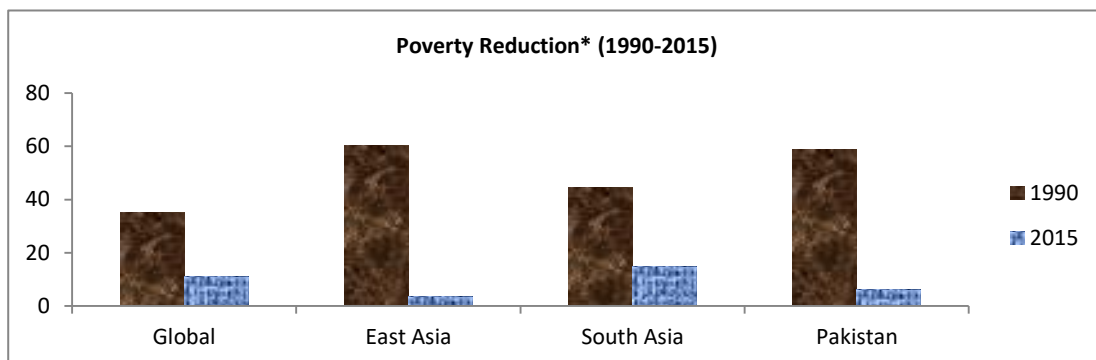
During year 2017-18 an amount of Rs. 17,212.73 million is allocated to finance skill development programmes including PSDP funded projects.

- **PM Youth Training scheme (National Internship Programme)** envisages training of 150,000 on job trainees in three years (2015-18). Phase –II of the programme will be launched during 2017-18 to provide on-job internship to 50,000 unemployed educated youth in 100 demand driven trades/courses and give the intern an opportunity to learn and develop skills for better employment.
- **Prime Minister Youth Skill Development Programme (phase-III)** with an estimated cost of Rs. 2,630 million, envisages to train 50,000 unemployed youth in market oriented trades/courses.
- **Prime Minister Youth Skill Development Programme (phase IV)** with an estimated cost of Rs.6196.50 million, envisages to train 100,000 young aspirants in demand driven market oriented trades/courses in various TVET institutions in collaboration with private sector all over the country.
- **Skill Development through Donor's Special Initiative** for 1100 FATA Youth at Public and Private Technical & Vocational Training Institutes in FATA & Khyber Pakhtunkhwa (Donor Funded).
- **Training course for 20-30 Master Trainers and 400 service refrigeration & air-conditioning (RAC) technicians** under execution of Ministry of Climate Change in collaboration with NAVTTC and National Training Bureau (NTB).
- **National Talent Pool** has planned to strengthen web portal and interface for collection and dissemination of data of 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.

Chapter 7 | POVERTY ALLEVIATION AND SUSTAINABLE DEVELOPMENT GOALS

The developing world has made remarkable progress in terms of lowering incidence of poverty during the last two decades. This reduction in poverty is primarily driven by increase in disposable income, opportunities created by higher economic growth, globalization, liberalization and emergence of new technologies, and above all better socially responsible policies by the governments. More and more countries have witnessed prosperity and greater integration into the global economy. According to an estimate of the World Bank around 125 thousand people are coming out of poverty on daily basis in the world.

The proportion of the population living below \$1.90-a-day poverty line in East Asia fell from 60 per cent in 1990 to just 3.5 per cent in 2015, whereas in South Asia it reduced from 44.6 per cent to 15.1 per cent in this period. Pakistan was able to reduce poverty incidence from 59 per cent in 1990 to 6 per cent in 2015. China and Indonesia were able to reduce poverty from 67 per cent to 2 per cent and 57 per cent to 9.8 per cent, respectively. This reduction in poverty incidence lifted some 800 million people out of poverty during the last two decades.



Source: World Bank Database (*Estimates are based on \$1.90-a-day poverty line)

Asia as a continent is leading the endeavour of reducing poverty owing to its phenomenal economic growth during the last two decades or so. Asia has registered the highest average economic growth of 7 per cent per annum over the last two decades. There was a phenomenal rise in productivity as enormous opportunities were created by applying knowledge and new technologies in the region. Behind this aggregated situation are huge inter-country and intra country imbalances and inequities. The brisk pace of development in the region left many people behind and they are not able to keep up with the pace of development. Inequality Adjusted HDI (IHDI) values in table below indicates significant presence of inequality in almost all South Asian countries.

Poverty & human development profile of South Asian countries

	HDI		Life Expectancy at birth	Expected Years of schooling	Mean Years of Schooling	Inequality Adjusted HDI	MPI Headcount	Poverty with National Poverty line
	Rank	Value	(Years)	(Years)	(Years)	Value	(%)	(%)
Sri Lanka	73	0.766	75	14	10.9	0.678		
Maldives	105	0.701	77	12.7	6.2	0.529	2	15.7
India	131	0.624	68.3	11.7	6.3	0.454	55.3	21.9
Bhutan	132	0.607	69.9	12.5	3.1	0.428	29.4	12
Bangladesh	139	0.579	72	10.2	5.2	0.412	40.7	31.5
Nepal	144	0.558	70	12.2	4.1	0.407	26.6	25.2
Pakistan	147	0.55	66.4	8.1	5.1	0.38	38.8	29.5

Source: Human Development Report 2016

Poverty and sustainable development goals

The Goal one of Sustainable Development Goals – “No Poverty” calls for an end to poverty in all its manifestations everywhere by 2030. Although, this is in complete consonance with slogan of Pakistan Vision 2025 “No one left behind” but at the same time it poses the challenge of eradicating poverty in all its dimensions and from all parts of Pakistan. Exploring the characteristics of the poverty is key to a better understanding of the circumstances and contexts surrounding poverty. The report on Multidimensional Poverty 2016 and PSLM data provided deep insight on the state of poverty and its dynamics in Pakistan. This poverty profile revealed that, in Pakistan poor are predominantly rural, young, poorly educated, mostly deprived of health facilities, and are living in larger households with more children. These characteristics of poor and poverty help policy makers in formulating purposeful and targeted poverty alleviation programmes.

Goal 1: No Poverty – End Poverty in All its Forms Everywhere

- By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.90 a day
- By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions
- Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable
- By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance
- By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
- Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions
- Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

Progress on Sustainable Development Goals

Ministry of Planning, Development and Reform in collaboration with the provincial Planning and Development Departments and UNDP carried out an extensive series of Divisional level workshops to sensitize about the SDGs at the grass root level and also disseminated the findings of MPI report for informed decision making. Keeping in view the gloomy performance in achieving MDGs; more emphasis has been placed on orientation at grass root level, localisation of SDGs, prioritization of SDGs and data gap analysis for proper monitoring and reporting of progress.

Planning Commission in collaboration with UNDP and Pakistan Bureau of Statistics (PBS) has conducted an extensive exercise to review data availability on SDGs from various sources and their timeliness and reliability. Finally, a Technical Committee is formulated to review availability of data to monitor progress on 241 indicators and how they could be aligned with the SDGs framework with improvement in the national statistical system. This Committee is assisted by four sub-committees to club 17 goals in four broad categories.

The initial assessment shows that availability of data needs considerable improvement for SDG 3 (good health and well-being), SDG 12 (responsible consumption and production), SDG 14 (life below water), SDG 15 (life on land) and SDG 16 (peace, justice and strong institutions). The data gaps further widen as the analysis moves from the national to the district level. The findings show that data for most of the indicators for SDGs 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 12 (responsible consumption and production) and 15 (life on land) are not available at district level. District-level data are costlier and require greater effort to collect and analyze because of the larger sample size and disaggregation required.

In order to bridge these data gaps, a coordinated effort is underway in which few indicators will be obtained through existing surveys (like PSLM, HIES etc.) by redesigning their questionnaires and for the remaining indicators new surveys will be designed. Moreover, in order to synchronise the data at sub-national level, the timing and sample frame of Multiple Indicator Cluster Survey (MICS) is being harmonised.

To operationalize SDGs the federal and provincial governments have already committed to set up SDG Support Units, which aim to coordinate activities at both national and provincial levels. These SDG Support Units have been established in Planning Commission and Punjab, while the process of establishing units is underway in other provinces and regional governments. The support units will work to deliver five main outputs: (i) mainstreaming the SDGs in national policies and plans; (ii) data and reporting; (iii) inclusive budgeting processes and tracking expenditure; (iv) monitoring and evaluation of progress against indicators; and (v) innovation.

Strategy for Poverty Reduction

The government recognises social protection/social safety nets as a means to mitigate risks and vulnerabilities and to reduce poverty through transfers and social insurance for risk mitigation regardless of prior or future contribution. The Government's vision for social protection is to develop an integrated and comprehensive social protection platform focused on the needs of the poorest and most vulnerable. The critical areas of investment, reflected in the Vision 2025 document, aim to enhance the effectiveness of social protection instruments through strengthened administration and the expanded scope of the Government's income support programme. In 2016, the Technical Advisory

Committee for Social Protection led by the Planning Commission approved a social protection policy framework that outlines the institutional arrangements and fundamental elements of the national system to provide targeted support to the poor. These include a unified targeting system managed by the federal government, technology-based payment delivery, and a shift from universal subsidies towards targeted subsidy programmes.

Benazir Income Support Programme (BISP)

Benazir Income Support Programme provides a minimum income to the poorest through unconditional cash transfers (UCTs) and supports primary school enrolment and attendance through conditional education cash transfers (CCTs). Since 2013, UCTs have increased by more than 60 per cent and coverage has broadened to 5.36 million beneficiaries while CCTs' coverage increased to 1.3 million children. Impact evaluation analysis indicates that UCTs contribute to reduce poverty among BISP beneficiaries (20 per cent reduction in the proportion of beneficiaries living below the poverty line from 2011 to 2014 in the sample) and strengthen women's empowerment by providing the cash transfer to any ever-married woman in a BISP-eligible household. However, the impact of CCTs on education remains more limited since the size of the transfer is low compared to the cost of schooling.

Benazir Income Support Programme maintains the National Socioeconomic Registry (NSER) -a database containing information on the socioeconomic status of over 27 million households across Pakistan except two agencies of FATA. The registry was created as a result of a Poverty Scorecard Survey (PSC) conducted in the year 2010-11. Now the process of updating NSER has started and pilot phase is going on in four districts (Haripur, Bahawalpur, Nasirabad and Sukkur) with desk approach. NADRA and BISP have by now registered 667,000 households in these four districts and field activities for door to door survey in 12 districts is expected to be completed by May, 2017. NSER will be instrumental for poverty alleviation and targeted interventions.

The system of **Zakat** in Pakistan was introduced through an Ordinance in 1980 and since then Zakat funds are provided either through respective local Zakat Committees or indirectly through institutions i.e. educational, vocational, social institutions, hospitals to the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. A total amount of Rs7,570.9 million was distributed among beneficiaries in 2016-19.

Prime Minister's Youth Business Loan Scheme Under this scheme subsidized business loans up to Rs2 Million at 6 per cent mark-up are offered to unemployed youth, especially educated youth aspire to establish business enterprises. National Bank of Pakistan has deputed sales representatives to proactively reach out to the potential borrowers. Other than NBP, FWBL and Sindh Bank besides 15 commercial banks have also joined as implementation partners. Under this scheme during 2016, 1427 loans amounting Rs 1417 million for new businesses and 21 loans amounting 28 million have been advanced for existing businesses.

National Vocational and Technical Training Commission (NAVTTTC) is the national regulatory authority to address the challenges of Technical and Vocational stream in the country. It is responsible for policy making, strategy formulation, regulation and revamping of the TVET system. It is establishing linkages among various stakeholders at national and international level. Prime Minister's Youth Skill Development Programme was launched for

unemployed and less educated youth. National Vocational Technical Training Commission (NAVTTTC) in collaboration with Provincial TEVTAs and other Government/Private Sector Skill Training Institutes has executed Phase-III (Batch-I) of this program, in which 23,671 individuals were equipped with hands-on skills and training during July-December, 2016 in various demand driven trades. This will facilitate demand driven, high quality technical and vocational training.

Microfinance refers to provision of financial services to the low-income/unbanked people to empower marginalized section of society. Microcredit institutions through provision of small loans promotes self-employment. In recent years, Pakistan's microfinance sector has witnessed phenomenal growth. The figure below shows persistent rise of the microfinance sector in last five years. Within micro-credit, number of active borrowers stood at 4.6 million at end-December 2016, recording a 22 per cent growth during the year (2016). Meanwhile, Gross Loan Portfolio registered 47 per cent growth to reach at Rs140 billion by end-December 2016 compared to Rs93 billion at the end of 2015.

Performance of microfinance 2012-16

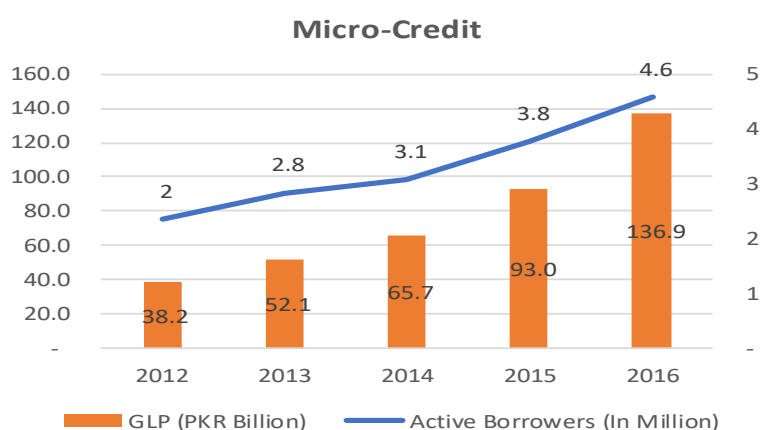
Pakistan Poverty Alleviation Fund (PPAF)

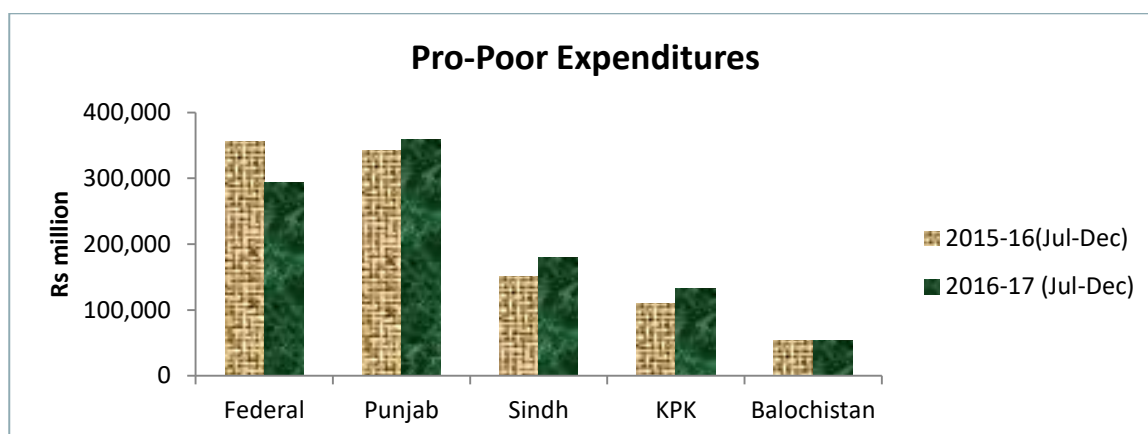
PPAF adopts a poverty graduation approach for the poorest households in over 1,600 union councils out of 6000 in the country. It assists ultra or very poor household (as per poverty scorecard score 0-23) to lift them

out of poverty (attain a score of 35 or above) on a sustainable basis (stay in non-poor condition for over three years). PPAF disbursed Rs9.2 billion during July-March 2016-17 through its partner organizations (POs). During the same period, a total of 646 Community Organizations (COs) were formed and 5,488 community and PO staff members were trained (32 per cent women) under Institutional Development and Social Mobilization component. Similarly, under Livelihood, Employment and Enterprise Development (LEED) component, 6,951 individuals received skills/entrepreneurial trainings (43 per cent women) and 3,212 productive assets were transferred ultra and vulnerable poor (39 per cent women). PPAF extended 246,142 new microcredit loans to the borrowers including 60 per cent women borrowers. Under the Prime Minister Interest Free Loans (PMIFL) scheme PPAF administered 93,427 interest free loans (62 per cent women).

Pro-Poor Expenditures

Pakistan monitors pro-poor expenditure since early 2000s in 17 sectors which are impacting the life of the poor. The actual expenditure on pro-poor sectors was recorded at Rs.3084.7 billion in 2015-16. The provisional expenditure for July-December 2016-17 were estimated at Rs.1017.5 billion as compared with Rs.1012.2 billion for the same period of last year. Provincial expenditures have increased, while federal expenditures have decreased during the current year as evident from the figure given below:





Source: Ministry of Finance

Planning Commission also tracks 5 out of 17 areas which are directly feeding into areas of MDGs [See Annexure-I]. These expenditures recorded an upward trend during the last few years but could not effectively translated into outcomes of MDGs. The government spent an amount of Rs5.3 trillion during the five year time on these areas.

Outlook 2017-18

Pakistan could not achieve MDGs therefore it was necessary to develop a shared understanding of lessons learnt from failure so that same may be avoided in realizing SDGs. Pakistan has taken SDGs as highest priority and adopted them as National Development Goals. SDGs are broad based agenda with poverty alleviation as a top priority, so the patronage of 2030 agenda at the highest level has brightened the prospects for accelerated socio-economic development and poverty eradication. Federal and provincial governments are committed to continue their support for poverty alleviation efforts and expansion of social safety net programs in 2017-18 as well in the form of flagship programs like BISP, Prime Minister's Program for Youth, Prime Minister's Health Insurance Schemes etc.

Annexure –I

Pro-Poor Expenditures in MDGs areas 2012-2017

(Rs Billion)

Sectors	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17*	Total (2012-16)
Water Supply and Sanitation	36.6	34.1	32	54.1	63.6	22.9	243.3
Punjab	16.3	14	14.5	27.1	36.2	13.5	121.6
Sindh	6.4	4.6	5.3	7.5	8	2.1	34
Khyber Pakhtunkhwa	6.6	7	4.8	10.1	9	3.5	41
Balochistan	6.5	6.6	6.3	8.2	9.2	3.4	40.2
Education	393.5	479.9	537.6	598.3	663.4	310.2	2982.8
Punjab	174.1	196.1	218	227.1	251.5	135.8	1202.5
Sindh	68.6	98.4	105.9	117.1	135	62.9	588
Khyber Pakhtunkhwa	67.7	84.5	89.7	111.7	112.2	54.5	520.3
Balochistan	25.4	29.2	36.9	41.1	45.5	18.1	196.2
Health	134.2	161.2	202	231.2	268.0	111.9	1108.4
Punjab	62.5	74.5	82.9	95.8	123.2	53.8	492.7
Sindh	31.6	43.5	46.6	51.1	61.6	21.4	255.8
Khyber Pakhtunkhwa	20.3	21.4	24.4	30.6	31.5	18.2	146.3
Balochistan	9.5	10.4	13.5	17.5	15.9	6.4	73.2
Population Planning	5.8	7.1	12.6	13.9	10.9	3	53.3
Punjab	2.3	2.5	3.2	4.3	3.9	2	18.2
Sindh	1.6	2.9	4.4	5.6	1.5	-	16
Khyber Pakhtunkhwa	0.9	1	1.1	0.4	1.2	0.5	5.2
Balochistan	1	0.6	3.9	3.6	4.3	0.6	13.9
Social Security & Welfare	68.4	72.9	93.4	229.4	438.4	25.1	927.6
Punjab	1.5	1.7	2.5	2.9	3	2.9	14.4
Sindh	22.3	20.1	18.4	25.0	26.7	21.0	133.5
Khyber Pakhtunkhwa	0.8	1.1	1.2	2.1	1.4	0.5	7.1
Balochistan	1	1.4	0.9	1.4	0.7	0.4	5.8
Total	638.5	755.2	877.6	1126.9	1444.2	473	5315.5

Source: PRSP Secretariat, Ministry of Finance

Chapter 8 | SOCIAL WELFARE

Social welfare envisages providing an enabling environment with tangible opportunities through policies, plans, programmes, action plans, guidelines and projects for the promotion of social justice, wellbeing and equity in the country by addressing the needs of downtrodden, marginalized, needy and vulnerable segments of the society providing institutional care, rehabilitation of the needy and the vulnerable, protection of human rights and inculcating the entrepreneurship skills are the key tools achieving the social welfare targets in line with constitutional obligations, national priorities, local needs and international commitments.

The social welfare challenges include inadequate coverage and funding for social welfare services, the scattered community development initiatives, lack of voluntary work, social case work and school social work, lack of community mobilization, weak social welfare departments, lack of research on emerging issues and threat to social fabric including social & society's values. The Annual Plan focuses on well-coordinated national planning to address these challenges through public sector development programmes, effective private sector participation and review of existing social welfare policies.

Performance review 2016-17

In Federal PSDP 2016-17, an amount of Rs20 million was allocated and Rs13.6 million utilized for "Helpline for legal advice on violations of human rights" and Rs150 million were allocated for "National Action Plan on Human Rights" and Rs10 million utilized. A special education project "Up gradation of National Special Education Centre for Hearing Impaired Children from Higher Secondary to Graduation Level, Islamabad was initiated with an approved cost of Rs44.4 million. An amount of Rs14.36 million was allocated to it, during the review period and Rs11.6 million utilized. The establishment of resource unit of Autistic Children at Special Education Centre for mentally Retarded Children at H-8/4, Islamabad costing Rs54.35 million was allocated Rs20 million and Rs14.20 million were utilized.

The promotion of innovative ideas through business plans competitions leading to the solution of social issues/ problems, Ministry of Planning, Development & Reform has established a Centre for Social Entrepreneurship at a cost of Rs178.43 million. Out of this, Rs20 million were allocated and Rs4 million utilized. The project is unique in nature for addressing social issues through innovative business plans competitions. The project has developed a network with stakeholders and effectively contributed in different entrepreneurship events/activities.

Outlook 2017-18

The Plan aims at addressing social welfare issues, meeting needs and creating awareness about the constitutional, legal and international obligations, establishing coordinated & integrated mechanisms to achieve social welfare goals with the objective to

benefit to disadvantaged segments of population. The expansion, coverage and strengthening of the social welfare services by mitigating and managing the socio-economic risk and vulnerability will continue. The federal and provincial development priorities would focus at mainstreaming the vulnerable including women, children, youth, persons with disabilities, transgender, patients and senior citizens etc. The coverage will be extended by establishing drug addicts centres, detoxification and rehabilitation centres, Dar-ul-Aman, industrial homes, incubation centres, etc.

The "Centre for Social Entrepreneurship" established at the Ministry of Planning, Development & Reform would provide opportunities to the youth, women and students having innovative ideas for solution of the social problems. The centre will organize the business plan competitions with support of the universities/ public & private institutions and other stakeholders for solution of the social problems pertaining to education, health, social welfare, gender & women empowerment etc.

Programmes

The Plan envisages following programmes:

- Continue services under "Establishment of Helpline for Legal Advice on Human Rights" costing Rs59.09 million with allocation of Rs25 million.
- Establishment of National Institute of Human Rights at Islamabad costing Rs58.70 million with allocation of Rs27 million.
- Acquisition of land and construction of building for National Institute of Human Rights, Islamabad costing Rs250 million and allocation of Rs112 million.
- Implementation on Action Plan on Human Rights in Pakistan costing Rs52.5 million with allocation of Rs12 million.
- Institutional strengthening of Ministry of Human Rights costing Rs57 million with allocation of Rs30 million.
- Upgradation of National Special Education Centre for hearing impaired children from higher secondary to graduation level at Islamabad costing Rs44.64 million with allocation of Rs25.6 million.
- Establishment of resource unit for Autistic children at National Education Centre for Special Children, Islamabad costing Rs54 million with allocation of Rs20 million.
- Establishment of Centre for Social Entrepreneurship at Ministry of Planning, Development and Reform Islamabad costing Rs178.43 million with allocation of Rs40 million.
- Establishment of Orthopaedic Workshop at National Special Education Center for Physically Handicapped Children, G-8/4 Islamabad, costing Rs20.26 with PSDP allocation of Rs20.26.
- Construction of Working Women Hostel, G-6/2 and G-7/3, Islamabad, costing Rs261.29 million with allocation of Rs100 million.

Chapter 9 | GENDER AND WOMEN DEVELOPMENT

Women constitute about 50 per cent of the country's population and 22.7 per cent of the labour force. Article 25(2) of the Constitutions of Pakistan recognizes equality of citizen without discrimination on the basis of sex. To enable the female actively participate in socio-economic development of the country, their protection, well-being, empowerment and participation is required to encourage them through need base initiatives.

The Vision 2025 and 11th Five Year Plan envisage providing an enabling environment and equal opportunities to women for development of their full potential. This would enable them enjoy the benefits of economic growth, prosperity and social development emerging due to the initiatives taken by the federal, provincial governments and private sector stakeholders. There is a need to draft a standard framework and guidelines for equitable participation of women in socio-economic development across all regions and sectors.

Pakistan is committed to achieve Sustainable Development Goals (SDGs). The Goal 5 on "Gender Equality; Ending all forms of discrimination against women and girls" specifically relates to women development & empowerment which is fully aligned with the pillar-I of Vision 2025.

Performance review 2016-17

Pakistan has taken many initiatives for women development and empowerment during 2016-17. Participation of women has been encouraged in decision making bodies. These include providing day care facilities for children of working women at work place, establishment of women crises centres in the capital and across the country, and ensuring ownership of land and assets to women.

The women are being encouraged to participate in electoral process. To ensure women participation in the electoral process, a Gender Cell in Election Commission of Pakistan is already working. Ministry of Commerce in cooperation with US Government has taken initiatives to enhance ability and to provide opportunities for women entrepreneurs. Other important women friendly programmes include; Benazir Income Support Program (BISP), National Rural Support Program (NRSP), Pakistan Bait-ul-mal initiatives, First Women Development Bank, survey conducted by the National Commission on the Status of Women and Prime Minister's Youth Business Loan Scheme (50per cent of loans are earmarked for women).

The women entrepreneurs and start-ups are encouraged to implement innovative ideas for businesses that may lead to resolve social problems faced by women. A Centre for

Social Entrepreneurship at a cost of Rs178.43 million has been established by the Ministry of Planning, Development and Reform.

The women with disabilities actively participate in consultation workshops managed by NGOs and public sector organization. It is felt that there is need to initiate welfare schemes for the children of working women with a view to facilitate the working women so that they can effectively contribute in socio economic development of country. Similarly, there is need to develop a mechanism of facilitation for the women victims of human rights violations including rape, denial of ownership of assets and implementation of women quota in jobs. Such an initiative can ensure providing equal opportunities for women.

Outlook 2017-18

The Annual Plan envisages the need for a framework of equitable development of women, gender mainstreaming, through development of gender sensitive need based projects and actions, integration of gender dimensions into all sectors of economy. A women right based approach to develop women's economic, social and development rights, entitlements and sensitization on gender issues is needed. To ensure implementation and review of policies & plans and for guiding gender sensitive policy making, action plans and interventions are to be taken in order to achieve the Vision 2025 objectives. A support mechanism for women survivors of violence and women in distress would be strengthened. The creation of gender based knowledge through research and gender disaggregated data (including data on transgender), day care facilities for infants and children of working women and women friendly workplace would have to be promoted.

Programmes

The federal and provincial governments, civil society and international organizations have envisaged plans for achieving gender equality and women empowerment. For this purpose, funds would be earmarked in the PSDP/ADPs for awareness raising campaigns and women rights. The women departments in provinces envisage initiatives for establishment of working women hostels, daycare centers, women crises centers, grievances addressing system for women, awareness at work place harassment and shelter houses for women. The helpline against Human Rights violations, crises centers in the ICT and Human Rights Directorate established in the provinces would continue to support women in need and distress. The ten percent quota for women employment would be ensured by the concerned establishments. The remarkable programmes are summarized below:

- Continue services under "Establishment of Helpline for Legal Advice"
- Establishment of National Institute of Human Rights at Islamabad
- Implementation on Action Plan on Human Rights in Pakistan
- Construction of working women hostel, G-6/2 and G-7/3, Islamabad
- Institutional strengthening of Ministry of Human Rights to facilitate the human rights victims.

Chapter 10 | YOUTH AND SPORTS

According to an estimate about 28 per cent of Pakistan's population is aged between 15-29 years and by 2040 this population is projected to reach 40 per cent of the total population. This exceptional youth bulge which is also called Youth Dividend offers an opportunity to harness their potential for prosperity and development of the country. Unemployment, poverty, disparity in education, illiteracy and non-engagement are the risks to this dividend. Mainstreaming of youth is being done through education, skill development, entrepreneurship, training, employment, engagement, empowerment, sports and recreational facilities.

Performance review 2016-17

Prime Minister's Youth Programme

Prime Minister's Youth Programme, a flagship initiative of the Federal Government for youth empowerment, is successfully being implemented all over the country through financial institutions and recognized training institutes. Under the Programme the following six schemes are being successfully implemented:

Prime Minister's Youth Business Loan Scheme

Prime Minister's Youth Business Loan Scheme is designed to provide subsidized financing for nearly one hundred thousand (100,000) beneficiaries, through designated financial institutions namely National Bank of Pakistan (NBP) and First Women Bank Ltd. (FWBL) which offers small business loans ranging from Rs0.1 to 2.0 million with tenure of up to 8 years including first year as a grace period. The loan under the scheme is disbursed to potential entrepreneurs across Pakistan. All young Pakistani men/women with a valid CNIC, aged 21-45 years, and having entrepreneurial potential are eligible to apply for these loans. The updated status of the scheme is as under:

Institution	No. of cases disbursed	Disbursed amount	Recovery rate
National Bank of Pakistan	17,051	Rs17.07 million	92.5%

Prime Minister's Interest Free Loan Scheme

Prime Minister's Interest Free Loan Scheme is targeted at the socio-economic uplift of under developed areas. Vulnerable rural and urban poor with poverty score of up to 40 are eligible to apply under this scheme. Fifty per cent of loans are earmarked to be given to female borrowers, which will empower them both socially and financially. The scheme is aimed at engaging the population of these areas in broadening economic activities and strengthening the process of development. Pakistan Poverty Alleviation Fund (PPAF) is the executing agency of the scheme, which has engaged 26 Partner Organizations (POs) having necessary expertise in the field. An allocation of Rs3.5 billion has been made initially for this scheme. The fund shall be sustainable by ensuring that the amount returned will be

deposited in a permanent fund available to the community for future lending on revolving basis. The updated status of the scheme is as under:

Total budget allocation	Rs3.5 billion
Total Disbursement	6.11
Number of Borrowers	272,092
Female (62%)	168,555
Male	103,537
Recovery Rate	99%
Districts Covered	44
Union Councils	431
BISP Beneficiaries	54,000
Partner Organizations (PO's)	26

Prime Minister's Youth Skill Development Programme

Prime Minister's Youth Skill Development Programme is aimed at providing 6-month vocational and technical training in demand-driven trades to 25,000 unemployed youth, for acquiring productive skills for gainful employment. Monthly stipend of Rs3,500 is paid to each beneficiary of the scheme (Rs4,000 for trainees from FATA). This scheme focuses on students who have passed eighth grade (middle level education) and are up to 35 years of age. National Vocational and Technical Training Commission (NAVTTTC)/Ministry of Federal Education and Professional Training is the executing agency of this scheme. NAVTTTC engages nation-wide public and private sector vocational and technical training institutes following a competitive evaluation process. The updated status of the scheme is as under:

Feature	Phase-I (2014-15)	Phase-I (2015-16)	Phase-I (2016-17)	Total (2014-2017)
Financial allocation (Rs billion)	0.8	1.18	2.63	4.61
Target trainees (Nos.)	25,000	25,000	50,000	100,000
Passed out trainees (Nos.)	24,934	24,887	23,596	98,417
Number of institutes	336	317	Batch-1 (333) Batch-2 (397)	
Number of trades	100	195	95	
Amount of stipend (Rs)	2,000 and 3,000 (for FATA)	2,500 and 3,500 (for FATA)	3,000 and 4,000 (for FATA)	

Prime Minister's (National) Programme for the Provision of Laptops

The Prime Minister's (National) Programme for provision of laptops to talented students is an attempt to enhance the scope of research and quality education and to increase access to information technology in the country. Annually, 100,000 laptops are targeted to be distributed among students; both male and female, registered in an HEC approved public sector educational institution. MS, MPhil, and PhD students are also given laptops under this scheme, while the remaining laptops are distributed among Masters' and Bachelors' students on the basis of merit. The scheme has nationwide outreach. The Higher Education Commission (HEC)/Ministry of Federal Education and Professional Trainings is the executing agency for this scheme. The updated status of the scheme is as under:

Provinces/Regions	Phase I (2015-16)	Phase II (2016-17)	Total
Azad Jammu and Kashmir	2,970	2,029	4,999
Balochistan	4,318	2,987	7,305
Gilgit – Baltistan	346	18,386	18,732
Islamabad	24,118	470	24,588
Khyber Pakhtunkhwa and FATA	14,773	12,371	27,144
Punjab	32,401	40,509	72,910
Sindh	21,074	12,767	33,841
Grand Total	100,000	89,519	189,519

Prime Minister’s Fee Reimbursement Scheme for Less Developed Areas

Prime Minister’s Fee Reimbursement Scheme for less developed areas aims at encouraging the pursuit of higher education for student registered in a Masters/M.Phil/Ph.D programme in an HEC approved public sector educational institution and domiciled in interior Sindh, Southern Punjab (Divisions of Multan, Bahawalpur and DG Khan), Balochistan, less developed areas of Khyber Pakhtunkhwa (Malakand, Kohistan, D.I Khan, Lakki Marwat, Batagram, Kala Dhaka/Torghar, Hangu, Kohat, Bannu and Karak), G.B and FATA are eligible to apply under the scheme. Higher Education Commission (HEC)/ Ministry of Federal Education and Professional Training is the executing agency of the scheme. The updated status of the scheme is as under:

Features	2013-14	2014-15	2015-16	2016-17	Total
Financial Allocation (Rs Billions)	1.1	1.8	1.8	1.8	6.5
Students	51,995	52,658	49,244	17,137	171,034

Prime Minister’s Youth Training Scheme

Prime Minister’s Youth Training Scheme is aimed at professional development of young graduates in order to equip them with abilities to avail job opportunities both in the local and international market by providing them 1-year paid on job training/internships at private and public sector departments/organizations. All graduates having 25 years of age, and 16-years of education or 03-years Diploma in Associate Engineering after Matric/FA along with *Madaris* graduates having degrees equivalent to that of Masters’ are eligible to apply under this scheme. A monthly stipend of Rs12,000 is paid to each selected intern for a period of 12 months. National Internship Programme/Ministry of Inter-Provincial Coordination is the executing agency of this scheme. The updated status of the scheme is as under:

Budget allocation	Rs7.9 Billion per year
Interns placed under Phase-I	49,847
Interns to be placed under Phase-II	50,000
Total employers (public and private sector)	2,618

Outlook 2017-18

The outreach of the ongoing six Programmes i.e. business loan, interest free loan, skilled development, laptop scheme, fee reimbursement and training has been expanded to the entire country including Gilgit-Baltistan and Azad Jammu & Kashmir. In total about three hundred thousand youth of the country will benefit from these programmes during 2017-18. For channelizing energies of young population sports facilities such as Sports Stadia, Sports Complexes and grounds are being established in various parts of the country.

Programmes

Programme-wise summary alongwith financial requirements for 2017-18 are as under:

Programme/Scheme	(Rs Billion)
	Allocation
Prime Minister's Interest Free Loan	5.0
Prime Minister's Youth Skill Development Programme	6.5
Prime Minister's Fee Re-Imbursement Scheme	3.0
Prime Minister's Youth Training Scheme	11.5
Prime Minister's Youth Laptop Scheme	5.4
Prime Minister's Youth Business Loan Subsidy	0.5
Total	31.9

Sports

In Pakistan Vision 2025, sufficient thrust has been laid on development of sports at grassroots level to identify talent along with encouragement to national players and teams to be world champions in two sports and win at least twenty five (25) medals in Asian Games. This is with particular reference to Hockey, Cricket, Athletics, Boxing and Squash etc. In order to achieve these objectives, the following initiatives have been undertaken: Creation of sports facilities, infrastructure of international standards, Holding of National Games annually with the primary objective of hunting, grooming and encouraging the local talent and promoting inter-provincial harmony.

Performance Review 2016-17

The revised allocation for Sports Sector for financial year was Rs1322 million which is expected to be utilized fully by the end of June, 2017.

Holding of the national games

An amount of Rs145 million was provided to the project titled "Holding of National Games" to organize Quaid-e-Azam Inter- Provincial Youth Games 2017. The games will be held at Jinnah Stadium, Pakistan Sport Complex, Islamabad. It is expected that more than 2800 athletes including officials from four provinces, Gilgit Baltistan, Islamabad, Federally Administered Tribal Areas (FATA) and Azad Jammu and Kashmir (AJK) will participate in these games. Both men and women teams will take part in thirteen (13) different sporting

events including: athletics (male/female), badminton (m/f), boxing (m), football (m/f), hockey (m/f), judo (m/f), karate (m/f), squash (m/f), table tennis (m/f), taekwondo (m/f), tennis (m/f), volleyball (m/f) and wrestling (m).

Construction of sports complex

During the financial year, an amount of Rs1,182.40 million was allocated to the project titled “Construction of Sports Complex Narowal” which will be fully utilized up to June, 2017. The project envisages construction of cricket stadium with pavilion and seating area, football ground with athletic track, pavilion and seating arrangement, hockey ground with synthetic turf and seating capacity, squash courts with seating steps, two tennis courts, one volleyball court, gymnasium, one basketball court, kabaddi court and covered swimming pool with allied facilities, mosque, players’ residences/dormitories and mess, administration offices, guest house, furniture, furnishing, equipment, restaurant, entrance gate, boundary wall, clock tower, fountain, pavements /footpaths, internal roads, sewerage system, landscaping, utilities, external services, equipment and machinery for grounds, security system, 1.5 kilometre metalled road to project site, and landscaping etc. The physical work on the project is in progress and various components of the project are at different stages nearing completion. Cumulative physical progress on the project is 71 per cent while financial utilization is around Rs1500 million.

Programmes

An allocation of Rs3044.16 million has been provided for Sports Sector during 2017-18. The project-wise details are as follows:

Allocation in PSDP 2017-18

		(Rs million)
S.No.	Name of Project	Allocation 2017-18
1.	Construction of Sports Complex at Narowal	495.55
2.	Holding of National Games	92
3.	Laying of Synthetic Hockey Turf at Gilgit(PM’s Directive)	15
4.	Establishment of Bio Mechanical Lab at Pakistan Sports Complex, Islamabad	61.61
5.	Replacement of Synthetic Hockey Turfs in seven cities viz. Islamabad, Faisalabad, Wah Cantt, Peshawar, Quetta, Abbottabad and Lahore	200
6.	Laying of Synthetic Hockey Turf at Swat (PM’s Directive)	55
7.	Construction of Boxing Gymnasium at PSB Coaching Centre Quetta (President Directive)	50
8.	Construction of Boxing Gymnasium at PSB Coaching Centre Karachi (President Directive)	50
9.	Strengthening of sports infrastructure	2000
Total		3044.16

An amount of Rs495.55 million has been allocated for the on-going project titled “Construction of Sports Complex at Narowal” in PSDP 2017-18 which is targeted to be completed by December, 2017. Similarly, funds to the tune of Rs92 million and Rs61.61 million have also been earmarked for on-going projects titled “Holding of National Games” and “Establishment of Bio-Mechanical Lab at Pakistan Sports Complex, Islamabad”, respectively during 2017-18. Moreover, funds to the tune of Rs200 million have been

earmarked in PSDP 2017-18 for replacement of Synthetic Hockey Turf in Seven Cities viz Islamabad, Faisalabad, Wah Cantt, Peshawar, Quetta, Abbottabad and Lahore. An allocation for Rs50 million each has been made for the two projects pertaining to construction of Boxing Gymnasiums situated in Pakistan Sports Board (PSB) Coaching Centres at Quetta and Karachi for completion. Rupees 70 million have been allocated for laying synthetic hockey turfs at Swat and Gilgit. For construction of football ground at Chaman an amount of Rs25 million has been earmarked. Moreover, for the first time a huge amount of Rs2 billion has been allocated for strengthening of sports infrastructure in the country.

Chapter 11 | RELIGIOUS PLURALISM AND INTERFAITH HARMONY

Having predominantly Muslim population, Pakistan also has followers of various other religions, castes and creeds. Pakistan recognizes equal rights of all citizens. The Articles 20, 21, 25, 26, 27, 28, and 36 of the Constitution of Islamic Republic of Pakistan provide full protection and equal rights to all citizens including Minorities to freely profess and practice their religion and culture.

According to the 1998 census, 95 per cent of the population is Muslim while the rest five per cent of the population includes Christians, Hindus, Parsis/Zoroastrians, Bahais, Sikhs, Buddhists, and small portions of Kalash, Kihals, and Jains. This diversity signifies the need of a pluralistic society in which people with different beliefs live with peace and harmony with each other.

The existing scenario stresses upon more inter-faith dialogue to promote culture and religious understanding and tolerance in the society. Collective efforts are needed to combat all forms of hatred, intimidation, incitement and acts of violence that emerge as a result of intolerance based on religion or belief.

The Plan envisages promoting peace, harmony and tolerance among all sects of the society and recognizes existence of religious and social diversity in the country, and offers a strategy to promote the inclusive society. The government is cognizant of the issues of minorities, the need to protect their life and property. Towards this end, there is need of making concentrated efforts to improve the socio-economic conditions of minorities.

Performance review 2016-17

Many initiatives have been taken for empowerment of minorities and promotion of religious and cultural pluralism and interfaith harmony;

- The Pakistan Penal Code – 1860 provides a complete chapter i.e. Chapter XV on offences relating to the religion.
- Ten seats have been reserved for representatives of minorities in the National Assembly and 4 seats in the Senate. Similarly, 23 seats have been reserved for minorities in all the provincial assemblies
- Allocation of 5per cent Job Quota for minorities in all federal government services/jobs in addition to their participation on the open merit basis.
- Declaration of 11th of August as a “Minorities Day” to recognize the services/sacrifices and contributions of minorities in the nation-building

- Celebration of Ten (10) religious festivals of minorities at official level in Pakistan in a year, including Christmas/Easter for Christians, Holi/Diwali for Hindus, Biasakhi/Birthday of Guru Nank for Sikhs, Nauroze for Zoroastrian, Eid-e-Ridvan for Bahai's, Festival of Lights for Buddhist community and Chelum Jhust for Kalash people.
- In emergency crises faced by minorities in different areas of the country, financial help of Rs300,000 to Rs500,000 is extended to the victims and their family members.
- Grant of financial assistance through Minorities Welfare Fund (MWF)
- Marriage Grant of Rs50,000 for marriage of daughters of widows/orphan girls of minorities.
- Religious tourism promoted.

Various initiatives have been taken by the governments to promote peace and harmony, which include putting ban on hatred speeches, publishing and distribution of hatred literature and enforcing rightful use of loud speakers. Other initiatives taken by the Provinces to promote religious pluralism and interfaith harmony include allocation of Rs780 million for 4 schemes in the ADP of Punjab, allocation of Rs2,580.84 million for 12 schemes in Sindh, allocation of Rs220.89 million for 10 schemes in Khyber Pakhtunkhwa and Baluchistan Government's allocation of Rs20 Million on 2 projects related to minorities rights.

Outlook 2017-2018

Religious pluralism and interfaith harmony in the country under a consistent framework would be developed in consultation with national and provincial stakeholders for equitable development of communities of all religions.

Programmes

Various initiatives for attaining interfaith harmony in the country have been envisaged in the Plan period. These include a project proposal "Construction of Interfaith Community Center in Islamabad" for promoting peace, mutual acceptance and tolerance. The exclusive arrangements would be made for reporting cases of discrimination against minorities. The Plan would also sensitize / envisage launching of a help line for helping minorities and promoting religious tourism.

Chapter 12 | MASS MEDIA, CULTURE AND NATIONAL HERITAGE

Today we live in a mediated society because opinions, views, values and cultures of the people are shaped by all forms of media-electronic, print and digital. Media and Culture has a very strong and deep relationship. This relationship has become more intensified and diversified by technological advancements. During the last few years digital media has changed the ways of interaction and socialization of people. The content of media is crucial as what is shown to people has impact on their culture and lifestyles. The users of media are not passive consumers of the content, as it affects their perspective including culture, thought patterns and opinions.

Mass Media is providing education, awareness and entertainment among cross cultural groups. Therefore, the Vision 2025 and the 11th Five Year Plan have emphasis on developing not only the State Media but also creating an enabling environment for the private media for achieving the dream of a progressive and enlightened Pakistan. The key target is switching over from analogue to digital broadcasting and protect, promote and nurture Pakistani culture and cultural diversity by countering the cultural onslaught from all across the world through traditional and digital media.

Performance review of 2016-17

The Pakistani mass media scenario is very dynamic and has witnessed the most robust growth. Today, there are more than 90 Satellite TV Channels, 4983 cable operators, 34 landing TV Channels from abroad like BBC, CNN etc. and 210 FM Radio Stations. The advent of digital media has brought forth a set of opportunities and challenges for traditional media. Moreover, modern state of art studios /introduction of latest equipment/ communication facilities like video conferencing, electronic data transfer, chat / mobiles etc. have brought in a revolution and contributed immensely in the media development.

For improving the quality of audio and video signals and increasing the population and area coverage, an amount of Rs300.60 million was earmarked to twenty one on-going and two new projects of Information & Broadcasting Division in PSDP 2016-17. The financial utilization by June, 2017 is expected to be 100 per cent.

Mass Media Sector

Pakistan Television Corporation (PTVC)

The revised allocation for PTVC is Rs230.30 million which is expected to be utilized fully on seventeen ongoing projects of PTVC, most of which are meant for providing TV signals to the left out areas of Khyber Pakhtunkhwa, Sindh, Balochistan, Southern Punjab, Gilgit-Baltistan and Azad Jammu & Kashmir. The projects for setting-up Rebroadcast stations at Kotli Sattian, Buner, Pooran, Astore and National News Bureau have been completed during 2016-17. The work on Rebroadcast Stations at Barkhan, Karan, Athmuqam, Ziarat

remained in progress during 2016-17 and will continue during 2017-18. Under the new initiative proposed by M/o Planning, Development & Reform, the project titled “Dubbing of Pakistani Dramas into foreign languages” is successfully being implemented and civil works, import and installation of equipment under the project has been completed. The work on the programming portion of the project has been started and is expected to be completed by June, 2018.

Pakistan Broadcasting Corporation (PBC)

The revised allocation for PBC is Rs48 million which is also expected to be utilized fully on two on-going and two new projects of PBC. The new project titled “Installation of FM-101 transmitter at Narowal” is expected to be completed by 30th June, 2017. Similarly, work on the project “100 KW MW Transmitter at Gwadar” remained in progress in 2016-17 and will continue in 2017-18. A project titled “Establishment of Sautul Quran FM Network Phase-II” has also been initiated.

Electronic Media in Pakistan	
PTV Stations	7
TV Transmitters	100
PBC Radio Stations	27
PBC FM Radio Stations	46
Commercial FM Radio Stations	148
Non-Commercial FM Radio Stations	52
Cable Operators Licensed	4983
Cable Subscribers	13.9 million
Total TV viewership (Terrestrial, Cable & Satellite)	135 million
Total Cable & Satellite viewership	74 million
Total Terrestrial viewership	61 million
Satellite Channels (Local)	91
Landing Rights Permission Channels	34
Internet Protocol Television (IPTV)	01
Mobile TV Licenses	05
Source: PEMRA, PTV & PBC	

Pakistan National Council of Arts (PNCA)

PNCA is responsible for promotion and projection of performing and visual arts. An amount of Rs22.37 million was allocated in PSDP 2016-17 to two on-going projects of PNCA. The project titled “Preparation of Database of Paintings/Art works at PNCA, Islamabad” is expected to be completed by 30th June, 2017 whereas the on-going project titled “Up-gradation of Security of National Art Gallery, PNCA, Islamabad” will be completed during 2017-18.

Development Communication Project

Development Communication project aims to generate development discourse in the country through electronic, print and digital media and arranging conferences/seminars/workshops on various sectors of economy. The project was approved in 2013 at a cost of Rs616.40 million. The project has been allocated Rs100 million during 2016-17.

The financial review of the Mass Media Sector for 2016-17 is as under:

(Rs million)

Agencies	Revised Allocation 2016-17	Estimated Expenditure 2016-17
Pakistan Television Corporation	230.23	230.23
Pakistan Broadcasting Corporation	48	48
Pakistan National Council of Arts (PNCA)	22.37	22.37
Total	300.60	300.60

Culture

Pakistan has rich tangible (ancient sites and historic structures etc.) and intangible (languages, beliefs, rituals, traditions, music, dance, folktales and arts) cultural heritage. National History and Literary Heritage Division and its attached departments are doing their best to promote soft image of Pakistan through preservation and conservation of archaeological and historical sites, promotion of literature and reading culture, promotion of national language, customs and traditions.

Department of Archeology & Museum (DOAM)

During 2016-17, an amount of Rs7.85 million was allocated to following two projects of DOAM:

- Establishment of Digitalization Centre for the Documentations of Artifacts and Archival Material at Department of Archeology Museum, Islamabad
- Designing of National Museum of Pakistan, Islamabad.

The entire allocation is expected to be utilized by 30th June, 2017.

Pakistan Academy of Letters (PAL)

An amount of Rs35 million has been allocated in PSDP 2016-17 to fund the only on-going project of Pakistan Academy of Letters (i.e. Construction of Auditorium at Pakistan Academy of Letters, Islamabad). The scope of the project consists of construction of Auditorium Hall, Committee Rooms, Exhibition Hall, Basement and Boundary Wall etc. The project so far has achieved 70per cent physical progress.

Urdu Dictionary Board, Karachi

Urdu Dictionary Board, Karachi is a literary institution which was established in 1958 with prime objective of compiling a comprehensive dictionary Urdu Dictionary. The Board has completed and published a comprehensive dictionary containing 22 volumes on Urdu Language in year 2012. The 22 volume Urdu Dictionary has been digitized under the project titled "Computerization of Urdu Dictionary" at a cost Rs14.360 million. The dictionary will be published on the website as well.

The financial review of Culture sector for 2016-17 is given below:

Organization-wise financial review 2016-17

Agencies	Revised Allocation 2016-17	Estimated Expenditure 2016-17
Pakistan Academy of Letters	35	35
Department of Archeology & Museum (DOAM)	11.90	11.90
Urdu Dictionary Board	14.36	14.36
National Book Foundation	2.62	-
Total	63.88	61.30

Outlook 2017-18

In Pakistan, attempts are being made to convert broadcasting from analogue to digital to keep track with technological advancements and developments in the field. The country is expected to show remarkable progress in almost all components of this industry such as the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; motion picture and sound recording industries; the publishing industries and publishing exclusively on the Internet; the telecommunications industries; data processing industries, and the information services industries. The information industry is to grow by leaps and bounds in the near future and contribute more to the economy and job market. It would attract more local and foreign investment and provide employment to hundreds of thousands of people. The digital video broadcasting, digital audio broadcasting, DTH, Internet Protocol Television (IPTV), mobile audio and TV and digital multimedia broadcasting is the future of broadcasting culture in Pakistan.

Programmes

Mass Media Sector

The allocation for 2017-18 for the Mass Media sector is Rs811.79 million. The organization-wise details of allocation for PSDP 2017-18 are as follows:

Organization-wise allocation of the PSDP 2017-18 for Mass Media sector

Agencies	Allocation 2017-18 (Rs million)
Pakistan Television Corporation	329.84
Pakistan Broadcasting Corporation	267
Pakistan Electronic Media Regulatory Authority	155
Pakistan National Council of Arts	39.95
Department of Electronic Media & Publications	10
Associated Press of Pakistan Corporation	10
Total	811.79

An amount of Rs329.84 million has been earmarked for PTVC in PSDP 2017-18. Keeping in view the targets, the entire amount has been allocated to ten ongoing and four new projects of PTVC. The work on setting-up of RBSs in Khyber Pakhtunkhwa, Baluchistan, Sindh, Punjab and AJK will remain in progress in the year 2017-18. Priority has been given to nearing completion and fast track projects. An amount of Rs170 million has been allocated for upgradation, replacement and modernization of transmission, studio and production equipment. Rs45 million have been kept for RBS Shangla for providing TV coverage to left out pockets.

Among the new projects, an amount of Rs155 million has been allocated to the three projects of Pakistan Electronic Media Regulatory Authority (PEMRA) which includes media development and implementation of code of conduct.

An amount of Rs267 million has been allocated to one ongoing and four new projects of Radio Pakistan in PSDP2017-18. An amount of Rs167 million has been earmarked for replacement and upgradation of transmitters and studio equipment at Mirpur, Muzaffarabad and Multan. The Phase-II of the Sautul Quran FM radio stations has been provided Rs50 million for expansion of services.

An amount of Rs39.95 million has been allocated for PNCA to carry out the remaining work of its only ongoing project titled “Up-gradation of security of National Art Gallery, PNCA”, feasibility study for establishment of National Film Academy and establishment of digital archives library.

Culture

The total allocation for 2017-18 for the Culture sector is Rs 272.7 million. The organization-wise details of allocation for PSDP 2017-18 are as follows:

Organization-wise allocation of the PSDP 2017-18 for the Culture sector

Agencies	Allocation 2017-18 (Rs million)
Pakistan Academy of Letters (PAL)	149.35
National Library of Pakistan	30
Quaid-e-Azam Mazar Management Board	40
Urdu Dictionary Board	10
National Book Foundation	33.35
Department of Archaeology and Museums	10
Total	272.7

Funds to the tune of Rs29.35 million and Rs33.35 million have been allocated for completion of ongoing projects titled “Construction of Auditorium at Pakistan Academy of Letters (PAL)” and “Construction of National Book Foundation Author Club and Resource Centre at Lahore” respectively in PSDP 2017-18. Similarly funds to the tune of Rs30 million have been allocated for upgradation and renovation of National Library of Pakistan. Rs 120 million have been provided for establishment of regional offices of Pakistan Academy of Letters at Peshawar, Quetta, Dadu, Muzaffarabad, Gilgit and FATA. An amount of Rs 40 million has been earmarked for carrying out feasibility study of Pakistan Park at Mazar-e-Quaid, Karachi and waste water treatment plant at peripheral area of Mazar-e-Quaid. Rs10 million have been allocated for recording of first digital Urdu sound dictionary. A sum of Rs. 10 million has been provided for preservation and restoration of Rawat Fort.

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and inclusive growth**

Chapter13 | FISCAL, MONETARY AND CAPITAL MARKET DEVELOPMENT

There has been a significant improvement in fiscal indicators since 2013-14 as a result of the reforms initiated by the government for strengthening the public financial management, improving tax administration, reducing the untargeted subsidies and tax concessions/exemptions and addressing the financial losses of Public Sector Enterprises (PSEs). The improvement on fiscal front reflects the government's commitment to fiscal discipline and prudent public financial management as envisaged in Pakistan Vision 2025. The monetary policy remained synchronized with the fiscal policy for maintaining price stability, strengthening the financial sector and ensuring availability of cheaper credit to the productive sectors.

Review of fiscal developments 2016-17

During the last three years, fiscal deficit was reduced from 8.2 to 4.6 per cent of GDP through significant growth in tax revenue and expenditure rationalization. Similarly, overall tax-to-GDP ratio increased from 9.8 per cent in 2012-13 to 12.6 per cent in 2015-16. Federal budget 2016-17 aimed at further improvement in overall fiscal position with fiscal deficit-to-GDP ratio targeted at 3.8 per cent. Consolidated total revenue stood at Rs3,145.5 billion during July-March 2016-17, reflecting 6.2 per cent growth over the collection of Rs2,961.9 billion in the corresponding period of last year. Consolidated tax revenue was recorded at Rs2,694.3 billion, registering a growth of 8.6 per cent over the comparable period of last year whereas non-tax revenue witnessed a decline of 6.2 per cent and stood at Rs451.2 billion. The decline is primarily because of falling oil prices and 40-year lowest policy rate (5.75 per cent since May 2016). 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 2016-17)

Item	Jul-March 2016-17	July-March 2015-16	% Change	As % of GDP	
				Jul-Mar 2016-17	Jul-Mar 2015-16
Total revenue	3,145.5	2,961.9	6.2	9.9	10.2
a. Tax revenue	2,694.3	2,481	8.6	8.5	8.5
b. Non-tax revenue	451.2	480.9	-6.2	1.4	1.7
Total expenditure	4,383.6	3,971.3	10.4	13.8	13.6
a. Current	3,605.1	3,407	5.8	11.3	11.7
b. Development	803.9	699.4	14.9	2.5	2.4
Fiscal deficit	1,238	1,009.4	22.6	3.9	3.5
GDP (current market prices)	31,862*	29,103			

*Provisional Source: Finance Division

The FBR's tax collection was recorded at Rs2,260.5 billion during the period under review as compared to Rs2,103.0 billion during the comparable period of last year, thereby registering a growth of 7.5 per cent. Collection of both direct and indirect taxes grew by 12.4 per cent and 4.5 per cent, respectively. The lower collection of indirect taxes was due to shortfall in the collection of sales tax. This fall is attributed to a slowdown in the growth of key manufacturing sectors, particularly petroleum sector which is the top revenue spinner.

Consolidated total expenditure during the period under review amounted to Rs4,383.6 billion, registering a growth of 10.4 per cent over the corresponding period of last year. Both current and development expenditures rose by 5.8 per cent and 14.9 per cent, respectively. Both federal PSDP and provincial ADP expenditures increased by 28.9 per cent and 13.6 per cent, respectively. Other development expenditure (non-PSDP) plummeted by 24.7 per cent. Net lending to PSEs recorded a retirement of Rs34.2 billion as compared to an expansion of Rs10.8 billion during the corresponding period of last year.

The fiscal performance remained off the track during 2016-17 as fiscal deficit has already surpassed its annual target of 3.8 per cent of GDP during the three quarters. This higher fiscal deficit is attributed to a low growth of total revenue as a result of a shortfall realised in tax collection and a decline in non-tax revenue. The analysis of financing-mix of consolidated fiscal deficit during the period under review reveals that the government relied more on domestic than external resources. Within domestic resources, greater reliance was on bank borrowing.

Net public debt as on March 31, 2017 stood at Rs18,925.4 billion, posting a growth of 9.1 per cent over the stock as on March 31, 2016 (Table-2). This accumulation in net public debt was mostly on account of domestic debt. Net public debt-to-GDP ratio dropped from 59.6 per cent to 59.4 per cent over the year. Gross public debt stood at 65.5 per cent of GDP as compared to its budget estimate of 61.4 per cent.

Table-2
Pakistan's public debt profile

Item	(Rs billion)		
	March 2017	March 2016	% Change
a. Domestic debt	14,746	13,398.1	10.1
b. External debt	6,127.9	5,769.8	6.2
Gross public debt (a+b) (FRDLA definition)	20,873.9	19,167.9	8.9
Net public debt*	18,925.4	17,346.2	9.1
As % of GDP			
Domestic debt	46.3	46	
External debt	19.2	19.8	
Gross public debt (FRDLA definition)	65.5	65.9	
Net public debt	59.4	59.6	
GDP (current market prices)	31,862**	29,103	

*Gross public debt minus government deposits with the banking system

**Provisional

Source: State Bank of Pakistan

Fiscal outlook 2017-18

The fiscal policy during 2017-18 will remain consistent with the prudent stance adopted by the government for achieving the growth objective as envisaged in the Vision. Efforts will be made to maintain fiscal deficit in manageable limits with the confines of Fiscal Responsibility and Debt Limitation Act (FRDLA) 2005. The fiscal policy will remain focused on enhancing revenue mobilization and containing non-priority/non-development expenditures. The FBR will continue broadening the tax base, reforming the tax administration, limiting the tax concessions/exemptions granted under SROs, rationalizing the tax rate structure, strengthening the automation of the taxation system, and strengthening the differential taxation system introduced for filers and non-filers to increase tax compliance. Efforts will also be made to address the issues of financial losses of PSEs and reduce public debt-to-GDP ratio to the FRDLA target of 60 per cent in 2017-18.

Review of monetary developments and inflation 2016-17

The State Bank of Pakistan followed an easy monetary policy stance and kept the policy rate unchanged at 5.75 per cent during 2016-17. The SBP has been following easy monetary policy stance on the basis of conducive and benign international commodity prices and improved macroeconomic conditions at domestic level since May 2016.

Money supply as measured by broad money (M2) expanded by Rs936.4 billion (7.3 per cent) during 1st July 2016 to 5th May 2017 as compared to its expansion of Rs716.9 billion (6.4 per cent) during the corresponding period of last year (Table-3). Net Foreign Assets (NFA) of the banking system contracted by Rs393.8 billion (-39.1 per cent) as compared to its expansion of Rs112.9 billion (13.9 per cent) during the corresponding period of last year. Net Domestic Assets (NDA) of the banking system increased by Rs1,330.2 billion (11.3 per cent) as compared to its expansion of Rs604.1 billion (5.8 per cent) last year.

Table-3
Monetary aggregates

Factors affecting broad money (M2) growth	Stocks at end of Jun-16	Monetary impact from 1 st July to	
		5-May-17	6-May-16
A. Net Foreign Assets of the banking system	1,007.6	-393.8	112.9
B. Net Domestic Assets of the banking system (1+2+3)	11,817.3	1,330.2	604.1
<i>Growth</i>		11.26%	5.77%
1. Net government sector borrowing (a+b+c)	7,819.5	847	513.3
a. Borrowing for budgetary support	7,194.8	928.8	573.8
i. From the SBP	1,442.2	947.3	-59.8
ii. From scheduled banks (net)	5,752.6	-18.5	633.6
b. Commodity operations	636.6	-84.3	-60
c. Others	-11.8	2.5	-0.5
2. Credit to non-government sector (a+b+c+d)	5,012.6	736.1	342.8
a. Credit to private sector	4,449.5	507.2	307.4
b. Credit to Public Sector Enterprises (PSEs)	568.1	225.1	34.9
c. PSEs Special Account-debt repayment with the SBP	-24.2	0	-0.2
d. Credit to Non-Banking Financial Institutions (NBFIs)	19.2	3.8	0.6
3. Other items (net)	-1,014.9	-252.9	-252
Broad money (M2) (A+B)	12,824.9	936.4	716.9
<i>Growth</i>		7.30%	6.35%

Source: State Bank of Pakistan

The government preferred to borrow from the SBP for budgetary support to the tune of Rs947.3 billion and retired loans of commercial banks worth Rs18.5 billion. Last year, the government adopted the opposite borrowing mix of retiring Rs59.8 billion to the SBP and borrowing Rs633.6 billion from commercial banks. Net retirement of Rs84.3 billion was registered under commodity operations (mainly in wheat and fertilizer) as compared to the last year's retirement of Rs60 billion in the comparable period.

Credit to private sector registered an increase of Rs507.2 billion as compared to its last year's expansion of Rs307.4 billion. Credit to private sector is expanding that is expected keeping in view the recognition lag of easy monetary policy. On the supply side, the retirement of loans to scheduled banks by the government left ample resources for private sector credit. Bank credit went for both working capital and fixed investment purposes. Credit to PSEs expanded by Rs225.1 billion as compared to its expansion of Rs34.9 billion last year. Credit to Non-Banking Financial Institution (NBFIs) recorded an expansion of Rs3.8 billion as compared to its expansion of Rs0.6 billion last year.

Average CPI rose to 4.1 per cent in July-April 2016-17 from 2.8 per cent in the corresponding period of last year mainly due to low supplies of fresh vegetables and recovery in global prices of food commodities. However, it is well below the target of 6 per cent for 2016-17. A gradual build-up of domestic demand also exerted an upward pressure on prices which is also evident from the rise in average core inflation from 4.1 per cent to 5.1 per cent over the year. Average WPI moved from deflation of 1.3 per cent to inflation of 4 per cent whereas average SPI (for all income groups combined) fell from 1.8 per cent to 1.7 per cent over the year (Table-4).

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

Index	July-April	
	2016-17	2015-16
Consumer Price Index (CPI)	4.1	2.8
- Food	3.9	2.1
- Non-food	4.3	3.3
- Core (non-food non-energy)	5.1	4.1
Wholesale Price Index (WPI)	4	-1.3
Sensitive Price Indicator (SPI)*	1.7	1.8

*SPI for all income groups combined

Source: Pakistan Bureau of Statistics

In April 2017, CPI inflation increased by 4.8 per cent on year-on-year (YoY) basis as compared to 4.2 per cent in April 2016. Core inflation, on YoY basis, increased to 5.5 per cent in April 2017 from 4.4 per cent in April 2016.

Monetary and inflation outlook 2017-18

Monetary expansion during 2017-18 will be in line with the projected GDP growth and CPI inflation. During 2017-18, better energy supplies to manufacturing sector and higher aggregate demand would necessitate higher business / private sector loans which along with growing bank financing for CPEC-related activities and accelerated development works would lead to higher monetary expansion and inflation. Global commodity and oil prices are

expected to rise which are likely to put an upward pressure on inflation. Average CPI inflation is expected to be around 6 per cent during 2017-18.

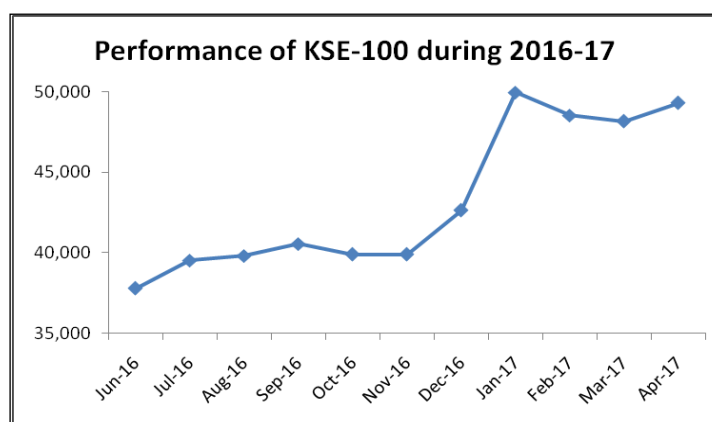
Review of capital market developments 2016-17

During 2016-17, the Securities & Exchange Commission of Pakistan (SECP) initiated a number of structural, legal and fiscal reforms to develop fair and competitive capital market. Reform measures aimed at improving governance of the capital market infrastructure institutions, strengthening risk management, enhancing transparency and increasing investor protection. Some of the key initiatives of the SECP during the first three quarters of 2016-17 include:

- The SECP facilitated timely completion of the divestment of Pakistan Stock Exchange (PSX) shareholding while ensuring absolute transparency, impartiality and efficiency.
- PSX has signed a share purchase agreement with the Chinese consortium comprising of the China Financial Futures Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange, along with two Pakistani financial institutions, i.e., Habib Bank Limited and Pak China Investment Company Limited;
- Under the Securities Act, 2015, new licensing and operational regulations were approved for the securities' exchange, Central Depository Company (CDC) and National Clearing Company of Pakistan (NCCPL);
- A new risk-based Know Your Client (KYC) and Customer Due Diligence (CDD) regime was introduced to facilitate small investors whereby documentation and due diligence requirements of customers in capital market were segregated based on their risk profile;
- The CDC has introduced mobile platform (M-Access) available for accessing and managing CDC account;
- The Code of Corporate Governance was amended to ensure verification of compliance with Access to Inside Information Regulations, 2016, through external auditors;
- The Companies (Buy-Back of Shares) Regulations, 2016 and the Credit Rating Companies Regulations, 2016, were notified to regulate the affairs of Credit Rating Companies (CRAs) fairly.

Performance of Pakistan Stock Exchange

The role of capital markets is vital for inclusive growth in terms of wealth distribution and making capital safer for investors. Pakistan's capital market is predominantly comprised of stock market. The Pakistan Stock Exchange market registered an upward growth consolidating at new heights as broad based surge led to MSCI upgrade. In a positive



development, the American stock index firm MSCI included the KSE-100 in its emerging

markets index, which represents 10 per cent of the world's market capitalisation. Average market capitalization of the PSX reached Rs10,016 billion in FY17 (upto May 17, 2017) as compared to Rs7,158 billion in FY16. Pakistan's benchmark equity index, the KSE-100, has beaten major Asian economies this year in stock market performance. In fact, it is the fifth best performing stock index globally. Bloomberg even referred to Pakistan as an "Asian Tiger" in a report.

Pakistan Stock Market has outperformed the leading stock markets of the world during the ongoing financial year. Table-5 presents percentage changes in the leading world stock market indices from end-June 2016 to end-April 2017.

Table-5
Regional comparisons

Index (month end)	30-Jun-16	28-April-17	% Change
KSE-100 Index	37,784	49,301	30.5
US S&P 500	2,099	2,384	13.6
UK FTSE 100	6,504	7,204	10.8
Tokyo NIKKEI 225	15,576	19,197	23.2
Hong Kong (Hang Seng)	20,794	24,615	18.4
China Shanghai Composite	2,930	3,155	7.7
Bombay Sensex	27,000	29,918	10.8

Source: Securities & Exchange Commission of Pakistan

Capital market outlook 2017-18

The SECP's future roadmap comprises of measures headed for capital market development and subsidiary legislation under the Securities Act and Futures Market Act. Following actions are envisioned for the growth and development of the corporate sector and capital market:

- Post-divestment of PSX shares, relevant regulations are being augmented to prescribe framework for self-listing and public offering of PSX shares, in accordance with requirements of demutualization law.
- Centralization of KYC process through the establishment of a central repository of all KYC information for entire capital market will be made. Efforts will be made for the establishment of an independent bond pricing agency to provide fair valuations of debt securities based on comprehensive data collection, validation, pricing, and dissemination to the stakeholders.
- Regulatory framework will be introduced to enable the CDC to offer services as a general/professional clearing member, to facilitate clearing and settlement of trades by trading-only brokers, to help achieve segregation of core brokerage functions. Various rules and regulations will be framed under the Futures Market Act, including regulations for futures brokers, futures exchange and clearinghouse etc. Efforts shall be made to bolster activity and introduce new products for derivatives and Islamic capital market.

- The Company Regulation Offices (CROs) Regulations will be amended to ensure smooth functioning of CROs to reflect present practices/procedures and to meet future requirements will be drafted.
- Framework for registration of consultants/intermediaries providing corporate filing services will be introduced. Facilitation to the public and company representatives will be provided on Saturdays. E-Services will be revamped to make them cost-effective, efficient and user friendly.
- The Modaraba regulatory framework will be amended to implement the original Modaraba concept, resolve the funding issues and introduce the concept of unlisted Modarabas for the growth of the sector. The new Modaraba Act is in the pipeline.
- One hundred per cent off-site review of all NBFCs will be carried out. Performance data of all mutual funds and pension funds will be compiled on a quarterly basis for uploading on the SECP's website. Thematic inspection of mutual fund industry regarding equity trading of funds will be conducted. A performance-based fee model for asset management companies' guidelines for stress testing for income and money market funds will be developed.
- Insurance Bill, 2016 will be finalized. Draft Insurance Rules, 2016 (Merging of Insurance Rules, 2002 and SEC (Insurance) Rules, 2002) will be notified. The Insurance Accounting Regulations, 2016 and the Reinsurance Broker Regulations, 2016, will be prepared. The Regulatory Requirement for Reporting of Family Window Takaful Operations by Life Insurers will be introduced. The Credit & Suretyship (Conduct of Business) Rules, 2016, will be notified.

Annex-1

Consolidated fiscal operations

(Rs billion)

Item	July-March 2016-17	July-March 2015-16	% Change	As % of GDP	
				Jul-Mar 2016-17	Jul-Mar 2015-16
Total revenue	3,145.5	2,961.9	6.2	9.9	10.2
A) Tax revenue	2,694.3	2,481	8.6	8.5	8.5
a) Federal	2,463.8	2,294.3	7.4	7.7	7.9
i) FBR taxes	2,260.5	2,103	7.5	7.1	7.2
- Direct taxes	892.3	794	12.4	2.8	2.7
- Indirect taxes	1,368.2	1,309	4.5	4.3	4.5
Customs duties	343.4	300	14.5	1.1	1
Sales tax	897.7	894	0.4	2.8	3.1
Federal excise duty	127.2	115	10.6	0.4	0.4
ii) Other taxes	203.3	191.3	6.3	0.6	0.7
b) Provincial	230.5	186.7	23.5	0.7	0.6
B) Non-tax revenue	451.2	480.9	-6.2	1.4	1.7
a) Federal	391.9	436.2	-10.2	1.2	1.5
b) Provincial	59.3	44.7	32.6	0.2	0.2
Total expenditure	4,383.6	3,971.3	10.4	13.8	13.6
A) Current expenditure	3,605.1	3,407	5.8	11.3	11.7
a) Federal	2,439.3	2,368.9	3	7.7	8.1
- Markup payments	1,094.5	1,079.4	1.4	3.4	3.7
- Defence	535.7	482.9	10.9	1.7	1.7
b) Provincial	1,165.8	1,038	12.3	3.7	3.6
B) Development exp. & net lending	769.6	710.2	8.4	2.4	2.4
a) Development expenditure	803.9	699.4	14.9	2.5	2.4
i) PSDP	746.6	623.4	19.8	2.3	2.1
- Federal*	324	251.3	28.9	1	0.9
- Provincial	422.7	372.1	13.6	1.3	1.3
ii) Other development expenditure	57.2	76	-24.7	0.2	0.3
b) Net lending	-34.2	10.8	-417	-0.1	0.04
Statistical discrepancy	8.8	-145.8	-	-	-
Fiscal deficit	1,238	1,009.4	22.6	3.9	3.5
Financing	1,238	1,009.4	22.6	3.9	3.5
a) External	220.2	222.9	-1.2	0.7	0.8
b) Domestic	1,017.9	786.5	29.4	3.2	2.7
- Bank borrowing	694.7	538	29.1	2.2	1.8
- Non-bank borrowing	323.2	248.4	30.1	1	0.9
Primary balance	-143.6	70	-	-0.5	0.2
Revenue balance	-459.6	-445.1	-	-1.4	-1.5
GDP (current market prices)	31,862**	29,103			

*Net excluding development grants to provinces (Rs3.212 billion in Jul-Mar FY17; Rs5.638 billion in Jul-Mar FY16)

**Provisional

Source: Finance Division

Chapter 14 | **TRADE AND COMMERCE – BALANCE OF PAYMENTS**

The intensity of the external challenges has increased with growing pressure of CPEC related imports leading to widening trade imbalance, falling exports and declining remittances. Financial inflows has improved but were unable to cope with the pace of rising current account deficit thereby resulting in drawdown on foreign exchange reserves. The government has launched export package to address receding exports besides ensuring uninterrupted energy supplies and addressing liquidity constraints. The non-exports earnings remained oblivious from the policy radar and need to be addressed to lessen external sector vulnerabilities. Increasing imports of machinery augur well with rising economic activity and future growth prospects. Falling exports and remittances, and expansion in imports have widened the current account deficit and lack of commensurate financial inflows resulted in enhanced pressure on forex reserves. The buildup in the current account deficit has a positive dimension as it is primarily driven by investment related inflows rather than consumption.

However, the financial account is expected to give boost to the external sector performance. The Foreign Direct and Portfolio Investment are projected to increase on the back of reclassification of Pakistan Stock market in the emerging market index of MSCI. The foreign private investment (FPI) has depicted rising trend during the first nine months of FY17.

Remittances, after remaining buoyant for more than a decade, have shown some signs of stagnation. This is partially contributed by decline in oil prices, and slowdown in originating countries, low inflation in the developed world, a tightening regulatory landscape governing cross-border money transfer in the US which has increased costs for banks and money transfer operators and the evolving scenario after Brexit. The problem is further aggravated by shrinking employment opportunities in host countries.

Performance Review 2016-17

The external sector targets of Annual Plan 2016-17 were based on positive outlook. Exports target was set at \$ 24.8 billion which was higher than US\$ 22 billion recorded during 2015-16. Imports were projected at \$ 45.2 billion as against US\$ 40.5 billion achieved during 2015-16. The trade deficit was targeted at \$ 20.5 billion compared to \$ 18.5 billion in 2015-16. The current account deficit was targeted to be \$4.5 billion in 2016-17 as against \$ 3.4 billion in 2015-16. However, in terms of percent of GDP it was targeted at -1.5 per cent in 2016-17 (Annex-I). Total liquid foreign exchange reserves stood at \$ 21.6 billion by end-March 2017 as against \$ 20.9 billion by end-March of last year. This is equal to financing of around five months of imports (Goods & Services) showing comfortable level of reserve

position. The actual performance against these targets is reviewed in subsequent paragraphs.

Table-1
Balance of Payments

	(\$ million)			
	Actual	July-Mar		% Change
	2015-16	2015-16	2016-17	
Current Account Deficit	-3,394	-2,351	-6,130	
Trade Balance	-18,478	-13,356	-17,782	33.1
Exports	21,972	16,328	16,107	-1.4
Imports	40,450	29,684	33,889	14.2
Services (Net)	-2,964	-2,033	-1,977	-2.8
Income (Net)	-5,335	-3,862	-3,189	-17.4
Current Transfers (Net)	23,383	16,900	16,818	-0.5
Workers' Remittances	19,917	14,388	14,058	-2.3
Financial Account	5,605	3,372	4,806	42.5
of which :				
Direct Investment (net)	1,885	1,407	1,522	8.2
General Government	3,445	1,911	1,000	-47.7
Disbursement	6,159	4,204	4,008	-4.7
Amortization	2,714	2,293	3,008	31.2
Reserves & Related Items	2,652	1,144	-1,614	

Source: SBP

Balance of trade

The trade deficit escalated to \$ 17.8 billion in July-March 2016-17, significantly higher than last year's \$13.4 billion. The Annual Plan 2016-17 envisaged the trade deficit of \$ 20.5 billion for the entire year. The contraction of exports by 1.4 percent is outpaced by healthy expansion of 14.2 percent in the first 9 months. If the same trend continues during last quarter, then trade imbalance is expected to exceed \$ 23 billion.

Exports

Exports have been declining for the third consecutive year in a row due to decline in commodity prices coupled with economic slowdown in export markets. The structural problems like low productivity owing to poor quality of human resource at design and quality stages, an inward looking protective tariff regime and a general lack of

Box 1

GLOBAL COMPETITIVENESS INDEX (GCI)

- One of the goals of Vision 2025 is to be ranked in the GCI top 50 most competitive countries by 2025.
- For this purpose, The National Productivity Council (NPC) will be revived under the chairmanship of the Prime Minister with relevant experienced professional members.
- Regular capacity and competitiveness audits will be conducted by the NPC and published in annual competitiveness reports.
- The knowledge and capacity for the NPC will be acquired in collaboration with domestic and international leaders in competitiveness.
- Competitiveness Index will be introduced at the provincial level, and Annual Provincial Competitiveness reports will provide implementable recommendations

competitiveness in the business firms are the major factors in this regards. Despite downturn in textile exports, its share increased from 60 percent last year to 61.4 percent in the period July-March 2016-17. Food group contributed three-fourth of the contraction of exports due to fall in exports of rice.

Box 2
VALUE ADDITION

- Focus on branding by specializing into areas of expertise
- Proper institutions for training the human resource to specialize in production
- Harness the new trends in value addition like venturing into new products
- Move one step ahead into value addition to enhanced value added products.

Table-2
Contribution of Various Groups in Exports

(\$ Million)

Particulars	July-March		Change (%)	Absolute Increase/ Decrease	Contribution to Decrease in Exports	% Contribution to Decrease in Exports
	2015-16	2016-17				
A. Food Group	3,038	2,686	-11.6	-351.9	-2.3	73.5
Rice	1,376	1,171	-14.9	-205.5	-1.3	42.9
Meat and Meat Prep.	212	163	-23.1	-49.2	-0.3	10.3
B. Textile Group	9,362	9,279	-0.9	-83.4	-0.5	17.4
Cotton Yarn	989	939	-5.1	-50.4	-0.3	10.5
Cotton Cloth	1,685	1,581	-6.2	-104.1	-0.7	21.7
Knitwear	1,747	1,746	-0.1	-1.3	-	0.3
Bed Wear	1,509	1,586	5.1	77.1	0.5	-16.1
Readymade Garments	1,609	1,704	5.9	95.3	0.6	-19.9
Synthetic	222	167	-24.8	-55.2	-0.4	11.5
C. Petroleum Group	129	139	8.0	10.3	0.1	-2.1
D. Other Manufacturer	2,387	2,274	-4.7	-112.6	-0.7	23.5
Chemicals & Pharma. Pro.	588	621	5.6	33.0	0.2	-6.9
Engineering Goods	134	126	-6.2	-8.3	-0.1	1.7
Cement	248	192	-22.8	-56.5	-0.4	11.8
Leather Products	664	624	-6.0	-40.1	-0.3	8.4
E. All Other Items	682	740	8.6	58.8	0.4	-12.3
Total	15,597	15,119	-3.1	-478.9	-3.1	100
Excluding Textile	6,235	5,840	-6.3	-395.5		
Non-Textile	6,235	5,840	-6.3			
Share of Textile	60.0	61.4				
Share of Non-Textile	40.0	38.6				

Source: FBS

Exports of goods stood at \$ 16.1 billion during July-Mar 2016-17 against \$ 16.3 billion in the corresponding period of last year thereby showing a contraction of 1.4 percent. Exports for the full year of 2016-17 are estimated to be around \$ 21.6 billion against the target of \$ 24.8 billion [Annexure1]. Services exports during July- Mar 2016-17 witnessed an increase of 5.8 percent to US \$ 4322 million from \$ 4084 million during July-Mar 2015-16.

Imports

Imports increased by 14.2 percent during July-Mar 2016-17 and stood at \$33.9 billion. It is expected to reach around \$ 45.4 billion by the end of this fiscal year against the Annual Plan (2016-17) target of \$ 45.2 billion (Annex-1). The inordinate increase in petroleum imports in quantum terms alone added \$2.2 billion to the increase in imports and contributed to 27.6 percent increase in imports. The increase in import bill is mainly due to greater machinery imports which contributed 37.7 percent of absolute increase in imports. The import of power generating machinery contributed to 16.9 percent. Petroleum imports during July-Mar 2016-17 stood at \$ 7.8 billion as against \$ 6.4 billion recorded during the corresponding period last year showing an increase of \$ 1.4 billion. Construction related activities put additional burden on imports to the tune of \$ 1.4 billion in the shape of expense on iron and steel imports.

Table-3
Major Contributors to Increase in Imports

Particulars	July-March		% Change	Absolute Increase	% Cont. of absolute incr. in imports
	2015-16	2016-17*			
Total Imports	32444.7	38503.8	18.7	6059.2	100.0
A. Food Group	3939.6	4528.7	15.0	589.1	9.7
Edible Oil (Soya & Palm Oil)	1391.8	1456.9	4.7	65.1	1.1
B. Machinery Group	3847.8	6133.8	59.4	2286.0	37.7
Power Gen. Machine	1341.1	2367.0	76.5	1025.9	16.9
Office Machine etc	231.6	371.6	60.4	139.9	2.3
C. Transport Group	512.3	480.9	-6.1	-31.4	-0.5
Road motor vehicles	1407.2	1811.2	28.7	404.0	6.7
D. Petroleum Group	6078.8	7748.9	27.5	1670.1	27.6
Petroleum products	3750.4	4846.0	29.2	1095.6	18.1
Petroleum crude	1834.4	1840.7	0.3	6.3	0.1
E. Textile Group	2395.1	2375.2	-0.8	-19.8	-0.3
F. Agri Chemicals Group	5332.7	5548.5	4.0	215.8	3.6
Fertilizer	639.7	478.6	-25.2	-161.1	-2.7
G. Consumer Duables	2727.5	3470.0	27.2	742.6	12.3
Road motor Vehicles	1407.2	1811.2	28.7	404.0	6.7
H. Telecom	1046.8	1028.8	-1.7	-18.0	-0.3
Mobile Phones	573.3	524.4	-8.5	-48.8	-0.8
I. Raw Materials	3764.7	4049.8	7.6	285.1	4.7
Plastic material	1314.1	1406.8	7.1	92.7	1.5
Iron & Steel Scrap	776.9	765.9	-1.4	-11.0	-0.2
J. Others	1203.0	1465.5	21.8	262.5	4.3
Non-Oil Import	26,365.9	30,754.9	16.6	4,389.1	72.4

Source: PBS

The rise in quantity imported of selected 10 commodities contributed to almost half of total absolute increase in imports and petroleum quantity alone contributed to more than one-third of the import. An increase of around 18.4 percent in palm oil prices led to 5.8

percent decrease in quantity imported. Domestic crop failure led to increase in quantity imported of pulses by 37.4 percent and thus burden the import bill. Non-oil imports grew at a slower pace than oil imports.

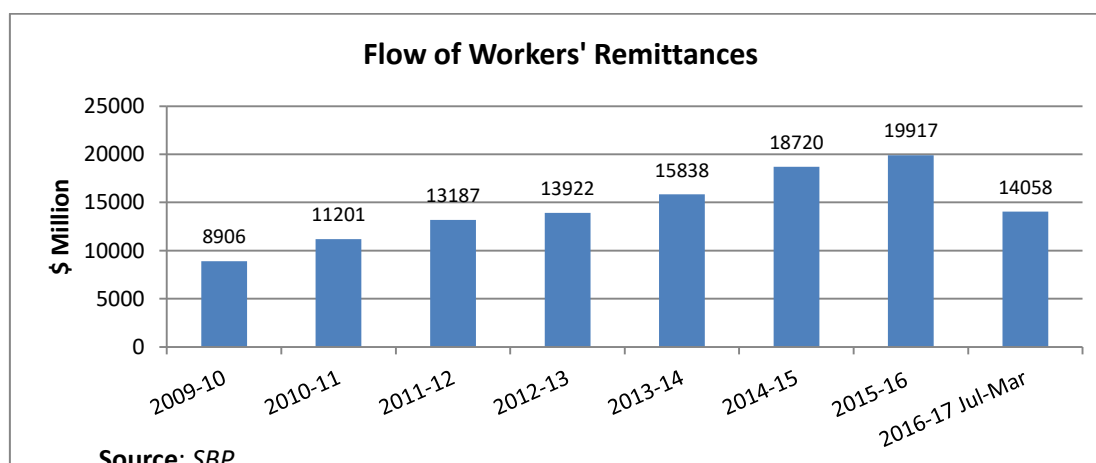
Table-4
Imports in Quantum Terms (July-March)

	2015-16	2016-17	% Change	Impact (\$ Million)
Tea (M.KG)	133.3	163.1	22.4	75.1
Palm Oil (000 Tons)	2,048.0	1,928.6	-5.8	-85.7
Pulses (M. MT)	695.9	956.4	37.4	196.6
Petroleum Products (M.MT)	7.0	10.8	54.8	1,714.8
Petroleum Crude (M.Barrels)	31.9	44.1	38.1	507.9
Fertilizer Manf. (000 MT)	1,392.4	1,532.7	10.1	43.8
Plastic material (000 MT)	714.6	834.2	16.7	201.6
Medicinal Products (M.MT)	14.8	14.8	-0.1	-0.8
Iron steel & scrap (M.MT)	2,798.5	2,861.2	2.2	16.8
Iron & steel (M.MT)	2,238.8	2,494	11.4	156.6
Rubber tube & tyres (M.Nos.)	3.5	5.5	56.2	94.7
Synthetic Fibre (000 MT)	181.5	185.2	2	6.8
Total Imports (\$ Million)	32,445	38,504	18.7	
Non-Oil Imports (\$ Million)	26,366	30,755	16.6	
Non-oil non-food imports (\$ Million)	22,426	26,226	16.9	
Net Increase owing to Incr. in Quantity (\$Million)				2,928.3

Source: PBS

Workers' Remittances

Workers' remittances play an important role to sustain current account balance. However, slight decline in remittances, this year, has contributed to the rise in current account deficit. Remittances declined to \$ 14.1 billion during July-Mar 2016-17 compared to \$ 14.4 billion in the corresponding period of last year (Annexure-1) registering a decrease of 2.3 per cent. The annual plan projection for remittances was \$20.2 billion. Remittances from Saudi Arabia witnessed a decrease of 6.2 percent. The trend in worker's remittance is reflected in Figure below:



Current Account Balance: The current account deficit was projected at \$ 4.5 billion (1.5 per cent of GDP) in the Annual Plan 2016-17 against a deficit of \$ 3.4 billion (1.2 per cent of GDP) recorded in 2015-16 (Annexure-1). With expected trade deficit of \$ 23.8 billion and remittances of \$19.9 billion during 2016-17, the current account in 2016-17 is estimated to be in deficit by \$ 8.3 billion (Annexure-1).

Capital & Financial Account: Inflows in the financial account increased to \$ 4.8 billion during Jul-Mar 2016-17 as against \$ 3.4 billion recorded in the corresponding period of last year (Annexure-1). The amortization payments increased to \$ 3 billion from \$ 2.3 billion during Jul-Mar 2015-16. Net inflow of foreign direct investment has increased from \$1.4 billion to \$ 1.5 billion in the same period. The portfolio investment was recorded at \$ -408 million compared to inflow of \$ 659 million last year (Annexure-1).

Reserves & Related Items: The change in reserves and related items were recorded at \$ -1.6 billion in July-Mar 2016-17 compared to \$ 1.1 billion recorded in the comparable period of 2015-16 (Annexure-1).

Exchange rate

The average monthly exchange rate against US dollar during March 2017 stood at Rs. 104.74 against Rs. 104.65 in the corresponding period of previous year. As far as Real Effective Exchange Rate (REER) is concerned it reached to 125.9 with base 2010 = 100. However, compared to June, 2016 (120.6), the REER showed an appreciation of 4.4 per cent.

Outlook for 2017-18

Trade Account: Exports in 2017-18 are projected to grow by 6.8 per cent to \$ 23.1 billion from \$ 21.6 billion estimated for 2016-17. Imports during 2017-18 are projected to increase by 7.6 per cent to \$ 48.8 billion from \$ 45.4 billion estimated for 2016-17. Hence, the trade account is projected to be in deficit by \$ 25.7 billion in 2017-18 from \$ 23.8 billion estimated for 2016-17. (Annexure-1)

Current Account Balance: The current account is targeted to be in deficit by \$ 8.9 billion in 2017-18 (2.6 per cent of GDP) as against a deficit of \$ 8.3 billion (2.7 per cent of GDP) estimated for 2016-17 (Annexure-1).

Capital & Financial Account: Gross aid disbursements during 2017-18 are expected to remain at the level of \$ 9.5 billion against \$ 8.2 billion estimated for 2016-17 while amortization has been projected at \$ 5.8 billion during 2017-18. Net inflow of foreign direct investment in Pakistan during the 2017-18 has been projected at \$ 4.2 billion.

Overall Balance: Analyzing the trend in the trade deficit, the overall balance is likely to result in accumulation of reserves by around \$ 1384 million in 2017-18. Details are given in Annex-I.

Box 3: Rs. 180 BILLION EXPORT PACKAGE

- The implementation of the package is from January 2017 to June 2018
- Implementation consists of abolishing customs duty and sales tax on import of cotton, man-made fiber other than polyester and sales tax on import of textile machinery.
- As a result of these measures, the government expects gain of \$2 to \$3 billion in exports by June 2018
- Under this package the exporters will be liable to increase exports by five percent from January to June 2017 and then by further 10 percent in financial year 2017-18.
- Part of the deal is that there will be no condition on getting duty drawback in the first six months (January to June) of the scheme. However, exporters will have to record 10 per cent growth in exports during the next fiscal year 2017-18 as compared to the ongoing financial year
- Under the package, the new duty drawback rates for textile garments will be 7 per cent; textile made-ups 6 per cent; processed fabric 5 per cent ; yarn and grey fabric 4 per cent; while sports goods, leather and footwear will be taxed at 7 per cent and carpets and tents 5 per cent

Programmes

The government is providing uninterrupted power supply to the industries in the country. Earlier, the government had reduced the power tariff for the industries. The government has offered a historic package to enhance exports, which would cost Rs180 billion and will span over 18 months. This package would generate employment opportunities and revive industry.

Box 4**Strategic Trade Policy Framework 2015-18****Targets**

STPF 2015-18 aims to achieve following targets by June 30, 2018:

- Enhancement of annual exports to US\$ 35 Billion
- Improve Export Competitiveness
- Transition from 'factor-driven' economy to 'efficiency-driven' and 'innovation-driven' economy
- Increase share in regional trade

Key Enablers

- Competitiveness (quality infrastructure, labor productivity, access to utilities, and level of technological development)
- Compliance to standards (convergence of local & international standards, protection of intellectual property, and effective and efficient disputes resolution mechanism)
- Policy environment (monetary policy, tariff & tax regime, and synergic industrial & investment policies)
- Market access (multilateral, regional, and bilateral)

Annex-I

Balance of Payments

(US\$ million)

ITEM	2015-16	July-Mar		2016-17		2017-18
		2015-16	2016-17	Proj.	Estimate	proj.
Current Account Balance	-3394	-2351	-6130	-4530	-8349	-8991
Balance on Goods	-18478	-13356	-17782	-20460	-23759	-25731
Exports f.o.b	21972	16328	16107	24750	21626	23097
Imports f.o.b	40450	29684	33889	45210	45385	48829
Services Balance	-2964	-2033	-1977	-2585	-2918	-2399
Balance on Primary Income	-5335	-3862	-3189	-4833	-4355	-4427
Balance on Goods, Services & Primary Income	-26777	-19251	-22948	-27879	-31032	-32557
Balance on Secondary Income	23383	16900	16818	23349	22684	23566
Workers Remittances	19917	14388	14058	20203	19955	20673
Capital Inflows	273	213	260	399	347	371
Financial Inflows	5605	3372	4806	5569	7551	10003
Direct Investment (Net)	1885	1407	1522	4550	2575	4183
Portfolio Investment (Net)	-429	-408	659	100	600	1080
Other Investment	4149	2373	2625	919	4376	4740
General Government	3445	1911	1000	875	2760	3684
Disbursements	6159	4204	4008	5632	8225	9484
Amortization	2714	2293	3008	4757	5465	5800
Others	704	462	1625	44	2167	2275
Errors & Omissions	168	-90	-550	0	0	0
Reserves & Related Items	2652	1144	-1614	1438	-451	1384
Memorandum Items						
Current Account Balance (% of GDP)	-1.2	-1.1	-2.6	-1.5	-2.7	-2.6
Exports f.o.b (growth rate %)	-8.8	-9.4	-1.4	10.8	-1.6	6.8
Imports f.o.b (growth rate %)	-2.0	-4.9	14.2	14.8	12.2	7.6

Source: SBP & Planning Commission Estimates

Annex-II

Major exports

(\$ million)

Items	2015-16	July-Mar		2016-17	2017-18
	Actual	2015-16	2016-17	Estimate	Proj.
A. Food Group	3722	2758	2572	3504	3652
Rice	1853	1333	1151	1585	1660
Other food items	1870	1425	1421	1919	1992
B. Textile Group	12756	9601	9340	12533	13165
Cotton Yarn	1266	1026	865	1203	1242
Cotton cloth	2332	1739	1621	2162	2238
Knitwear	2309	1746	1740	2350	2465
Bedwear	2126	1574	1600	2134	2230
Ready-made Garments	2156	1594	1702	2269	2491
Other Textiles	2567	1922	1812	2416	2500
C. Other Manufactures	3805	2815	2658	3670	3913
Sports Goods	539	392	402	536	558
Leather Tanned & Manufactures	907	683	633	874	911
Chemicals And Pharm. Products	1052	762	785	1077	1147
Cement	347	268	200	297	320
Others	960	710	638	888	977
D. All Others	1689	1154	1537	2049	2368
Exports (fob)	21972	16328	16107	21757	23097

Source: SBP & Planning Commission estimates

Annex-III

Major imports

(\$ million)

Item	2015-16	July-Mar		2016-17	2017-18
	Actual	2015-16	2016-17	Estimate	Proj.
A. Food Group	4600	3367	3993	5324	5729
Tea	490	380	404	538	573
Palm Oil	1600	1187	1323	1764	1892
Others	2510	1800	2267	3022	3264
B. Machinery Group	6262	4602	5275	7054	7505
Power Generating Machinery	1005	792	884	1179	1268
Electrical Machinery & Apparatus	1251	958	953	1270	1302
Telecom	1201	938	723	964	979
Other Machinery	2806	1914	2715	3640	3957
C. Transport Group	1861	1332	1852	2509	2685
Road Motor Vehicles Build Units CKD/SKD	1264	930	1292	1743	1856
Others	598	402	560	766	829
D. Petroleum Group	8360	6398	7768	10378	11150
Petroleum Products	5098	3860	4705	6273	6675
Petroleum Crude	2570	2084	2067	2776	2984
Others	692	454	996	1328	1491
E. Agri. & other Chemi. Gr.	6715	5017	5178	6934	7460
Fertilizer Manufactured	734	657	404	538	556
Plastic Materials	1791	1308	1352	1803	1879
Others	4189	3051	3422	4593	5025
F. Metal Group	3643	2543	2572	3514	3653
Iron and Steel Scrap	837	578	633	929	1015
Others	2807	1965	1939	2586	2638
G. All Others	9008	6426	7250	9757	10647
Imports (fob)	40450	29684	33889	45470	48829

Source: SBP & Planning Commission estimates

Chapter 15 | **BALANCE DEVELOPMENT – FOCUS ON LESS DEVELOPED REGIONS**

Balanced regional development is a key to harmonious and sustainable development of Pakistan. The concept involves maximum utilization of development potentials of all areas including less developed Special Areas (i.e. Azad Jammu & Kashmir, Gilgit-Baltistan and Federally Administered Tribal Areas). These areas are blessed with natural resources which provide a solid base to prosper and progress. To attain the objective of sustainable growth, present government is making all efforts to fully utilize potentials of these areas and to bring these areas at par with other parts of the country.

Development budget for Special Areas is provided as Block Allocation by the federal government, sector-wise allocations are made as per needs and priorities of local administration. These funds are utilized to provide facilities in various sectors i.e. education, health, drinking water supply, agriculture, energy, irrigation, social welfare and for development of infrastructure in these areas. During previous year, various efforts have been made by present government for the development of these areas. Rehabilitation of Temporarily Displaced Persons (TDPs.) remained a major issue. A special package is being implemented in FATA to provide relief and rehabilitate TDPs in their native areas. A major initiative to accelerate developmental activities in Special Areas is introduction of Special Prime Minister's Package for these areas. FATA reforms are a step to address the issue of deprivation and mainstreaming of people of FATA.

Performance review 2016-17

During the period under review 2016-17, efforts have been made by the federal government in collaboration with provincial and local administration to achieve desired developmental targets in Special areas.

During 2016-17, an amount of Rs42.36 billion was allocated for less developed Special Areas. Out of total allocation, an amount of Rs0.36 billion was set aside for projects reflected under Ministry of Interior & Narcotics Control, whereas an amount of Rs42 billion was earmarked as block allocation for development activities in three Special Areas. Out of total allocation Rs42.43 billion were utilized. Details of allocation and utilization are given below:

Agency/Division wise allocations & utilization for 2016-17

(Rs billion)

Agency/ Ministry/Division	Allocation	Utilization	Utilized (%)
Ministry/Division			
Narcotics Control Division (NCD) (Area Development Projects)	0.16	0.23*	144
Interior Division (ICT)	0.20	0.20	100
Sub Total	0.36	0.43	120
Special Areas			
Azad Jammu & Kashmir (Block Allocation)	12	12	100
Gilgit Baltistan (Block Allocation)	9	9	100
Federally Administrated Tribal Area (Block Allocation)	21	21	100
Sub Total Block Allocation	42	42	100
Grand Total	42.36	42.43	100

*Rs. 70 million were taken as Technical Supplementary Grant (TSG) for area development projects under NCD

Funds provided in the form of Block Allocation by federal government were utilized in multiple sectors as per needs of local administrations. During 2016-17, in Azad Jammu and Kashmir, 125 development projects were completed. Through these development activities 200 km of rural, 250 km double lane and 250 km link roads were constructed. 8 tourist resorts, 3 sports stadiums, 2 polytechnic institutes have been established. Electricity connections were provided to 25,000 consumers. Skills trainings were imparted to 600 individuals including 300 women. A total of 70 educational buildings were constructed/upgraded and IT labs were established in 200 middle and high/higher secondary schools.

In Gilgit Baltistan, 403 development projects in various sectors were completed, which include construction of 150 km of shingle, 98 km of metalled roads, 30 bridges and 204 protective bunds, 8 water purification plants, 235 water channels, 34 water reservoirs. In education sector, 32 primary school buildings were constructed, 3 primary schools upgraded to middle level and IT equipment were provided to 9 girls schools.

In Federally Administered Tribal Areas (FATA), ADP 2016-17, the allocated amount was distributed amongst 16 different sectors spread over 7 Agencies and 6 Frontier Regions. FATA Administration has also been facing the challenge of reconstruction and rehabilitation of Temporarily Displaced Persons (TDPs), which remained priority during 2016-17. In wake of operations Zarb-e-Azab and Rah-e-Nijat in North & South Waziristan, considerable damage was done to infrastructure in both areas. An amount of Rs. 100 billion was allocated for rehabilitation of TDPs during the review period. For early delivery of benefits under vision 2025, FATA Administration has declared the 2016-17 as "Year of Completion". As such 83% funds were allocated to ongoing schemes and 524 schemes were completed during the year.

To achieve the objective of empowering the people of less developed areas, FATA reforms have been approved by the Cabinet. The reforms recommend; integration of FATA with the province of Khyber Pakhtunkhwa (KPK) and a multi-sectoral reform package including a 10 year socio-economic development plan for FATA.

In addition to Block Allocation, four Area Development projects are being implemented under Narcotics Control Division (NCD). These schemes aim to eliminate poppy cultivation and other illicit trades in remote areas, through making these areas accessible to local administration. Under these projects, 52 km rural roads, 13 irrigation schemes, 48 water supply schemes have been constructed and agricultural inputs have been distributed among the farmers.

Outlook 2017-18

A number of steps have been taken to ensure maximum decentralization of administrative & financial powers. During 2017-18, priority is accorded to those ongoing schemes/ projects which are near completion in various sectors, to ensure that the benefits of these projects should reach the people.

The plan envisages, the development of infrastructure & strengthening of local institutions to develop the capacity of local administration. Economic potential in areas of hydropower, minerals, tourism, agriculture, fisheries & forestry will be utilized to ensure sustainable development. Efforts are made to accelerate development process in Special Areas. A major initiative by the federal government is introduction of Prime Minister's Special Package for these areas. The package includes; a special allocation of Rs12.5 billion for development activities (Rs2.5 billion for FATA, Rs5 billion to AJ&K and GB each). This amount will be provided over and above the block allocations.

Programmes

The development programmes for 2017-18 proposes Rs46.08 billion for Special areas (FATA, AJ&K and GB). Out of proposed allocation, an amount of Rs45 billion has been earmarked as block allocation. Local administration is authorised to allocate funds to respective sectors according to the needs. An amount of Rs1.08 billion has been set aside for Interior & Narcotics Control Divisions. In addition, Rs90 billion have been allocated for rehabilitation of TDPs. Details of proposed allocations for various agencies are given below:

Agency-wise allocations for 2017-18

(Rs billion)	
Agency/ Ministry/Division	Allocation 2017-18
Ministry/Division	
Narcotics Control Division	0.08
Interior Division (ICT)	1
Sub Total	1.08
Special Areas	
Azad Jammu & Kashmir (Block Allocation)	13
Gilgit Baltistan (Block Allocation)	10
Federally Administrated Tribal Area (Block Allocation)	22
Total (Special Areas)	45
Grand Total	46.08

In Azad Jammu and Kashmir, 100 km of rural, 125 km double lane & 478 km of link roads will be constructed, 2100 entrepreneurs are targeted to provide credit assistance, 1 polytechnic institution, two rescue 1122 centers and 121 buildings of educational institutions will be constructed/up-graded. 200 IT labs will be established in Middle, High/Higher secondary schools and skill trainings in various disciplines will be imparted to 600 individuals including 300 women. Two sports stadiums and 10 tourist resorts are planned to be developed at potential sites. Moreover electricity connections will be provided to 6700 consumers. Agricultural inputs and micro credits facilities would be provided to farmers to increase productivity in agricultural sector.

In Gilgit Baltistan, 80 km blacktop, 100 km shingle roads and 30 bridges are to be constructed. In education sector 57 projects are targeted for completion during the year, these projects includes construction/up-gradation of schools, colleges and 6 I.T labs will be established. 25 KM irrigation channels are to be constructed and 15 KM existing channels will be improved / repaired. In energy sector 33 number of hydro power projects will be completed, and 7000 km distribution lines would be laid down. 19 projects in health sector are targeted for completion during the year.

In FATA, the funds allocated through block allocation will be distributed amongst 16 different sectors spread over 7 Agencies (Bajaur, Khyber, Kurram, Mohmand, North & South Waziristan and Orakzai) and 6 Frontier Regions (FR Bannu, D.I. Khan, Kohat, Peshawar, Tank and Lakki Marwat). Moreover, FATA administration is also dealing with reconstruction of damaged infrastructure due to the prevailing insurgency and rehabilitation challenge of Temporarily Displaced Persons (TDPs) in FATA. Mega project of Mohmand Marble City (MMC) under China Pakistan Economic Corridor (CPEC) has been initiated. In 2017-18, feasibility study of two industrial states in South Waziristan and frontier region Kohat will be completed.

Chapter 16 | PHYSICAL PLANNING AND HOUSING

The overarching mission of the Vision 2025 and 11th Five Year Plan (2013-18) in respect of Physical Planning & Housing Sector is to develop smart cities as the building blocks of a prosperous Pakistan. The key objectives include: management of urbanization to achieve sustainable urban development; develop national infrastructure to support urban & regional development; knowledge sharing for understanding and resolving intricate urban and regional development issues; private sector involvement; and promoting green, energy efficient and affordable housing for all. It is estimated that by the year 2030, Pakistan will be predominantly urban with 58.6 per cent of its population living in urban areas and about 12 cities housing more than one million people. Absorbing of such a massive number of people in urban areas and providing them with shelter, food, employment, healthcare, education, municipal services and recreation facilities is a tremendous challenge due to shortage of urban facilities, resources, skilled manpower and good governance.

Although the urban development is a provincial issue and urban planning a local one, however, the immense contribution of urban areas to the national trade and economy necessitates the role of federal government in addressing the challenges of urbanization and suggesting reforms. In the context of 11th Five Year Plan, the federal government aims to develop consensus amongst provincial governments to develop a national policy framework for coherent and sustainable urban development. Federal government interest is also rooted in supporting provincial and local governments to prepare and implement city specific development strategies to cope with growing urban problems. Provincial governments undertake the PP&H activities at local level by preparing the master plans, standards/regulations and monitoring the implementation of projects as well as sharing of financial resources with local governments.

Performance review 2016-17

Currently, shortage of houses at national level has been estimated around 10 million, however, there is estimated annual demand of 650,000 units per annum against the total supply of 300,000 units per annum. Besides, increasing property prices, as well as expensive construction material and manpower has made housing unaffordable to most of the citizens of Pakistan. Therefore, execution of the Apna Ghar Scheme announced by the Prime Minister remained in focus during the year. The government intends to implement this mass housing programme with enhanced supply of institutional resources and long term affordable rate financing options. The government through this scheme aims to increase the availability of developed land and more small size plots for low income groups; undertake high rise development to utilize land more effectively; improve construction technology including standardization of components for mass production; and enact an effective legal and regulatory framework to facilitate development of housing.

To tackle the rapid urbanization issues, during the year 2016-17, the government's focus was to formulate and implement the Spatial Strategy, with spatial development action plans at provincial, district and tehsil level, besides, undertaking metropolitan economic planning across entire urban regions enabling all stakeholders to formulate comprehensive development plans and carry out a coordinated set of targeted investments, to link cities with rural suburbs.

Pakistan made a considerable achievement of meeting the Millennium Development Goal (MDG) target for water and sanitation in 2015. Similarly, Government is making efforts to address the challenges posed by ambitious Sustainable Development Goals (SDGs). Key challenge related to SDG-6 is to provide access to safe drinking water and sanitation facilities and remove/reduce disparities. Despite efforts, gaps still exist in access to improved sanitation (76 per cent at present) and improved water (91 per cent at present) in Pakistan. Over the years, there were several attempts at both the federal and provincial levels to delineate the government's commitment towards combating water issues. The Vision 2025 lays emphasis on provision of safe drinking water and improved sanitation through an integrated development strategy, therefore, federal government; during the year 2016-17 not only provided matching grants to provincial government for water supply & sanitation projects, but also encouraged them for increase in allocation as well as reallocation of public investments.

An amount of Rs19 billion was allocated to different federal ministries and line departments for implementation of physical planning & housing sector programmes / projects in 2016-17. Major allocations were made to water supply and sanitation, construction of government offices, residential buildings, and housing projects. It is estimated that at the end of 2016-17, approximately Rs18 billion would 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, i.e., Punjab Rs85 billion, Sindh Rs17.33 billion, Khyber Pakhtunkhwa Rs11.71 billion, Balochistan Rs2.62 billion and Azad Jammu and Kashmir Rs930 million.

Under the sub-sector public buildings, the important projects include New Secretariat Block at F-5, NAB Head Quarters Building G-5, Petroleum House G-5, Islamabad High Court Building G-5 and Federal Ombudsman Office, etc. In addition, under the sub-sector water supply & sanitation the important projects include: Greater Karachi Water Supply & Sewerage Schemes; Necessary Facilities of Fresh Water Treatment; Water Supply and Distribution Gwadar (CPEC); Water Supply Scheme for Hub Industrial Trading Estate Phase-II (Extension); Water Supply and Sewerage Scheme Mirpur City and Hamlets. While under the housing sub-sector, the important projects include: Up-gradation of GPA Housing Complex; Construction of Family Suites for Members of Parliament; Construction of Residential accommodation at NAB, Hayatabad, Peshawar; PNRA Residential Colony at Chashma, District Mianwali, Kundian; and Construction of Residential accommodation for Intelligence Bureau Academy at H-11/1, Islamabad.

Outlook 2017-18

Key features of the outlook 2017-18 are summarized as under:

- Development of National Spatial Strategy within the framework of Vision 2025 to facilitate existing as well as new cities for enhancing their competitiveness of trade and efficiencies of upgraded infrastructure
- Urban housing, particularly for low-income residents, will be catered through implementing the legal and regulatory reforms for better operation of housing markets.
- Technical as well as financial assistance to provincial governments for development of urban water supply, sanitation & solid waste management infrastructure / services based on meeting rapidly increasing demand for household and other uses
- Improvement of economic efficiency of the country's large cities, through adoption of a joint public – private approach through improvement of existing service delivery
- Launching of urban land management to improve the efficiency of urban land markets, through appropriate and affordable land use, building standards and regulations.
- Completion of all on-going development projects where sufficient physical and financial progress has been achieved in the last fiscal year.

Programmes

An allocation of Rs41 billion has been made for the physical planning and housing sector programmes to be implemented by various ministries, divisions and departments. Details are given below:

1. Completion of important ongoing projects	The ongoing projects where more than 50 per cent physical progress has been achieved in the last year will be encouraged to complete by June, 2018.
2. PC-II for the government buildings	In order to avoid cost and time over run for all construction projects, sponsors and execution agencies will be requested to first get approval of feasibility study, design, elevation, façade of the buildings along-with detailed cost estimates and environmental impact assessment through a PC-II before start of actual construction. The construction will be allowed after approval of a PC-I prepared on the basis of PC-II. In addition, monitoring mechanism will be strengthened for early completion of projects.

3. Establishment of Pakistan Urban Planning and Policy Centre	Establishment of 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 through consolidated efforts for a better urban future. The Centre will initiate reforms and innovation in urban development in collaboration with the provinces. Moreover, the Centre will launch different initiatives 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 undertaken.
4. Prime Minister's Apna Ghar Scheme	Ministry of Housing and works intend to start construction work on different locations where the land has been acquired under Apna Ghar Scheme.
5. Gwadar Port Green and Smart City Master Plan	Gwadar Port Smart City Master Plan would be prepared through engagement of international consultants. Gwadar Development Authority will execute the project. Besides, water supply transmission line and distribution schemes in Gwadar city will also be launched to cater for water demand of industrial and commercial activities envisaged under CPEC corridor.
6. Civic Reforms in Islamabad Capital Territory (ICT)	A project will be initiated in ICT for introducing civic reforms in Islamabad city and its suburbs. A study will be carried out for preparation of a Peri-Urban Development Plan of ICT to check haphazard development activities in rural areas of Islamabad. ICT administration will be strengthened through establishment of Urban and Regional Development Planning Directorate for ensuring proper development as well as building control mechanism in ICT. Besides, efforts will be made to undertake revision of existing master plan of Islamabad city through CDA.
7. Establishment of Bureau of Infrastructure Development	Efforts will be made to establish Bureau of Infrastructure Development for enhanced private sector participation with modalities for public-private partnerships in the management of infrastructure and framework to provide improved and efficient water supply and other services.

PILLAR-III

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

Chapter 17 | INSTITUTIONAL REFORMS AND GOVERNANCE

Governance shares responsibility for management of sound development by addressing the issues of accountability, transparency, participation, openness, rule of law and predictability. Governance provides system in which people have access to justice under the shelter of the law. It is critical to the successful achievement of the strategic thrust, policies, programmes and targets, and prerequisite for economic growth and development. The Democratic Governance represents the responsibility of the State and its institutions to create conducive political, legal and economic environment for building individual capabilities and encourage private initiatives.

The Pakistan Vision 2025 recognizes Democratic Governance, Institutional Reform and Modernization of Public Sector as one of the seven pillars of development and growth framework. The governance reform agenda of the Vision emphasizes on new paradigm (i.e. collaborative governance), strengthening institutions, fostering markets and initiating reforms in the areas of performance evaluation, service delivery, civil service, judicial systems and procedures, tax administration, procurement, financial management, police, e-governance, open government, enforcing property rights, and public sector enterprises. Therefore, development activities under the governance sector revolve around these areas.

Performance review 2016-17

The government has undertaken number of initiatives to improve governance indicators. An amount of Rs3.5 billion including foreign aid of Rs0.35 billion has been allocated for the governance sector during 2016-17 and Rs2.6 billion have been spent. Some of the major initiatives are discussed as under:

Public Sector Management Efficiency

Justice Sector Reform: Access to Justice Programme (AJP) was launched at a cost of US \$ 350 million a loan from ADP (i.e. Rs21 billion) for ensuring greater transparency and accountability in the performance of administrative justice institutions especially judiciary and police; improvements in judicial and non-judicial legal services; and security and equal protection of law to citizens. Major efforts have been made to reduce backlog of pending cases as well as institutional delays, particularly for the poor and vulnerable segments of the society under the Judicial Policy. The schemes include construction of new courtrooms, judicial complexes, judges' residences, record rooms, judicial lockups, bar rooms and general amenities like public sheds and baths in the courts premises, construction of District Jails, new barracks in existing jails to overcome the problem of overcrowding in jails, and establishment of training centres for judges, personnel of police and prison etc.

Under the provincial programmes, 634 development schemes of various implementing agencies have been completed while under federal programme so far 35

schemes amounting to Rs4,932 million have been initiated, out of which 21 schemes costing 514.6 million have been completed and remaining 14 schemes costing Rs4,378.1 million are under implementation. An Access to Justice Development Fund (AJDF) has been established to cater the requirements of legal empowerment, judicial development, legal education & training, and legal & judicial research. A Procurement and Grievances Committee has been established in Law and Justice Commission of Pakistan to address / resolve / settle complaints in procurement process.

Revenue Reforms: In pursuance of economic vision of the government, FBR has taken number of incentives to improve service delivery, enhance resource mobilization efforts, increase Tax-to-GDP ratio and public sector management efficiency. The revenue collection improved significantly from Rs1946 billion (Year 2012-13) to Rs3,112 billion (Year 2015-16), registering 60 per cent growth. Powers of FBR to issue concessionary SRO have been withdrawn through Act of Parliament. Now ECC has the powers to approve issuance of concessionary SRO but only under very limited circumstances. Number of filers has been increased from 700, 000 in year 2012-13 to more than one million in Year 2015-16. The concept of filers and non-filers has been introduced. The cost of business for non-filers has been increased. The campaign against tax evaders has been launched. End to end automation has been strengthened to minimize contact between the taxpayers and tax collectors. Manual system of tax exemption has been abolished through automation system. CNIC has been adopted as tax identifier to facilitate individual taxpayer's registration process. This would help in documentation of economy and broadening of tax base.

To change the behaviour of public, Financial Investigation Cell has been established, and campaign against tax evaders launched. Whistle blowers drive has been initiated in order to trace tax evaders. Under this initiative reward will be sanctioned for whistle blower. A project titled "Development of Integrated Transit Management System (ITMS) under ADB Regional Improving Border Service" is being implemented which will reduce dwell time for cargo clearance and its onward dispatch, monitor pilferage en-route, ensure proper exit of outbound cargo, Keeping a strict check on passengers baggage's, pave the way for one-window operation at country and regional level, and pave the way for introduction of Authorized Economic Operation. The 2nd project titled "Security Improvement in Karachi and Port Qasim", 03 Fixed and 01 Mobile Scanners is being installed. This will help to provide fundamental element of a secured global supply chain, routed through Pakistan towards landlocked countries in the region.

Public Financial Management: Project titled "Institutional Strengthening of Finance Division" was launched to enhance the capacity of Finance Division which will be completed by 30th June, 2017. Debt Management Strengthening Programme at the cost of Rs160 million has been launched to maintain and update data on internal and external debt. Public Sector Enterprises Reform Project has been launched to strengthen the privatization programme, improve corporate governance structure/ regulatory regimes, management capacity of PSEs, and service delivery. The infrastructure developed under Project for Improvement of Financial Reporting and Auditing (PIFRA) are being utilized. Number of online services including email registration, pay slip, bill status, vendor number detail, PDSP Dashboard, DDO budget & expenditure detail, submission of compliant on pay roll, pension and GP Fund are being provided by the AGPR. Direct Credit scheme of pension has been introduced. Under the project, SAP system upgraded from R/3 to EEC 6.0. Budget forecasting and MTBF

is gaining ground. Information System of Audit has become an important part of Office of Auditor General of Pakistan.

Reform and Innovation in Government: During the year, number of activities have been initiated under the project titled “Reform and Innovation in Government for High Performance”. A citizen perception survey on quality of public services has been initiated. This would be the first ever citizen perception index in Pakistan. To enhance the capacity of civil servants, Executive Leadership Management Course for eleven selected ministries has been launched. Four batches of BS-17 to BS-19 officers of eleven selected ministries have been trained under the programme. The School of Leadership hired for the purpose have undertaken TNA and conducted courses accordingly. Islamabad District Court survey was conducted and its finding was shared with stakeholders. Consultations/ necessary training to prepare performance contracts for the year 2017-18 of eleven ministries / divisions has been completed. Ministries have been requested to finalize their contract by end of May, 2017.

Upper age limit for CSS exam has been enhanced from 28 to 30 years to include people from specialized streams. The Ministry of Planning, Development and Reform have become member of a 60-country alliance – the Effective Institutions Platform (EIP) – jointly supported by OECD and UNDP. The Platform has provided opportunities for country-led and evidence-based policy dialogue, knowledge sharing and peer learning on public sector management and institutional reform. An innovation Fund & Award idea was developed which has been selected by the OECD Observatory Public Sector Innovations that collects Public Sector examples in innovations from across the world. E-office initiative has been launched in Established Division at cost of Rs52 million which provided IT equipment, trained 300 officers and the promotional boards conducted in digital format instead of paper based environment.

Public Information and Statistical Management: SDGs Unit has been established in Ministry of Planning, Development and Reform at Federal and Provincial level in Planning & Development Departments to provide support to the Federal and Provincial governments for strengthening, coordinating, reporting and monitoring mechanism for SDGs; mainstreaming SDGs in local development plans and strategies; supporting integrated and innovative approaches to accelerate progress on SDGs on priority areas; and provide policy support, research and analysis and knowledge management for SDGs.

6th Population and Housing Census has been initiated to determine the exact country human resources which will help in policy planning. The FBS is also implementing two important projects i.e. “Change of Base of National Accounts from 2005-06 to 2015-16” and “Updation of Rural Area Frame for the Conduct of Census/Survey”. The activities of the both projects were suffered due to 6th Population and Housing Census.

Law & Order and Police Reforms: For improvement of law and order in the country, National Security Policy has been prepared/ launched in consultation with all stakeholders. National Action Plan (NAP) is being implemented. National Security Division and National Counter-Terrorism Authority (NACTA) have been made functional. The Security Agencies have initiated *Radaul Fasad* Operation against terrorists in the entire country. The NAP provided the framework for the 21st Amendment to the Constitution which established speedy trial military courts for offences relating to terrorism. The duration of military courts

has been extended for further two years which are quickly disposing-off the cases relating to terrorism. Mandatory re-verification exercise through fingerprint recognition of subscribers on mobile telephones has been carried out.

A project on Establishment of Model Police Stations in ICT/Police Reforms has been approved at a cost of Rs996 million which is being implemented to improve the service delivery of Islamabad Police. To strengthen the law enforcement agencies in Balochistan, the project titled "Raising of Balochistan Constabulary" costing Rs5.4 billion is being implemented. Provincial Government has taken the ownership of the project. To provide security to the CPEC projects, a special security force has been established.

Young Development Fellowship Programme: Planning Commission launched Young Development Fellows Programme to ensure the active participation of the young people in national development. Under the programme, two batches of YDFs have completed their fellowship successfully and fellowship of 3rd batch of YDFs is near to completion. The programme has groomed about 120 young women and men in the area of public policy, planning, and development process in accordance with the emerging national and international needs.

Governance reforms in provinces

Punjab

Punjab Government developed five years governance reform agenda assisted by the World Bank to improve service delivery and citizens' satisfaction with public services. The programme focuses on promoting improvements in three areas i.e. Transparency and Access to Services; Results-Based Management for Service Delivery; and Resource Mobilization and Value for Money. The programmes are being implemented by the Punjab Information Technology Board (PITB); the Punjab Resource Management Programme (PRMP); the Punjab Procurement Regulatory Authority (PPRA); and the Excise and Taxation Department. The objectives of the programme are (i) citizens receiving information about key services through the Citizen Contact Centre (CCC); (ii) services provided by field workers in nine targeted districts; (iii) increase in property tax collection efficiency in digitized districts. The programme is being implemented in seven target departments of Government of the Punjab namely (i) Agriculture Department (AD) (ii) Excise & Taxation (E&T) Department (E&TD) (iii) Higher Education Department (HED) (iv) Irrigation Department (ID) (v) Livestock & Dairy Development Department (L&DD) (vi) Local Government & Community Development Department (LG&CD) (vii) School Education Department (SED).

In addition, Government of Punjab has initiated Sub-National Governance Program (SNGP) in collaboration with Department for International Development to 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. SNGP aims to ensure that government services are being provided in accordance with needs of poor people. The project is being implemented in 6 districts i.e. Hafizabad, Sahiwal, Mandi Bahauddin, Vehari, Sheikhpura and Bahawalnagar to tackle problems such as weak planning, lack of evidence on which to base policies and budgets, poor staff performance management, corruption, and inadequate accounting to citizens and legislatures. Government of the Punjab has developed an integrated Punjab Capacity Building Program (PCBP-I-II-III and IV) for officers in the relevant areas which equipped them with suitable professional skills to undertake the upcoming challenges.

To curb corruption, bribery and slow pace of service delivery, the Government of Punjab has launched Proactive Governance Model in selected government departments to seek citizen feedback on public services. The programme has not only helped to improve the governance system but also creates deterrence for corruption in the system by empowering a common man to connect the government directly.

Sindh

Government of Sindh has designed five years Public Financial Management Reforms Strategy to improve provincial planning and budgeting, budget execution, reporting, accountability and transparency, resource mobilization, and budget control. Under this strategy, existing public financial management system is being brought in consonance with the international standards practiced. The Public Financial Management Reforms Strategy recommends core and subsidiary activities to achieve the overall goal of transparency, accountability, efficiency, and fiscal discipline in the management of public resources. To meet the objectives of the strategy, Sindh Public Sector Management Reform Project has been initiated with the assistance of US\$ 50 million from World Bank. The objectives of project include increasing revenue mobilization through tax policy reforms and increase administrative efficiency in tax collection, enhancing performance of public financial management systems, strengthening public procurement performance, strengthening management and transparency of the development portfolio.

Sindh Tax Revenue Mobilization Plan 2014-19 is being implemented 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, modernization of tax administration and taxpayer facilitation. A Tax Reform Unit has been established which generate data and information; design and implement specific initiatives or measures for rising optimal tax revenue, and orchestrate a tax policy dialogue among the tax administration entities. To keep the debt management system in the province, a Debt Management Unit has also been established which would have an active and functional debt management office within finance department structured along functional lines.

The above reforms enabled the Government of Sindh to move towards substantial reforms under debt restructuring; tax reforms; expenditure management reforms as well as sector and regulatory reforms. These reforms helped in creating the fiscal space, which in turn was used for providing higher allocations in poverty reducing sectors including the ADP.

Khyber Pakhtunkhwa

A Sub-National Governance (SNG) programme has been launched by the Government of Khyber Pakhtunkhwa with the support of UK Government's Department for International Development (DFID). A District Delivery Challenge Fund (DDCF) has been established. The programme aims to improve public services through a combination of strengthened local governance and the promotion of innovative service delivery approaches. It identifies, develops, finances and pilots innovative ideas for improving the delivery of public services. The first public service is being targeted on primary education in Karak, Lakki-Marwat, D.I. Khan, Haripur, Nowshera and Bunor districts.

In addition, the government of Khyber Pakhtunkhwa has taken important initiatives to improve governance and development outcomes in the province. Right of information Act, provision of mandatory service delivery and Citizen Feedback Model has also been

operationalized to curb corruption, bribery and slow pace of service delivery. Comprehensive Development Strategy (CDS), introduction of output/ performance based budgeting (OBB), gender response budgeting, development of Health Sector Strategy (HSS), Education Sector Plan, police reforms and Social Protection Strategy, as well as the establishment of the office of the Provincial Ombudsman have been initiated. The aim of these initiatives is to reform government of Khyber Pakhtunkhwa to conduct its business in an effective and efficient manner.

The provincial government is implementing a comprehensive Monitoring and Evaluation (M&E) Framework. This framework seeks to consolidate and streamline M&E processes in the public sector and, as part of this effort, aims where possible to incorporate citizens' voice in the assessment of the impact of development programmes and projects.

During 2016-17, Government of Khyber Pakhtunkhwa implemented number of projects to improve governance, capacity/ efficiency of government departments which includes: computerization of land record, service delivery centre in revenue department, own source revenue generation project, Pakistan Action to Counter Terrorism, Establishment of Mobile Courts, District Governance Community Development Programme, Strengthening and Reform Initiative in local government, Capacity Building of P&D Department, Establishment of Change Management Unit and Piloting Innovation Idea Programme to build responsiveness and effectiveness of the State to restore citizen trust; stimulate employment and livelihood opportunities; and ensure the delivery of basic services.

Balochistan

The Government of Balochistan launched "Governance Support Project" with the financial assistance of Multi Donors Trust Fund (MDTF) to improve delivery and efficiency of the core government departments through institutional strengthening and support to line departments, while responding to priority governance needs. To enhance the capacity of government officials in the area of project management, monitoring & evaluation, and appraisal, financial management, procurement etc. trainings have been conducted at National Institute of Management (NIM), Pakistan Planning and Management Institute (PPMI) and Lahore University of Management Sciences (LUMS). Partnerships with local academic institutions have been established to address the emerging issues and challenges in the province, with mutual agreement, trust and dedication and to develop linkages for specialized services and improved governance. Following interventions have been undertaken in collaboration with local academic institutions.

Training need assessment comprehensive (TNA) for government departments and performance management system has been developed with the support of Balochistan University of Information Technology, Engineering and Management Sciences (BUIITEMS). Moreover, citizens' pre-budget consultative workshops for women at divisional level have become regular activity which is being conducted with collaboration of Sardar Bahadur Khan Women University Quetta. Besides, support is being provided to strengthen the Planning and Development Department, Anti-Corruption Establishment Balochistan and Provincial Ombudsman Office. Hotlines in Anti-corruption establishment and Provincial Ombudsman are being established to facilitate the citizens of the far-flung areas of the province for lodging corruption complaints and grievances. Ten Year governance plan is being formulated and establishment of Public Policy & Research Institute is at final stage.

Outlook 2017-18

Governance is perhaps the single most important factor in ensuring objectives of effective service delivery. Steps are needed to address issues relating to improving people's participation and involvement of civil society, especially voluntary organizations and enhancing effectiveness of devolution. To create effective pressure group to check deterioration in governance and exploitation of the public resources, empowerment of marginal and excluded classes would be needed. Corporate governance will be improved to increase public-private interface, and by developing legal and regulatory frameworks. Public sector management needs to be made more efficient through a variety of measure, which includes modernization of public sector institutions, civil service reforms (recruitment, training, promotion, transfer/ posting and performance evaluation); procedural reforms; procedural regulations and controls; tax and judicial reforms. Smart governance would need a big push to increase transparency, fair play and make systems faster and user friendly. Effective monitoring and evaluation should be encouraged and supported.

Programmes

An amount of Rs6.75 billion including foreign aid of Rs1.09 billion has been proposed for the governance sector in 2017-18. The allocation indicates an increase of 94 per cent over the last year's allocations.

The reforms programmes/initiatives in the areas of performance evaluation, service delivery, civil service, judicial, systems and procedures, tax administration, procurement, financial management, police, e-governance, open government, enforcing property rights, and Public Sector Enterprises will be continued to strengthen and enhance the capacity of institutions. The National University of Public Administration will be established to train the civil servants. Capacity of National Security Division, Economic Affairs Division, Finance Division, MoPDR, Railways Division, Interior Division, Statistics Division, Establishment Division, Cabinet Division, Parliamentary Affairs Division, Law and Justices Division, FTO, FBR, State Bank and other regulatory authorities will be enhanced for improved delivery of public services and to manage State affairs. E-office/ e-filing system will be promoted for quick delivery of services. Access to Justice Programme will be reviewed and will be implemented efficiently. Citizen Client Charter, Performance contracts for eleven selected ministries, Executive leadership training programme for 1,000 senior officers, work efficiency training programme for 5,000 officials, 3rd Pakistan Governance Forum, citizen precipitation survey, implementation of National Action Plan/ National Security Policy, Financial management reform, electoral reform and civil service reform would be the priority areas for the Year 2017-18. The programmes which are already under implementation at Federal and Provincial levels will continue during 2017-18.

PILLAR-IV

Energy, water and food security

Chapter 18 | ENERGY

The demand for electricity and various fuels are 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 power generation, higher transmission & distribution losses due to de-rated outlived 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 remained on the lackluster 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 security situation in the past.

Government is making concerted efforts to address the energy sector challenges. Almost 74 per cent of CPEC’s estimated outlay is for energy sector. Besides, import of LNG/natural gas and respective inland pipeline infrastructure, kick-starting of 3600 MW LNG projects, 2,150 MW Dassu, 4,500 MW Diamir Basha 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 1200 MW power generation project has achieved financial close under CPEC. Further, renewable potential (wind and solar) are under active exploitation.

Performance review 2016-17

Fuel sector

Oil and gas

The annual production of crude oil was 32.14 million barrels in 2016-17 which is 96.49 per cent of the target of 33.31 million barrels. The domestic production of natural gas was 1.49 trillion cubic feet which is 102 per cent of the target 1.46 trillion cubic feet. The Liquefied Petroleum Gas (LPG) production was 626,170 tons which is 95.87 per cent of the target of 653,117 tons. A total of 71 wells including 27 exploratory and 44 development wells drilled, resulting in 11 oil and gas discoveries to sustain the indigenous oil and gas production. Detail is given at Annex-I.

Shale gas study with USAID assistance has been completed. The study confirmed that Pakistan has 10,159 TCF of shale gas and 2,323 billion barrels of oil resources. Based on the study, pilot projects are being initiated.

The Attock Refinery Limited (ARL) has completed their up-gradation projects i.e., Diesel Hydro Desulphurization (DHDS) and Isomerisation resulting in environment friendly HSD of Euro-II (0.05 per cent Sulphur) specification and enhanced production of 20,000 Tons/month Premier Motor Gasoline (PMG). Similarly National Refinery Limited (NRL) is expected to complete their up-gradation projects of DHDS and Isomerisation by June, 2017. Pak Arab Refinery Limited (PARCO) initiated detailed feasibility study for the state of the art Coastal Refinery having capacity of 250,000-300,000 barrels per day at Khalifa Point near Hub, Balochistan. The study is expected to be completed during 2017.

To promote fuel efficiency, RON 87 PMG has been replaced with RON 92 in November, 2016 and marketing of 95/97 PMG has also been allowed under deregulated environment. Further, from January, 2017 entire imports of High speed Diesel (HSD) shall conform to Euro-II specification.

The Oil and Gas Regularity Authority (OGRA) has granted provisional licenses to 21 new Oil Marketing Companies (OMC's) to establish the requisite infrastructure (storages) in the country. These companies will be granted marketing licenses on satisfactory completion of storage facilities. Further, seven (07) depots are expected to be completed in 2016-17.

Gas consumers addition and pipelines construction

As per targets, 594,059 new consumers were added to Sui Gas Companies. Moreover, SNGPL and SSGCL have added total of 11,189 Km of new transmission and distribution pipelines in their respective jurisdictions. Detail is given at Annex – II.

To transmit imported LNG up-country, the SSGCL construction of 42" dia 342 Km Pipeline project from Karachi (Pakland) to Khairpur (Nara) for transporting 1.2 BCF RLNG dedicatedly to SNGPL is to be commissioned by June, 2017. The Gwadar- Nawabshah LNG Terminal & Pipeline Project envisaging laying of 42" 700 Km pipeline along with LNG terminal of 600 MMCFD capacities at Gwadar, Balochistan, is under implementation. To supply LPG through Air Mix Plants to the areas where pipe gas is economically not feasible, SSGCL is executing two (2) LPG Air Mix Plants at Awaran & Bela, Balochistan through its own resources and the plants are expected to be commissioned in June, 2017. The OGRA issued 21 licenses to LPG sector which include 15 licenses for operation/ marketing of LPG storages and filling, 3 licenses each for storage/refuelling and construction of LPG Air Mix Plants.

Liquefied natural gas (LNG) and natural gas import

During 2016-17, the Pakistan State Oil handled 3.61 million tons of LNG which is 15.40 per cent more than the target of 3.125 million tons. Due to continuous supply of re-gassified LNG into the system, almost all the sectors received enhanced gas supply particularly compressed natural gas sector (CNG).

Import of gas projects

Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline having 56-Inch dia, 1,680 km length and gas volume of 3.2 billion cubic feet of natural gas per day (bcfd) (Pakistan share 1,325 MMcfd) from Turkmenistan was inaugurated in December 2015. In March, 2017, the Front End Engineering & Design (DEED) work in Afghanistan and Pakistan has formally started. The project is expected to be completed by 2020.

Iran-Pakistan Gas Pipeline Project (IP) envisage laying of 42 inches 1,931 Km pipeline having 750 MMCFD capacity could not proceed well due to sanctions on Iran. During Iranian president visit to Pakistan in March, 2016, it was agreed to revive discussions on the project in wake of lifting sanctions on Iran. The MPNR is in process of resolving all the outstanding issues including amendments in the Gas Sales Purchase Agreement (GSPA).

Coal sector

The Geological Survey of Pakistan (GSP) continued various surveys and exploratory drilling operations for coal exploration under the following PSDP funded 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.

Thar coal development

The Government of Sindh through extensive geological and hydro-logical investigations has developed 12 blocks at Thar including Block-I, II, VI etc. operated by Sino Sindh Resources Pvt Ltd (SSRL), Sindh Engro Coal Mining Company Ltd (SECMC)/Engro Power Thar Ltd. and Sindh Carbon Energy Ltd (Oracle Coalfield, PLC, UK) respectively. Under the joint venture project between GoS and Engro Group, the SECMC achievements includes financial close in April, 2016, land acquisition for mining, EPC contract signed, coal supply agreement with Engro Power Thar Ltd. Signed and Mining & Power EIA obtained.

Outlook and programmes 2017-18

Target for domestic crude oil and natural gas production fixed as 35.45 million barrels and 1.51 trillion cubic feet gas respectively. The supply demand gap in both oil and gas sectors will be met through import of crude oil and petroleum products. The indigenous gas supply will be supplemented through LNG imports to the tune of 9.0 million tonnes.

Total 90 wells (50 exploratory and 40 developments) are planned to be drilled by the Exploration and Production (E&P) companies. OGRA proposed construction of Five (05) new oil storage terminals. Moreover, Five (05) companies have also shown interest in OMC's and they will be granted provisional licenses for setting of infrastructure (storage) after meeting the requisite criteria.

Both SNGPL and SSGCL have plans to add 414,723 new consumers and 10,653 Km of transmission and distribution pipelines in their respective systems/networks. Due to existing limited pipeline capacity and to cater for additional RLNG, the SSGCL will construct 30" dia x 300 Km transmission pipeline in three (03) phases from Nawabshah to Malir which would increase the capacity up to 523 MMCFD. In 2017-18 phase-I i.e. 30" dia x 125 Km from Sindh university to Pakland is proposed. The SSGCL also proposed rehabilitation of 12" x 344 Km Quetta Pipeline Project (QPL) during 2017-18.

The SSGCL will install 10 LPG Air Mix Plants in its franchise area. The OGRA proposed 28 licenses to LPG sector which include 20 licenses for operation/ marketing of LPG storages and filling, 5 licenses for storage and refuelling and 3 licences for marketing of LPG storage, operation of Air Mix Plants and distribution of air-mix LPG through pipeline.

The Gwader-Nawabshah Natural Gas Pipeline and LNG Terminal at Gwader are to be actively persuaded with signing of contract with Chinese EPC contractor, achieving of financial close, completion of land acquisition process and start of construction during 2017-18. Similarly, for North-South Gas Pipeline Project of 42" dia, 1100 Km length having 1.2 BCFD capacity, to transport additional gas volume to up country, Front End Engineering Design (FEED) work, Arrangement of Funds for Land acquisition, SPV for the project and start of construction is planned for the year 2017-18. The LNG import is planned to be increased to 9.0 million tons /annum. In order to enhance handling capacity and capabilities of country with regard to LNG, commissioning of 2nd LNG terminal at Port Qasim expected by August, 2017. Moreover, work on 3rd LNG Terminal having capacity of 600 mmcf/d will start in 2017-18.

The TAPI project activities including achievement of financial close, signing of gas transport/ transit fee agreement and FEED work would be implemented during 2017-18. The implementation on IP project will be reviewed in consultation with the Iranian counterpart to discuss and finalize all outstanding issues including amendments in the GSPA for preparing revised implementation framework for the completion of the project,

The Geological Survey of Pakistan (GSP) will continue exploratory drilling and surveys under the following two on-going 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.
- In addition to above, the following new projects are also proposed by the GSP:
- Evaluation of Coal Bed Methane in Chamalang Coal Fields, Balochistan
- Investigations for Geothermal Energy in Pakistan
- Technical Study to Assess the Commercial Potential of Coal in Harnai District, Balochistan

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. During 2017-18 the process of over burden removal will continue.

Performance review 2016-17

Power sector

In addition to CPEC investments in power sector, an amount of Rs 405 billion was allocated to power sector projects of generation, transmission and distribution for Ministries of Water & Power and Kashmir Affairs & Gilgit-Balistan and Pakistan Atomic Energy Commission. A total of 3,874.2 MW against the 5,304.25 MW planned in 2016-17 were actualised. Details are given at Table-1:

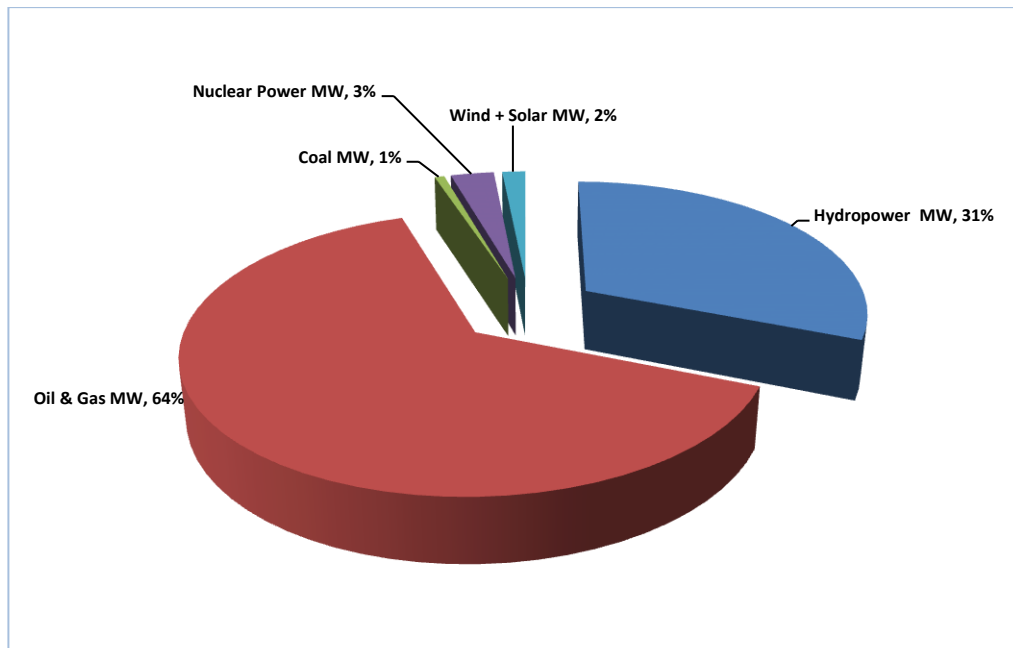
Table-1
Addition in generation capacity 2016-17

Name of project	Agency	Province	Fuel / source	Capacity (MW)	Commissioning date
Chashma-III Nuclear Power Plant	PAEC	Punjab	Nuclear	340	Jul-16
M/s Gul Ahmad Energy Ltd	AEDB	Sind	Wind	50	Aug-16
Appolo Solar Pakistan Ltd	AEDB	Punjab	Solar	100	Aug-16
Crest Energy Pakistan Ltd	AEDB	Punjab	Solar	100	Aug-16
Best Green Energy Pakistan Ltd.	AEDB	Punjab	Solar	100	Aug-16
Yunus Energy Ltd	AEDB	Sind	Wind	50	Sep-16
M/s Master Wind Energy (Pvt.) Ltd	AEDB	Sind	Wind	49.5	Sep-16
M/sHydrochinaDawood Power (Pvt.) Ltd	AEDB	Sind	Wind	49.5	Sep-16
M/s United Energy Pakistan Ltd	AEDB	Sind	Wind	99	Sep-16
M/s TenegaGenerasi Ltd	AEDB	Sind	Wind	49.5	Sep-16
Tapal Wind	AEDB	Sind	Wind	30	Sep-16
Metro Power Company	AEDB	Sind	Wind	50	Sep-16
Hamza Sugar Mills	AEDB	Punjab	Bagasse	15	March-17
Layyah Sugar Mills	AEDB	Punjab	Bagasse	41	Apr-17
Patrind Hydropower Project	PPIB	AJK	Hydel	147	Apr-17
M/s Sachal Energy Development (Pvt.) Ltd	AEDB	Sind	Wind	49.5	Jun-17
Chashma-IV Nuclear Power Plant	PAEC	Punjab	Nuclear	340	June-17
HaveliBahader Shah RLNG GT1/GT2	NPPMCP L	Punjab	RLNG	770	June-17
Bhikki RLNG GT1/GT2	Energy Deptt	Punjab	RLNG	728	June-17
Sahiwal Imported Coal Power Project Unit -I	PPIB	Punjab	Imp. Coal	660	June-17
DaralKhwar Swat	Energy Deptt	KPK	Hydal	36.6	June-17
RanoliaKohistan	Energy Deptt	KPK	Hydal	17	June-17
MachaiMardan	Energy Deptt	KPK	Hydal	2.6	June-17
Total addition 2016-17				3874.2	

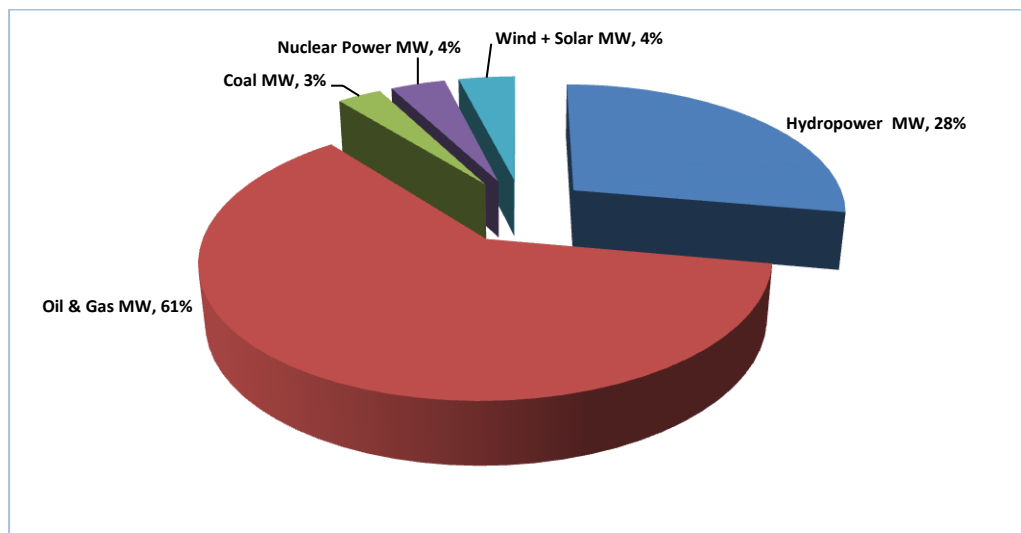
The installed capacity was 22,885 MW in June 2016. An addition of 3874.2 MW was actualised and the capacity has been increased to 26265.2 MW in June 2017.

Shift in energy mix during 2016-17 as compared to 2015-16 is shown in the following two pie charts.

Power generation mix as on June 2016



Power generation mix as on June 2017



Transmission and distribution system

During the year 2016-17, the NTDC transmission has been enhanced by adding 3000 MVA and 2400 MVA on 500 kV and 220 kV systems respectively. The transmission lines were extended by 87 km accordingly. Detail is given at Table-2.

Table-2
Transmission capacity addition

NTDC						
S. No.	Items	Voltage Level	Units	2016-17	2016-17	2017-18
				(Estimates / Planned)	(Actualized / Achieved)	(Targets)
1	Additional installed Capacity	500 kV	MVA	1,800	3,000	1,200
		220 kV	MVA	4,680	2,400	3,000
2	Installed Capacity (Total)	500 kV	MVA	24,624	21,624	22,824
		220 kV	MVA	33,553	27,913	30,913
3	Total addition in transmission lines in kilometers	500 kV	Km	382	9	1,853
		220 kV	Km	347	78	809

A total of 206,960 villages were electrified and 25 million consumers were added in the system. Moreover, 0.3 per cent losses were reduced by NTDC. Further, to cope with increasing power demand all Distribution Companies (DISCO's) enhanced their capacities and capabilities of distribution of power. Detail is attached as Annex-III.

Outlook 2017-18

The projects for power generation of capacity 7524.28MW are expected to come on line. The demand-supply gap is expected to narrow down. As per National Power Control Centre (NPCC), it will almost equate the supply demand with marginal shortfall of 13 MW only by June, 2018. Detail is given in Table-3.

Table-3

Type	UNITS	(2014-15) Average	(2015-16) Average	(2016-17) Average	(2017-18) Average
Installed Capacity (As on 30th June)	MW	22,873	23,044	23,846	33,546
Demand	MW	14,847	15,702	16,587	18,623
Generation	MW	11,111	11,601	12,786	18,610
Shortfall	MW	3,736	4,101	3,801	13

Three wind projects with capacity of 200 MW under CPEC are commissioned, 660 MW of Sahiwal Imported Coal Power Project Unit -I is expected to be commissioned before June-2017 and remaining units are in pipeline and will be commissioned during 2017-18. List of the CPEC projects including coal, hydro and wind is attached as Annexure-IV. 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 9,551 MW projects are at various stages of construction. Work on 969 MW Neelum Jhelum is in advance stage and overall 91 per cent physical work is completed. The first unit (242 MW) will start generation in Feb-2018 and other 3 units of 242 MW will start generation by March, April and May 2018 respectively. Similarly the Tarbela 4th Extension will start generation of 1,410 MW in 2017-18. Others are at various stages of construction, these are

4,500 MW Diامر Bhasha, 128 MW Keyal Khwar, 106 MW Golan Gol, 2,160 MW Dasu Hydropower Project (stage-1), 34.5 MW Harpo, 243 MW 2nd Rehabilitation of Warsak Hydropower station. Similarly 2,880 MW nuclear power projects are at various stages of construction.

The pre-feasibility and feasibility studies of approximately 18,875 MW hydro projects have been completed. The projects are under various stages of approval, and finances for these projects are being arranged. These are 7,100 MW Bunji Hydropower Project, 310 MW refurbishment and up gradation of the Mangla Generating Unit 1-6, 1,100 MW Kohala, 690 MW Shyok Dam, 665 MW Lower Plas Valley, 496 MW Lower Spat Gah, 40MW Basho, 2,300 MW Pattan, 4,000 MW Thakot, 2,100 MW Dasu stage-II 48 MW Jagran, 26 MW Shagarthang.

Approximately, a total of 4,020 MW thermal projects in the public sector are under construction. These are 1,320 MW Coal fired Power Plant Jamshoro, while construction on two 2,400 MW LNG-based power plants at Haveli Bahadur Shah and Balloki is in advance stage, while 300 MW coal-fired Power Plant Gwadar progressing on fast track basis.

Programmes

Power sector

An amount of Rs395 billion has been allocated in PSDP for various power projects for 2017-18 of the Ministry of Water & Power, Ministry of Kashmir Affairs & Gilgit Baltistan and Pakistan Atomic Energy Commission. The WAPDA, NTDC, GENCOs and DISCOs will invest Rs 385 million from their own resources. The installed power generating capacity is planned to be increased from 26,265 MW in June 2017 to 33,789 MW in June 2018 through an addition of 7,524 MW in NTDC system. The break up is given at Table-4.

Table-4

Name of project	Agency	Province	Fuel / source	Capacity (MW)	Commissioning date
Almoiz Industries Ltd	AEDB	Sind	Bagasse	36	Jul-17
Tarbela 4 Project	WAPDA	KPK	Hydal	1410	Aug-17
United Energy Pakistan Ltd	AEDB	Sind	Wind	99	Sep-17
Shahtaj Sugar Mills Ltd	AEDB	Sind	Bagasse	32	Nov-17
Hamza Sugar Mills Ltd Unit-II	AEDB	Sind	Bagasse	30	Dec-17
Harappa Solar Pvt Ltd	AEDB	Sind	Solar	18	Dec-17
Bhikki RLNG ST	Energy Deptt	Punjab	RLNG	452.1	Dec-17
Jhampir Wind Power Ltd	AEDB	Sind	Wind	49.6	Feb-18
Hawa Energy Pvt Ltd	AEDB	Sind	Wind	50	Feb-18
Neelum Jhelum	WAPDA	AJK	Hydal	969	Feb-18
Golan Gol HPP	WAPDA	KPK	Hydal	108	May 18
Norinco International	Energy Deptt	Sind	Wind	50	Jun-18
Harvey Wind	Energy Deptt	Sind	Wind	50	Jun-18
Zulaikha Energy	Energy Deptt	Sind	Wind	50	Jun-18
Din Group	Energy Deptt	Sind	Wind	50	Jun-18

Gul Ahmed	Energy Deptt	Sind	Wind	50	Jun-18
ACT 2 Wind Energy	Energy Deptt	Sind	Wind	50	Jun-18
Artistic Milliners	Energy Deptt	Sind	Wind	50	Jun-18
Fatima Energy Cogeneration Power Project	PPIB	Punjab	Bagasse	118.8	Jun-18
Hartford Alternative Energy Pvt Ltd	AEDB	Sind	Wind	49.3	Jun-18
RYK Energy Ltd	AEDB	Sind	Bagasse	25	Jun-18
Chanar Energy Ltd	AEDB	Sind	Bagasse	22	Jun-18
Karora HPP Shangla	Energy KPK	KPK	Hydal	11.8	Jun-18
Jabori HPP Mansehra	Energy KPK	KPK	Hydal	10.2	Jun-18
BallokiRLNG	NPPMCPL	Punjab	RLNG	1232.5	Jun-18
Haveli Bahader Shah RLNG ST	NPPMCPL	Punjab	RLNG	451.1	Jun-18
Sahiwal Imported Coal Power Project Unit -II	PPIB	Punjab	Imp. Coal	660	Jun-18
Port Qasim Imported Coal Power Project Unit 1	PPIB/CPEC	Sindh	Imp. Coal	1320	Jun-18
Mini Hydropower Projects	Energy Deptt	Punjab	Hydal	19.88	Jun-18
Total addition 2017-18				7,524	

Transmission and distribution system

To enhance the transmission capacity during 2017-18, about 1200 MVA of 500 kV and 3000 MVA of 220 kV will be installed along with 1853 km of 500 kV and 809 Km of 220 kV of transmission lines as per details given in Table-5.

Table-5
Transmission capacity addition 2017-18

NTDC						
S. No.	Items	Voltage Level	Units	2016-17	2016-17	2017-18
				(Estimates / Planned)	(Actualized / Achieved)	(Targets)
1	Additional installed Capacity	500 kV	MVA	1800	3000	1200
		220 kV	MVA	4680	2400	3000
2	Installed Capacity (Total)	500 kV	MVA	24624	21624	22824
		220 kV	MVA	33553	27913	30913
3	Total addition in transmission lines in kilometers	500 kV	Km	382	9	1853
		220 kV	Km	347	78	809

Further, all Distribution Companies (DISCO's) will continue executing Power Distribution Enhancement projects in different phases for increase in power distribution capacity. Detail is attached at Annex-III.

CASA-1000 Project

CASA 1000 transmission project will transmit 1300 MW by laying 1200 km of transmission lines of hydel power generated in the central Asian states i.e., Tajikistan and Kyrgyz Republic through Afghanistan to Pakistan. The project will not only connect the power transmission lines but will also promote regional connectivity. Prime Minister of Pakistan inaugurated the project on May, 2016 in Dushanbe.

Annex – I

Energy fuel sector
Oil and Gas achievements and targets

Items	Units	Targets 2016-17	Expected achievement up to 30-06- 2017	Per cent Achieve- ments	Targets 2017-18
Production					
Crude Oil	Million Barrels	33.31	32.14	96.49	35.45
Gas	Trillion cft	1.46	1.49	102	1.51
LPG	Tons	653,117	626,170	95.87	644,000
No of wells drilled					
Exploratory	Nos.	90	71	78.89	90
Development	Nos.	48	27	56.25	50
		42	44	104.76	40

Annex –II

Energy fuel sector
Gas consumers, transmission and distribution addition
Achievements and Targets

S.No	Items	Units	Targets 2016-17	Expected achievement up to 30-06-2017	per cent Achievements	Targets 2017-18
Gas Consumers Added						
SNGPL						
	Domestic	Nos.	500,000	500,000	100	300,000
	Commercial.	Nos.	-	-	-	-
	Industrial	Nos.	-	-	-	-
	Sub Total SNGPL	Nos.	500,000	500,000	100	300,000
SSGCL						
	Domestic	Nos.	110,600	93,630	84.66	114,300
	Commercial.	Nos.	-	-	-	-
	Industrial	Nos.	-	-	-	-
	Sub Total SSGCL	Nos.	110,600	93,630	84.66	114,300
	Total SNGPL + SSGCL	Nos.	610,600	593,630	97.22	414,300
Transmission & Distribution Extension by Gas Companies						
SNGPL						
	Transmission & Distribution	Km	10,170	10,170	100	9,330
SSGCL						
	Transmission & Distribution	Km	1,843	1,019	55.29	1,323
	Total SNGPL + SSGCL	Km	12,013	11,189	93.14	10,653

Annex-III

Discos capacity addition
MEPCO

S. No	Items	Units	2016-17 (Estimates / Planned)	2016-17 (Actualized / Achieved)	2017-18 (Targets)
1	Additional installed Capacity	MVA	1171	1073	686
2	Installed Capacity (Total)	MVA	7760.09	7662.09	8446.09
3	Total addition in transmission lines in kilometers	Km	245.66	229.66	464
4	Reduction in System Losses	%	0.4	0	0.2
5	Existing Consumers (Consumers added)	Nos.	5,647,372 (Added during Current year =272,600)	5,524,719 (Ending 01/2017= 149,947)	5,897,372 (Added during the year=250,000)
6	Electrification of Villages / Addition	Nos.	1773	1083	2000
HESCO					
1	Additional installed Capacity	MVA	532	146	366
2	Installed Capacity (Total)	MVA	2185		
3	Total addition in transmission lines in kilometers	Km	146.79	34.86	299
4	Reduction in System Losses	%	25.6	30.6	29.6
5	Existing Consumers (Consumers added)	Nos.	32876	38052	33963
6	Electrification of Villages / Addition	Nos.	500	308	700
FESCO					
1	Additional installed Capacity	MVA	520	291.5	633
2	Installed Capacity (Total)	MVA	5369.6	4854.4	6002.6
3	Total addition in transmission lines in kilometers	Km	210.38	72.38	386
4	Reduction in System Losses	%	10.1 (-0.1)	8.1 (+0.3)	10.00 (-0.1)
5	Existing Consumers (Consumers added)	Nos.	3762565	3680426	3962565
6	Electrification of Villages /	Nos.	550	272	650

S. No	Items	Units	2016-17 (Estimates / Planned)	2016-17 (Actualized / Achieved)	2017-18 (Targets)
Addition					
IESCO					
1	Additional installed Capacity	MVA	461	362	999
2	Installed Capacity (Total)	MVA	5765	5767	6766
3	Total addition in transmission lines in kilometers	Km	298	87	293.5
4	Reduction in System Losses	%	9.37	5.7	9.35
5	Existing Consumers (Consumers added)	Nos.	2,667,612	2,635,612	2,747,612
6	Electrification of Villages / Addition	Nos.	245	191	473
LESCO					
1	Additional installed Capacity	MVA	1264	952	1352
2	Installed Capacity (Total)	MVA		9530	
3	Total addition in transmission lines in kilometers	Km	435.736	233.636	202.1
4	Reduction in System Losses	%	13.35	11.70	12.85
5	Existing Consumers (Consumers added)	Nos.	162084	95036	168567
6	Electrification of Villages / Addition	Nos.	50	36	123
PESCO					
1	Additional installed Capacity	MVA	429.5	305.5	667
2	Installed Capacity (Total)	MVA	5966	5842	6633
3	Total addition in transmission lines in kilometers	Km	108	29	180
4	Reduction in System Losses	%	32	31.5	30
5	Existing Consumers (Consumers added)	Nos.	3182	3154	3277 3% Load Growth
6	Electrification of Villages / Addition	Nos.	5239	2244	Depends on funds availability

S. No	Items	Units	2016-17 (Estimates / Planned)	2016-17 (Actualized / Achieved)	2017-18 (Targets)
QESCO					
1	Additional installed Capacity	MVA	447.7	447.7	175.6
2	Installed Capacity (Total)	MVA	2538.3	2986	3161.6
3	Total addition in transmission lines in kilometers	Km	492	492	170
4	Reduction in System Losses	%	22.7	22.3	22.5
5	Existing Consumers (Consumers added)	Nos.	548,980	586,971	588,352
6	Electrification of Villages / Addition	Nos.	1000	660	1000
TESCO					
1	Additional installed Capacity	MVA	196	196	237
2	Installed Capacity (Total)	MVA	882	882	1119
3	Total addition in transmission lines in kilometers	Km	27	27	33
4	Reduction in System Losses	%	3.9	3.9	2.6
5	Existing Consumers	Nos.	441837	442937	444337
6	Consumers added	Nos.	1100	1100	1400
7	Electrification of Villages / Addition	Nos.	110	110	150
AJK					
1	Additional installed Capacity	MVA	78	0	78
2	Installed Capacity (Total)	MVA	766	766	844
3	Total addition in transmission lines in kilometers	Km	11KV Line = 122.70 0.4 KV Line= 403.50 T/F= 343 Nos.	11KV Line= 993.70 0.4 KV Line =17767.50 T/F = 13141 Nos.	11KV Line = 135.00 0.4 KV Line= 444.00 T/F= 377 Nos.
4	Reduction in System Losses	%	38	37.2	36.9

S. No	Items	Units	2016-17 (Estimates / Planned)	2016-17 (Actualized / Achieved)	2017-18 (Targets)
5	Existing Consumers (Consumers added)	Nos.	4445	575621	6700
6	Electrification of Villages / Addition	Nos.	1664	Electrified= 262 Partially Electrified=1402	106
Gilgit Baltistan					
1	Additional installed Capacity	MW	21	21.3	24.3
2	Installed Capacity (Total)	MVA	172.5	147	49
3	Total addition in transmission lines in kilometers	Km			
4	Reduction in System Losses	%			
5	Existing Consumers (Consumers added)	Nos.	2600	16250	22000
6	Electrification of Villages / Addition	Nos.	3	5	6

Annex-IV

S#	Project Name	Fuel	Location	Capacity (MW)
1	Port Qasim Coal Power Project	Imported Coal	Port Qasim, Sindh	1,320
2	Sahiwal Coal Power Project	Imported Coal	Sahiwal, Punjab	1,320
3	HUBCO Coal Power Project	Imported Coal	Hub, Balochistan	1,320
4	Gwadar Coal Project	Imported coal	Gwader, Balochistan	300
5	Engro Thar Coal Power & Mine Project	Thar Coal	Thar Block-II, Sindh	660
6	Shanghai Electric Coal Power & Mining	Thar Coal	Thar Block-I, Sindh	1,320
7	Oracle Thar Coal Power Project & Mining	Thar Coal	Thar Block-VI, Sindh	1,320
8	HUBCO Thar Coal Power Project	Thar Coal	Thar Block-II, Sindh	330
9	Thal Nova Thar Coal Power Project	Thar Coal	Thar Block-II, Sindh	330
10	Suki Kinari Hydropower Project	Hydro	River Kunhar, KP	870
11	Karot Hydropower Project	Hydro	River Jhelum, Punjab	720
12	Kohala Hydro Power Project	Hydro	River Jhelum, AJK	1,124
13	Matiari-Lahore HVDC Transmission Line	HVDC \pm 660 kV	Sindh & Punjab	4000
14	M/s Hydro China Dawood Power Ltd.	Wind	District Thatta, Sindh	50 MW
15	M/s UEP Wind Power Pvt. Ltd.	Wind	Thatta, Sindh	100 MW
16	M/s Sachal Energy Development (Pvt.) Ltd	Wind	Thatta, Sindh	50 MW
17	Three Gorges Wind Farms (2x50MW)	Wind	Thatta, Sindh	100 MW
18	Quaid-e-Azam Solar Power Park	Solar	Bahawalpur, Punjab	900 MW

Chapter 19 | WATER

Water is essential to meet the food need for country's growing population. The efficient use of water is an important requirement for sustainable agriculture growth and agriculture oriented activities to tap more benefits from this sector. Increases in agricultural production to meet the needs of a rising population, will require additional water. Based on population growth projections, by 2025 an estimated additional 10 million acre feet (MAF) will be needed at the farm gate.

Water Sector's Policies / strategies focus on bridging the widening gap between demand and supply. The major emphasis is on demand management and enhancing the water availability. The important mechanisms of the above mention strategy are to initiate market forces to convert water from social good to socio-economic good. The technical solution will be based on Integrated Water Resources Management (IWRM) approach, Harnessing flood flows for direct irrigation, Ground water recharge and effective implementation monitoring system and comprehensive set of measures for the development and efficient management of water resources.

Performance review 2016-17

During 2016-17, major focus was timely completion of ongoing priority projects to achieve the planned targets of Vision 2025 and 11th Five Year Plan. An amount of Rs31.72 billion financial resources were allocated for the water sector's development projects / programmes during the year 2016-17, out of which more than 24 billion (76 per cent) are utilized by the end of June 2017.

Box-I

Water Sector's Investment Areas

- Augmentation measures i.e. construction of small/ medium dams to overcome the water scarcity issue
- Conservation measures i.e., lining of irrigation channels, modernization / rehabilitation of irrigation system, Introduction of high efficiency irrigation system
- Protection of infrastructure from onslaught of floods and water logging & salinity

Achievements

- Completion of 92 per cent physical works of Kachhi Canal (Phase-I) in Balochistan & Raine Canal in Sindh for irrigating 0.168 million acres (Phase-I).
- Completion of Gomal Zam Dam in FATA/Khyber Pakntunkhwa and Darawat Dam (near Hyderabad Sindh).
- About Rs1,000 million are expended for on-going works of Nai Gaj dam (near Dadu Sindh) to irrigate 28,800 acres of land and Power Generation of 4.20 MW.
- Initiation of physical works on Kurram Tangi Dam (Phase-I) in North Waziristan Agency and Mohmand Dam in Mohmand Agency FATA.

- To save the water losses of existing irrigation system, about Rs900 million are utilized for lining of small canals & minors in Punjab and Sindh during 2016-17.
- For the rehabilitation and improvement of existing irrigation canals in Punjab, Sindh & Khyber Pakhtunkhwa, an amount of Rs1,100 million are utilized during 2016-17.

In Balochistan, Sindh, Punjab and Khyber Pakhtunkhwa about Rs7.44 billion are utilized during 2016-17 on construction of new small/delay action dams and recharge dams. Province-wise detail is as under:

- Punjab Rs550 million (Ghabir & Papin dam)
- Sindh Rs500 million (Kohistan & Nagarparkar areas of Sindh)
- Khyber Pakhtunkhwa Rs1,450 million (Kundal/Sanam dam, Baran dam & 20 small dam in districts Nowshera, Kharak, Swabi, Haripur & Kohat)
- Balochistan Rs4,936.37 million (Shadi Kaur, Bathozai, Const. of 100 small dams (Package-II&III), Basol dam, Mangi dam & others)

- Due to above mentioned development programme it is expected that water availability at farm gate will remain about 132.70 million acre feet (surface & groundwater) upto June 2017.

Table-1
Key physical targets & achievement for 2016-17 and targets for 2017-18

Item	Unit	Target 2016-17	Achievements 2016-2017		Target 2017-18
			Physical	(%)	
Irrigation					
Water Availability (additional)	MAF	134.56	132.70 *	99	134.22
Earthwork for dams & canals/irrigation System	MCM	12	8	67	10
Concrete work for dams/ canal/ irrigation system	MCM	1	0.60	60	0.60
Const. of delay action/ check / and small dam	Nos.	9	20 (9 new and 11 ongoing)	100	12
Drainage & Reclamation					
a) Surface Drains (Earthwork) (Extension, rehab. & remodelling of drain)	MCM	4	Nil **		6
Flood Control Program					
Under Normal Flood Program (flood scheme)	No	10	8	80	7

(MAF: Million Acre Feet, MCM: Million Cubic Meters,

* Decrease in achievement is mostly due to decrease inflow at Rim station & rainfall

**Allocated budget during 2016-17 cannot be utilized due to unapproved PC-Is of RBOD-I, III and III.

Outlook 2017-18

Following programmes and projects will be implemented in 2016-17 to achieve the goals of the 11th Five Year Plan (2013-18):

- Integrated water resource management approach will be continued to overcome water scarcity issue and future challenges of Pakistan.
- Priority has been given to the augmentation measures (construction of small/medium dams), remaining works of new canal (Kachhi & Ranjee) and disposal of drainage effluent into Sea through construction of RBOD-I, II & III.
- Conservation measures (lining of irrigation channels & rehabilitation of irrigation system) which are being implemented under federal programme are gradually transferred to the provinces.
- Every effort is being made for timely completion of such projects which are near completion in order to lessen the burden of throw-forward.
- Protection of infrastructure, agriculture lands & abadies from onslaught of floods under Flood Control/management programme.
- Climate change, Trans-boundary water issues, demand management, rain water harnessing, resettlement, reuse of waste water, recharging ground water are the main water sector's future pillars for the sustainable development. Annual Plan 2017-18 will be implemented in reconciliation with these facts.

Out of total proposed water sector's budget (Rs38 billion) for 2017-18, maximum resources have been earmarked for the above mentioned on-going priority development programmes.

Expected water availability

It is expected that the overall water availability at farm gate will remain about 16.56 million hectares meters (MHM) i.e. 134.22 MAF in 2017-18. This would include surface water supplies through canal withdrawals, canal lining/remodelling, irrigation system rehabilitation/ improvement programme, construction of small / medium dams, check dams and retention weirs. About 6.17 MHM (50 MAF) of water would be included in the system from underground fresh water aquifer mainly by private tube wells. Water losses of the existing irrigation system would be improved through water conservation measures such as remodelling/ rehabilitation of existing irrigation system and lining of irrigation channels/watercourses.

Safe disposal of drainage effluent & rehabilitation of irrigation system

In the drainage sub-sector on-going priority works of RBOD-I, II & III will be continued during 2017-18, for this about 6 MCM of earth work for surface drains and concrete/stone work is planned to be completed, more than 10 MCM of earthwork targets have been fixed for rehabilitation of existing channels, small/check dams, irrigation infrastructure/system improvement and construction of major / minor structures. An amount of Rs8,600 million and Rs2,400 million is proposed for both drainage and improvement/rehabilitation of existing irrigation sector respectively.

Flood management

It is proposed to spend an amount of Rs500 million to complete about 8 to 7 on-going/new small emergent flood schemes in Pakistan.

Medium/small dams

An amount of Rs10,310 million (28 per cent of total water sector allocation) has been proposed during 2017-18 for small/medium dams, check and delay action dams in all over Pakistan.

Lining of irrigation channels

Programme for “lining of irrigation channels in saline zones” will continue in Punjab and Sindh to check the seepage and other losses. A sum of Rs800 million has been proposed for this programme for the next fiscal year 2017-18.

Kacchi and Rainees canals

During 2017-18, an amount of Rs10 billion has been proposed for on-going works of Kachhi canal. It is planned that upto August 2017 canal will irrigate 55,000 acres and upto December 2017 it will irrigate 72,000 acres of agriculture land of Balochistan. Phase-I of Rainees Canal (Sindh) is physically completed for irrigation of 412,400 acres of agriculture land. A sum of Rs500 million is proposed to clear outstanding liabilities of completed works of Rainees canal.

Priority ongoing projects

- Gomal Zam Dam (Main dam structure completed work on irrigation network in progress)
- Darawat Dam (substantial completed)
- Naulong Dam (Initial works in progress)
- Nai Gaj Dam (48 per cent completed)
- Mohmand (Munda) Dam Project Khyber Pakhtunkhwa (Initial works in progress)
- Kurram Tangi Dam (Stage-I, Keitu Wier) 13per cent completed
- CRBC (1st Lift-cum-Gravity) canal Project (at approval stage/processing stage)
- Kachhi & Rainees Canals (Phase-I of both canals is substantially completed)
- RBOD-I, II & III (Physical works completed 76per cent, 72per cent & 83per cent respectively)
- Construction of 100 Small dams in Balochistan (Package-I for 20 small dams completed, Package-II for 26 small dams 85per cent completed, Package-III at initial stage)
- Construction of Small/check & recharge dams in Sindh, Khyber Pakhtunkhwa and Punjab
- Remedial measures to Control Waterlogging due to Muzaffargarh & T.P Link canal, Kot Adu Muzaffargarh Punjab

Other ongoing projects/programmes

- Construction of Mohre Shera Dam, Mujahid Dam, Papin & Ghabir Dam Punjab
- Revamping/rehabilitation of Irrigation System in Sindh Punjab & Khyber Pakhtunkhwa

-
- Lining of Irrigation Channels in Punjab, Sindh
 - Makhi Farash Link Canal and Fall Structure on Nara Cana (Sindh)
 - Construction of Shadi Kour Dam and Toiwar/Bathozai Dams in Balochistan
 - Construction of Small Dams in Tehsil Khaliqabab, Distt Kalat
 - Const. of 100 Small Dams in Tehsil Dobandi, Gulistan Qilla Abdullah & Chaman District Qilla Abdullah
 - Construction of Mangi and Basol dams in Balochistan
 - Remodelling of Warsak canal Peshawar Khyber Pakhtunkhwa
 - Construction of Palai, Kundal & Snam dams in Khyber Pakhtunkhwa
 - Construction of Small Dams in Distt Mansehra, Khyber Pakhtunkhwa
 - Implementation of small emergent flood schemes under “Flood Protection Programme”
 - Channelization of Deg Nullah, Punjab

Chapter20 | FOOD SECURITY AND AGRICULTURE DEVELOPMENT

Agriculture sector is a vital component of Pakistan's economy. It provides raw material to industry, food and livelihood besides alleviating poverty. This sector contributed 19.8 per cent towards GDP and remains by far the largest employer by absorbing 42.3 per cent of the country's total employed labor force (Economic Survey, 2015-16). Last years' slowdown and commodity price downturn in international market have serious fallout on rural economies, i.e., low returns to farmers from the proceeds of their commodities due to high cost of production and low demands for exports. This called for well-thought interventions to improve farmer's investment capacity to invest in optimum mix of inputs for getting higher yields, value addition at the farm levels and industrial linkages.

Prime Minister's Rs.341 billion farmer's package provided relief to the sector with direct cash assistance to rice and cotton growers, subsidy on fertilizer and electricity and tax relief on import of machinery. The package provides a direct benefit of Rs147 billion to small farmers across the country and an additional loan of Rs194 billion. The government of Punjab on the same pattern announced Rs100 billion Kissan package for 2016-17 and 2017-18 covering fertilizer subsidy, interest payment on farmer's loans, subsidy on GST of electricity driven tube wells, etc. Both Pakistan Vision 2025 and 11th Five Year Plan have focused on improvement of agriculture and food security situation. Agriculture has been given a priority for investment in the long-term plan of CPEC.

Performance review 2016-17

During 2016-17, growth of agricultural sector and situation regarding food security remained satisfactory. From very poor performance of last year's revised growth of 0.27 per cent, agriculture achieved a growth rate of 3.5 per cent. Contributions from sub-sectors are given in Table-1. Government focus towards agriculture in the last budget has paid off in the form of high growth rate on one hand while improved food security situation and boost in rural economy on other (Box-1).

Table-1
Growth rate of agriculture sector (%)

Item	2015-16 Revised	2016-17		
		Target	Achievement	Share in GDP
Important Crops	-5.47	2.5	4.12	4.7
Other Crops	0.59	3.2	0.21	2.2
Cotton ginning	-22.12	2.5	5.59	0.5
Livestock	3.36	4	3.43	11.4
Fisheries	14.31	3	14.49	0.5
Forestry	3.25	3	1.23	0.4
Agriculture	0.27	3.5	3.46	19.5

Source: Pakistan Bureau of Statistics

Box-1**Measures for revival of agriculture sector in federal Budget 2016-17**

Keeping in view the difficulties faced by the agriculture sector the Government decided to take special steps in the financial year 2016-17. Details are as under:

- Concessions of taxes and duties: Tax and duty concessions announced in Budget 2015-16 will continue in 2016-17 amounting to Rs15 billion.
- Reduction in prices of fertilizer: From 1st July 2016, the Government has decided that the price of urea is further reduced to Rs1400 per bag. In this instance, just as in the past, the Federal and Provincial Governments will pay the cost of the subsidy, which will be Rs36 billion, in equal shares. Similarly, use of DAP is very important for improving agriculture productivity. The current price of DAP is Rs2800 per bag. The Government has decided that with effect from 1st July 2016, the price per bag of DAP will be Rs2500. Federal and Provincial Governments will pay the cost of the subsidy, which will be Rs10 billion, in equal shares.
- Enhancement in the target of agriculture credit: For 2016-17 volume of agriculture credit target is being increased to Rs700 billion.
- Reduction of cost of credit: The Government through SBP has developed a framework to reduce mark-up rates of ZTBL, NBP, Bank of Punjab and Punjab Co-operative by 2.0 per cent.
- Credit Guarantee Scheme: Under this scheme, the Federal Government is sharing risk of non-payment of credit by small farmers by guaranteeing up to 50 per cent of the financing by participating financial institutions.
- Concessional electricity tariff for Agriculture Tube Wells: From 1st July 2016, current rate of off-peak rate of Rs8.85 per unit for Agriculture Tube Wells is being reduced to Rs5.35 per unit. For this special concession, the Government will bear expenses of around Rs27 billion.
- Concession of customs duty for Dairy, Livestock & Poultry Sectors: The rate of 5 per cent for import of machinery for the dairy, livestock and poultry sectors is proposed to be reduced to 2 per cent. Incubators and brooders and machinery for animal feed stuffs presently subject to 5 per cent customs duty in Tariff is proposed to be reduced to 2 per cent.
- Concessions of Customs Duty for Fish Farming: Customs duty on import of fish feed pellet machines and water-aerators, be reduced from 5 per cent to 2 per cent. Fish feed is subject to 10 per cent customs duty whereas shrimp feed is at 20 per cent. The duty on import of fish and shrimp feed is proposed to be exempted. Similarly, customs duty on live baby fish that is subject to 10 per cent is proposed to be removed.
- Relief on Cool Chain Machinery: For processing of food, customs duty on cool chain storage and in related capital goods will be exempted.
- Exemption of Sales Tax on Pesticides: Pesticides and its ingredients are chargeable to sales tax at reduced rate of 7 per cent. This 7 per cent sales tax rate is proposed to be abolished.
- Exemption to Silos: Exemption to machinery and equipment for the development of grain handling and storage facilities is proposed to extend to silos.

Support price for wheat has been kept at Rs1300 per 40 Kg for yet another year (2017) and a procurement target of 7.05 million tonnes was set with a financing of Rs 225 billion despite the fact that wheat availability with the public sector before the start of the season was around five million tonnes. Government has been trying to offload the surplus wheat in the international market but with little success due to low prices. Similarly the sugar surpluses have become a problem and despite providing heavy subsidy the stocks are becoming unmanageable for the industry. The situation for pulses and edible oil, however,

was unsatisfactory and low productions pushed to make imports. Food trade balance skewed towards imports (US \$ 3.99 billion) compared to exports (US\$ 2.57 billion) in first nine months of the 2016-17 despite huge subsidies. Food inflation in 2016-17 was calculated at 3.9 per cent compared to 2.1 per cent in 2015-16 from the period July to April.

The Global Food Security Index (GFSI) considers the core issues of affordability, availability and quality & 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 global and regional countries is presented in the Table-2.

Table-2
GFSI (Overall score and ranking)

Country	Ranking	Score/100		Score Change
		2015	2016	
China	42	64.2	65.5	1.3
Sri Lanka	65	53.7	54.8	1.1
India	75	50.9	49.4	-1.5
Pakistan	78	45.7	47.8	2.1
Nepal	82	40.5	42.9	2.4
Bangladesh	95	32.4	36.8	4.4

Source: *The Economist, Intelligence Unit 2016*

The yearly comparison of GFSI overall score of Pakistan, Bangladesh, Nepal, China and Sri Lanka indicates improvements in food security during the year 2016 as compared to 2015, while situation in India has worsened.

Crop production

Important Crops: Share of important crops in GDP was calculated at 5.2 per cent in 2016-17. Among the five important crops, maize and sugarcane yielded the highest production in the history of Pakistan and helped achieve the growth rate of 4.1 per cent compared to negative growth of last year.

Maize has continuously been showing high achievements for the last many years. It was at 6,130 thousand tonnes with an increase of 16.3 per cent over last year production (Table-3). The increasing production trend is due to use of high quality hybrids seeds, improved production technologies and profitability. Due to continuous policy support for sugarcane, the production as well as area under its cultivation increased by 12.4 per cent and 4.25, respectively compared to last year.

Production of wheat was the second highest in the history at 25,750 thousand tonnes from an area of 9.05 million hectares which, however, missed its target by 5.8 per cent. One of the main reasons for low wheat production was reduction in area sown during 2016-17, which was reported as 9.05 million hectares against 9.22 million hectares in 2015-16. Rice ranks as second amongst the staple food grain crops in Pakistan and it is a major source of foreign exchange earnings. The production of rice during 2016-17 was recorded as 6,849 thousand tonnes from an area of 2.7 million hectares. Generally about two third of total production of rice is exported. According to Rice Exporters Association of Pakistan (REAP), during the period from July, 2016 to Feb, 2017 more than 2.4 million tonnes of rice

have been exported valuing US\$ 1.033 billion against US\$ 1.860 billion during 2015-16. The decrease in foreign exchange earnings is mainly due to decrease in the price of the commodity in international market.

Contrary to the achievements in above four important crops, cotton could not perform well though surpassed previous year production level but has still been under stress. During 2016-17, cotton sowing declined by 14.24 per cent as compared to last year from an area of 2.4 million hectares. Cotton production figures show a harvest of 10.7 million bales though 7.6 per cent higher than last year but still very low than the potential (Table-3).

Other Crops: Despite relatively good performance in major crops, the performance of minor crops which contributes to income diversification was less encouraging as the targets were missed in most crops. For the year 2016-17 production of gram crop was recorded at 359 thousand tonnes which was 25.5 per cent higher than last year, but still very low from its potential and missed the targets mainly due to dry weather, termite attack and wilting which adversely affected crop growth. Similarly, the production of onion remained at 1,784 thousand tonnes against last year production of 1,736 thousand tonnes, while production of potato was at 3,850 thousand tons with a decrease of 3.2 per cent over last year. Minor crops production generally influences the Food Price Index and Sensitive Price Index. It is, therefore, imperative to focus on increased production of pulses, condiments, oilseeds, vegetables and horticultural crops to arrest the inflation trend, ensure indigenous food security, and enhance farmers' income.

Table-3
Crop production achievements

Crop	('000' Tonnes)			
	2015-16 Actual (R)	2016-17 Target	2016-17 Achievement (P)	% change over 2015-16 Actual
Wheat	25,633	27,357	25,750	0.46
Rice	6,801	6,838	6,849	0.71
Sugarcane	65,482	67,535	73,607	12.41
Cotton (million bales)	9.917	11*	10.671	7.60
Maize	5,271	4,607	6,130	16.30
Gram	286	709	359	25.52
Onion	1,736	2,016	1,784	2.76
Sunflower	86	-	101	17.44
Potato	3,978	4,316	3850	-3.22
Tomatoes	587	-	589	0.34

Source: Pakistan Bureau of Statistics, Ministry of National Food Security & Research, Planning Commission

*adjusted

Agricultural Inputs

Fertilizers: The Government has been endeavouring hard to decrease the cost of production for which nitrogen and phosphatic fertilizer have been subsidized under Kissan Package. During 2016-17, nitrogen (N) and potash (K) off take has jumped by 30.9 and 55.0 per cent, respectively while phosphate off-take has surged by 17.4 per cent over 2015-16

(Table-4). The significant increase in fertilizer off-take during 2016-17 over 2015-16 is mainly attributed to Government incentives provided under Kissan Package. A subsidy of Rs500 per bag was provided by the Punjab government on potassic fertilizers.

Table-4
Fertilizer off-take, target and achievements

Nutrient/ Product	2015-16 Actual	2016-17		% change over 2015-16 Actual
		Target	Achievements (p)	
Nitrogen	2,672	3,328	3,498	30.9
Phosphate	1,007	848	1,182	17.4
Potash	20	28	31	55.0
Total	3,699	4,204	4,711	27.4
Urea	4,558	5,882	6,041	32.5
DAP	1,823	1,488	2,191	20.2

Source: National Fertilizer Development Centre, Ministry of Planning, Development & Reform.

Agricultural Credit: Affordable, sufficient and timely available credit along with its effective utilization is an important tool to bridge the investment gap required for purchasing inputs mix needed by the resource poor farmers. During 2015-16, financial institutions disbursed an amount of Rs598.8 billion against the target of 600 billion. For the year 2016-17, the State Bank of Pakistan (SBP) targeted to disburse Rs700 billion which was about 17 per cent more than that of the previous year's target. For the first nine months of 2016-17, financial institutions have disbursed Rs473 billion, which was 67.6 per cent of the indicative target of Rs700 billion. The central bank's has taken a number of policy and regulatory initiatives in collaboration with the government, banks and other stakeholders for promotion of agriculture financing. These initiatives include credit guarantee scheme for small and marginalized farmers, developed SOPs for crop and livestock insurance schemes and enhancement of Produce Index Unit Value. The SBP is trying to remove regional disparity in the distribution of agriculture credit which is hampering agriculture growth in agriculturally less developed regions of Pakistan.

Improved Seed: Improved seed requirement is increasing consistently. Despite presence of over 700 seed companies in business, the requirement of seed remained unmet over the years. Efforts had been made at various levels to attract foreign investment and technology in seed business but outcomes remained largely unfruitful because of nonexistence of direly needed legislations and regulatory framework. It is reported that spurious cotton seed is generally being distributed which have very low Bt. toxin. It is necessary to check this trend. Public sector is performing well in major crop seed business. It is however the insufficiency of the private seed companies to meet the demand. To improve the situation, the private sector has to come up for bridging the gap between supply and demand. Towards this end, a long outstanding issue of seed sector was resolved by making an amendment in the Seed Act 1976. Plant Breeders Rights bill has also been passed by the parliament to protect and promote investment in seed industry by local and international firms. The distribution of seed for cotton and other major crops during 2016-17 is given in the Table-5.

Table-5
Improved seed requirement and availability

(Tonnes)

Items	2016-17		
	Targets	Achievements	%age
Cotton seed	40,000	29,364	73.4
Paddy	15,300	48,362	316.1
Maize	11,300	26,065	230.7
Wheat	239,000	421,615	176.4
Pulses	10,300	3,138	30.5
Oilseeds	2,300	889	38.7
Vegetables	5,100	6,156	120.7
Fodder	40,138	29,840	74.3
Potato	52,200	3,051	5.8

Source: FSC&RD, M/o National Food Security and Research

Irrigation Water: The Vision 2025 has highlighted the nexus of food security with energy and water as a “Pillar” with the aim to achieve sufficient, reliable, clean and cost-effective availability of energy, water and food. The country depends much on Indus Basin canal irrigation system which is posed to serious operational and maintenance issues. Huge water losses in transit through leakages, illegal pumping and inefficiency of the system adversely affect the small land holders and those at the tails of the distribution channels. The recurrence of droughts in certain areas and floods in recent years has further increased the number of food insecure people. These issues have reduced water use efficiency at farm level a major reason of low average yields of crops at national level. The irrigation water availability for 2016-17 has been assessed at 132.7 MAF against the targeted 134.56 MAF. Rain fall during early Rabi season remained low causing water shortages, affecting especially wheat sowing in rainfed areas.

Plant Protection: In Pakistan, major chunk of pesticides is generally used to control cotton pests, however, on account of sowing of Bt Cotton in more than 85 per cent area of the crop, the volume of pesticides application has reduced substantially. 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. The pesticides availability situation is given in Table-6.

Table-6
Pesticides availability in Pakistan

(Tonnes)

Quantity of Pesticides	2015-16	2016-17 (Jul-Feb)
Imported	22,187	14,515
Indigenous Production	124,481	130,401
Total availability	146,668	144,916

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

Agricultural mechanization: The level of farm mechanization and average farm power availability in Pakistan is much lower than global and regional competitors. During the last few decades, the overall demand for agricultural machinery has increased due to non-availability of labourers or their high cost during peak sowing and harvesting seasons. In last year from July 2016 to March 2017, around 37,938 tractor units were produced as compared

to 21,942 tractor units in the corresponding period of previous fiscal year which is 73 per cent higher. However the production of wheat thresher and chaff cutter has been decreased by 38 per cent and 21 per cent respectively in this year compared to the previous one. Due to tax relaxation, the agricultural machinery import during 2016-17 was of US\$50,000 compared to the US\$40,000 during 2015-16.

Livestock, poultry and fisheries

The Livestock, poultry and fisheries sub-sectors are the most vibrant segments of agriculture and play a vital role in national food security and the overall economy. The livestock sub-sector accounted for 11.7 per cent of overall GDP and 56 per cent of the agricultural GDP. It achieved a growth rate of 3.4 per cent against the achievement of 3.36 per cent of the year 2015-16. Livestock is mainly raised by around 8.5 million small farmers and landless families in the rural areas and is their main source of livelihood. Thus the sub-sector plays an important role in poverty alleviation, gender employment, and stimulation of agricultural growth given its enormous potential for value addition and export. Physical performance of livestock, dairy, poultry and fisheries sub-sectors during 2016-17 is given in Table-7.

Table-7
Physical performance and targets of livestock, poultry and fisheries

Items	2015-16 Actual	2016-17		% Change over 2015-16 Actual
		Target	Achievements (P)	
Meat	3,990	4,062	4,212	5.56
Beef	2,057	2,085	2,175	5.74
Mutton	691	701	723	4.63
Poultry	1,242	1,276	1,314	5.80
Milk	55,688	56,080	57,987	3.41
Eggs (Million Nos.)	16,720	17,083	17,116	2.37
Fish	788	840	796.5	1.08
Inland	295	330	296	0.34
Marine	493	510	495	0.41

Source: Pakistan Bureau of Statistics and Marine Fisheries Department

Livestock Products: Besides providing livelihood to farmers, livestock products have been emerging as an important source for foreign exchange earnings. More than US\$ 164.631 million were earned as foreign exchange through the export of livestock and allied products during July-March, 2016-17 (SBP). Pakistan is one of the largest milk producers in the world but traditional marketing system remains a major barrier to transform its subsistence production into a commercially viable venture as about 3-5 per cent of milk is processed for value addition while major chunk is consumed locally through traditional marketing system. Last year milk production was calculated at around 58 million tonnes in the country. The meat share of this sub sector was 69 per cent in the total meat production during 2016-17.

Poultry: Poultry has emerged as a major job provider in the rural areas. Poultry has attained an incredible status in rural economy and is the second largest industry in Pakistan and means of livelihood for millions. Poultry meat and eggs are cheaper sources of protein diet. It contributed about 31 per cent of the total meat production in the country and played vital role in soothing demands of mutton and beef.

Fisheries and Seafood: Fisheries and fishing industry are means of food and source of livelihood for millions especially in the coastal areas and play a significant role in the national income through export earnings. About 50 per cent of the total fish production is consumed locally, 20 per cent is exported, whereas about 30 per cent is converted into fish-meal for the poultry industry. Fish and fishery products from Pakistan are exported to 75 countries of the world. A major fraction of seafood is exported in frozen form; whereas dried, chilled, fresh and live seafood are also exported. 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. A quantity of 88 thousand tonnes of fish and fish products has been exported, earning US\$ 268.2 million foreign exchange during July-March, 2016-17 against earnings of US\$ 238.8 million in the same period of last fiscal year, with an increase of 12 per cent. Total production from marine as well as inland resources was close to 800 thousand tonnes in 2016-17 (Table-7).

Forestry

Area under forest cover in Pakistan is stagnant i.e. below 5 per cent. Deforestation has been a serious issue which is now realized by different quarters. Both provincial as well as federal governments are making headways to increase the plantation. To arrest the deteriorating situation, a ban has been imposed on cutting of trees with the hope to reverse the situation in coming days. In 2016-17, the forestry sector has seen an impressive growth of 14.5 per cent. To regulate the forestry sector for the purpose of defining the federal and provincial jurisdictions, role of the private sector, and controlling the illegal forestry, the National Forest Policy has been announced this year which is expected to bring new investment in the sector. The Prime Minister has announced a Green Pakistan programme which is expected to boost the plantation of trees in suitable areas.

Development outlay

Federal Public Sector Development Programme 2016-17

In the Federal PSDP 2016-17, a sum of Rs 29,292 million was allocated to 79 schemes related to different Ministries / Divisions / Agencies for development of Food and Agriculture Sector (Table 8). However, the allocation for the Ministry of NFS&R remained low at Rs1520 million. Investment on water directly helps agriculture sector development which was Rs 26,716 million.

Table-8
Food and agriculture sector, PSDP allocations 2016-17

Sr.#	Ministry/Division/Agency	No. of Schemes			Total Cost	Allocation 2016-17
		Ongoing	New	Total		
1.	National Food Security&Res.	20	06	26	1,0121	1,520
2.	Planning, Dev.& Reform	-	02	02	1,296	90
3.	Higher Education Commission	01	02	03	1,874	330
4.	Sci.& Tech. Res. Division	01	01	02	104	30
5.	Water & Power Division	36	-	36	607,578	26,716
6.	Interior Division	05	-	05	262	61
7.	Port & Shipping Division	03	-	03	151	145
8.	Finance Division	02	-	02	2,643	400
Total		68	11	79	624,029	29,292

Source: PSDP 2016-17

Annual Development Programme 2016-17

The allocation of funds to agriculture and allied sub-sectors by the provinces/regions in their respective Annual Development Plans 2016-17 was Rs 54,985 million (Table-9).

Table-9
Allocation in the Annual Development Programmes (2016-17)

(Rs million)

Province / Region	Sectoral Allocations				
	Agriculture + on-farm water	Food	Livestock	Fisheries	Total
Punjab	20,000	865	9,227	755	30,847
Sindh	5,794	383	1,240	687	8,104
Khyber Pakhtunkhwa	5,634	732	410	173	6,949
Baluchistan	6,519	-	199	362	7,080
Gilgit-Baltistan	312	-	127	7	446
FATA	601	-	528	19	1,148
AJ&K	217	-	140	54	411
Total	39,077	1,980	11,871	2,057	54,985

Source: Provincial/Regional ADPs 2016-17.

In the Punjab Budget 2016-17, the Chief Minister announced Rs100 billion package over the next two years for agriculture sector to be spent on fertilizer subsidy, loans for farmers for which all interest to be paid by the Government of Punjab, subsidy on GST for electricity driven tube-wells, provision of agricultural machinery through service centres, increase in cotton production to 10 million bales in the province, solar drip irrigation system, tunnel farming, rural roads, livestock production and health care and irrigation sector projects. Salient features of the package are:

- Rs13.750 billion has been spent on fertilizer subsidy, resulting in availability of urea @ Rs1,400 per kg and DAP@ Rs2,500 per kg. (increased urea and DAP usage by 24.5 and 22 per cent, respectively)
- Voucher based potash subsidy scheme.
- Kissan Card Scheme is being launched at a cost of Rs2 billion to ensure direct subsidies to targeted farmers in efficient manner.
- Establishment of high-tech mechanization service centres ensuring availability of state-of-the-art machinery within districts at a cost of Rs21 billion.
- Solar tubewells sharing of 80 per cent by GoP and 20 per cent by farmers
- Tunnel @ of 50 per cent by GoP and 50 per cent by farmers upto 15 acres for which Rs4.8 billion has been allocated
- Task of credit disbursement of Rs100 billion for 2.5 million acres.

Outlook 2017-18

Keeping in view the overall performance, investments and policy interventions, outlook for 2017-18 seems quite promising and a target of 3.5 per cent has been fixed for the growth in agriculture sector for the 2017-18, stemming from crops 2.7 per cent (important crops 2, other crops 3.3, cotton ginning 3.5), livestock 3.8 per cent, fishing 1.7 per

cent and forestry 10 per cent. These targets are achievable as the commodity market is expected to be stable in the near future. However, risks to the target are extreme weather conditions resulting in floods and abnormal rainfall. Targets of production of some of the significant crops for 2017-18 are presented in Table-10.

Table-10
Production targets of crops for 2017-18
(‘000’ Tonnes)

Crop	Production
Important Crops	
Wheat	26,500
Rice	6,900
Sugarcane	70,309
Cotton (million bales)	13.6
Maize	6,200
Other Crops	
Gram	500
Onion	1,850
Sunflower	160
Potato	4,000
Tomato	600

Source: Planning Commission

On the input front both public as well as private sectors are endeavouring to provide good quality inputs to enhance overall agriculture productivity. With continuous support to enhance fertilizer use, the targets of 4,161 thousand tonnes of nutrient use has been fixed (Table-11).

Table-11
Fertilizers Use Projection/Targets
(‘000’ tons)

Nutrient/Product	2017-18
Nitrogen	3,199
Phosphate	936
Potash	26
Total	4,161
Urea	5,764
DAP	1,691

Source: NFDC, Planning Commission

Government is committed to promote agriculture finance through inclusive and broad-based approach. The target of agricultural credit for 2017-18 has been fixed at Rs770 billion in 11th Five Year Plan. The Seed (Amendment) Act, 2014 has been passed by the National Assembly. After enactment, its enforcement is expected to enhance the role of private sector regarding production of basic seed its multiplication, certification and also in establishing of accredited seed testing laboratories. Seed production targets for the year 2017-18 are given in Table-12.

Table-12
Targets of improved seed 2017-18

('000' Tonnes)

Crop	Requirements	Target	Per cent
Wheat	1085	244	22
Cotton	40	40	100
Paddy	42.48	16.1	36
Maize	31.91	12.1	36
Fodders	40.14	13.7	33
Oilseeds	10.58	2.3	22
Pulses	47.50	11.4	23
Vegetables	5.07	5.1	100
Potato	372.73	55.9	14
Fruit Nursery (000 Nos.)	1,000	85	8.5

Source: 11th Five Year Plan, Planning Commission

Farm mechanization is facing multiple challenges mostly relating to technology, markets, operations, financing, policy framework and other related areas. Moreover, land holdings, cropping patterns, market price of crops, 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 and agriculture. Under Prime Minister Package tax reduction was announced in previous budget which gave a boost not only local production of tractors but also enhanced import of farm machinery. Further the government efforts to bring FDI from Belarus for establishing a new assembly line is in pipeline. It is hoped that the advancement in farm mechanization will continue in this year. Along with efforts to introduce new Bt. technologies for cotton, a new advisory has been issued and being pursued to control pink boll worm which has been declining cotton output in recent years. Likewise government supports to pesticide sector by reducing taxes, have increased pesticides usage and hence better crop protection.

Livestock, poultry and fisheries

Pakistan's geographic position provides a scope of considerable opportunities to boost livestock especially in the case of Halal food. This potential to enhance the quality of livestock, poultry, fisheries 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. GDP targets from the livestock and fisheries have been fixed at 3.8 per cent and 1.7 per cent, respectively. The output targets for the year 2017-18 are given in Table-13.

Table-13
Livestock and fisheries targets 2017-18
(‘000’ Tonnes)

Item	Targets
Meat	4,263
Beef	2,155
Mutton	717
Poultry meat	1391
Milk	57,890
Eggs (million Nos)	18,037
Fish	801
Inland	300
Marine	501

Keeping in view the better performance of the forestry sector in 2016-17, a growth target of 10 per cent has been fixed for 2017-18.

Programmes

Total size of the PSDP for 2017-18 is over one trillion rupees. Main funds are going for infrastructure development and in energy sector. However the investment on projects of Ministry of National Food Security and Research is Rs 1,614 million. It is pertinent to point out that agriculture related projects have also been mentioned under other ministries because of its cross cutting nature. Significant of them is water sector of which allocation is Rs 38 billion for this year.

Some of the important initiatives of the federal government are given below:

- Promotion of olive Cultivation on Commercial Scale in Pakistan.
- Strengthening / Up-gradation of Agriculture and Livestock Research System of Arid Zone Research Institute, Umerkot, Sindh
- Strengthening and Up-gradation of Arid Zone Research Institute, D.I Khan
- Commercialization of Tissue culture technology in Pakistan
- Productivity enhancement of pulses in Pakistan
- Value Addition in Agriculture – Cluster Development Approach
- Establishment of Centre for Rural Economy
- Risk Based Control of Foot & Mouth Disease in Pakistan
- Strengthening of NIBGE Faisalabad and NIA Tandojam
- Solar tubewell scheme

Besides the investments of the federal government on agriculture sector, provinces are investing in it from their own resources. Last year the investment from provinces and federal areas was Rs55 billion which will be significantly enhanced. The Chief Minister Punjab Kissan Package and rural road programme will further ease out the difficulties of rural economy of the Punjab where most of the agriculture GDP originates. Several donors are also investing in agriculture sector in collaboration of provinces. Donor’s investment portfolio is quite significant in Pakistan for the agriculture sector.

Chapter 21 | NUTRITION

Access to safe and nutritious food is a basic right of every citizen to survive and thrive. Adequate nutrition is required to have proper body functions for healthy and productive life. A balanced diet comprising of six essential nutrients: macronutrients (carbohydrates, protein & fats); micronutrients (vitamins and minerals); and water in appropriate combinations meet daily requirements of nourishment. Malnutrition is a big public health challenge¹ and one in three people is affected with malnutrition in one form or another. An estimated 45 per cent of deaths of children under age 5 are linked to malnutrition². In Pakistan, 9.5 million children are stunted and 3.5 million children are wasted.³

The Global Food Security Index (GFSI) considers the core issues of affordability, availability, and quality across a set of 113 countries. The index is a dynamic quantitative and qualitative benchmarking model, constructed from 28 unique indicators, that measures these drivers of food security across both developing and developed countries. Pakistan ranked 74 in affordability, 75 in availability and 83 in quality and safety out of 113 countries⁴.

Malnutrition and diet are considered largest risk factors responsible for the global burden of diseases seriously affecting the economic growth⁵. According to recent study conducted by Ministry of Planning, Development & Reform, the loss to Gross Domestic Product (GDP) is about 3 per cent in Pakistan due to under nutrition which is Rs 704 Billion (\$7.6 billion) annually. Progressive development in nutrition has been initiated with the adoption of Pakistan Vision 2025 and is contributing towards the achievement of SDGs and World Health Assembly (WHA) Global targets.

Performance review 2016-17

Food availability and cost of food basket

Food Availability

Pakistan is an agricultural country and 2/3rd of its population is directly or indirectly dependent on agriculture. The trend on the availability of essential food items is assessed through food balance sheets every year. The food availability situation in the country sustained during 2016-17 to meet the overall national requirements by adjusting import and export of food commodities. The caloric availability through major food items remained at 2,485 calories per capita per day (Fig-1).

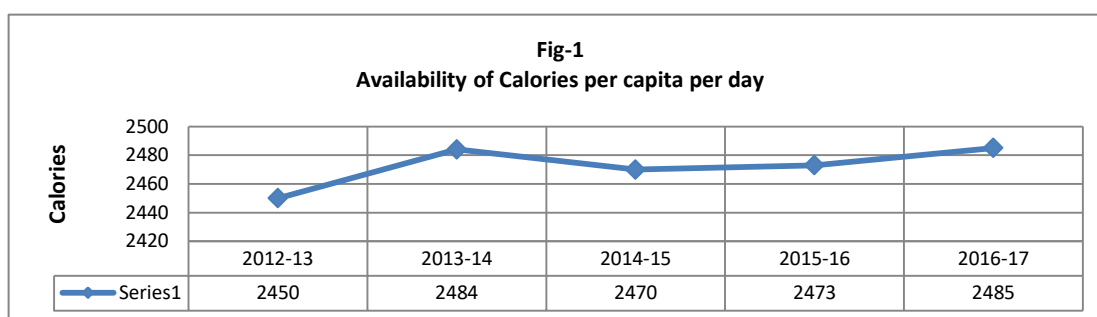
¹IFPRI (2015)

²Black *et al.* 2013

³Global Nutrition Report (GNR), 2016

⁴GFSI, 2016

⁵Forouzanfar *et al.*, 2015



The availability of all essential food items for last five years is given in the following table:

Food availability per capita per annum

Food Items	Units	2012-13	2013-14	2014-15	2015-16	2016-17 (P)
Cereals	Kg	160.0	161.0	162.0	162.0	162.5
Pulses	Kg	7.0	6.5	7.0	7.0	6.5
Sugar	Kg	31.0	32.0	32.0	32.0	31.5
Milk*	Ltr	167.0	169.80	170.0	170.0	170.2
Meat	Kg	13.14	13.13	13.10	13.8	14.5
Poultry	Kg	5.42	5.74	6.10	6.03	6.02
Eggs	Dozen	6.0	6.0	6.0	6.0	6.0
Edible Oil/Ghee	Ltr	13.5	12.6	14.0	14.0	14.5

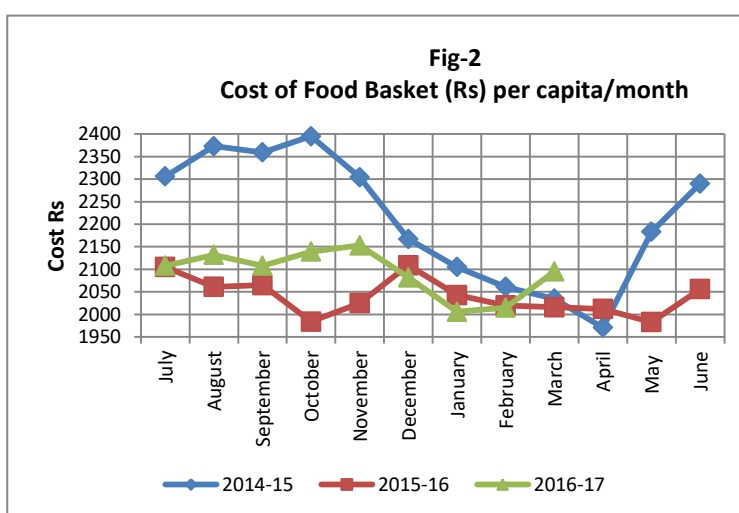
*P: provisional * Milk availability has been revised according to FAO criteria*

Cost of food basket

Food basket cost is estimated every month using representative information from Pakistan Bureau of Statistics (PBS). This expenditure corresponds to commodities for basic food basket for provision of 2150 calories, 60 grams protein. The average cost for the last three years from 2014-15 to 2016-17 at national level has been worked out which revealed significant difference among the years and months. However, overall cost trend of the food basket is similar among the years and remained low during January to April (Fig-2):

Nutrition interventions/activities

Pakistan Multi-sectoral Nutrition Strategy is in final phase of development. National and provincial level consultations have been completed. Interest in nutrition has increased over the time with stronger political involvement at national and provincial level, leading to significant financial pledges and policy commitments. Following interventions have been



made to create awareness about the importance of nutrition among different segments of society:

- **Political involvement;** Leveraging the budgetary and legislative powers of parliamentarians, in five seminars almost 110 parliamentarians have been engaged in policy planning events to keep nutrition agenda at higher priority by holding several advocacy and awareness sessions in provinces and at national level.
- **Media campaigns;** Capacity building exercises for media personnel have been carried out in five seminars engaging 125 media personalities for spearheading nutrition awareness as part of behavior change communication campaigns.
- **Early Childhood Development (ECD);** ECD Task force has been established with the aim to provide a high level platform for policy/strategic framework, planning, coordination, exchange of information. The ECD would care the most critical period of first 1,000 days and carrying it up to 8 years to develop full physical and mental potential.

Research studies

Following research studies were carried out during 2016-17:

- **Nutrition in the Cities:** The study based on secondary data analysis on available validated national datasets (MICS, PDHS, and the National Nutrition Survey 2011) to determine the influencing variables for under-nutrition in children under 5 years of age. It was originally focused on urban areas only but was later expanded to include both rural and urban areas at the provincial level.
- **Cost of the Diet Analysis (CoD)** is a standardized tool used to calculate the cheapest possible cost of a locally available diet that satisfies all nutritional requirements (energy, protein, fat and micronutrients) of a household or individual. The study estimated the affordability of nutritious diet by urban, rural dwellings and seasonality on the basis of data pertaining to 28 divisions in the four provinces.
- **Economic consequences of under nutrition in Pakistan - an assessment Report.** An assessment was made regarding economic consequences of under-nutrition by analysing the secondary data from 190 different sources using computer modeling for 15 indicators of under nutrition documented in NNS (2011) and PDHS (2013). The report reveals that not attending these indicators leads to annual loss of \$7.6 billion which is near to 3per cent of GDP.
- **Fill the Nutrient Gap (FNG)** was carried out to strengthen nutrition situation analysis and decision making on interventions to specifically respond to identified nutrient gaps and improve nutrient intake for key target groups. The FNG is an in-depth analysis of secondary qualitative and quantitative data on nutrition, dietary intake, food security, household food expenditure and socio-economic status as well as intervention modelling using the Cost of Diet (CoD) linear programming tool. A portfolio of short term nutrition interventions has been identified to overcome malnutrition.

Outlook 2017-18

Nutrition champions and leaders across Pakistan have made an increasingly effective case for investing in nutrition. All provinces / areas have developed their multi-sectoral nutrition strategies and are in implementing phase in their multi-sectoral plans. Under Social Safety Net Measure, Benazir Income Support Programme (BISP) served 5.43 million

beneficiaries throughout the country during 2016-17 and will continue to provide cash incentives to the poor segments of the population during 2017-18. Pakistan SUN Movement with established provincial/areas SUN units and its five networks provides opportunity to improve nutritional situation in the country through coordinated efforts to fulfil national and international commitments. The SUN Networks: Government, UN, Donors, Civil Society Alliance, Business and Academic & Research (SUNAR PAK) mobilized all stake holders to play their role in the nutritional development of the nation. Globally 59 SUN countries are striving to achieve the World Health Assembly targets for maternal, infant, and young child nutrition by 2025. These goals are at core of the 2nd International Conference on Nutrition (ICN2) Framework for Action and are integral for achieving the Sustainable Development Goals (SDGs). In this regard two federal nutrition PC-Is are being prepared to raise nutrition awareness in the country and to overcome malnutrition in the federal areas.

Programmes

The following projects/activities are ongoing at national and provincial level:

- Federal Government has allocated Rs 100 million in PSDP for the National Initiative for SDGs/Nutrition.
- Food Composition Table (FCT) and Dietary Guidelines (DG) for Pakistan are going to be revised, for providing information on foods & diet to the general public. The DG has been finalized and is ready for launch whereas FCT research work is going on.
- In Khyber Pakhtunkhwa; three programmes are being implemented namely: Health Integrated Reforms Programme having 4th component as nutrition at a cost of Rs 20 million out of Rs 14.11 billion; Special Initiative for Susta Atta/ Ghee Package at a cost of 2.45 billion and Primary Education School Feeding Programme of Rs 97.6 million have been started.
- In Punjab; Health integrated reforms Programme (Integrated Reproductive Maternal New Born & Child Health (IRMNCH) & Nutrition Programme) costing Rs13 billion having 4th component as nutrition with specific allocation of Rs 4 billion; Stunting Prevention Nutrition Programme at a cost of Rs7 billion and WASH Programme at a cost of Rs9 billion in southern 11 districts of Punjab are going to start implementation.
- In Balochistan; Nutrition Programme for Mothers & Children has been initiated for implementation in 7 districts at a cost of Rs1.5 billion and multi-sectoral intervention project is going to be finalized.
- In Sindh; Nutrition Support Programme has started implementation at a cost of Rs4.5 billion in 13 districts; Saaf Suthro Sindh (SSS) Programme at a cost of Rs278 million and Nutrition Sensitive Agriculture” Project for three districts (Jacobabad, Sanghar & Umerkot) at a cost of Rs582 million and budget allocated for “Accelerated Action Plan (AAP) for the Reduction of Stunting and Malnutrition to reduce stunting from 48per cent to 30per cent over the next three years by allocating Rs1 billion every year.
- Ministry of National Food Security and Research with the support of Harvest Plus succeeded to develop a bio-fortified wheat variety “Zincol 2016” to overcome the deficiency of zinc and iron.
- Universal Salt Iodization (USI) Programme in 110 districts through Public Private Partnership is going to be strengthened through quality and quantity measures.

Chapter 22 | ENVIRONMENT AND CLIMATE CHANGE

Environmental degradation is the deterioration of the environment through depletion of resources such as air, water and soil; the destruction of ecosystems and habitats; the extinction of wildlife; and pollution. As the population of the world increases we are facing the ultimate challenge of keeping the world habitable for the humans. There is a direct relation of the human population with pollution. A growing world population might seem like an obvious threat to the environment that goes far beyond the debatable theory of global warming. Massive uncontrollable consumption of the resources and increasing pollution is causing severe repercussions for the future generations.

Sustainable development is the keystone of all considerations by the government including concern for environment, its protection, renewal and enrichment. Even though environment and climate change is no longer any single country's problem, Pakistan is doing its part for the conservation of global environment by producing less carbon and creating greener and a more sustainable world. The Prime Minister's directive for a greener Pakistan has seen the initiation of Green Pakistan programme which seeks to plant trees all across Pakistan.

Global Climate Risk index issued by the German watch, lists Pakistan as the 5th most vulnerable country in the world. Pakistan has seen huge death tolls and financial losses amounting to 2.2 billion dollars due to extreme climatic events. Pakistan is amongst the smallest contributors to the global carbon emissions but is affected the most by the extreme weather events and climate change.

Table-1
The climate risk index for 2014: the 10 most affected countries

Ranking 2014 (2013)	Country	CRI score	Death toll	Deaths per 100,000 inhabitants	Absolute losses (in million US\$ PPP)	Losses per unit GDP in %	Human Development index 2014
1 (93)	Serbia	8.17	59	0.82	3300.31	3.44	77
2 (15)	Islamic Republic of Afghanistan	10.67	434	1.39	337.1	0.55	169
3 (15)	Bosnia and Herzegovina	11.5	26	0.67	3584.78	9.36	86
4 (1)	Philippines	12.5	328	0.33	3312.69	4.48	117
5 (6)	Pakistan	12.67	1.23	0.66	2220.53	0.25	146
6 (77)	Bulgaria	13.83	31	0.43	2383.60	1.85	58
7 (143)	Nepal	15.83	533	1.9	143.1	0.21	145
8 (109)	Burundi	16	80	0.87	73.38	0.87	180
8 (33)	Bolivia	16	47	0.42	449.45	0.64	113
10 (3)	India	16.17	1863	0.15	36950.5	0.5	1135

Source: Global climate risk index by German Watch

Rising global temperatures are likely to cause more devastation and human casualties in future as in 2015 in Pakistan, according to the report of National Disaster Management Authority (NDMA) the death toll was greater than 1,200¹, as a heat wave struck the region. On one day, the temperature in Karachi rose to 48°C. This was measured at around 64 degrees on the heat index which reveals, how such a temperature is perceived by humans². Extensive research is required with accuracy and collection of data to generate reliable weather models. This will help to forecast extreme climatic events with more precision and let the nation prepare for any impending disasters.

The changes in climate will force human populations to relocate massively as the water, air and land become unusable in the very near future. Environmentally displaced people are bound to rise and will not be controllable by the resource scarce economies of the world.

Performance review 2016-17

The Green Pakistan Program is being implemented with mass afforestation all over Pakistan. Besides, Sustainable Land Management Program, phase-II and Weather Surveillance Radars at Karachi are being implemented. There are also projects like Development of Reverse Linkages with MARMARA Research Centre Turkey, which will enhance our capacity in seismic research & development and prediction of earthquakes and floods.

Outlook 2017-18

Environment and climate change strategy / policy strategy

The mitigation of the climate change devastations and deceleration in the carbon emissions is a huge requirement to curb the already disastrous effects of climate change and environmental degradation. To combat the havoc caused by extreme climatic events and to keep the catastrophes of climate change in check, following policies will be continued:

- Transformation of existing environmental policies into practice by implementing a Programme based approach and to identify gaps and issues, activities & action plan as well as strategies to overcome the environmental issues.
- A realistic approach in the management of ecosystem will be carried out with the special emphasis on imperative ecosystem segments such as protection of biodiversity, water conservation and soil erosion protection, carbon sequestration and biodiversity protection, etc.
- Supply of drinkable water and sanitation (WSS) requires special attention as presently a large number of households don't have access to enough potable or shallow water. Poor sanitation leads to sickness as well as negative impact of ecosystem. Therefore, a strategy to improve sanitation and to expand access to clean drinkable water particularly in rural areas is being implemented with the help of provincial governments.
- Due to the water scarcity in the country waste water treatment is imperative for the continuous and affluent supply of water for agriculture in future. Despite having the

¹ <http://www.ndma.gov.pk/files/heatwave.pdf>

² (<http://www.dw.com/en/south-asia-braces-for-another-heat-wave/g-38249710>)

potential and capacity of our industry for designing and fabricating wastewater/ sewage treatment plants locally it is challenging that a meagre portion of industrial wastewater is being treated and reused. Therefore, to treat and recycle industrial effluents, a Wastewater Treatment Program will be initiated in the country in collaboration with the provincial governments.

- For increased forestry cover and enhancement of natural resources, a strategy to develop forest cover along with conservation and restoration of the natural resources of the country will be implemented through applied approach of ownership. A strategy will also be designed to motivate locals to manage forests areas and land around their residences. Strategy would also include provision of alternative energy resources to the residents of forest cover areas such as LNG at affordable price.

International Consensus

Paris Agreement: essential elements

The Paris Agreement builds upon the United Nations Framework Convention³ on Climate Change and for the first time brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. As such, it charts a new course in the global climate effort.

The Paris Agreement's central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5°C. The Paris Agreement requires all Parties to put forward their best efforts through nationally determined contributions (NDCs) and to strengthen these efforts in the years ahead. This includes requirements that all Parties report regularly on their emissions and on their implementation efforts.

In 2018, Parties will take stock of the collective efforts in relation to progress towards the goal set in the Paris Agreement and to inform the preparation of NDCs. There will also be a global stock take every 5 years to assess the collective progress⁴ towards achieving the purpose of the Agreement and to inform further individual actions by Parties.

Programmes

Some of the Programmes which will be implemented federally are as follows:

- Development of reverse linkages with MARMARA Research Centre Turkey
- Strengthening Capacity for Effective implementation of the Pakistan trade control of Wild Fauna and Flora Act (under consideration)
- Establishment of Climate Change Reporting Unit (under consideration)
- National Disaster Spatial Data Infrastructure (under consideration)
- Implementation of Human Resource Development Plan (under consideration)

³ http://unfccc.int/essential_background/convention/items/6036.php

⁴ http://unfccc.int/files/paris_agreement/application/pdf/pa_progress_tracker_10042017.pdf

- The Prime Minister of Pakistan has approved launching of Green Pakistan Programme aimed to increase the forest cover of the country.
- Green Pakistan Programme – Revival of Wildlife Resources in Pakistan.
- Strengthening “Zoological Survey of Pakistan” for undertaking immediate inventory of undertaking immediate inventory of endangered wildlife species and habitats across Pakistan for producing regular status reports on periodic basis (Principally approved by CDWP).
- Climate Resilient Urban Human Settlements Units (Approved in principle).
- Establishment of Climate Change Reporting Unit in Ministry of Climate Change, Government of Pakistan (Approved in principle).
- Establishment of Pakistan WASH Strategic Planning and Coordination Cell (Approved in principle).

PILLAR-V

**Private sector and
entrepreneurship-led growth**

Chapter 23 | MANUFACTURING, MINERAL AND COMMERCE SECTORS

Economic growth and development of a country substantially depends upon robust performance of the manufacturing sector. Continuous value addition, a permanent feature of dynamic manufacturing sector, is linked to technology up-gradation, enhanced technical skills, access to credit and better management. Pakistan's manufacturing base is narrow and concentrated in few sectors. Country's main industries are textile, cement, fertilizer, iron & steel, tobacco, pharmaceuticals, construction materials, automotive industry, sugar, food processing, chemicals and light engineering etc.

Manufacturing sector faces many challenges including non-existence of Industrial Policy, low ranking on ease of doing business and global competitive index, less innovative products, poor & ineffective academia-industry linkages, low level of integration in global value-chains, and rising cost of production due to input factors. In order to be competitive at international level, Pakistan Vision 2025 and 11th Five Year Plan envisage strengthening of institutions; removing infrastructure bottlenecks, promoting public private partnership, encouraging investment, developing skills and building knowledge economy, easing of doing business, increasing labour market efficiency, using of ICT, and tapping large domestic and regional markets.

Performance review 2016-17

Manufacturing sector recovered from sluggish performance due to improved energy supply and better law & order situation and posted healthy growth in the first nine months of the review period. Industrial growth mainly relies on availability of energy, raw material, skilled manpower, value-addition, and market forces. Government made considerable efforts in creating a conducive environment to foster private sector investment and increased growth. During 2016-17, the overall Large Scale Manufacturing Sector (LSM) has shown growth of 5.06 per cent for the period of July-March 2016-17 when compared with the same period of previous year which was 4.70 per cent.

According to National Accounts Committee (NAC), in 2016-17, the industrial sector grew at the rate of 5.02 per cent against targeted 7.69 per cent, manufacturing sector by 5.27 per cent against targeted 6.06 per cent, LSM by 4.93 per cent against targeted 5.9 per cent, while SME grew at the rate of 8.18 per cent against targeted 8.22 per cent. These growth rates are provisional and final figures for full year will be determined later. The main growing industries in 2016-17 were textile, automobile, food, beverages & tobacco, pharmaceuticals, fertilizers, electronics, paper & board, iron & steel products, and non-metallic mineral products.

An amount of Rs1,159.55 million was allocated for 15 development projects of the Industries & Production Division in PSDP 2016-17, against which Rs762.02 million were released till May 2017.

On the development side, Ministry of Commerce was allocated an amount of Rs796.86 million. The projects executed in 2016-17 include "Purchase of Equipments, Furnishing, Curriculum Development and Training of Pakistan Institute of Fashion Design" Lahore (Costing Rs755.75 million) reflected 99.04 per cent financial progress, while the physical progress remained 87 per cent and the project "Restructuring of Pakistan Institute of Trade and Development" showed 11.21 per cent financial progress while physical progress remained 7.34 per cent. Project titled "Expo Centre Peshawar" was provided with additional amount of Rs300 million through re-appropriation of funds from project titled "Expo Centre Islamabad" for quick take off.

In order to reduce cost of doing business, the Government took a major step of reducing electricity tariff by Rs3 per unit for the industrial units with effect from 1st January 2016. Furthermore, the export infrastructure is being continuously improved, capacity of Expo Centre Lahore has been doubled, ground-breaking of Expo Center Peshawar and at land ports at Torkham, Wagha and Chaman are also expected in the current year.

Prime Minister has announced the country's biggest export package worth Rs180 billion to enhance foreign trade.

Outlook 2017-18

Pakistan's manufacturing sector is gradually reviving and flourishing. With the improvement in energy, law and order situation, investment opportunities, increasing government expenditure in infrastructure development like Industrial Estates / Special Economic Zones (SEZs), announcement of Automotive Development Policy (ADP) and New Textile Policy, it is expected that Pakistan's manufacturing sector would gain further momentum in 2017-18. Likewise proposed Industrial Parks / SEZs along-with CPEC route would bring investment therein through shifting of some production units from China, which would further improve the industrial output in coming years. To enhance export competitiveness, the strategy is to increase the number of products in the export-base so as to decrease dependence on textiles and rice, the two major sectors. Approach to be followed for the improvement of the Sector includes exploration of lucrative and approachable markets and diversification along with better competitiveness of our products through structural reforms.

Table-1
Sector-wise allocation in PSDP 2016-17 and 2017-18

Sector	(Rs million)	
	2016-17	2017-18
Ministry of Industries and Production	1,029.53	1,100
Ministry of Textile Industry	150	150
Ministry of Commerce	796.86	900

Programmes

The federal government has launched different projects to revive and boost the industrial growth. Major interventions to be undertaken these projects include developed infrastructure, skilled workers, marketing facilities, and common facility centres to attract and facilitate the investors. Some of the important projects are listed below:

- Light Engineering Up-gradation Centre for SMEs in Balochistan (LEUC), Hub Lasbela;
- Water Supply Scheme for Hub Industrial Trading Estate (Phase-II);
- Establishment of Bostan Industrial Estate (Phase-I), Bostan;
- Provision of Infra-structure in Quetta Industrial Estate (Phase-IV), Quetta;
- Establishment of Gems and Jewellery Training and Processing Centre in Muzaffarabad, AJK.

Vision 2025 has suggested a cluster based development model to transform manufacturing sector. Detailed value chain analysis is underway that will help in identifying important clusters of Pakistan which development will be prioritized in the long-term industrial transformation plan. It is expected that the project “Cluster Development Based Industrial Transformational Plan – V2025” will immensely help manufacturing sector through targeted interventions. Under the project titled “1000 Industrial Stitching Units”, one thousand stitching units would be established which would further boost up our garment sector by bringing in value-addition, cluster development, and improving productivity. In commerce sector, prominent projects, which will continue during 2017-18, include the “Expo Centre Peshawar”, costing Rs2,500 million, while project titled “Expo Centre Islamabad” is in pipe line.

The Government has recently announced Auto Industry Policy which will attract new investment in this sector and the allied industries will get benefit from it. Textile Policy 2014-19 is under active implementation to boost up the textile sector, particularly its exports. Work on CPEC is also progressing on fast track and Industrial Parks / Special Economic Zones (SEZs) have been identified by provinces which will create new economic opportunities and boost up industrial growth.

Mineral

Mineral Sector provides raw materials in different forms to most of industries. Countries with strong and robust industrial sector have showed more economic growth and resultantly higher national income and better living standard of their population. Inadequate facilities for exploration and production of mineral resources, poor infrastructure, poor management and non-availability of new technology are the main hurdles in development of mineral sector. Government has taken various steps to overcome these hurdles. The Geological Survey of Pakistan is striving hard to strengthen data base on natural resources of the country so that its due share could be utilized for the uplifting of the economy of the country, well-being of its population and increasing reserves of the foreign exchange.

Performance review 2016-17

Public Sector Development Programme (PSDP) allocation for Mineral Sector was Rs444.51 million for two development schemes i.e. “Acquisition of Four Drilling Rigs for Geological Survey of Pakistan” and “Exploration and Evaluation of Metallic Minerals, in Uthal and Bela Areas, District Lasbela, Balochistan”. Detail regarding these projects is given below:

- **Exploration and evaluation of metallic minerals, in Uthal and Bela areas, district Lasbela, Balochistan**

Teams of geophysicists and geologists have been carrying out the detailed geophysical surveys and geological mapping at selected sites. Samples of different

exposed rock units and stream samples have been collected and are in process of analyses. Base map on the basis of previous literature has been prepared. Induced Polarization and Magnetic Surveys have been carried out at the Sukhan, Sap Dohro and Shumali areas near Uthal Town. Potential bodies have been selected for large scale mapping on the basis of Integrated Geophysical Surveys.

- **Acquisition of four drilling rigs for the Geological Survey of Pakistan**

Review of specifications of latest drilling rigs available in international market has been completed. Preparation of technical specifications of drilling rigs is in process. Preparation is under process for advertisement in different newspapers. Two, new, 275 HP, Hydraulic, Truck Mounted Multipurpose Drilling Rigs with drilling capacities of 1300-2000 meters HQ and 2000-3000 meters NQ, with accessories and spare parts of rigs and trucks have been purchased from Italy on FOB basis. Rigs with accessories have been received in GSP, Headquarters Quetta on 10-09-2016.

- **Cluster development based mineral transformation plan – V2025**

Ministry of Planning Development & Reform has started new initiative Cluster Development Based Mineral Transformation Plan-V2025 at cost of Rs62.21 million with the aim to improve productivity in the mines and mineral sector, enhance exports, increase value addition and create jobs.

Outlook 2017-18

During 2017-18, the strategic focus of the mineral sector would be on the following areas:

- Encourage private sector for development of downstream industry in coal and other minerals.
- Develop skilled human capacity through skills development programme, training and in house professional exams.
- Provide technology through technological up-gradation; provision of sophisticated machines, equipment, tools and spares in Common Facility Centres and develop machine pools;
- Infra-structure development in remote areas.
- Development of Research and development (R&D) facilities.
- Encourage exports by meeting demands of competition, technology and higher labour productivity.

A number of annual field programmes/projects are planned by GSP in minerals investigation, geological mapping, geophysical exploration, exploration and evaluation of coal, geochemical exploration of precious metals, geo-environmental & ground water studies, exploration of iron ore, geo-hazard assessment & geotechnical projects, geochemical analysis and medical geology.

Programmes

Prominent projects which will continue during the year 2017-18 include “Exploration and Evaluation of Metallic Minerals, in Uthal and Bela Areas, District Lasbela, Balochistan”, “Acquisition of Four Drilling Rigs for Geological Survey of Pakistan” and “Cluster Development Based Mineral Transformation Plan-V2025” The basic objective of these

projects is the provision of various facilities to investors like developed infrastructure, skilled workers, marketing facilities, and common facility centers. China-Pakistan Economic Corridor (CPEC) would open new ways and means for technological development in Pakistan. This will create new economic opportunities for the people of Pakistan as there will be established industrial and export processing zones along with the corridor which will boost up our mineral processing growth.

New initiatives

Following projects will be undertaken by GSP:

- Groundwater Potential and Quality Evaluation in and Around Quetta Valley (2017-2019) Estimated Cost: Rs148.011 million.
- Investigations for Geothermal Energy in Pakistan (2017-2021). Estimated Cost: Rs991.91 million.
- 3D Mineral Survey to Evaluate Potential Economic Mineral Resources at two prospective sites, Moti joWandio area, District Tharparkar, Sindh and Mashkichah area, District Chagai, Balochistan (2017-2020). Estimated Cost: Rs663.51 million.
- Evaluation of Coal Bed Methane in Chamalang Coal Field, Balochistan (CBM). (2017-2019). Estimated Cost: Rs150 million.

PILLAR-VI

**Developing a competitive
knowledge economy through
value-addition**

Chapter 24 | HIGHER EDUCATION

Higher education plays an important role in the development of a knowledge economy. Many developing countries while trying to develop a robust higher education sector have experienced challenges relating to: sustainability in increasing access; inequalities of access and outcomes; educational quality and relevance; and weaknesses in university governance structures and management practices. Pakistan is projected to become the 5th populous country by 2030, with a population ranging up to 230 to 260 million people. Large portion of this population will be the youth. This dividend can be gained through higher productivity and a faster economic growth by providing quality higher educational attainments throughout the population.

The Vision 2025 stands on 07 Pillars. Two of these pillars have direct relevance to higher education sector. Pillar-I emphasizes Developing Human and Social Capital while Pillar-VI encompasses Higher Education and Science & Technology into a broader scope of Knowledge based economic development. Pakistan has to make significant leap forward in areas like education, health and social development to catch up with its peers. Vision 2025 presents a comprehensive approach to addressing human and social development gaps with an emphasis on developing human and social capital to take full advantage of Pakistan's youth bulge. It aims at substantial expansion in levels of education as well as improvements in the quality of education. A larger share of the GDP, at least 4 per cent to education and at least 3 per cent to health, would have to be allotted.

11th Five Year Plan also describes both Higher Education and Science & Technology sectors embedded in a broader concept or Knowledge and Technology Based Development. The plan envisages change from an input-driven to a productivity-driven growth strategy. This transition would require leadership role by institutions of higher learning through the production of skilled, innovative and enterprising knowledge workers. On the other hand Research organizations will also come up with solution based and innovative research in collaboration with the industry and academia for fruitful results. It is envisaged that the access to higher education should increase from 7 percent to 10-12 per cent during the Plan period. The next important aspect in the plan is relevance of research to the national needs. This covers sub-areas, like revamping and standardization of the curricula, commercialization of research, innovation, promotion of entrepreneurship and establishing centers of excellence in priority areas of research. Universities and R&D organizations will develop strong linkages with the industry and produce meaningful research.

Performance review 2016-17

Increase in access

Increasing access to higher education is one of the important aspects of both Vision 2025 as well as 11th Five Year Plan. In line with this objective, Higher Education Commission has taken several steps to enhance the access to tertiary education in the country during

2016-17. A comparison of number of universities / Degree Awarding Institutions (DAIs) and corresponding increase in student enrolment is given below:

Year	Universities/Degree Awarding Institutions			Student Enrollment*
	Public	Private	Total	
2004-05	57	53	110	471,964
2008-09	70	57	127	803,507
2012-13	87	66	153	1,138,735
2013-14	87	69	156	1,243,040
2014-15	94	69	163	1,298,600
2015-16	105	73	179	1,361,987
2016-17	108	75	183	1.4-1.5 million (approx.)

*Including students from AIOU and Virtual University (source HEC)

Now higher education institutions have wide coverage throughout the country. It is worth mentioning here that the above table does not include the number of campuses of the universities and DAIs. If we include the campuses then the overall number of higher education institutions in the country would roughly be close to 300.

Visibility of Pakistani universities on globe

The output in Higher Education Institutions (HEIs) of the country have shown tremendous improvements and Pakistan has been acknowledged as rising star by the international higher education community in a number of disciplines. Today many Pakistani universities are seen on the globe. The addition of Pakistani universities in QS Asian ranking over the year is given below:

2014		2015		2016	
University	Rank	University	Rank	University	Rank
PIEAS	106	PIEAS	115	LUMS	111
AKU Karachi	116	QAU	116	NUST	112
QAU	123	AKU Karachi	117	QAU	149
NUST	129	NUST	119	PIEAS	149
LUMS	181-190	LUMS	161-170	AKU, Karachi	183
CIIT	201-250	CIIT	201-250	Univ. of Karachi	201-210
Univ. of Karachi	201-250	Univ. of Punjab	201-250	Univ. of Punjab	221-230
Univ. of Punjab	201-250	UA, Faisalabad	251-300	CIIT	231-240
UA Faisalabad	251-300	UET, Lahore	251-300	UET Lahore	241-250
UET Lahore	251-300	Univ. of Karachi	251-300	UA, Faisalabad	>300-
Total HEIs = 10		Total HEIs = 10		Total HEIs = 10	

Source: HEC

Human resource development

The present government believe that youth of this country is the real driving force towards economic prosper Pakistan, therefore, government has launched number of new initiatives for them. Under these projects a total of 10,266 scholarships would be provided

to Pakistani nationals in next five to ten years. In 2016-17 about 2,300 PhD and Master leading to PhD scholarships have been awarded to the faculty of university and fresh candidates. This includes 1,180 indigenous and 1,120 foreign scholarships. Some of the important ongoing scholarship schemes include: Indigenous PhD Fellowships for 5,000 scholars, Overseas Scholarship Scheme for Master / M Phil leading to PhD and US Pak Need Based Merit Scholarships at bachelor level. There are two scholarship schemes specifically for students of FATA and Balochistan. In addition to these efforts, government is providing fee reimbursement facility to students of universities under Prime Minister's Youth Programme.

Research & development

Universities in Pakistan have improved their R&D infrastructure and working culture. As a result academic employment and retention of doctoral scientists and engineers grew over the last decade. Due to this, the research activities have enhanced resulting in more than 6 folds increase in research articles published in impact factor journals. Streamlined research, generated by strategic academic processes that build strong societies and economies has now entered a takeoff phase of commercialization. Business and Technology Incubators are being established in universities across Pakistan to promote university-industry collaboration. Universities have initiated different research projects related to agriculture, business, industrial needs, which are shared with the related stakeholders and other sections of the society. Some important steps taken to promote R&D are described below:

- About 30-32 per cent of the approved development funds have been allocated for provision of latest teaching and research lab equipment to expand and enhance the R&D infrastructure of the universities.
- A project for establishment of Seerat Chairs in six (6) Public Sector Universities, has been approved at a cost of Rs.192 million, for conducting research on aspects like finance, interfaith harmony, leadership and governance in context of Seerat-e-Pak.
- JICA is providing Rs.212 million for Baluchistan University of Information Technology, Engineering & Management Sciences (BUIEMS), Quetta for provision of training and Lab equipment.
- KOICA is providing grant in aid for University of Agriculture Faisalabad and Arid Agriculture University, Rawalpindi for establishing agricultural innovation centers and capacity building of community organizations / training of farmers.
- The Higher Education Commission has launched a new project "Establishment of Technology Development Fund for HEC Scholars Returning after completion of PhD to introduce new Technologies in Pakistan (HEC)" for academia-industry collaborative project. Under this project, new and innovative ideas of researchers along with industry are being supported for prototype development, initial product development, patent filing, marketing and licensing of new products.

Infrastructure development

About 20 per cent of the approved development funds have been allocated for infrastructure development of the universities to expand the access to higher education. This includes 30 new development projects approved so far in 2016-17 for universities. Some important project and their envisaged impact is given below:

- Strengthening and Up-gradation of Universities of Backward Areas: This is an approved umbrella project intended to provide small amount of funds (Rs100-200

Million) to newly established universities or universities in backward area for their requisite civil infrastructure and equipment.

- Establishment of Sub Campuses of Public Sector Universities at District Level (Phase-I): Under the directions of the Prime Minister of Pakistan, a project has been approved in 2016-17 for providing higher education access at district level. In the Phase-I of the project, 22 campuses of universities are being established in districts having no public sector university or campus.
- Establishment of University of Central Asia and Pakistan (UCAP), Part-I, Islamabad: The project was approved in 2016-17 and intends to develop a world class university in Pakistan to attract students from both Pakistan and Central Asian Republics.
- Innovation Centre and Innovation Park at UET Lahore Sub Campus: Under this approved project, UET Lahore is implementing a project for establishing innovation centre for improved industry academia collaboration.
- Upgradation of University of Hazara Campus at Havelian to a Full-fledged University: The approved project is intended to provide higher education access to the people of the area.
- Expansion and Upgradation of International Islamic University (IIUI), Sector H-10, Islamabad: Under, this approved project IIUI is upgrading its infrastructure and providing better facilities for the students.
- Provision of new facilities and Infrastructure for main campus at of University of Engineering & Technology, Lahore: The project approved in 2016-17 is under implementation for upgrading the laboratories of UET Lahore main campus.
- Establishment of AJK Women University, Bagh, AJ&K: Establishment of a Women University was an old demand of people of AJ&K. Accordingly, this project was approved and is under implementation. The project will provide necessary civil infrastructure, equipment and other facilities for the women university.

Financial

The Government of Pakistan initially allocated Rs21.49 billion for 122 development projects in 2016-17 out of which an amount of Rs19.09 billion has been released. Total expenditure reported is Rs12.75 billion.

In addition to above, Rs5.45 billion has also been released by the government for the PM's Laptop Scheme (Phase-II) through technical supplementary grant. Similarly, Rs0.56 billion were released for the Project titled "Award of 3,000 Scholarships to the Students from Afghanistan under Prime Minister's Directive" and Rs0.01 billion for the project titled "Afghanistan Scholarship Programme (ASP) at Lahore University of Management Sciences (LUMS), Lahore".

Outlook 2017-18

Ministry of Planning, Development & Reform is taking steps to focus for creating awareness about productivity, quality and innovation for economic development of the country. Main stakeholders for this initiative will be Ministry of Science & Technology, Ministry of Industries and Higher Education Commission. HEC being one of the most important stakeholders will play its part in this regard. In addition to that efforts will be made for improving industry academia linkage. New Science & Technology Parks and Incubation/Innovation Centres will be established across the country to facilitate established

industry, SMEs as well as startup companies and promote entrepreneurial culture in the country.

The most important aspect for development of higher education sector is enhancing access to the doorsteps of the people. Several new universities and the sub campuses of universities will be opened in order to increase coverage to the far flung areas across the country. The target is to provide 100 per cent university coverage at district level without compromising on quality of education.

Human resource development is another important focus area in higher education sector. Government of Pakistan will provide funds for both indigenous and foreign scholarships so as to bridge demand and supply gap of qualified PhD faculty members in the universities and DAIs. HEC is implementing both indigenous and foreign for Master, Masters leading to PhD and PhD degrees. In addition to that the Post-Doctoral Fellowships are being provided to faculty members to refresh their knowledge about latest research at global level. PhD students will also be supported for spending one semester at foreign universities to conducting research on latest equipment. Travel grants will be provided for attending seminars and conferences in developed countries.

Access to higher education requires establishing new universities or providing infrastructure to the existing universities. In addition to that, the obsolete infrastructure at existing institutions needs to be replaced or upgraded. In this context, infrastructure development and procurement of state of the art equipment for new and existing universities will be one of the main aspect of the outlook for higher education sector.

Financial outlay

Higher Education Commission has been allocated Rs35.66 billion for 2017-18. In addition to that funds for PM Laptop Scheme and Scholarship Scheme for Afghan Students have also been allocated.

Programmes

- An approved project for establishing new universities or campuses of existing universities at district level will be implemented to improve access. In Phase-1 of the project, 22 new campuses will be established.
- New universities to be established in 2017-18 include: University of Baltistan (GB), University at Chitral, Agriculture University at Dera Ismail Khan, University at Gawadar and Federal University at Hyderabad Sindh.
- University campuses to be established are: Women Sub campus at Kohat University of Science & Technology, Campus of Turbat University at Zhob, Women sub campus of Swat University in Mingora and Women university campuses at Pishin and Khuzdar.
- The projects for upgradation of infrastructure on universities will also be an important aspect of programmes in 2017-18. These include: Up-gradation of Bannu University of Science & Technology Lakki Marwat, Agriculture College at Dera Murad Jamali, Development and Improvement of facilities at Ghazi University, DG Khan, Expansion and Upgradation of International Islamic University Islamabad, Strengthening of Dawood University Karachi and Upgradation of Hazara University Campus at Havelian.

- HEC is providing digital access of resources to universities across the country through its Pakistan Education & Research Network (PERN) project. A project namely “Strengthening of Core Network & Expansion of PERN footprints through CPEC Optical Fiber (PERN-III)” will be implemented for betterment of the digital resource facilities.
- Government is trying to bring universities in less developed areas at par with universities in other parts of the country. A project for providing funds to Universities of Backward Areas has been approved specifically for this purpose and its implementation will continue in 2017-18. Similarly approved projects for students of FATA and Balochistan will continue and provide them quality education opportunities.
- Government of Pakistan is providing scholarships for Afghan students for last few years, this initiative will continue in next year. In FY 2017-18, its new phase namely Award of Additional 3,000 Allama Muhammad Iqbal Scholarship to Afghan Students will be approved and implemented for continuous support.
- Prime Minister of Pakistan visited Sri Lanka in 2016.17 and committed for providing scholarships to Sri Lankan students at Pakistani universities. In this regard an initiative named Pak-Sri Lanka Knowledge Corridor will be launched for playing a positive role in the region. Pakistan will continue to provide scholarships to students from Indian Occupied Kashmir.
- A project “Bridging the Job Market Skill Gap for General Post Graduate Degree Holders for providing training to postgraduate students in subject like Arabic, Pashtu, Sindhi, Punjabi, Balochi, Political Science etc. as regular or private candidates will be implemented.
- HEC will also start Phase-II of Science Talent Farming Scheme (undergraduate level). Phase-I of the scheme was meant for matric and college students and was implemented by Pakistan Science Foundation.
- Government will fund a project for Establishment of National Science & Technology Park at Central Campus H-12, NUST. Many of the universities will establish their own Incubation Centers for facilitating startup companies. One such center will be established in 2017-18 at University of Agriculture Faisalabad with Korean cooperation. In a similar way, Dr Panjwani Centre of Molecular Biology at University of Karachi will establish a center for indigenous production of animals and birds for medical use.
- The Higher Education Commission launched a new project “Establishment of Technology Development Fund for HEC Scholars Returning after completion of PhD to introduce new Technologies in Pakistan (HEC)”for academia-industry collaborative project. Under this project, new and innovative ideas of researchers along with industry will be supported for prototype development, initial product development, patent filing, marketing and licensing of new products.
- HEC is one of the important stakeholder in respect of PPQI initiative. HEC will undertake awareness, academic and other activities assigned to take for propagating the PPQI initiative during 2017-18.
- It is estimated that a total of 2610 Masters, Master / MPhil leading to PhD and PhD scholarships will be provided to students during 2017-18. This will include 1,350 indigenous and 1,260 foreign scholarships. In addition to that 2,136 bachelor level

students will get need / merit based scholarships. Under PM Fee Reimbursement programme 40,000 students across the country will get benefits.

It is pertinent to mention here that in addition to the development and recurring funding provided to the universities by federal government, they also get support from provinces. However, most of the times this support comes in form of grants or partial sharing of recurring expenditure. Provincial government have also shown support by providing land / cost of land for establishing new campuses of existing universities or establishment of a new university. In some cases, provincial governments have also provided existing buildings for immediate start of classes for a new campus or university.

Chapter 25 | SCIENCE AND TECHNOLOGY

The progress in science and technology have altered the way people live, connect, communicate and transact. However, the major impact of Science & Technology during last few decades has been on economic development. This becomes more important for developing countries as they seek rapid economic growth in short span of time. The practical approach to adopt this strategy would be acquiring advancement in latest technologies, producing talented scientists, engineers and technicians in key areas, nurturing entrepreneurial culture, focus on innovation, and realizing collaboration among industry, R&D Institutions and academia. The extent to which developing economies like Pakistan emerge as economic powerhouses depends on their ability to grasp and apply insights from science and technology and use them creatively.

6th pillar of Vision 2025 describes concept of “Developing a Competitive Knowledge Economy through Value Addition”. Higher Education and Science & Technology are main contributors for Knowledge based economic development. The vision document emphasizes on competitiveness, innovation and sophistication. The competitiveness can be driven by leveraging knowledge to increase efficiency. Another important step suggested in vision is a cluster based development approach and improved academia, R&D & Industry linkage. Establishing Science & Technology Parks and Incubation Centres as well as increasing productivity in every walk of life are some other important factors responsible for knowledge based economic development. 11th Five Year Plan emphasizes on transition from an input-driven to a productivity-driven growth strategy. The role of institutions of the higher learning will be creating leadership through the production of skilled, innovative and enterprising knowledge workers while R&D organizations will undertake solution based and innovative research in collaboration with the industry and academia for fruitful results.

Performance review 2016-17

Physical

- Pakistan Council of Scientific & Industrial Research (PCSIR), provided 12728 nos. of technical services (Tests)/ calibrations to local industry/ enterprises whereas, 58 nos. of feasibility / technical reports/ consultancy services provided to businesses/ clients. 19 nos. of patent obtained while 43 processes developed, 9 of which leased out to the interested parties. A total number of 45 trainings/ seminars / workshops were conducted in the industrial hubs across the country to popularize the R&D culture. A total number of 86 research papers were published in notable international journals. During 2016-17, PCSIR would be completing 5 development projects in 2016-17 having main focus on strengthening the lab infrastructure to better serve the growing clientele.
- PCSIR has also developed and fabricated 35-40 analytical and clinical equipment for measurement in clinical, industrial and laboratories of universities. Agricultural

products developed are bio-fertilizers, pesticides and insecticides like phytofix, sarsabz, sulfokil, tenekil, neem fertilizer, phenyl, etc. having wide agricultural applications. Technical training centers of PCSIR at Karachi, Lahore, Peshawar, Quetta and Daska are providing 3-4 years diploma certificates in Cast Metal & Foundry Technology, Dye & Moulds and Precision Systems Mechanics and Bachelor degree in Industrial Electronics Engineering. More than 300 students are awarded diplomas/ degrees annually with high rate of probability of landing suitable jobs as per the qualification.

- Pakistan Science Foundation (PSF) under Science Talent Farming Scheme paid monetary benefits to 289 students out of selected 300 students in 1st batch. The goal of the programme is to harvest young talent from across the country to support and groom them all the way to the highest degrees. The programme will progressively expose them to advancements in the S&T by providing opportunities to the toppers to visit international S&T institutes and universities. Selection of 300 students for 2nd batch has been finalized, as per criteria laid down in the PC-I.
- Certification Incentive Programme (CIP) for Small & Medium Enterprises (SMEs) under PQI initiative was conceived by Ministry of Planning, Development & Reform and approved. Ministry of Science & Technology is implementing the project. The programme will guide and support SMEs to adopt new trends of international competitiveness by improving industrial productivity and quality. During the CFY 2016-17, CIP awareness seminars were held at Karachi Peshawar and Quetta. In addition to this, numerous interactive seminars, workshops, consultative meetings, lectures disseminated awareness/ enhance competitiveness of SMEs. These activities were held at industrial hubs/ cities across country in collaboration with relevant Trade associations, Chambers of commerce & Industry, SMEs Academicians and other stakeholders. So far, 92 applications from Punjab, Sindh and Khyber Pakhtunkhwa have been received from various SMEs for the award of Incentive Grant for various Certification schemes.
- Another project to create awareness is Halal Accreditation among Pakistani manufacturers, exporters and traders has been launched. Pakistan National Accreditation Council (PNAC) remained involved in awareness programmes and is establishing Halal Authentication Laboratories in provincial capitals for promotion of Halal Standards and build international credibility.
- Pakistan Council for Research in Water Resources (PCRWR) is undertaking the development and implementation plan for sustainable management of groundwater resources through artificial groundwater recharge techniques and rainwater harvesting. One of the important activity in this regard was focusing on Water Resources Management in the Highly Depleted Pishin-Lora Basin” for which an awareness Programme was launched by PCRWR to create awareness of locals by demonstrations of disseminating the efficient recharge techniques for wide scale adaption to manage groundwater resources in water scarce area.
- PCRWR has also constructed 6 leaky dams, 19 check structures and 6 inverted wells for rainwater harvesting and groundwater recharge, whereas, 70 per cent resistivity survey has been completed in Pishin-Lora Basin area to assess the existing water resources.
- National University of Science & Technology (NUST) is establishing the Facility for the Indigenous Development of Percutaneous Transluminal Coronary Angioplasty

(PTCA) Baloon Catheters. Facility envisages to produce 2000 Baloon Catheters per year at much lower cost as compared to imported.

- HEJ Research Institute of Chemistry was provided funds for research activities under project “Discovery of new potent natural antiglycation agent for the management of late diabetic complication, HEJ”. The project focuses on identification of lead molecules that can minimize the complications of diabetic patients. 40 compounds have been shortlisted on the basis of good antiglycation activity in BSA-methyglyoxal and human serum albumin. The same would be sent to Argentinean counterpart for the selection of compounds for *in vivo* studies.

Financial

During the fiscal year 2016-17, an allocation of Rs1,776.87 Million was made to Ministry of Science & Technology against 21 on-going projects. Out of this, Rs1,577.38 Million have been released. The utilization by the same date is Rs903.67 million. It is expected that 10 projects will be completed by June 2017.

Outlook 2017-18

Physical

The main focus in science and technology sector will remain on futuristic technologies like Nanotechnology, Biotechnology, Hydrogen Fuel Cell, Advanced Materials, Polymers etc. In addition to this, efforts will be made to improve industry and R&D institutions collaboration and create awareness about productivity, quality and innovation. Ministry of Planning, Development and Reform will play a key role to implement the Pakistan Productivity, Quality and Innovative Initiative (PPQI).

Pakistan Council for Renewable Energy Technologies (PCRET) is conducting R&D on renewable technologies, during the next year, the focus will remain on developing high-tech, low cost and sustainable energy solutions with renewable resources so as to help overcoming energy crisis in the country and minimizing the energy divide between the developed and less developed rural parts of the country.

Pakistan Standards and Quality Control Authority (PSQCA), Pakistan National Accreditation Council (PNAC) and National Physical and Standards Laboratory (NPSL) will undertake various trade related interventions. These organizations are actively involved in export enhancement, trade increasing and improving health and safety of consumers through mandatory and voluntary standards. PSQCA will continue formulating and promulgating necessary standards. PNAC will assist in expansion of trade through accreditation of laboratories and certification bodies, whereas NPSL is responsible for traceability of metrology standards.

Ministry of Science & Technology will focus on indigenization of biomedical equipment like stents and other small digital equipment. NUST has already demonstrated indigenous production of stents in 2016-17. The same will continue in next year.

PCRWR has been involved in scientific research about water resources of the country. In 2017-18, it will work for improved land and water conservation practices to enhance waste land productivity in water logged / water deprived areas.

In line with Vision 2025 and 11th Five Year Plan, some initiatives will be started for establishment of technology park and incubation centres in the country. This is one of the main steps to bring R&D institutions and industry closer and focus on solution based and commercializable research

Programmes

Ministry of Science & Technology will be provided Rs1,900 million in 2017-18. Following are main programmes to be executed by Ministry of Science & Technology during 2017-18:

- A project “Establishment of PSTC for Precision Mechanics and Instrument Technology at Gawadar PCSIR” will be executed and it will contribute towards creating scientific manpower for CPEC. The programme will offer 3 year diploma, and certificate programmes in Precision Mechanics & Instrument technology for youth.
- A project for 100 Micro Hydro Power Plants in PPP mode i.e. Public-Private Partnership will be executed by PCRET and would emphasize on minimizing the energy divide between the developed and less developed rural parts of the country.
- PCSIR will undertake testing activities in Electrical Test Centre for Household Electrical Appliances & Lighting Products at Lahore. The centre will create awareness and provide services to industry to benchmark and help increase the energy efficiency of household electrical appliances, lighting products and accessories.
- PNAC will undertake “Halal Accreditation” project to identify investment opportunities in Pakistani Halal sector and disseminate this information in more accessible manner to international Halal players, ultimately bringing Foreign Direct Investment in Pakistan. Project would also create awareness in Pakistani manufacturers, exporters and traders regarding the “Halal Accreditation” through workshops & training sessions.
- Pakistan Productivity Quality Innovative (PPQI) Initiative will be implemented in 2017-18. Ministry of Science & Technology is main stakeholder and PPQI initiative will be implemented by Ministry of Planning, Development & Reform, The ministry will undertake some of its own initiatives relevant to PQI that will focus on i) Awareness and Training on Pakistan National Hospital and Health Care Accreditation (PNHHA) ii) First Industrial National Innovation Survey, and iii) Need Assessment of S&T Human Resources for Deriving Innovation.
- NUST has already implemented a project for production of Balloon Catheters. In next phase, Ministry of Science & Technology will fund a project with the objective to acquire the technology and manufacturing the Balloon Catheters within the country. Initially NUST would start supplying both Cardiac Stents and Angioplasty Balloon Catheters to selected hospitals/ institutes by the end of this year. It is envisaged that the balloon catheter project will be completed by first quarter of 2016-17. Ministry of Science & Technology is planning to set up a facility at NUST for indigenous production of other health related organs / products and explore the possibility of its commercialization.
- PCRWR will continue implementing its projects in areas like Thal Desert and control of waterlogging in low lying areas of Sindh. Tile drainage units at 2 sites of 100 acres, each under different soil conditions would be developed for research and

demonstration purposes, with farmer's participation, to reclaim saline and saline-sodic soils.

During 2016-17 feasibility study is being undertaken for development of Technology Park. This technology park will be established in Islamabad during next two years. Basic aim of the park is to establish an innovation based encouraging business environment for budding as well as veteran entrepreneurs. This would act as catalyst for commercialization of indigenous research and would be beacon to attract renowned international market players. The technology park will act as beacon to support University-Industry and R&D collaboration with the intent of creating high technology economic development and advancing of knowledge.

Chapter 26 | INFORMATION & COMMUNICATION TECHNOLOGY

Information and Communication Technologies (ICTs) and research in life sciences and bioinformatics are now laying foundational blocks for hyper-communication technologies. Their convergence will create new media of communication in the coming decades. Being aware of such developments can let us align our development priorities in the right direction. Ever increasing innovation and disruption of traditional ways to do work, requires us to prepare ourselves to embrace the next big wave of change. Vision 2025 is a step towards preparing for and embracing the next new wave.

The era of knowledge economy has already started, with inter-linkages between e-commerce, social media, augmented reality and personalized product manufacturing. Internet of Things (IoT) will be rapidly spreading into mainstream processes in almost all industries. In these circumstances, the definition of national development and national wealth will start transforming. Countries who rapidly adopt these changes will dominate the global economy in the coming times.

As ICTs are the prime enablers of this new wave, we have to put more emphasis on utilizing it on a massive scale. By next year, we will have traversed half way into implementing Vision 2025. In spite of some very mentionable achievements in the last four years, we have to increase further our attention towards ICTs. For a high growth economy during the next half of Vision 2025, we have to use ICTs for inclusiveness on various dimensions, e.g. social, economic and technological inclusiveness. Governments can only perform better if they are responsive to improving citizens' quality of life. The future governments, thus, will have to rely more on ICTs to deliver as per the expectations of their citizens.

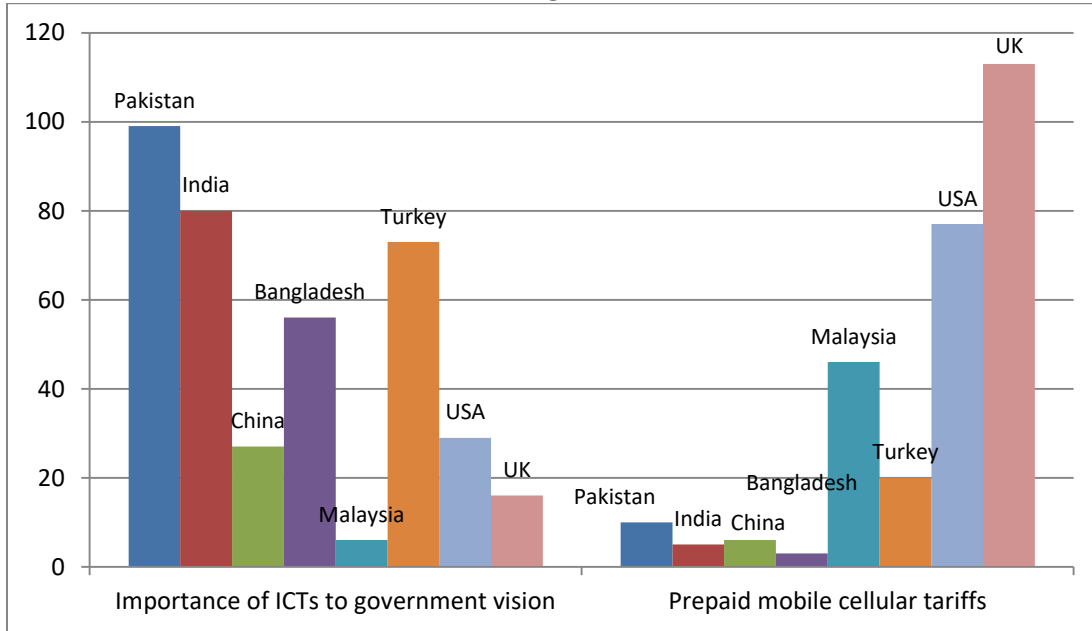
In Pakistan, ICT sector is showing promising growth in areas such as Financial Technology, Internet of Things and Robotics. However, to become an important player in ICT, a tremendous coordinated effort has to be made. A synergistic effort between government, academia, research, industry and businesses would be the only way to achieve the high mark of being a global player in the next decade. CPEC is being propagated as a trade corridor and a physical infrastructure initiative but in the long run, CPEC may become the harbinger of the much desired knowledge corridor for this region. This can only be made possible by putting ICTs as the front-running industry in Pakistan.

Performance review 2016-17

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 2016) that Pakistan is still behind on most of the dimensions even in the regional context. However, some noticeable improvement (Fig-1) in importance of ICTs to government vision has been made (ranked 117, 2015 & 99, 2016). Also, Pakistan has very affordable telecommunication tariffs (ranked 10) due to tough market competition. As such, Pakistan is now ranked in top 10, whereas it was 15th last year.

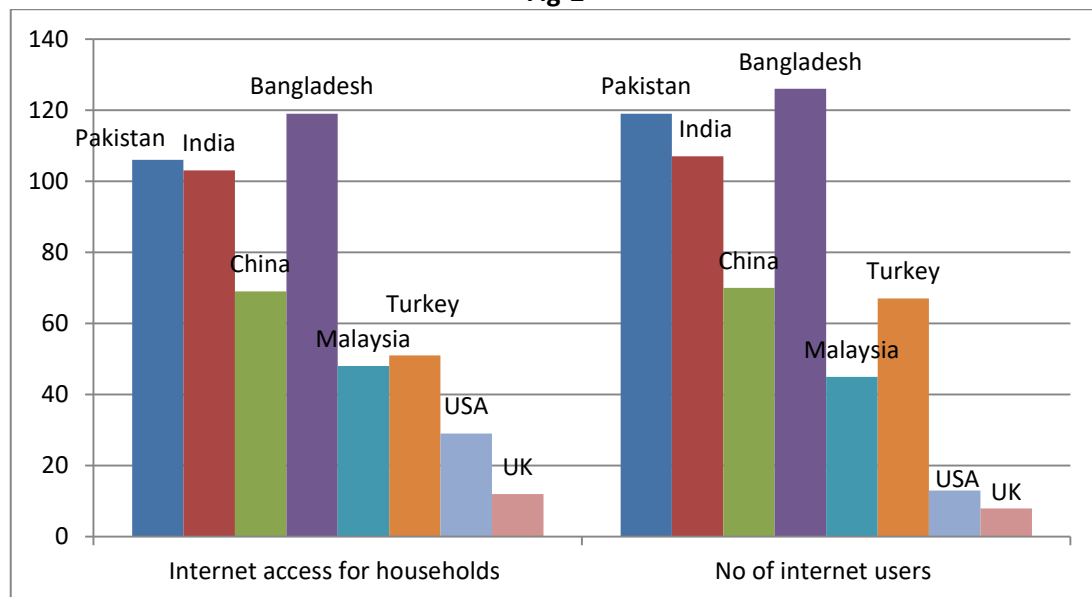
Fig-1



Source: World Economic Forum’s Global Information Technology Report (GITR 2016)

Marginal improvement (Fig-2) was seen in other indicators related to Pakistan such as internet access for households (ranked 110, 2015 & 106, 2016), number of internet users (ranked 122, 2015 & 119, 2016). Therefore, continuous push in efforts will be required to substantially improve the rankings of various indicators in GITR 2016.

Fig-2



Source: World Economic Forum’s Global Information Technology Report (GITR 2016)

On the policy level, formulation of Digital Pakistan Policy was initiated and extensive consultation with stakeholders has been undertaken during the year. To accelerate the growth of E-commerce various measures have been taken. The most significant being: formulation of regulatory framework to safeguard trust of users and merchants; approval of regulations regarding Payment System Operators (PSO) and Payment System Providers (PSP); and initiation of legal framework for data protection of personal data. These measures have helped improve Pakistan's ranking on the Financial Action Task Force (FATF) list from Grey to White, which will enable entry of credible international players like PayPal. In addition to these, the Internet Assigned Numbers Authority (IANA) has approved establishment of پاکستان.internet registry for Pakistan, which will boost web presence of local businesses in the national language.

Initiative to establish National Incubation Centres (NICs) has been started with establishment of NIC at Islamabad. The objective is to transform innovative ideas of talented young teams into viable and self-sustainable start-up companies by providing necessary training, mentorship and facilitation. The facilities are further planned to be established at Karachi, Lahore, Peshawar and Quetta providing infrastructure, mentorship and all allied facilities to the young innovators and entrepreneurs.

In addition to the above, policy level measures and initiatives, "Prevention of Electronic Crimes Bill" was enacted by the Parliament as "Prevention of Electronic Crimes Act (PECA) 2016". The Act aims to curb unauthorized access to critical infrastructure information system and data, while ensuring the confidentiality and privacy of citizens' information/data.

On the physical infrastructure level, in telecommunication sector, tele-density increased from 70 per cent to 72 per cent. The 3G/4G broadband services had another phenomenal year of rapid growth with subscribers increasing from 27.9 million to 39.88 million.

Key ICT indicators

Description	March, 2016	March, 2017
Tele-density	70%	72%
Mobile Cellular Tele-density	67%	71%
Broadband Subscribers	30.1 million	42.3 million
3G/4G Broadband Subscribers	27.9 million	39.88 million

Source: Pakistan Telecommunication Authority

In PSDP 2016-17, Rs3,500 million were allocated for ICT sector. Some of the major projects executed in the ICT sector during 2016-17 are:

- **Establishment of Software Technology Park in Islamabad** with the assistance of Korea. Feasibility of the project were completed during the year and boundary wall and other allied work such as design, consultancy etc., is in progress.
- **National Data Centre:** the centre was launched by National Telecommunication Corporation (NTC) which is providing better and secure hosting platform to various

Public sector entities including flagship project i.e. “E-Office” of Ministry of IT. Data Centre has also introduced the first cloud service in Federal Government.

- **Enhancing IT Exports through Industry Support Programmes:** IT Industry Support Programme is a multi-million rupee initiative in collaboration with IT industry. During the year, 12 companies were provided CMMI consultancy and 5 achieved CMMI level-2 certification too. Furthermore, during the year, 21 companies were provided consultancy and achieved ISO 27,001/ 20,000.
- **Internship Programme:** 3,000 Interns were placed in the IT/ Telecom Industry by Pakistan Software Export Board through its project titled “National ICT Internship Programme.
- **Optical Fibre Cable (OFC):** Construction of Cross-Border Optical Fibre Cable for Alternative International Connectivity: Under this project, so far, 520 km (out of 820km) of optical fibre cable has been laid by May, 2017.
- **3G/4G Services:** 3G/4G services were provided in the region of Azad Jammu & Kashmir by Special Communication Organization (SCO).
- **Automation:** In the “Automation of Central Directorate of National Savings (CDNS) Phase-II” project, out of 140 branches, 100 branches were automated by May, 2017.

Outlook 2017-18

The ICT sector is now at a very critical stage of growth. As such, up-scaling to the next level needs to be continuously nurtured and encouraged for high-paced development. In the 11th Plan, emphasis has been laid 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). Being the last year of 11th Plan, many initiatives started are expected to be completed aggressively, thus, setting a high growth condition for the next Five Year Plan.

During the last decade, there has been a consistent growth in IT remittances at a compound annual growth rate (CAGR) of around 23per cent. There has been an impressive growth rate of approximately 97per cent in IT remittances over the last four years. Hence, Pakistan’s IT exports are estimated to have crossed \$2.8 billion a year at present. Annual domestic revenue is estimated to be around \$500 million. Hence, total revenue of IT industry is estimated to be around \$3.3 billion a year at present.

China-Pakistan Economic Corridor (CPEC) 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 Khunjab-Gwadar OFC Network;
- National Broadband Satellite Programme;
- Safe Cities Programme;

CPEC, being the game changer, will be getting ready to initiate activities for the next phase. This will open up new vistas for innovation, especially in ICT sector. Unavailability of

modern ICT infrastructure, hitherto, in the remote regions will be taken care off thus, further expanding ICT accessibility to achieve social inclusiveness. Resultantly, IT Industry can see another round of rapid growth in domestic consumption of ICTs as well as software exports. Improvement in national ICT infrastructure with linkages at multiple points with the regional and international systems will make the country an important transit route for international trade and services. In this regard, establishment of Khunjrab-Gwadar OFC network with international connectivity through China and Middle East is of strategic importance. These initiatives will facilitate innovators and talented youth in producing value added and innovative products and services.

Programmes

The PSDP earmarked for ICT sector for 2017-18 is Rs5,600 million. This allocation is aimed to improve capacity of our 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. Importance of public sector services also demand attention and a significant portion of the allocations will be used for enhancing efficiency and transparency in the government.

Major thrust in ICT sector for 2017-18 will be as follows:

- **Construction work of Software Technology Park in Islamabad** will continue during the year and will be completed by June, 2019.
- **Remote Sensing Satellite System (RSSS)** will be launched by Pakistan Space and Upper Atmosphere Research Commission (Suparco) in March, 2018.
- **Safe City projects** will be implemented in Gwadar and 6 major cities of Punjab.
- **National Data Centre** available with National Telecommunication Corporation (NTC) will host most of the public sector software/ web applications.
- **Through “Enhancing IT Exports through Industry Support Programmes”** 17 companies will be provided CMMI consultancy i.e. 10 CMMI level-2, 5 CMMI level-3 and 2 CMMI level-5 will acquire certification too. Furthermore, during the year, 16 companies will be provided ISO 27,001/ 20,000 consultancy.
- **Establishment of ICT Innovation Centres** holds paramount importance for achieving socio-economic development in the country. In this regard, measures have been undertaken to initiate preparation of RFPs for the following innovation centres:
 - **FinTech (Financial Technology)**– This innovation centre will have the potential to disrupt financial sector with innovative solutions like smart payments/processing systems, security solutions, P2P lending solutions and tax solutions based on Block chain technology, etc.
 - **Internet of Things (IoT)** -IoT Innovation Centre (ITIC) will enable start-ups in the IoT domain. It will provide access to state of the art infrastructure, commercialization support and indigenization and international collaborations, etc.
 - **Robotics**- Robotics Innovation Centre (RIC) which will be a cross-disciplinary innovation institute dedicated to innovation in products, services and end-user experience that maximizes the benefits of robotics across different verticals including Agriculture, Security, Biomedical, Industrial automation,

Automobiles etc. The main objective of this Robotics innovation centre is to enable start-ups to transform their ideas into commercially viable products.

- **3,000 Interns** will be placed in the IT/ Telecom Industry by Pakistan Software Export Board through its project titled “National ICT Internship Programme”.
- **“ICTs for Girls”** programme is aimed at spurring the socio economic uplift of Girls through Digital Learning. As part of this programme, 150 Digital Labs are being established throughout Pakistan at the Women Empowerment Centres at a cost of PKR 300 Million.
- **Citizens Feedback System** will be launched by Cabinet Division.
- **Research Studies related to ICT Sector** will be updated and where required new statistics will be prepared by Pakistan Software Export.
- **3G/4G services will** be provided by Special Communication Organization (SCO) in the region of Gilgit-Baltistan.
- **Technical Training institute** will be established in Gilgit-Baltistan.

PILLAR-VII

**Modernising transportation
infrastructure and greater
regional connectivity**

Chapter 27 | TRANSPORT AND LOGISTICS

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 140-160 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.

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. The CAA generates aeronautical revenue to the tune of 70 per cent of its total income while the non-aeronautical revenue is 30 per cent of the total revenue of 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 2,40,000 square kilometre, remains unexplored. Two major ports i.e. Karachi Port and Port 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 Khunjab upto Kashgar,

and creating further east and west linkages besides developing economic trade centres and zones at potential locations.

Performance review 2016-17

Under the new two initiatives i.e. CPEC & Urban Mass Transit System in the T&L Sector; significant progress has been made which is given below:

China-Pakistan Economic Corridor (CPEC)

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.

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.

Urban Mass Transit System

Rail based mass transit projects were approved for all the provincial capitals under which Peshawar Circular Railway, Quetta Circular Railway, Karachi Circular Railway (KCR) and Lahore Metro Train (Orange Line) projects were included in the CPEC framework.

6th JCC Meeting of CPEC

Under China-Pakistan Economic Corridor (CPEC), in the 6th JCC meeting held in Beijing on 29th December 2016, size of proposed investment has been increased from \$46 billion to \$54 billion (i.e. approx Rs5,700 billion). 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. In the meeting following additional projects were approved:

- Keti Bunder Sea Port Development Project
- Naukundi – Mashkhel – Panjgur Road Project connecting with M-8 & N-85
- Chitral CPEC link road from Gilgit, Shandor, Chitral to Chakdara
- Mirpur – Muzaffarabad – Mansehra Road Construction for connectivity with CPEC route.
- KKH Thakot-Raikot N-35 remaining portion (136 Km).
- Khuzdar – Basima Road N-30 (110 Km); that links Gwadar with Khuzdar.
- Up- gradation of D.I Khan-Zhob, N-50 Phase-I (210 Km).

Pakistan Railways Main Line (ML-1) project from Peshawar to Karachi and some infrastructure projects in the framework of the China-Pakistan Economic Corridor (CPEC).

Regarding the following two projects, JCC agreed to initiate preparatory work including joint technical and commercial feasibility study at the earliest for next steps:

- Expansion of existing multi-purpose terminal including breakwater and capital dredging of Gwadar Port, and
- East Bay Expressway-II

The project of the Lahore Orange Line Metro Train is under implementation stage, and is scheduled for completion in 2018. The project of the Green Line for Karachi (length

27.45 km) at the cost of Rs24,600 million, fully funded by the federal government, is under implementation stage and is scheduled for completion by December, 2018.

During the year, the new project of construction of Infrastructure and allied Works for Metro Bus Services connecting already constructed Metro bus station at Peshawar Morr to New Islamabad International Airport (25.6 km) at a cost of Rs16,427 million has been approved and work on the project has been initiated on the project with completion time of 10th August, 2017 for operational works of metro bus and March, 2018 for other ancillary works. An expenditure of Rs8.0 billion on the project has been incurred.

The project of revival of Karachi Circular Railway (43.2 km) is expected to be approved at a cost of Rs276,381 million equivalent to US\$2.6 billion under CPEC financing with implementation period of 36 months. The project of Peshawar Sustainable Bus Rapid Transit Corridor (25.8 km) has been approved at a cost of Rs56,800 million through ADB loan financing (85per cent) with completion period of 24 months. The work on both the projects will start soon.

Pakistan: Enabling Economic Corridors Through Sustainable Transport Sector Development

The project titled: “Pakistan: Enabling Economic Corridors Through Sustainable Transport Sector Development” was approved by the Asian Development Board (ADB) Board of Directors on 17 November 2015. The project is aimed at development of National Transport Policy and Master Plan and its adoption, multimodal transport facilitated within Pakistan and with its neighboring countries, National road safety improvement programme and to make functional the National road asset management system. The project will be implemented over 4 years and 4 months, from December 2015 to March 2020. The project is being implemented through cooperation between the Government of Pakistan, the Asian Development Bank (ADB) and the Government of the United Kingdom (UK) acting through the Department for International Development (DFID). Expertise and inputs from various ministries and agencies from GoP, together with other development partners, research agencies, universities, private transport associations, will be sought. The Government of the United Kingdom is providing \$15.4 million to this project, under its Pakistan Economic Corridors Programme (PECP).The Asian Development Bank is administering the project. During the CFY, regarding the instant projects, two meetings of steering committee, two meetings of Technical Working Group (TWG) and one workshop have been held.

In addition to the above initiatives; the PSDP for 2016-17 provided an outlay of Rs259.154 billion for the federal programme under T&L sector. Against this, expenditure of Rs261.4 billion is expected to be incurred by the end of the current financial year, giving an overall expenditure of 101 per cent (Annex-I). The salient features of implementation are given below.

Pakistan Railways

During 2016-17, 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.

The projects, which reached at an advanced stage of completion, include: doubling of track on Khanewal-Raiwind Section (246 km), rehabilitation and improvement of track from Karachi to Khanpur, conversion of 260 passenger coaches from 110 volts to 220 volts

electrical system, improvement of signalling system between Lodhran – Khanewal – Shadara Bagh, rehabilitation of overage 27 HGMU-30 DE Locos, procurement of high-capacity bogie wagons and 40 power vans, procurement/ manufacture of 58 DE locomotives, rehabilitation, upgradation and conversion of 400 passenger coaches, procurement/ manufacture of 75 New Diesel Electric Locomotives, reconstruction of assets damaged during floods of 2010, acquisition of land for railway container yard, station and railway line from sea port upto Coastal Highway at Gwadar.

The ongoing projects include, procurement/ manufacture of 780 high capacity bogie (hopper) wagons and 20 brake vans for coal transportation, rehabilitation of 300 Traction Motors, mechanization of track maintenance (pilot project), special repair of 100 DE locos, coal transportation by rail to Jamshoro power plant, doubling/ improvement of existing track from Port Qasim to Bin Qasim Station (CPEC).

The projects approved and launched during the 2016-17 include: preliminary design study of up-gradation/ rehabilitation of Main Line (ML-1) & construction of New Dry Port/ cargo handling facility at Havelian (Baldher), District Haripur (costing of Rs10.64 billion), Feasibility Study for New Rail Link from Islamabad – Murree – Muzaffarabad (costing Rs115 million).

During 2016-17, Pakistan Railways has started e-ticketing facility supported through a mobile application where customer can buy train tickets on-line. The e-ticketing facility is now available on Green Line Train and on railcar services from Lahore to Rawalpindi section. The e-ticketing facility will be expanded to other railway services soon.

Against an allocation of Rs41.0 billion, an expenditure of Rs55.0 billion is expected to be incurred during 2016-17, giving utilization of 134 per cent. The over expenditure is due the fact that the funds amounting to Rs.14 billion have now been utilized which were released during the previous year (2015-16) and were available in the non-lapsable PSDP account of Ministry of Railways.

Ports and shipping

Against an allocation of Rs11.58 billion, an expenditure of Rs4.34 billion is expected to be incurred by the end of the Fiscal Year, showing a utilisation of about 37 per cent. During the year, work completed on construction of Mehran Highway (Phase-III) from Port Qasim road to Steel Mill road Karachi, work continued on development & construction of port allied structures in Mula Band Area Gwadar and coal conveying system from Pakistan International Bulk Terminal (PITB) to railway network at Port Qasim. Regarding the project for construction of Eastbay Expressway Gwadar (CPEC), the agreement for interest free loan has been signed; bidding process resumed and the Chinese side has instructed the nominated Chinese Companies to submit their bids to GPA for evaluation and selection of one company for early ground-breaking.

Ministry of Communications

Under Ministry of Communications, the entire allocation of Rs193.29 billion, which include Rs188 billion for NHA and Rs5.29 billion for projects of other organizations under the Ministry.

The entire allocation of Rs0.257 billion is expected to be incurred during 2016-17 on National Highway & Motorway Police (NH&MP) which includes, construction of the Central Police Office Islamabad and completion of construction of complex for NH&MP at Rahim Yar Khan. The entire allocation of Rs0.023 billion is expected to be incurred on completion of the project for Construction Technology Training Institute (CTTI) viz. "Enhancement of Training Capabilities of the CTTI (Phase-IV) Islamabad". The entire allocation of Rs5 billion is expected to be incurred on the project of Green Line Bus Transit Project, Karachi.

National Highway Authority (NHA)

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.

The entire allocation of Rs188 billion (FEC: Rs61.35 billion), is expected to be incurred during 2016-17. Salient projects and their status are given in the following paras:

Among the ongoing projects, works continued on the construction of Faisalabad-Khanewal Expressway Phase-II (184-km), bridge over the River Indus linking N-5 with N-55 at Nishtar Ghat, Peshawar Northern Bypass (34 km), Khuzdar-Shahdadkot-Ratodero (Khoriquba Saeed Khan 143 km) (M-8), Burhan-Havelian-Manshera 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), construction of the Amri-Qazi Ahmed Bridge over the River Indus at Qazi Ahmed Amri, and construction of Bridge across River Chenab linking Shorkot & Garh Mahraja.

The projects approved & launched during 2016-17 include: construction of 06-Lane Highway From Kala Shah Kaku to Lahore Ring Road (18.3 km) including Bridge over River Ravi (Lahore Eastern Bypass), Dualization & Improvement of Indus Highway (N-55) Sarai – Gambilla to Kohat (128 km) from 2-Lane to 4-Lane, construction of Lahore – Sialkot Motorway (91 km) on BOT Basis for 25-years concession period including 2-years construction Period (costing Rs45.38 billion including BOT financing of Rs43.85 billion) and construction of 4-lane Lahore – Sialkot Motorway (LSM) link via Narang Mandi to Narowal (73.5 km).

Progress on NHA Projects under CPEC

Projects approved and launched 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 D.I. Khan / Yarik as 4-lane motorway (285 km), improvement & widening of N-45 (130 km). The project of Gwadar – Sorab (650 km) section has been completed and has operationalized the western route.

Work is underway on the projects of: Hazara Motorway project (Burhan to Havelian Section; 59 km) which is being financed by the Federal Government through ADB loan 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 upto Thakot as 2-lane will be constructed under CPEC as early harvest project to be completed in 36 months.

In November, 2016, a trade convoy, organised by the Governments of Pakistan & China, successfully passed through the western route for the first time from the North to the South. In this way; Gwadar Port has also marked its first export of massive containers to overseas destinations showing successful shipment of Chinese cargo from Gwadar Port.

Pakistan Maritime Security Agency (PMSA)

Against the allocation of Rs0.597 billion, an expenditure of Rs0.158 billion is expected to be incurred on the continuation of procurement/ construction of six Marine Patrol Vessels (MPV). During the year, 04 MPV have been constructed before schedule.

Aviation Division

Against an allocation of Rs2.45 billion, an expenditure of Rs0.794 billion is expected to be incurred on Civil Aviation Authority (CAA) on their projects of land acquisition for the establishment of basic aerodrome facilities at Mansehra and New Gwadar International Airport (NGIA). Work on construction of NGIA will start soon through \$230 million grant under CPEC, as development of Gwadar port is directly linked with the up-gradation of airport facilities. The entire allocation of Rs0.8 billion is expected to be incurred on the projects of Airport Security Force (ASF).

Defence Production Division

Against an allocation of Rs2.3 billion, an expenditure of Rs1.17 billion is expected to be incurred on the project of Karachi Shipyard and Engineering Works (KS&EW) viz. 'Installation of new Ship Lift and Transfer System with lifting capacity up to 7,781 tonnes'. Physical progress of civil works is 72 per cent and the EPC contract for the shiplift & transfer system (equipment) is being finalized. During the CFY revision of the project was approved at Rs9.56 billion.

Finance Division (Provincial Road Infrastructure Projects)

Against the total allocation of Rs2.40 billion, an expenditure of Rs1.02 billion (43 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 (Provincial Road Infrastructure Projects)

The entire allocation of Rs3.55 billion is expected to be incurred for completion of the ongoing works of various provincial and federal road projects; the provincial road projects co-financed by the federal government, these are sponsored by the Housing and Works Division. During the 2016-17, the project for dualization & improvement of Mandra – Chakwal Road (64 km) was approved at revised cost of Rs9.33 billion with completion period of 12 months. Similarly, the project for dualization and improvement of Sohawa – Chakwal road (66.4 km) was approved at revised cost of Rs8.76 billion. During the year, work continued on construction of Musa Khel-Taunsa road (35 km) to be linked with Zhob.

Kashmir Affairs and Gilgit Baltistan Division (Provincial Road Infrastructure Projects)

The entire allocation of Rs1.2 billion 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.

Planning, Development & Reform Division

The revision of the project titled “Integrated Transport Infrastructure Planning & Management Unit” was approved at a cost of Rs0.20 billion. The project is yet to be launched.

Outlook for 2017-18

During the 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 improving its infrastructure and operational efficiency so as to enhance its share of freight & passenger traffic.

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, CAA has planned to enhance its commercial activities at its airports through CAA’s own resources outside 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.

Urban Mass Transit System

Rail based mass transit projects were approved under CPEC, for all the provincial capitals under which Peshawar Circular Railway, Quetta Circular Railway, Karachi Circular Railway (KCR) and Lahore Metro Train (Orange Line) projects. The project of the Lahore Orange Line Metro Train is under implementation stage, and is scheduled for completion in 2018, while the projects for other three provincial capitals are under design stage.

An allocation of Rs13.0 billion has been made for the Green Line for Karachi (length 27.45 km), fully funded by the federal government, is under implementation stage and is scheduled for completion by December, 2018, and will benefit 400,000 city commuters on daily basis.

An allocation of Rs8.43 billion has been made for the project of construction of Infrastructure and allied Works for Metro Bus Services connecting already constructed Metro bus station at Peshawar Morr to New Islamabad International Airport (25.6 km). Work on the project has been initiated with completion date of 10th August, 2017 for operational works of metro bus & March, 2018 for other ancillary works.

Work on the project of revival of Karachi Circular Railway (43.2 km), under CPEC financing, will be initiated. Also work on the project of Peshawar Sustainable Bus Rapid Transit Corridor (25.8 km) under ADB loan financing (85per cent) will be initiated.

Programmes

An allocation of Rs403.78 billion has been made for the development programme of the sector. The share of the sector is about 40 per cent of PSDP 2017-18 (Annex-1). The salient features of the proposed programme are outlined as under:

Pakistan Railways

An allocation of Rs42.9 billion has been made for 2017-18. 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.

The project of re-opening of rail car on Kohat-Rawalpindi-Kohat section (Prime Minister's Directive) has been approved at cost of Rs381 million with completion period of 12 months.

CPEC Railway Projects

The CPEC "Early Harvest" plan includes a complete overhaul of the 1,876 km long (including rail link from Hassan Abdal to Havelian) railway Main Line-1 (ML-1) between Karachi and Peshawar expected to be completed by year 2020. Upgrading of the railway line will permit train travel at speeds of 160 km per hour, versus the average 60 to 105 km per hour speed currently on existing track. The upgrades will also cut transit time from Karachi to Peshawar substantially.

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 & upgradation of existing line from Taxila to Havelian and establishment of dry port at Havelian near Baldher.

CPEC project also includes upgrading of the 1,254 km long railways Main Line-2 (ML-2) between Kotri in Sindh province, and Attock in northern Punjab province via the cities of Larkana and D.G. 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 to the town of Jacobabad.

Under CPEC, other projects include 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, Feasibility Study for Up-gradation of existing Main Line (ML-II) & Up-gradation & Extension of ML-III (costing Rs532 million), feasibility study of up-gradation of existing railways link from Rohri to Koh-e-Taftan via Quetta including the re-alignment of Sibbi – Spezand Section (1,022 km) and feasibility study of rail link from Quetta to Kotla – Jam (538 km) ML-III (costing Rs198 million)

Ports and Shipping

An allocation of Rs6.74 billion has been made for Ports and Shipping (P&S) for on-going projects of construction of Eastbay Expressway (under CPEC), development & construction of port allied structures in Mulaa Band area Gwadar, 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 & channel for additional terminal and feasibility study for construction of break waters.

Ministry of Communications

Under Ministry of Communications, Rs333.38 billion has been made, which include Rs319.720 billion (Foreign assistance Rs86.15 billion) for NHA and Rs13.66 billion for projects of other organizations under the Ministry which includes Rs13.0 billion for Green Line Bus Transit project Karachi, Rs0.57 billion for ongoing projects of National Highway & Motorway Police (NH&MP) viz. construction of the Central Police Office for the NH&MP Islamabad, acquisition of land for establishment of police posts and offices of NH&MP along National Highway (N-5) and new projects of NH&MP viz. Construction of SSP Office at Gwadar, construction of NH&MP buildings/ offices on acquired lands and construction of buildings at NH&MP training college at Sheikhpura. An allocation of Rs0.10 billion has been made for National Transport Research Centre (NTRC) for their research programme.

National Highway Authority (NHA)

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

An allocation of Rs319.72 billion has been made for the NHA. An amount of Rs305.02 billion has been made for ongoing projects, while Rs14.7 billion has been made for new projects. Among the ongoing projects, works will continue on the projects for Karachi – Hyderabad M-9 (136 Km), Dualization of Indus Highway (N-55) Sarai Gambila to Kohat Section (costing Rs30 Billion), .Construction of Lyari Expressway Project (LEP) (16.5 Km) (Karachi), National Highway Development Sector Improvement Programme (NHDSIP) ADB Revised - Qila Saifullah Loralai Waigum rud (N-70), Peshawar Northern Bypass (34 Km), Rakhi Gaj-Bewata (N-70) East West (34 Km), land acquisition & construction of Burhan-Hakla on M-1 to D.I. Khan Motorway (CPEC), Gwadar – Turbat – Hoshab Section (200 Km) of Gwadar – Ratodero Road (892 Km) M-8 including Khuzdar – Shahdadkot – Ratodero (143 Km) – (Gwadar, Turbat, Khuzdar in Balochistan and Kamber, Shahdadkot & Larkana in Sindh), Widening & Improvement of N-85, Hoshab – Nag – Basima – Surab Road (459 Km), Zhob Mughal Kot 81 km N-50, Rehabilitation of D.I. Khan Mughal Kot 50 Km Section N-50, Construction of Burhan-Havelian Expressway (E-35) 59.1 km (ADB loan financing upto 92per cent), approach roads to New Islamabad International Airport (NIIA) (Land Acquisition +

Shifting of Utilities), construction of road network for New Islamabad International Airport Main Link, Thallian Link & Periphery Road, land acquisition & construction of Sialkot-Lahore Motorway (91 Km), Construction of Highway from Athmuqam to Taobutl including Two Tunnels in Neelum Valley, dualization of (Gandhi Chowk to Sarai Narang) + (Domali to Rangeenabad) Old Banu Road N-55, Dualization of Indus Highway Remaining Portion (164 Km) (Kohat Sarai Gambila), improvement and widening of Jaglot – Skardu Road (S-1, 167 Km).

The projects which will complete during the year include: land acquisition for Faisalabad – Abdul Hakeem Motorway (M-4, 135 km), Improvement and Construction of Jalkhad – Chilas Road, land acquisition, affected properties compensation & relocation of utilities for Construction of Burhan / Hakla to D.I. Khan Motorway.

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 on M-1 to D.I. Khan near Yarik on N-55 (4-lane, 285 km) Motorway as part of the western route of CPEC (completion by June, 2018) and initiation of construction works, Dualization & Implementation of existing N-50 from Yarik – Sagu – Zhob including Zhob Bypass (210 km), rehabilitation of NHA Highway KKH (N-35) between Thakot – Raikot (remaining length of 136.4 Km) damaged road damaged due to unprecedented monsoon rains & flash floods 2010 and construction of 2-lane highway from Basima to Khuzdar (106 km).

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 – D.I. Khan bridge over River Indus.

Defence Production Division

An allocation of Rs4.47 billion has been made for Karachi Shipyard and Engineering Works (KS&EW) 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 upto 7,781 tonnages at the KSEW. Expected date of completion is December, 2018. After completion of the project, the ship repair turnover (business) of KS&EW will increase to the tune of 50per cent. The above allocation also include an allocation of Rs0.15 billion for its new project viz. Infrastructure upgradation project of KS&EW.

Aviation Division

An allocation of Rs1.5 billion have been made for Civil Aviation Authority (CAA) for initiation of work on the New Gwadar International Airport (NGIA), under CPEC, and continuation works on the project of establishment of basic aerodrome facilities at Mansehra – acquisition of land for construction / establishment of airport at Mansehra. An allocation of Rs1.16 billion has also been made for Airport Security Force (ASF) projects specially accommodation for its security force at the airports.

Defence Division

An allocation of Rs0.25 billion has been made for Pakistan Maritime Security Agency (PMSA) under Ministry of Defence, for continuation of work on the procurement/ construction of 6-Maritime Patrol Vessels for the Pakistan Maritime Security Agency.

Finance Division (Provincial Road Infrastructure Projects)

A total allocation of Rs2.67 billion has been made for continuation of ongoing works besides initiation of new provincial road projects in all the four provinces by this division.

Housing and Works Division (Provincial Road Infrastructure Projects)

An allocation of Rs8.68 billion has been made 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 (Provincial Road Infrastructure Projects)

An allocation of Rs1.744 billion has been made for AJ&K ongoing road infrastructure projects viz. construction of Rathua Haryam bridge, Athmuqam-Keran Bypass road and Nuaseri-Laswa Bypass road. An allocation of Rs0.3 billion has been made for GB new project viz. upgradation of road from RCC bridge Kanadas to Naltar Airforce base via Nomal.

Planning, Development & Reform Division

An allocation of Rs0.05 billion has been made for initiation of the project titled "Integrated Transport Infrastructure Planning & Management Unit".

Annex-I

Transport & Communications

(Rs million)

No.	Executing Agency	PSDP Allocation For 2016-17	Estimated Expenditure during 2016-17	Expenditure in %age of PSDP Allocation	Proposed PSDP 2017-18
1	Ministry of Communications	193,285	193,262	100%	333,380
1(a)	National Highway Authority (NHA)	188,000	188,000	100%	319,720
1(b)	Green Line Bus Transit Project, Karachi	5,000	5,000	100%	13,000
1(c)	National HW & Motorway Police (NH&MP)	257	257	100%	565
1(d)	National Transport Research Centre (NTRC)	5	5	100%	96
1(e)	Construction Technology Training Institute (CTTI)	23	23	100%	0
2	Pakistan Railways	41,000	55,091	134%	42,900
3	Ministry of Ports & Shipping	11,580	4,339	37%	6,735
4	Aviation Division				
4(a)	Civil Aviation Authority (CAA)	2,450	794	32%	1,500
4(b)	ASF (Construction of barracks accommodation at NIIA Islamabad & other ASF projects)	800	800	100%	1,163
5	Defence Division				
	Construction of 6 Marine Patrol Vessels for Pakistan Maritime Security Agency (PMSA)	597	158	26%	249
6	Defence Production Division				
	Shiplift & Transfer System & infrastructure upgradation project of KSEW	2,300	1,168	51%	4,468
7	Finance Division (Provincial Roads)	2,397	1,021	43%	2,663
8	Housing & Works Division (Provincial Roads)	3,545	3,545	100%	8,675
9	AJK & GB Division				
9(a)	AJK (Const. Of Rathua Haryam Bridge, Athmuqam - Keran Bypass Road and Nauseri - Laswa Bypass Road, AJ&K)	1,200	1,200	100%	1,744
9(b)	GB (Upgradation of road from RCC bridge Kanadas to Naltar Airforce base via Nomal)	0	0		300
Total T&C		259,154	261,400	101%	403,777
		Total PSDP			1,001,000
		T&C Share			40%