POVERTY REDUCTION STRATEGY PAPER

FIRST QUARTERLY PROGRESS REPORT FY 2011/12

PRSP Secretariat - Finance Division
Government of Pakistan

FIRST QUARTERLY PROGRESS REPORT
FY 2011/12

The report has been written by Strengthening Poverty Reduction Strategy (PRS) Monitoring Project, United Nations Development Program (UNDP), Federal Bank of Cooperatives, Islamabad.

Foreword

The Poverty Reduction Strategy (PRSP) Secretariat has been authorized with the overall lead in coordinating, monitoring, evaluating and tracking the implementation of the PRSPs; and reporting progress on anti-poverty public expenditures, intermediate social indicators, and final outcomes on a regular basis. Since the inception of PRSP-II, it underpins the government's institutional mechanism for poverty monitoring, reporting progress on anti-poverty public expenditures, intermediate social indicators and final outcomes as formulated under the results based Monitoring and Evaluation (M&E) framework of PRSP. Through this exercise, the government seeks to improve the allocative efficiency of scarce public resources and reallocate them for the poor. The PRSP-II outlines the targets under each pillar based upon the previous PRSP Strategies. The real test of public expenditures in pro-poor sectors lies in their impact. Hence, the policies in PRSP-II were linked with the achievement of key social and human development goals.

PRSP secretariat regularly reports budgetary and non-budgetary expenditures in pro-poor sectors followed by monitoring of outcome and output indicators on quarterly and annually basis. The purpose of these reports is to keep track of the progress made towards poverty reduction and also to identify the gaps prevailing in implementation of the PRSP-II to avoid them in future polices.

The PRSP Secretariat has been sharing out these reports regularly with key stakeholders. This first quarterly progress report FY 2011/12 is another effort made by the Strengthening PRS Monitoring unit that covers the performance of macroeconomic indicators, pro-poor budgetary expenditures, and social protection and safety nets. I would like to give out my sincere appreciation and gratitude to the SPRSM team for their vigorous efforts and contribution in preparing this report.

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Strengthening PRS Monitoring Project

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List of Acronyms

AJK	Azad Jammu Kashmir
BISP	Benazir Income Support Programme
CDA	Capital Development Authority
CPI	Consumer Price Index
CFY	Current Fiscal Year
EOBI	Employee Old Age Benefit Institutions
FATA	Federal Administrative Tribal Areas
FANA	Federal Administrative Northern Areas
FBR	Federal Board of Revenue
FDI	Foreign Direct Investment
FED	Federal Excise Duty
FY	Fiscal Year
GB	Gilgit Baltistan
GDP	Gross Domestic Product
GLP	Gross Loan Portfolio
GOP	Government of Pakistan
GST	General Sales Tax
ICT	Islamabad Capital Territory
KP	Khyber Pakhtunkhwa
LHWs	Lady Health Workers
LSM	Large Scale Manufacturing
MFIs	Micro Finance Institutions
MFBs	Micro Finance Banks
MIS	Management Information System
MoM	Month-on-Month basis
NCRCL	National Centre for Rehabilitation of Child Labor
NEMIS	National Education Management Information System
NGO	Non-Governmental Organization
PBM	Pakistan Bait-ul-Mal
PFY	Previous Fiscal Year
PMFN	Pakistan Micro Finance Network
POL	Petroleum, Oil and Lubricants
PPPs	Public Private Partnerships
PRSP	Poverty Reduction Strategy Paper
PSC	Poverty Score Card
PSLM	Pakistan Social and Living Standard Measurement Survey
PWP	Peoples Works Programme
RSPs	Rural Support Programmes
SBP	State Bank of Pakistan
SPI	Sensitive Price Indicator
TT	Tetanus Toxoid
USC	Utility Stores Corporation
WPI	Wholesale Price Index
WWF	Workers Welfare Fund
YoY	Year-on-Year basis

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1.0 Introduction

1.1 This Poverty Reduction Strategy Paper (PRSP) Quarterly Report is the first quarterly progress report for FY 2011/12 while tenth in line of the quarterly reports since the PRSP-II was finalized in FY 2008/09. This report is the 26th report, since the monitoring of pro-poor budgetary and non budgetary expenditures were initiated in 2001. The PRSP-II has been a successful strategy, as sound progress has been made in all pro-poor sectors during the last nine years. During 2003 onwards, the Strategy focused on four pillars, i.e. (i) Accelerating Economic Growth; (ii) Improving Governance; (iii) Investing in Human Capital; and (iv) Targeting the Poor and the Vulnerable. Taking into account socio-economic developments, both domestic and international, the PRSP-II has been built upon the government's nine-point economic reform-poverty reduction agenda encompassing the following nine pillars, i.e. (i) Macroeconomic Stability and Real Sector Growth; (ii) Protecting the Poor and the Vulnerable; (iii) Increasing Productivity and Value Addition in Agriculture; (iv) Integrated Energy Development Programme; (v) Making Industry Internationally Competitive; (vi) Human Development for the 21st Century; (vii) Removing Infrastructure Bottlenecks through Public Private Partnerships (PPPs); (viii) Capital and Finance for Development; and (ix) Governance for a Just and Fair System.

1.2 The prospectus of returning the macroeconomic situation to its earlier status thinned due to heavy floods in the country. However, in spite of the distressing situation of the economy, the macroeconomic indicators show modest growth. Particularly, arduous revenue collection by FBR decreased the fiscal deficit. In addition to it, the large scale manufacturing show positive growth partially compensating for the damages occurred owing to wash down of crops. Contrary to it, both the current and financial account deteriorated during this period adding to external account deficit. The real sector was hardest hit in the initial months of the current fiscal year as a result of floods, outbreak of dengue fever, energy crisis, and low prices of agri products globally. On the positive note, the inflation shows a decreasing trend due to decreased food prices. Overall, the economy grew modestly during the period of analysis.

1.3 Pro-poor spending in seventeen sectors of PRSP registered a healthy growth of 12.52 percent from Rs. 220,846 million in Q1-FY2010/11 to Rs. 248,490 million in Q1 of CFY. This rise in budgetary expenditures is attributable to 71.02 percent increase in development spending by the government which was earlier curtailed down in Q1-PFY on account of flood rehabilitation activities. Maximum increase in expenditures was observed in PWP-I & II, Rural development and 'Roads, Highways & Bridges' sectors, conversely 'Natural Calamities & Other Disasters' marked a decline of 53 percent in its expenditures during the review period. Decline in this sector's expenditures is due to the fact that the country confronted no disaster during this period. Regarding proportional distribution of aggregate expenditures, Education sector contributed the maximum in both the quarters under review. Current and Development spending have increased but the increase on development side is far more pronounced than current expenditures. Share of development spending in overall expenditures has also increased from 12.2 percent during Q1-FY2010/11 to 18.6 percent in Q1-FY2011/12.

1.4 Total transfers through all protecting the poor and vulnerable programs registered a negative growth of 50 percent in terms of grants and 43 percent in terms of beneficiaries during Quarter 1 of FY 2011/12 compared in the same period Previous Fiscal Year (PFY). During Quarter 1 of FY 2011/12, 96 percent i.e. Rs. 8.075 billion of the grants were of the budgetary mode and 4 percent i.e. Rs. 0.321 billion were of the non budgetary mode against 85 percent and 15 percent receptively in the same period last year. During Quarter 1 FY 2011/12 a large proportion of the amount, about 74 percent was disbursed through BISP; followed by 16 percent through Social security and social welfare, 7 percent through PBM, and 4 percent through WWF. These disbursements were made to 2,969,128 beneficiaries; 43 percent less than the comparable period last year. A total of Rs. 8,360 million 33 percent more under the micro credit was disbursed in terms of 413,085 loans during FY 2011/12 against Rs. 6,290 million and 339,845 loans compared to the same period PFY.

1.5 This Quarterly Progress Report covers the status of tracking poverty reduction efforts during Q 1 of FY 2011/12 (July – September). Section 1 of the report briefly introduces the PRSP-II and its nine pillars. Section 2 gives an overview of Pakistan's economy along with a brief discussion on key macroeconomic indicators. This section also compares the economic progress of Quarter 1 FY 2011/12 with Quarter 1 of FY 2010/11. Section 3 gives an analysis of the budgetary expenditures for 17 pro-poor sectors in general and education and health sectors in particular. Section 4 highlights both budgetary and non-budgetary modes to provide social protection to the poor and vulnerable and also illustrates expenditure details of the non-budgetary programmes. Section 5 briefly discusses monitoring of PRSP output (intermediate) indicators. Section 6 ends the report with concluding remarks.

2.0 Trends in Macroeconomic Indicators

2.1 Fiscal year 2011 ended with a devastating aftermath of floods, which came earlier in the year. It was expected that the country's troubled economy would recover in fiscal year 2012, however it turn out to be second consecutive year in which the floods in Sindh and prolonged wave of dengue fever in Punjab created unanticipated fiscal burden. In addition to it, including poor performance on external account other major economic indicators were also lower than the budgeted targets. Nevertheless, weaker international oil prices and strong inflow of remittances presented the prospect of improvement.

Table 2.1 Pakistan Selected Economic Indicators

		FY 2010	FY 2011	FY 2012
Growth rate (percent)				
LSM	Jul-Oct	-1.7	-2.9	2.1
Exports (fob)	Jul-Nov	-8.3	15.8	7.6
Imports (cif)	Jul-Nov	-23.0	17.3	20.2
Tax Revenue (FBR)	Jul-Sep	0.7	11.2	29.7
Non Tax Revenue	Jul-Sep	-80.0	-35.7	50.6
CPI (12 months ma)	Dec	13.9	12.9	12.0
Private Sector Credit	Jul-Nov	1.1	2.3	2.5
Money Supply (M2)	Jul-Nov	3.8	5.3	2.3
Billion US dollars				
Total liquid reserves	29th Dec	15.0	17.1	16.9
Home remittances	Jul-Nov	3.8	4.4	5.2
Net Foreign Investment	Jul-Nov	1.0	0.7	0.3
Percent of GDP*				
Fiscal Deficit	Jul-Sep	1.5	1.5	1.2
Trade Deficit	Jul-Nov	2.7	2.2	2.7
Current a/c Deficit	Jul-Nov	1.0	0.3	0.9

*based on full-year GDP in denominator
Source: State Bank of Pakistan

2.2 On the brighter side, the floods in FY12 were not as severe as FY11. There had been some damage to cotton and other crops in Sindh, however it was not inconsequential as it was compensated by the increased production in Punjab. There has been increased wheat and rice production, yet the global crop prices show a decline, hence this may not decode in increased farm incomes. This decline in farm incomes may impact the manufacturing sector negatively. In The credit demand by private sector also stayed sluggish

2.3 Despite the shifting of GST collection (on certain services) to the provinces and heavy expenditures due to floods and dengue fever, the budget deficit reduced in first quarter of FY12 to 1.2 percent of GDP as compared to 1.5 in same quarter last year. This reduction in budget deficit was mainly driven by elevated revenue collection by FBR from imports and better tax collection. The non tax revenues also show an impressive growth of 50.6 percent. These figures show that the government is making advances towards improving its finances.

2.4 On the external front, remittances and exports also increased even with weak international financial markets. Still, the current account surplus of FY11 reversed in the first quarter of current fiscal year. The current account deficit only for September, 2011 stood at US$ 1.0 billion, which was surprisingly high. This current account deficit is likely to put pressure on the reserves and hence will lead to debt generating inflows. In the given scenario, prudent expenditure and revenue generation policies are needed to reverse the deteriorating situation of the economy.

2.1 Real Sector:

2.5 Many exogenous and endogenous factors hit the economy in the first three months of FY12 upturning the expectations about the economic recovery. Firstly, the post 2010 flood recovery trend in FY2011 was broken up by another flood in the first quarter of FY12. This flood badly affected the cotton crops in Sindh. Following it, there was outbreak of dengue fever in Punjab which held all the economic activities for about a month. Moreover, energy crisis kept engulfing the industrial sector, given the gas shortage and high oil prices made difficult for the industrialist to run power plants. On the top of it, the global prices of agricultural items also declined notably, posting a pressure on the farmers.

2.1.1 Agriculture:

2.6 Agriculture sector faced many problems this year. There was wiping out of *kharif* crops in central and southern Sindh due to massive floods, plus the taxation on inputs increased. In addition to them, the reduction in global commodity prices coupled with low agri credit availability added to the misery of the farmers. Nevertheless, better availability of water, increased wheat support price and introduction of high yielding rice crop are likely to help the agriculture sector achieve its targets for FY12.

Table 2.2 Growth in Agriculture (in percent)

	Share in Agriculture	Growth in FY11	Targets for FY12
Agriculture		**1.2**	**3.4**
Major Crops	31.0	-4.0	3.0
Minor Crops	11.0	4.8	2.0
Livestock	55.0	3.7	4.0
Fishing		1.9	2.0
Forestry		-4.0	-1.0

Source: State Bank of Pakistan

2.7 Cotton harvests substantially effected with potential ramifications for their exports as cotton is also a primary raw material for value added textile exports. This lesser production due to floods was the reason the original target of 15.0 million bales was revised to12.5 million bales lately. The cotton crop assessment committee has estimated that the total production of cotton for *kharif FY12,* would be only 12.6 million bales, making the total estimated loss to 2.4 million bales.

2.8 Besides cotton, other crops potentially maintained their yield as the upper Sindh and Punjab largely stayed unaffected. The sugarcane crop also suffered a minor loss due to being resilient in floods. However, the delay of sugarcane crushing would likely to be the prime reason of lesser production. The crushing is offset till mid-Nov under Sugarcane Factory Act, 1950, which will negatively influence the farmers for longer exposure of the produce to flood water.

2.9 The rice production stayed on par for lesser harvest in lower Sindh, additionally the basmati rice got benefitted from heavy rains in non flood areas. The wet weather provided the necessary moisture in the soil and higher yields partially compensated for the flood loss. It is expected that the rice crop will increase by 45.6 percent this year with production over 7.0 million tons as compared to 4.8 million last years.

2.10 Better availability of water and higher support price for wheat, from Rs. 950 to Rs. 1050 per 40 kg, is liable to encourage the wheat producers to increase the yield and bring more area under cultivation. However, these increased benefits would be partially of set by the rise in input prices domestically and drop in wheat prices internationally due to higher global production. Further the agriculture related manufacturing sector also suffered down to higher input prices. The higher fertilizer prices in presence of credit constraint yielded liquidity impact and resulted in prompt decrease in tractor sales.

2.1.2 Large Scale Manufacturing:

2.11 Fortunately, the manufacturing activities stayed largely unaffected by the floods this year. The LSM grew by 2.1 percent in first quarter of current fiscal year, as compared to 2.9 percent decline in the same period last year. This growth rate is well in accordance with the full year target of 2.0 percent. During the period of analysis the major sub-sectors of textile, food, pharmaceuticals, etc showed potential increase, nonetheless, going forward the growth prospective are uncertain. The production of fertilizer is anticipated to downturn due to power shortages, additionally the textile industry could also slowdown due to lower than expected demand and international prices. The POL sector will also get affected by the issue of circular debt.

2.12 Encouraging Fiscal Policy helped this sector, for reduction in duties and sales tax compensated for the increased fluctuations in input prices. The intermediate goods also improved marginally for increased sales in fertilizers, industrial chemicals and other raw material. The yellow cab scheme in Punjab also added to the sales of cars. Additionally, there has been a significant increase in exports of value added textile and leather goods.

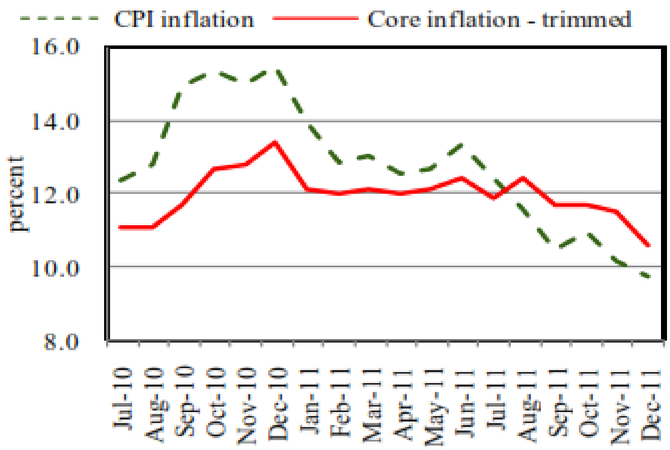
2.13 Nonetheless, these increases in LSM are not likely to continue throughout the year. Most of the boost in this sector, particularly in cement, leather and POL, came from post flood base effect which will fade out in coming months. In second quarter, these industries will plunge back to previous levels of productions comparable to last years.

2.14 The global demand is decreasing in the prospect of another recession; hence exports are expected to decrease in the following quarter. On the other side, the winter months would prove difficult for the industries which are prone to gas crisis. Fertilizer, vegetable oil & ghee, soda ash, glass, and steel will be hardest hit. The textile industry will also be badly affected by the fluctuations in cotton and yarn prices. Therefore, the government is needed to intervene in the markets to prevent the expected losses in the Large Scale Manufacturing.

2.2 Inflation:

2.15 Inflation measured by Consumer Price Index, and Sensitive Price Index substantially drop during the first quarter of current fiscal year however Wholesale Price Index show a marginal rise. Core and headline CPI inflation shows a considerable slow down in the first quarter of current fiscal year, essentially at the wake of decline in food inflation. Still, the commodities which show double digit inflation are more than 50 percent revealing the broad base of the inflation in Pakistan.

Fig 2.1 YoY CPI and Core Inflation.



Source: Pakistan Bureau of Statistics

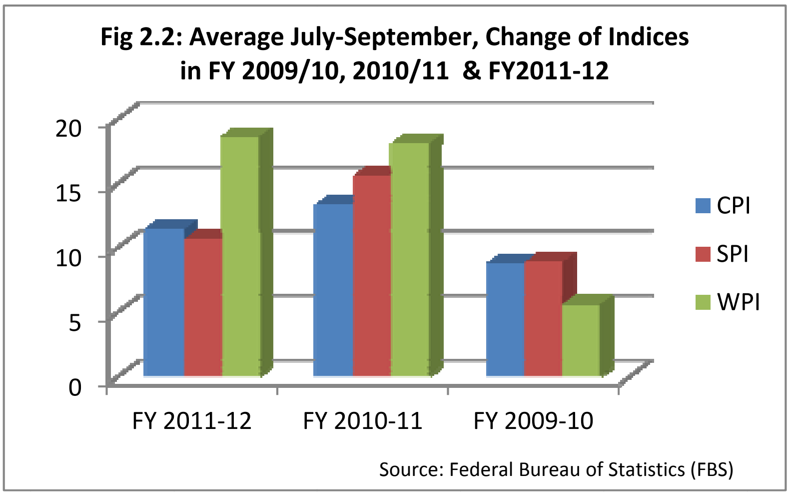
2.16 Segregating the components, the food item prices fell mostly due to restoration of supply lines in post flood scenario. These food prices are likely to stay stable in the coming months. On the contrary, the rise in cost of production throughout the economy leads to increase in the prices of non perishable, and manufactured food items. However, this increase has been marginally less than the decrease in the former category and the pace of the price growth is expected to slow down.

Table 2.3: Average July –September over same period of previous year

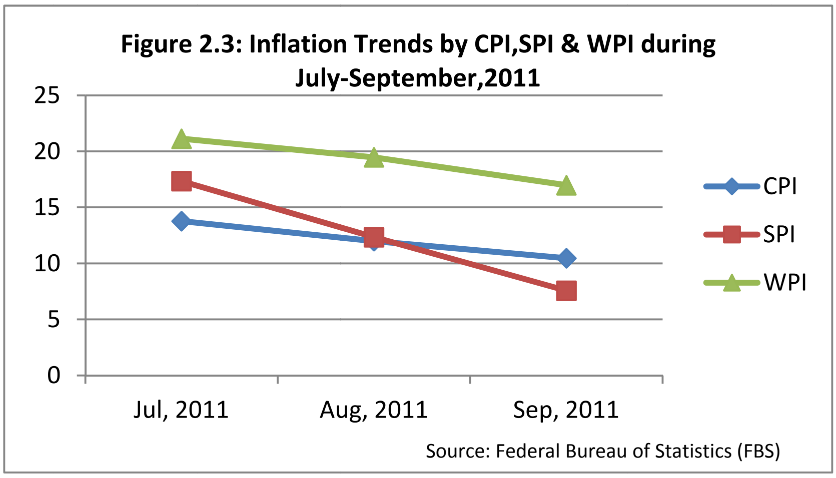
Index	FY 2011-12	FY 2010-11	FY 2009-10
	Change of indices in %		
CPI	11.47	13.36	8.81
SPI	10.68	15.58	8.91
WPI	18.62	18.09	5.60

Source: Pakistan Beauru of Statistics

2.17 The average CPI inflation for the months July-September stood at 11.4 percent against the average of 13.36 percent during the corresponding period of previous fiscal year. Inflation measured by sensitive price index also shows a decline and lessen by 4.9 percentage points comparing last year. However, the inflation through whole sale price index shows a marginal rise. The slowdown by the decline in food inflation has been counterbalanced by the supply side pressures generated due to floods and weak external position.



2.18 The figure below shows the inflation trends through different measuring indexes in Jul-Sep FY2012. Visibly, there has been a steady decline. In the current scenario, the global prices are beginning to show considerable change against Pakistani trade, however, it is expected that the prices of POL and crude oil will remain largely stale, hence give a support to the declining trend. There is a dire need of keeping the energy prices in check, otherwise attributed to increased overall cost of production, the gains of stable international prices would lost.



2.3 Fiscal Balance:

2.19 Expenditures increased immensely in the first quarter of FY2012 due to preventive actions for dengue fever in Punjab in addition to rehabilitation activities in flood affected areas. It has been found that the expenditures increased by 16.5 percent YoY during 1Q FY2012, mainly driven by higher current expenditure (up 15% YoY). Nonetheless, the swell in revenues was sufficient to offset these expenditures and the fiscal deficit narrowed down by 0.3 percentage points of GDP, in first quarter of the given year. There has been a sharp increase in tax revenue collection at the back of increased import bill coupled with improved tax collection.

2.20 A budgeted deficit was recorded at Rs. 257 billion in first quarter fiscal year 2012 against a deficit of Rs. 276 billion in the corresponding period last year. Fiscal deficit for first quarter of current fiscal year stood at 1.2% of GDP. This improvement in fiscal balance should be interpreted with caution as conversion of power holding TFC are yet to show their effect on fiscal balance.

2.21 There has been an improvement in revenue deficit also. It improved to Rs. 115 billion or 0.6% of GDP during first three months of current fiscal year against revenue deficit of Rs. 161 billion or 0.9% of GDP in the same period last year. Likewise, primary deficit also showed improvement as it reached to Rs. 82 billion in 1Q FY2012 against Rs. 114 billion in 1Q FY2011. Recovery in these fiscal indicators is commendable, showing governments desire to improve spending patterns along with increased revenue collection. On the back of improved tax collection, the government now needs to push for greater tax and structural reforms.

2.3.1 Revenues:

2.22 The total revenue summed up to Rs. 542 billions in Q1 FY2012, with the growth of 33.5 percent. FBR tax collection show a laudable upsurge in the period under review. It managed to gather Rs. 381 billion during first quarter of current fiscal year against Rs. 293 billion in corresponding period last year. Non tax revenue also posted a healthy growth of 50.6 percent and summed up to Rs. 41.8 billion, during first quarter fiscal year FY2012. Major contributions came from SBP profits and dividends. SBP continues to remain a major contributor in non tax revenues.

Table 2.4 Collection in Q1 of FY 2010/11 & 2011/12 and Percentage Change

Tax Heads	Collection		Percentage Change
	FY 2010/11 (Billion Rupees)	FY 2011/12 (Billion Rupees)	
Tax Revenue	**323**	**417**	**29.1**
Federal	309	398	28.8
of which FBR Revenue	293	381	29.7
Provincial	14	19	35.7
Non Tax Revenue	**83**	**125**	**50.6**
Federal	74	106	43.2
Provincial	9	19	111.1
Total Revenue	**406**	**542**	**33.5**

Source: Federal Beauru of Revenue

2.23 The table below shows the breakup of tax collection by FBR and the proportion of various tax heads in the total tax collection. Primarily, there has been a notable increase in sales taxes which grew by 38 percent in these three months. Other components also swell with the increase of 30.2 percent in direct taxes, 16.2 percent in customs and 3.7 percent in FED respectively. Even though, GTS collection on certain services was shifted to provinces, yet the total FBR collection grew by 29.7 percent in the given period.

Table 2.5: Composition of Total Tax Revenue During Q1 FY2011 and FY2012

Tax Heads	Collection		Percentage Change	Share in Tax Revenue	
	FY 2010/11 (Billion Rupees)	FY 2011/12 (Billion Rupees)		FY 2010/11	FY 2011/12
Direct Taxes	96	125	30.21	32.76	32.81
Sales tax	134	185	38.06	45.73	48.56
FED	27	28	3.70	9.22	7.35
Customs	37	43	16.22	12.63	11.29
All Taxes	**293**	**381**	**29.7**		

Source: Federal Beauru of Revenue

2.24 Higher sales tax due to increase in import bill formed the highest share in the total tax revenue. Direct taxes exhibit a similar trend with an increase of 0.04 percentage points. Contrary to it, there has been a slight decline in the share of customs and FED as shown by 11.29 percent and 7.35 percent against 12.63 percent and 9.22 percent in the period of analysis, respectively. It has mostly been driven by increased sales tax share than the decrease in the absolute amounts under these tax heads.

2.4 External Account:

2.25 Despite the sustained inflow of workers' remittances, the overall external account showed a significant decline in first five months of FY2011 parallel to same period previous year. Both current and financial account deteriorated during this period which translated into overall external account deficit. Distinctively, the external position weaken by 18 percent as the surplus of US$ 100 million turned to deficit of US$ 170 million during Jul-Nov in FY11 and FY12 respectively. It also unstabilized the exchange rate and as compared to last year, the Pakistani rupee depreciated by 4.9 percentage points.

Table 2.6 Summary of External Accounts (Jul-Nov)

	FY11	FY12 (P)
	(billion US dollars)	
A: C/A balance	**-0.6**	**-2.1**
i) Trade balance	-4.7	-6.5
Exports	9.0	10.0
Imports	13.7	16.5
ii) Services account balance	-1.0	-1.1
iii) Income account balance	-1.2	-1.3
iv) Current transfers	6.3	6.8
Remittances	4.4	5.2
B: Financial/Capital balance	**0.6**	**0.2**
i) FDI	0.6	0.4
ii) FPI	0.2	-0.1
iii) Others	-0.2	-0.1
C: Errors and omissions	0.1	0.2
D: Overall balance	**0.1**	**-1.7**
Foreign reserves (Dec. 21)	16.3	16.6
Exchange rate (Dec. 21)	85.7	89.9

P: Provisional
Source: State Bank of Pakistan

2.26 All the components of the current account deteriorated, except the current transfers. This deterioration was in sight, considering the Q4 FY2011 trend, however the magnitude of decrease was enormous. This shrink mainly contributed by the 11.1 percent surge in the trade deficit, comparing with corresponding period last year. It was due to many external and internal exogenous factors. Fall in exports in the wake of global prospective of an incoming recession together with increase in POL and fertilizer imports upshot trade deficit. While on the other hand, only in the month of September 29.1 percent MoM drop in remittances (seasonal impact) caused a sharp decline in current transfers. These concurrent effects lead to more than a billion dollar deficit in current account.

2.27 By increase in commodity prices, the prices of imports got more affected than the prices of exports. As a result of it, the deficit in trade account has been observed for second year in a row and the difference between exports and imports widen to US$ 12.6 billion in the period of July to November in FY2011. Exports only grew by 7.6 percent in Jul-Nov, FY11 as compared to 15.8 percent in the same period last year. This decline is mainly due to decrease in textile export which decreased by 1.3 percent during the period under review. However, as compared to it, the non-textile exports demonstrated a YoY rise of 20.2 percent. The import bill continually surged during the period and registered a growth of 18.5 percent. This increase was primarily at the wake of increased import prices rather than the increase in import goods.

2.28 Even though the current transfers showed improvement in the months following September, however, it was insufficient as compared to loss incurred by trade deficit, and services & income account balance. The trade deficit will continue to widen up in the coming months also as the international commodity prices are varying adversely. The fruits of price movements in favor of Pakistan dried up and now the import (POL, fertilizers etc) prices are on the upward swing in connect to fall in export (textile) prices. Furthermore, the demand for exports and imports are also shifting their pattern in favor of high trade deficit.

2.29 The financial and capital account started to deplete as the aftermath of global recession 2008. It has been ignored till last year by the large due to relatively healthy current account. However, in FY2011 the current account deficit increased and the modest surplus of only US$ 200 million in capital and financial account proved insufficient to finance it. On the other hand, the official liquid reserves also decreased by US$ 1.1 billion in first three months of FY2012. Decline in capital and financial surplus coupled with less than expected foreign reserves collection put pressure on the exchange rate and the Pakistani rupee depreciated during this period.

3.0 Pro-Poor Budgetary Expenditures

3.1 This section provides the detailed analysis of aggregate PRSP budgetary expenditures incurred in seventeen pro-poor sectors of PRSP-II during Q1-FY 2011/12, along with their proportional contribution to overall expenditures and variations at federal and provincial level. Current and development categories of spending have also been discussed in detail to get a deep understanding of these variations.

3.1 Trends in Expenditure:

3.2 Aggregate PRSP budgetary expenditures in seventeen pro-poor sectors (Table-3.1) have increased to Rs. 248,490 million in Q1 of FY 2011/12 from Rs. 220,846 million in Q1 of PFY, reflecting a growth of 12.52 percent. This significant growth in aggregate expenditures is the resultant of increased expenditures in all the sectors except those coming under Safety Nets category. Among the five broad categories, 'Market Access & Community Services' witnessed maximum growth of 92.8 percent; followed by 74.1 percent growth in 'Rural Development', 30.26 percent in 'Human Development' and 21.29 percent growth in Governance. Expenditures under 'Safety Nets' category declined by 35.24 percent.

Table-3.1 Sectoral PRSP Budgetary Expenditures and Percentage Changes Between Q-1 FY 2010/11 and Q-1 FY 2011/12

Sectors	Expenditure (Rs. millions)		Percentage Change
	Q-1 FY 2010-11	Q-1 FY 2011-12	
Market Access and Community Services	**8,336**	**16,072**	**92.8**
Roads, Highways, & Bridges	5,536	11,950	115.86
Environment/Water Supply & Sanitation	2,800	4,122	47.21
Human Development	**84,375**	**109,904**	**30.26**
Education	66,367	88,503	33.35
Health	17,237	20,453	18.66
Population Planning	771	948	22.96
Rural Development	**16,886**	**29,398**	**74.1**
Agriculture	15,107	20,608	36.41
Land Reclamation	436	713	63.53
Rural Development	1,092	4,680	328.57
People's Works Programme-I	51	506	892.16
People's Works Programme-II	200	2,891	1,345.50
Safety Nets	**73,981**	**47,913**	**-35.24**
Subsidies*	45,765	33,256	-27.33
Social Security & Welfare	14,275	8,079	-43.4
BISP**	12,101	6,213	-48.66
PBM**	731	549	-24.9
Others	1,443	1,317	-8.73
Natural Calamities & Other Disasters	13,910	6,538	-53
Low Cost Housing	31	40	29.03
Governance	**37,268**	**45,203**	**21.29**

Justice Admin	2,742	3,332	21.52
Law and Order	34,526	41,871	21.27
GRAND TOTAL	**220,846**	**248,490**	**12.52**

Source: Civil Accounts provided by Accountant General's office.
* Food Subsidies of Khyber Pakhtunkhwa for FY 2011/12 are not included.
**BISP-Benazir Income Support Programme, PBM-Pakistan Bait-ul-Mal

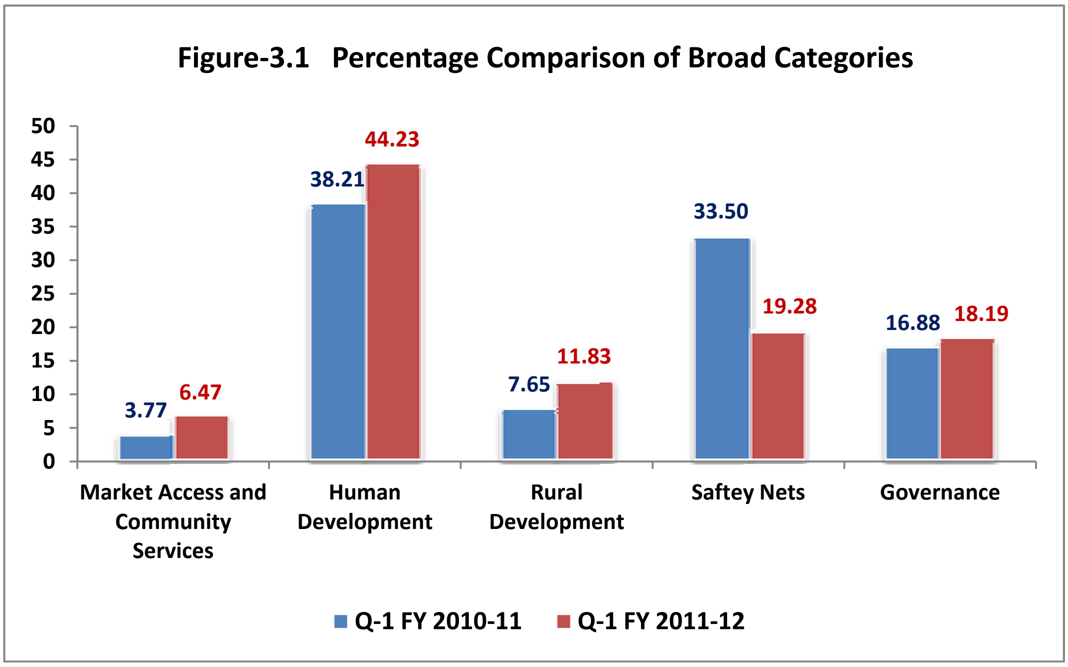
3.3 Maximum expenditure outlays witnessed in PWP-II i.e. 1345.5 percent; followed by positive growth trends in PWP-I, Rural Development and 'Roads, Highways & Bridges', with 892.16 percent, 328.57 percent and 115.86 percent respectively. This abnormal increase in PWP-I & II expenditures is the resultant of government's decision of shrinking development spending in first quarter of PFY to provide relief against flood situation in the country. Health, Population Planning, Low Cost Housing, Justice Admin and Law & Order witnessed modest increase in expenditures by not more than 30 percent.

3.4 In Safety Nets category, expenditures in three sectors (Subsidies, 'Social Security & Other Welfare' and 'Natural Calamities & Other Disasters') contracted sharply in first quarter of FY 2011/12 when compared with corresponding period of PFY. Largest decline in expenditures was observed in 'Natural Calamities & Other Disasters' because of the reason that fortunately there was no natural disaster during this period. Negative expenditure growth in Social Security & Welfare is attributable to considerable decline in the expenditures of its two programmes i.e. Benazir Income Support Programme and Pakistan Bait-ul-Mal (48.66 and 24.9 percent respectively). Reduction in spending on Subsidies sector is clear indication of continued government's efforts to replace subsidies with direct cash transfers to the poor and vulnerable. Low Cost Housing is the only sector in Safety Nets category with positive expenditure growth during the review period.

3.5 Positive expenditures growth observed in the two sectors of Governance category clearly narrate government's commitment towards effective governance and security situation in the country. Expenditures in Justice Admin and Law & Order observed a growth of almost 21 percent during first quarters of the two fiscal years under question.

3.6 Strong growth under Human Development category is the combined impact of healthy growth in expenditures of Education, Health and Population Planning. All the sectors under 'Rural Development' and 'Market Access & Community Services' witnessed positive trends in their spending during the two quarters under review.

3.7 Proportional contribution of five broad categories in aggregate expenditures in Q1 of FY 2011/12 (Fig 3.1) followed an identical pattern as observed in Q1 of PFY. Human Development holds the largest share of 44.23 percent followed by Safety nets with 19.28 percent, Governance with 18.19 percent, Rural Development with 11.83 percent and 'Market access & community services' with 6.47 percent share. Unlike the other four categories, Safety nets experienced a decline in its proportional contribution to aggregate expenditures by 14.22 percentage points (from 33.5 percent contribution in Q1 of FY 2010/11 to 19.28 percent in Q1 of FY 2011/12). This decline in proportional contribution of 'Safety Nets' is attributable to reduction in spending under Subsidies, Natural Calamities & Other Disasters and Social Security & Welfare.



3.1.1 Distribution of Expenditures:

3.8 Proportional distribution of PRSP budgetray expenditures in pro-poor sectors (Table 3.2) in Q1 FY 2011/12 illustrate a slight deviation from former pattern. Education still holds the largest share of aggregate expenditures with 35.62 percent in Q1 FY 2011/12 from 30.05 percent in Q1 FY 2010/11, however swaps observed in the respective positions of some sectors; firstly between 'Law & Order' and Subsidies; and secondly between Health and Agriculture sectors. 'Environment, Water Supply & Sanitation', Population Planning, Land Reclamation, Rural Development, PWP-I & II, Low Cost Housing and Justice Admin hold marginal shares of not more than two percent in both the quarters under review.

Table-3.2 Proportional Contribution by Sector in PRSP Expenditures Between Q-1 FY 2010/11 and Q-1 FY 2011/12

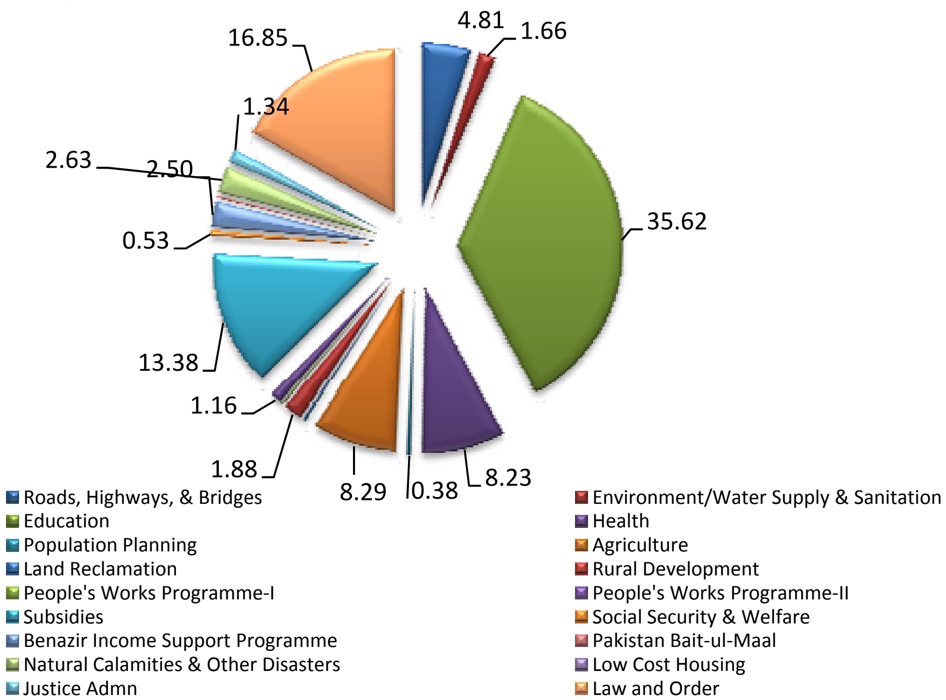
Sector	Q-1 FY 2010-11	Percentage Share	Q-1 FY 2011-12	Percentage Share
Roads, Highways, & Bridges	5,536	**2.51**	11,950	**4.81**
Environment/Water Supply & Sanitation	2,800	**1.27**	4,122	**1.66**
Education	66,367	**30.05**	88,503	**35.62**
Health	17,237	**7.8**	20,453	**8.23**
Population Planning	771	**0.35**	948	**0.38**
Agriculture	15,107	**6.84**	20,608	**8.29**
Land Reclamation	436	**0.2**	713	**0.29**
Rural Development	1,092	**0.49**	4,680	**1.88**
People's Works Programme-I	51	**0.02**	506	**0.2**
People's Works Programme-II	200	**0.09**	2,891	**1.16**

Subsidies	45,765	**20.72**	33,256	**13.38**
Social Security & Welfare	14,275	**6.46**	8,079	**3.25**
BISP	12,101	5.48	6,213	2.5
PBM	731	0.33	549	0.22
Others	1,443	0.65	1,317	0.53
Natural Calamities & Other Disasters	13,910	**6.3**	6,538	**2.63**
Low Cost Housing	31	**0.01**	40	**0.02**
Justice Admn	2,742	**1.24**	3,332	**1.34**
Law and Order	34,526	**15.63**	41,871	**16.85**
GRAND TOTAL	**220,846**	**100**	**248,490**	**100**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.9 Proportional shares of four sectors; Education, 'Roads, Highways & Bridges', Agriculture and Rural Development, increased by 5.57, 2.3, 1.45 and 1.39 percentage points respectively in Q1 of FY 2011/12 from Q1 of PFY. On the other hand, proportional contribution of Subsidies declined by 7.34 percentage points (from 20.72 percent to 13.38 percent), followed by 3.67 and 3.21 percentage points decline in 'Natural Calamities & Other Disasters' and 'Social Security & Welfare' respectively. Health, Population Planning, Land Reclamation, Rural Development, PWP-I & II, Low Cost Housing, Justice Admin and Law & Order recorded marginal increase in their proportional contribution to overall expenditures..

Figure-3.2 Proportional Contribution by Sector for Q-1 FY 2011/12



3.1.2 PRSP Budgetary Expenditures by Province and Sectors

3.10 PRSP expenditures in pro-poor sectors at provincial and federal level (Table 3.3) illustrate positive trends by all the four provinces in contrast to 12.19 percent decline in federal expenditures. Punjab witnessed maximum increase in expenditures i.e. 33.37

percent; followed by 29.51 percent in KP, 24.5 percent in Sindh and 21.84 percent in Balochistan up to first quarter of FY 2011/12 from corresponding period of FY 2010/11.

3.11 All provinces observed positive trends in their spending in nine sectors including 'Roads, Highways & Bridges', 'Environment, Water Supply & Sanitation', Education, Health, Population Planning, Agriculture, Rural Development, Justice Admin and Law & Order. Similarly PWP-I and II recorded substantial increase in expenditures at federal level. In 'Social Security & Other Welfare', all provinces have observed positive growth, only Sindh has diverged from the positive growth witnessed in remaining three provinces. Natural Calamities and Other Disasters is the only sector with negative growth in expenditures in all the provinces.

Table-3.3 Percentage Change in PRSP Expenditures by Sector and by Province in Q-1 FY 2010/11 and Q-1 FY 2011/12

Sector	Federal	Punjab	Sindh	KP	Balochistan	Pakistan
Roads, Highways, & Bridges	-33.54	119.21	176.79	620.68	23.37	115.86
Environment/Water Supply & Sanitation	20	26.86	8.94	106.25	154.85	47.21
Education	55.75	39.64	19.94	22.84	26.08	33.35
Health	-39	31.19	27.47	16.17	37.14	18.66
Population Planning	-90	43.77	43.67	34.75	39.29	22.96
Agriculture	70.08	29.76	1.11	36.23	55.71	36.41
Land Reclamation	-	15.79	70.71	-	-	63.53
Rural Development	41.67	1713.43	26.79	304.68	2.1	328.57
People's Works Programme-I	892.16	-	-	-	-	892.16
People's Works Programme-II	1345.5	-	-	-	-	1345.5
Subsidies	-27.81	-99.5	N/A*	-100	-	-27.33
Social Security & Welfare	-47.22	54.73	-19.36	48.28	8.93	-43.4
BISP	-48.66	-	-	-	-	-48.66
PBM	-24.9	-	-	-	-	-24.9
Others	-42.47	54.73	-19.36	48.28	8.93	-8.73
Natural Calamities & Other Disasters	-52.94	-32.24	-4.1	-96.47	-96.62	-53
Low Cost Housing	-	28.57	33.33	-	-	29.03
Justice Admin	25.76	21.33	27.84	3.18	38.3	21.52
Law and Order	20.91	9.72	32.64	41.51	25.07	21.27
GRAND TOTAL	**-12.19**	**33.37**	**24.5**	**29.51**	**21.84**	**12.52**

Source: PRSP Secretariat, Finance Division, Islamabad.
*N/A: Not applicable

3.2 Current and Development Expenditures:

3.12 Aggregate current and development expenditures (Table 3.4) illustrate increases in both the categories; Current expenditures increased slightly by 4.38 percent in contrast to a lofty increase of 71.01 percent in development expenditures. Share of development expenditures in aggregate PRSP expenditures increased to 18.6 percent in Q-1 FY 2011/12 from 12.2 percent in corresponding period of PFY. Conversely, current expenditures dominate the major proportion of aggregate expenditures in both the quarters under review, however, its share decreased to 81.4 percent from 87.8 percent earlier.

Table-3.4 Total PRSP Current and Development expenditures for Q1-FY 2010/11 and Q1-FY 2011/12

	Expenditures (Rs. Millions)			Percentage Share in Aggregate Expenditures	
	Current	Development	Total	Current	Development
Q-1 FY 2010-11	193,866	26,980	**220,846**	87.8	12.2
Q-1 FY 2011-12	202,350	46,140	**248,490**	81.4	18.6
Percentage change	**4.38**	**71.02**	**12.52**		

Source: Civil Accounts provided by Accountant General's office.

3.13 Expenditure trends in current and development categories by provinces and at federal level illustrate an encouraging growth picture of respective categories of expenditure (Table 3.5). At provincial level, strong growth is observed in both current and development expenditures by all the four provinces with hefty increase in development spending in Punjab and KP (345.52 and 196.89 percent respectively). At federal level, opposing trends observed for current and development expenditures with 7.1 percent growth in development expenditures in contrast to 16.44 percent decline in current expenditures in Q1 of FY 2011/12.

Table-3.5 Percentage Change in PRSP Current and Development Expenditures by Province for Q1-FY 2010/11 and Q1-FY 2011/12

Province	Q-1 FY 2010-11		Q-1 FY 2011-12		Percentage change	
	Current	Development	Current	Development	Current	Development
Federal	73,525	16,215	61,434	17,366	-16.44	7.10
Punjab	59,098	3,482	67,951	15,513	14.98	345.52
Sindh	31,706	3,642	39,464	4,545	24.47	24.79
KP	20,826	2,541	22,719	7,544	9.09	196.89
Balochistan	8,711	1,100	10,782	1,172	23.77	6.55
Pakistan	**193,866**	**26,980**	**202,350**	**46,140**	**4.38**	**71.02**

Source: Civil Accounts provided by Accountant General's office.

3.14 Current and development expenditures incurred in seventeen pro poor sectors (Table 3.6) revealed optimistic growth in Q1 of FY 2011/12. All the sectors underwent positive growth for both current and development expenditures except four sectors i.e. Health, Social Security & Welfare, Natural Calamities & Other Disasters and Subsidies. In Current expenditures category, Population Planning experienced maximum increase of 321.15 percent followed by 'Land Reclamation', 'Roads, Highways & Bridges' and 'Rural Development' whereas 'Natural Calamities & Other Disasters' and 'Subsidies' exhibited a sharp downtrend in current expenditures thus affecting the overall trend for the sector.

3.15 On the development side, five sectors i.e. PWP-I, II, Education, Rural Development and Law & Order emerged with gigantic growth in their expenditures. 'Social Security &

Welfare' and Health sectors witnessed a decline of 46.44 percent and 15.32 percent respectively, which further restrained the sector's overall growth.

Table-3.6 Percentage Change in PRSP Current and Development Expenditures by Sector for Q1-FY 2010/11 and Q1-FY 2011/12

Sector	Current	Development	Total
Roads, Highways, & Bridges	59.79	152.86	115.86
Environment/Water Supply & Sanitation	40.52	58.29	47.21
Education	20.08	559.36	33.35
Health	21.4	-15.32	18.66
Population Planning	321.15	1.39	22.96
Social Security & Welfare	-12.34	-46.44	-43.40
BISP	-	-48.66	-48.66
PBM	-24.9	-	-24.9
Others	4.62	-16.74	-8.73
Natural Calamities & Other Disasters	-53.9	35.97	-53
Agriculture	18.69	78.96	36.41
Land Reclamation	63.53	-	63.53
Rural Development	51.64	395.68	328.57
Law and Order	20.87	389.47	21.27
Low Cost Housing	16.13	-	29.03
Justice Admin	15.57	97.98	21.52
Subsidies	-27.34	-	-27.33
People's Works Programme-I	-	892.16	892.16
People's Works Programme-II	-	1,345.50	1,345.50
GRAND TOTAL	**4.38**	**71.02**	**12.52**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.3 PRSP Expenditures in Education and Health:

3.16 This section represents the detailed analysis of expenditure trends observed in sub-sectors of Education and Health and their proportional distribution at sub-sectoral and provincial level. This detailed analysis of the two most important sectors of Human Development could help out in identifying the areas of neglect and more focused areas could be highlighted.

3.3.1 PRSP Expenditures in Sub-sectors of Education:

3.17 Aggregate PRSP expenditures in Education sector experienced a healthy growth of 33.35 percent from Rs. 66,367 million in Q1-FY 2010/11 to Rs. 88,503 million in Q1-FY 2011/12. Expenditures growth in Federal and Punjab province (55.75 percent and 39.64 percent respectively) provided huge contribution to Education sector's overall expenditures growth. At provincial level, strongly positive growth observed in all the provinces with maximum expenditures growth in Punjab i.e. 39.64 percent; followed by Balochistan, KP and Sindh with 26.08 percent, 22.84 percent and 19.94 percent respectively.

Table-3.7 Percentage Change in PRSP Education Expenditures by Province and Sub-sector for Q1-FY 2010/11 and Q1-FY 2011/12

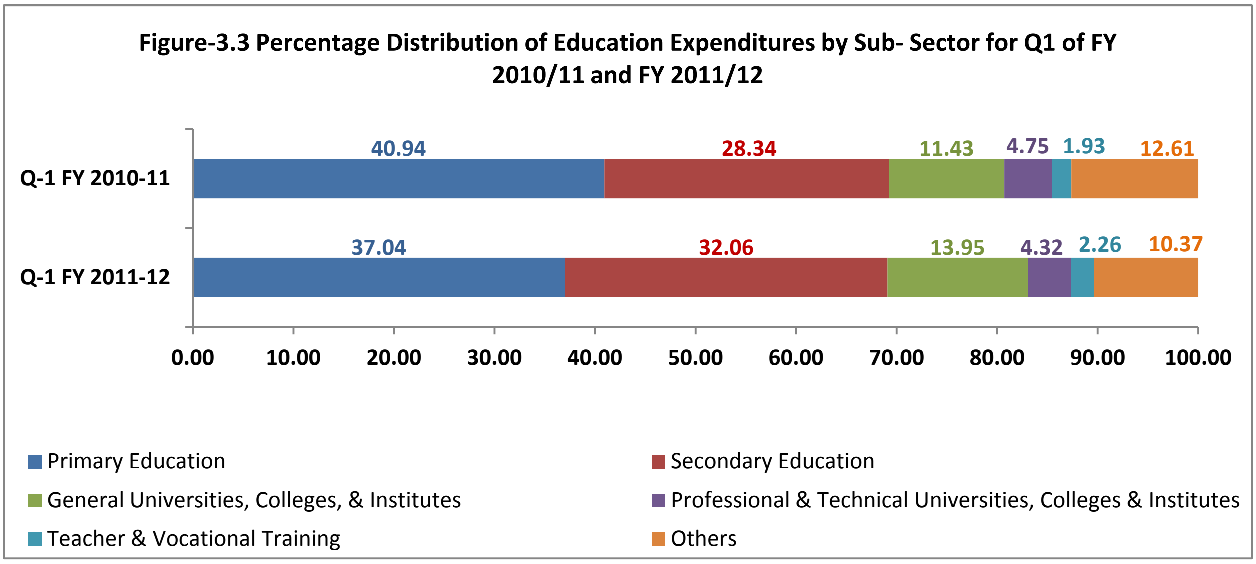
Education sub-sector	Federal	Punjab	Sindh	KP	Balochistan	Total
Primary Education	10.73	14.67	33.64	27.45	1.60	20.66
Secondary Education	23.50	78.70	45.02	16.07	42.14	50.86
General Universities, Colleges, & Institutes	95.85	62.89	28.14	5.65	38.89	62.69
Professional & Technical Universities, Colleges & Institutes	17.68	96.59	1.06	18.75	23.42	21.35
Teacher & Vocational Training	0	60.25	28.13	0	19.05	56.09
Others	97.75	24.78	-44.16	124.23	45.44	9.65
Total	**55.75**	**39.64**	**19.94**	**22.84**	**26.08**	**33.35**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.18 At sub-sectoral level, all the subsectors emerged with tremendous growth in expenditures with 'General Universities, Colleges & Institutes' experiencing maximum growth of 62.69 percent, followed by 56.09 percent growth by 'Teacher & Vocational Training'. Among the provinces, Punjab experienced maximum growth in expenditures of three sub-sectors; 'Secondary Education', 'Professional & Technical Universities' and 'Teacher & Vocational Training' (i.e. 78.7, 96.59 and 60.25 percent respectively). Primary education witnessed an increase of 20.66 percent in its expenditures with Sindh experiencing the highest increase of 33.64 percent.

3.19 Percentage distribution of aggregate Education expenditures in its subsectors (Table 3.8 & Fig 3.3) continued the existing pattern with Primary and Secondary Education holding the first two positions with 37.04 percent and 32.06 percent share respectively in Q1-FY 2011/12 (from 40.94 and 28.34 percent respectively in Q-1 FY 2010/11) while 'Teacher & Vocational Training' holds the least share in both the quarters under review. At provincial level, Primary and Secondary education continued to grasp maximum priority in expenditures proportional distribution as observed from their combined share of 72.78 percent in Punjab, 79.46 percent in SIndh, 80.74 percent in KP and 65.85 percent in Balochistan during Q1-FY 2011/12. Teacher & Vocational Training holds least priority in terms of proportional distribution of Education sector's expenditures in all the provinces except in Punjab.

3.20 Punjab holds the largest share for 'General Universities' and 'Teacher & Vocational Training', Sindh for 'Primary Education', KP for 'Secondary Education' and 'Professional Universities' and Balochistan for 'Others' subsector.



3.21 At federal level, share of General Universities increased by 10.55 percentage points from 41 percent to 51.55 percent whereas share of Primary and Secondary education declined by 4.36 and 3.68 percentage points respectively in Q1-FY 2011/12. 'Teacher & Vocational Training' captured the least priority in expenditures distribution during both the quarters under review.

Table-3.8 Percentage Distribution of Education Expenditures by Province and sub-sector for Q1-FY 2010/11 and Q1-FY 2011/12

Education Sub-sectors	Federal	Punjab	Sindh	KP	Balochistan	Total
	Q-1 FY 2011/12					
Primary Education	10.71	38.37	48.35	40.94	29.76	37.04
Secondary Education	14.07	34.41	31.11	39.80	36.09	32.06
General Universities, Colleges, & Institutes	51.55	9.48	7.67	7.28	8.63	13.95
Professional & Technical Universities, Colleges & Institutes	13.94	1.25	3.56	6.96	4.81	4.32
Teacher & Vocational Training	0.10	4.40	0.44	0.00	1.85	2.26
Others	9.62	12.10	8.87	5.02	18.86	10.37
Total	**100**	**100**	**100**	**100**	**100**	**100**
	Q-1 FY 2010/11					
Primary Education	15.07	46.73	43.40	39.46	36.93	40.94
Secondary Education	17.75	26.89	25.73	42.12	32.02	28.34
General Universities, Colleges, & Institutes	41.00	8.12	7.18	8.47	7.83	11.43
Professional & Technical Universities, Colleges & Institutes	18.46	0.89	4.23	7.20	4.91	4.75
Teacher & Vocational Training	0.16	3.83	0.41	0.00	1.96	1.93
Others	7.58	13.55	19.06	2.75	16.35	12.61
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.3.2 PRSP Expenditures in Sub-sectors of Health:

3.22 Overall pro poor expenditures in Health sector have increased nominally by Rs. 3,216 million to Rs. 20,453 million in Q1 of FY 2011/12 from Rs. 17,237 million in corresponding quarter of PFY. In other words, these expenditures portrayed a growth of 18.66 percent during the two quarters under review.

3.23 Percentage change in expenditures incurred in sub-sectors of Health at federal and provincial level during Q1 of FY 2010/11 & FY 2011/12 is given below in table 3.9. At provincial level, all the provinces exhibited positive growth in expenditures with 37.14 percent growth in Balochistan; followed by 31.19 percent in Punjab, 27.47 percent in Sindh and 16.17 percent in KP. On the contrary, 39 percent decline in health expenditures at federal level was observed during the review period.

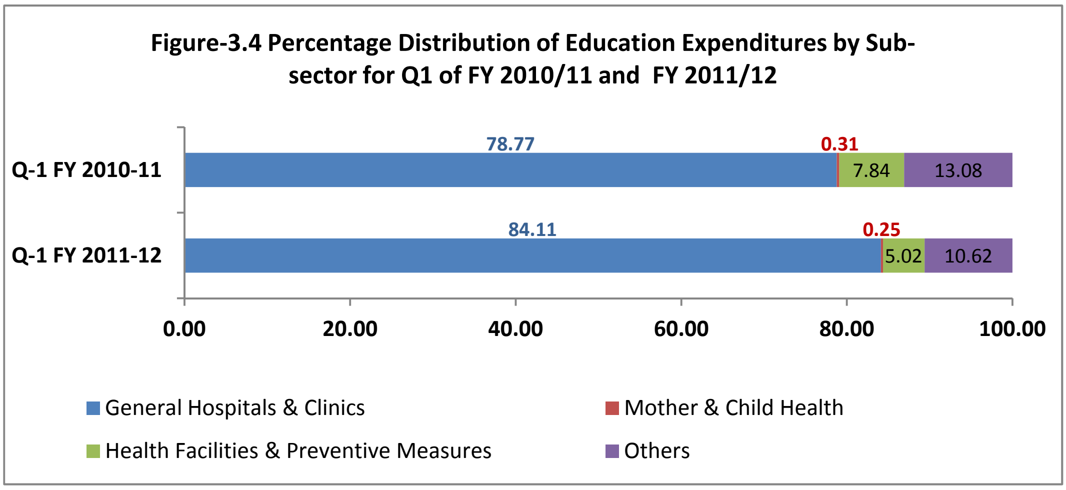
3.24 In sub sectors of Health, 'General Hospitals & Clinics' is the only sub-sector with 26.7 percent growth in expenditures supported by encouraging figures (more than 30 percent) by all the provinces. In remaining sub sectors, 'Health Facilities & Preventive Measures' experienced maximum decline in expenditures (i.e. 23.98 percent); followed by a slight decline of 3.7 percent and 3.68 percent in 'Mother and Child Health' and 'Others' respectively. 'Health Facilities and Preventive Measures' exhibited positive growth in provincial expenditures yet the proportional decline in federal expenditures curbed this growing impact.

Table-3.9 Percentage Change in PRSP Health Expenditures by Province and sub-sector for Q1-FY 2010/11 and Q1-FY 2011/12

Health sub-sector	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
General Hospitals & Clinics	-14.15	31.32	31.68	33.85	35.50	26.70
Mother & Child Health	-100.00	4.76	-	14.29	-100.00	-3.70
Health Facilities & Preventive Measures	-91.90	146.43	34.34	114.29	20.00	-23.98
Others	-42.45	24.71	-0.19	-66.04	56.03	-3.68
Total	**-39.00**	**31.19**	**27.47**	**16.17**	**37.14**	**18.66**

Source: PRSP Secretariat, Finance Division, Islamabad.

3.25 Proportional distribution of Health expenditures in respective sub-sectors (Table 3.10 & Fig 3.4) followed an identical pattern in both the quarters under review with 'General Hospitals & Clinics' holding the maximum share of 84.11 percent; followed by 'Others' with 10.62 percent share, 5.02 percent share by 'Health Facilities and Preventive Measures' and 0.25 percent share by 'Mother & Child Health' in Q-1 of FY 2011/12 from 78.77, 13.08, 7.84 and 0.31 percent respectively in Q-1 of PFY.



3.26 At provincial level, 'General Hospitals & Clinics' holds the largest share of aggregate health expenditures in all the four provinces and in federation as well whereas 'Mother & Child Health' holds the least share of not more than 1 percent in Punjab and KP while nil expenditures observed in Federal, Sindh and Balochistan provinces during the period under review. Sindh holds the maximum proportional contribution in 'Health Facilities and Preventive Measures' sub-sector while in 'Others' sub-sector, Balochistan captured the maximum share of 18.68 percent in Q1-FY 2011/12.

Table-3.10 Percentage Distribution of Health Expenditures by Province and sub-sector for Q1-FY 2010/11 and Q1-FY 2011/12

Health sub-sectors	Federal	Punjab	Sindh	KP	Balochistan	Pakistan
	Q-1 FY 2011/12					
General Hospitals & Clinics	91.82	86.43	77.55	86.65	74.19	84.11
Mother & Child Health	0.00	0.43	0.00	0.27	0.00	0.25
Health Facilities & Preventive Measures	4.02	1.36	11.40	7.03	7.13	5.02
Others	4.16	11.77	11.04	6.06	18.68	10.62
Total	**100**	**100**	**100**	**100**	**100**	**100**
Health sub-sectors	**Federal**	**Punjab**	**Sindh**	**KP**	**Balochistan**	**Pakistan**
	Q-1 FY 2010/11					
General Hospitals & Clinics	65.24	86.35	75.07	75.20	75.09	78.77
Mother & Child Health	0.08	0.54	0.00	0.27	0.35	0.31
Health Facilities & Preventive Measures	30.27	0.73	10.82	3.81	8.15	7.84
Others	4.41	12.38	14.10	20.72	16.41	13.08
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: PRSP Secretariat, Finance Division, Islamabad.

4.0 Protecting the Poor & Vulnerable

4.1 The Government of Pakistan (GOP) recognizes that social protection and provision of social safety nets have a major role to play in promoting pro-poor growth and tackling exclusion and inequality. Social protection can be broadly defined as provisions that "society provides to individuals and households through public and collective measures to guarantee them a minimum standard of living and to protect them against low or declining standards of living arising out of a number of basic risks and needs". Recognizing the urgent need to protect the poor and the vulnerable, the GOP has undertaken some new initiatives as well as strengthened earlier ones in this regard. Pakistan has a fairly elaborate network of direct and indirect social protection mechanisms. Direct provisions include employment based guarantees (such as Employees' Old Age Benefit Institution (EOBI), Workers Welfare Fund (WWF), direct transfers (Zakat[1], Pakistan Bait-ul-Mal[2] (PBM), Benazir Income Support Programme (BISP), and market based interventions (Microfinance). Indirect provisions include the provision of the minimum wage rate, subsidy on petroleum products, electricity, subsidy on the price of flour and food subsidies through Utility Stores Corporation (USC). Disbursements under PBM and BISP have been included in the budgetary part of the pro-poor expenditures. The performance of these social safety nets and other programs covering period July 01, 2011 to September 30, 2011 have been compared with the same period of last year in this section.

4.2 Disbursements and number of beneficiaries in all programmes including micro credit are given in Table 4.1. Total transfers through all protecting the poor and vulnerable programs registered a negative growth of 50 percent in terms of grants and 43 percent in terms of beneficiaries during Quarter 1 of FY 2011/12 compared in the same period Previous Fiscal Year. During Quarter 1 of FY 2011/12, 96 percent i.e. Rs. 8.075 billion of the grants were of the budgetary mode and 4 percent i.e. Rs. 0.321 billion were of the non budgetary mode against 85 percent and 15 percent receptively in the same period last year. During Quarter 1 FY 2011/12 a large proportion of the amount, about 74 percent was disbursed through BISP; followed by 16 percent through Social security and social welfare, 7 percent through PBM, and 4 percent through WWF. These disbursements were made to 2,969,128 beneficiaries; 43 percent less than the comparable period last year. A total of Rs. 8,360 million 33 percent more under the micro credit was disbursed in terms of 413,085 loans during FY 2011/12 against Rs. 6,290 million and 339,845 loans compared to last year in the same period.

[1] Zakat is the Islamic concept of tithing and alms. It is an obligation on Muslims to pay 2.5% of their wealth to specified categories in society when their annual wealth exceeds a minimum level (nisab).
[2] Tracked entirely (all components) under budgetary expenditure as of FY 2011/12.

Table 4.1: Direct Transfers and Beneficiaries			
Programme	**Disbursement / Beneficiaries**	**Quarter 1 FY 2010/11**	**Quarter 1 FY 2011/12**
Budgetary Transfers			
Pakistan Bait-ul-Mal (all Programmes)	Amount disbursed (Rs. millions)	732.806	548.646
	Total beneficiaries	1,132,696	191,973
BISP	Amount disbursed (Rs. billion)	12.101	6.21
	Total beneficiaries	3,747,919	2,770,000
Social Security & Social Welfare	Amount disbursed	1,443	1,317
1. Sub Total: Budgetary Transfers	**Amount disbursed (Rs. billion)**	**14.27**	**8.075**
	Total beneficiaries	**4,880,615**	**2,961,973**
Non – Budgetary Transfers			
Zakat*	Amount disbursed (Rs. millions)	-	-
	Total beneficiaries	-	-
EOBI	Amount disbursed (Rs. millions)	1,985.111	-
	Total beneficiaries	314,705	-
Workers Welfare Fund (WWF)*	Amount disbursed (Rs. millions)	620.49	321.41
	Total beneficiaries	9,261	7,155
2. Sub Total: Non budgetary transfers	**Amount disbursed (Rs. millions)**	**2,605.60**	**321.41**
	Total beneficiaries	**323,966**	**7,155**
Total: 1+2	**Amount disbursed (Rs. In billion)**	**16.875**	**8.396**
	Total beneficiaries	**5,204,581**	**2,969,128**
Micro Finance (micro credit only)	**Amount disbursed (Rs. millions)**	**6,290**	**8,360**
	Total Loans	**339,845**	**413,085**

Source: Pakistan Bait-ul-Mal, BISP, WWF and PMFN
Note*. The data/information has not been received from ZAKAT and EOBI because of the transfer of subjects to the provinces.

4.1 Pakistan Bait-ul-Mal (PBM):

4.3 Pakistan Bait-ul-Mal (PBM), contributes significantly to poverty alleviation through its various poorest of the poor focused interventions providing assistance to orphanages, old age citizens and to other needy persons. The programmes of Pakistan Bait-ul-Mal (PBM) in terms of Disbursements and Beneficiaries are given in the table 4.2 for Q1 FY 2011/12 compared to Q1 FY 2010/11. The total disbursements made under the Pakistan Bait-ul-Mal programs witnessed a negative trend from Rs. 732.806 million in Q1 of PFY to Rs. 548.646 million in Q1 of CFY showing a decrease of 25.1 percent. Similarly, beneficiaries in the comparison period have also registered a sharp decrease of 83 percent from 1,132,696 to 191,973.

4.4 The disbursements under the PBM's pro-poor programmes depicted a positive trend under the NCRCL, Vocational/Dastakari Schools, Civil Society Wing and Pakistan Sweet

Homes under the comparison period that is 34, 21, 157 and 44 percent more respectively. However, disbursements under Individual Financial Assistance declined by 32 percent from Rs. 561.093 million to Rs. 383.952 million.

4.5 On the other hand, beneficiaries under NCRCL, Vocational/Dastakari Schools, Pakistan Sweet Homes and Civil Society Wing noticed significant increase of 9, 2, 88 and 273 percent respectively under the comparison period. However, beneficiaries under IFA programme declined by 52 percent (from 14,488 in Q1 of FY 2010/11 to 6,898 in Q1 of FY 2011/12). Food Support Programme has been ended in FY 2008/09 with the launching of BISP.
Source: Pakistan Bait-ul-Mal programme

Table 4.2 : Programmes of Pakistan Bait-ul-Mal (PBM) For Q 1 (July 1st-Sept 31st 2011) FY 2011/12

Grant Nature	Q 1 (July1st – Sept 31st, 2010) FY 2010/11		Q 1 (July1st – Sept 31st, 2011) FY 2011/12	
	Beneficiaries	Disbursement (Rs. millions)	Beneficiaries	Disbursement (Rs. millions)
Food Support Program	-	-	-	-
Child Support Programme	6,405	10.149	-	-
Individual Financial Assistance	14,488	561.093	6898	383.952
Civil Society Wing (NGOs)	2,080	4.208	7753	10.809
National Centre for Rehabilitation of Child Labour (NCRCL)	113,041	57.372	123291	77.021
Vocational / Dastkari Schools	50,572	27.184	51682	32.988
Pakistan Sweet Homes (Orphanages)	1,248	30.464	2349	43.876
Langer Program	944,862	42.336	-	-
Total Disbursement and Beneficiaries under all sub programmes	**1,132,696**	**732.806**	**191,973**	**548.646**

4.2 Zakat & Ushar

4.6 After the approval of the 18th amendment, Ministry of Zakat and Usher has been devolved to the provinces. The data/information for the subject quarter has not been received from the provinces in this regard.

4.3 Employees' Old Age Benefit Institution (EOBI)

4.7 Several grant programmes targeting the poor employees contributing regularly are implemented through EOBI. A sum of Rs. 1,985 million was disbursed among employees during Q1 FY 2010/11 (see Table 4.3). The data/information for Q 1 of FY 2011/12 has not been received from the EOBI; therefore, analysis has not been made here for the comparison period.

Table 4.3: Programmes of Employees Old Age Benefits Institution (EOBI)				
Grant Nature	Q 1 FY 2010/11		Q 1 FY 2011/12	
	Beneficiaries	Disbursement (Rs million)	Beneficiaries	Disbursement (Rs million)
Old Age Pension	200,881	1,271.893	-	-
Invalidity Pension	5,000	31.448	-	-
Survivors Pension	108,354	675.614	-	-
Old Age Grants	470	6.156	-	-
Grand Total	**314,705**	**1,985.111**	**-**	**-**

Source: Employees' Old Age Benefits Institution (EOBI).

4.4 Benazir Income Support Program (BISP):

4.8 The Government of Pakistan (GOP) launched the Benazir Income Support Programme (BISP) in FY 2008/09 as its main social safety net programme. This program is since then serving as a platform to provide cash transfers to the vulnerable identified on the basis of poverty scorecard and would be backed by an exit strategy. The Programme was initiated to partially offset the impact of inflation on the purchasing power of the poorer sections of the society. The Programme is aimed at covering almost 15% of the entire population, which constitutes 40% of the population living below the poverty line. A monthly payment of Rs.1000 per family would increase the income of a family earning Rs. 5000 by 20%. BISP will cover all four provinces including FATA, AJK, FANA & ICT. BISP's cash grant disbursement and beneficiaries detail during the comparison period are given in Table 4.4.

Table 4.4: Benazir Income Support Programme				
	Quarter 1 FY 2010/11		Quarter 1 FY 2011/12	
	Disbursements (Rs. In Billion)	Beneficiaries (no. in millions)	Disbursement (Rs. In Billion)	Beneficiaries (no. in millions)
Grand Total	12.10	3.747	6.21	2.66

Source: Benazir Income Support Program

4.9 The cash grant disbursements under BISP registered a decline of 48 percent from Rs.12.01 billion in Q1 FY 2010/11 to Rs. 6.21 billion during the same period this year. Similarly, beneficiaries also decreased by 29 percent (from 3.75 million to 2.66 million).The reason for the drastic decline in the amount disbursed and consequently in the number of beneficiaries is because of the removal of giving cash grants through MNA/Senator system and shifting completely to disbursing grants to families who qualified for the poverty score card. As shown in table 4.5 the cash grants are given only through Poverty Score Card in all the provinces accept for Balochistan and FATA where the survey regarding the families qualifying for the PSC has not yet been completed. There is a need to upgrade BISP's Management Information System (MIS) urgently as the current software does not provide exact beneficiary details about the graduating clients and the new clients separately.

4.10 The overall beneficiaries identified in each province for Q1 FY 2011/12 through Poverty Score Card (PSC) mechanism and through MNAs/Senators are given in table 4.5. Of the total cash grant beneficiaries, only 2 percent were identified through MNAs/Senators while remaining 98 percent were identified through PSC. The cash grant beneficiaries under the MNA/Senators were only from Baluchistan and FATA areas. Overall, the highest proportion of total beneficiaries were noticed in Sindh i.e. 41 percent, followed by Punjab with 26.1 percent, KP with 23 percent, 5 percent in Baluchistan and 2 percent in AJK. A minor proportion of total beneficiaries were found in Gilgit Baltastan (GB), ICT and FATA.

Table 4.5: No. of Beneficiaries in each province for Q1 of FY 2011/12

	Punjab	Sindh	KP	Balochistan	GB	AJK	ICT	FATA	Total
No of families receiving grants through Poverty Score Card	682,613	1,100,909	606,592	126,764	22,927	55,509	4,717	179	2,600,210
No of families receiving grants through MNAs/Senators	-	-	-	16,553	-	-	-	42,192	171,202
Total No. of Beneficiaries	**682,613**	**1,100,909**	**606,592**	**143,317**	**22,927**	**55,509**	**4,717**	**42,371**	**2,771,412**

Source: Benazir income Support Program

4.11 BISP has also initiated three graduation programmes i.e. Waseela-e-Haq (microfinance for entrepreneurship development), Waseela-e-Rozgar (vocational training for improved livelihoods) and Waseela-e-Sehat (Life, accident and health insurance).The description of each program is given below however the data was not available for Q1.

4.12 **Waseela-e-Haq,** aiming to break the vicious cycle of poverty provides interest free financial assistance to the randomly selected beneficiaries. The selection of these families is being done by computerized transparent balloting process. The step is basically designed to promote self-employment among women beneficiaries or their nominees to improve their livelihood. It offers Rs 300, 000 long-term interest free financial assistance based on social capital instead of any physical asset as collateral.

4.13 Similarly, **Waseela-e-Rozgar** provides free of cost vocational training for every beneficiary woman or her nominee from her own family. This initiative envisages empowering the female beneficiary or her nominee to become economically independent through acquiring demand-driven vocational skill and technical education. Waseela-e-Rozgar leads towards capacity building and professional development. BISP has planned to provide a complete economic rehabilitation mechanism to these families through vocational training. Duration of offered trainings is 3 - 12 months.

4.14 Another landmark step to reduce the sufferings of the underprivileged segments of the society is provision of heath facilities under **Waseela-e-Sehat**. The programme envisioned to improve access to health services and reducing income loss of the already marginalized due to health related expenditure. The 1st phase comprising of Life Insurance was launched on January 1, 2011 to provide death coverage of Rs. 100,000 to the bread-earners of every beneficiary family.

4.5 Workers Welfare Fund (WWF):

4.15 Workers Welfare Fund (WWF) was established in 1971 under an Ordinance with a capital of Rs.100 million provided by the Federal Government. The objectives of WWF are:

- Financing of housing projects for the workers
- Financing of other welfare measures such as, education scholarship, marriage grants and death grants.

4.16 Workers Welfare Fund (WWF) disbursements and beneficiaries in Quarter 1 of FY 2011/12 compared to the same period FY 2010/11 are given in Table 4.6. A negative growth of 48 percent was found in disbursements under aggregate WWF programmes (from Rs. 620.49 million to Rs. 321.41 million) in the comparison period PFY. Similarly, the beneficiaries of all WWF programmes were also decreased by 23 percent (from 9,261 to 7,155). Disbursements and beneficiaries under death grant cases increased by 57 percent (from Rs. 21.33 million to Rs. 33.45 million) and 44 percent (from 77 to 111) respectively as compared to the same quarter PFY. Under Educational grant cases, beneficiaries observed a positive growth of 9 percent (from 8,251 to 8,984) while disbursements found a drastic lesser trend by 47 percent (from Rs. 535.45 million to Rs. 283.76 million). Marriage grant cases observed a huge decline of almost 93 percent and 94 percent for disbursements (from Rs. 63.70 million to R.s 4.2 million) and beneficiaries respectively (from 933 to 60) in the comparison period.

Table 4.6 Workers Welfare Fund

Programmes	Q 1 FY 2010/11		Q 1 FY 2011/12	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Marriage Grant cases	933	63.70	60	4.2
Death grant Cases	77	21.33	111	33.45
Education Grant Cases	8,251	535.45	8,984	283.76

Total Disbursement under all Programmes	**9,261**	**620.49**	**7,155**	**321.41**

Source: Workers Welfare Fund (WWF).

4.6 Microfinance:

4.17 Microfinance includes micro credit, micro savings and micro insurance. An analysis of the all sub programs is given in Table 4.7 for the Quarter 1 of FY 2011/12 compared with Q1 of FY 2010/11. The growth in microfinance services observed a rise under the comparison period both for micro credit and micro savings services. The number of active borrowers has risen from 2,072,311 to 2,090,617 with a change of 0.88 percent whereas in active savers the figure rose up from 2,946,582 to 3,692,909 with an increase of 25 percent. However, the micro insurance showed a downward trend both in terms of policy holders and sum insured by 26 percent (from 3,284,448 to 2,439,890) and by 36 percent (from Rs. 44,071 million to Rs. 28,203 million) respectively.

4.18 In terms of gross portfolio, a positive growth rate of 10 percent (from Rs. 26,373 m to Rs. 28,959 m) and in terms of savings a positive growth rate of 32 percent (from 9,778 to 12,924) was observed in the comparison period. However, the micro insurance has somehow witnessed a negative trend and has demonstrated lack of attention given by the clients to this section as the number in policy holders has dropped sharply from 44,071 to 28,203 in the comparison period.

Table 4.7: Microfinance Analysis- Quarter 1 FYs 2010/11 and 2011/12

Details	Microcredit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Million)	Policy Holders	Sum insured (PKR Million)
FY 2010/11 (July 01- September 31)	2,072,311	26,373	2,946,582	9,778	3,284,448	44,071
FY 2011/12 (July 01- September 31)	2,090,617	28,959	3,692,909	12,924	2,439,890	28,203

Source: PMFN, Pakistan

4.6.1 Active Borrowers, Active Savers and Active Policy holders by Peer Group

4.19 The percentage share of all top peer groups of microfinance services are manifested in Table 4.8. In terms of peer groups, proportion of active borrowers continued to rise for Micro Finance Banks by 5 percent (from 38 to 43) and for “Others” active borrowers remained the same (from 7 to 7), while Micro Finance Institutions (MFIs) and Rural Support Programms (RSPs) depicted a negative trend with a decrease of 2 percent (from 28 to 26) and 4 percent (from 28 to 24) respectively, in Q1 of FY 2011/12.

4.20 Under the saving program i.e. active savors, MFB’s continued to rise by 8 percent (from 24 percent to 32 percent) while rest of the peer groups active savers declined by 1 percent each for MFI's and "Others". RSP's witnessed a maximum decline of 7 percent in active savers during the period under review.

4.21 In terms of Active Policy holders, MFBs, MFIs and 'Others' observed an increase of 9 percent, 1 percent and 3 percent respectively. On the other hand, a negative trend observed in RSPs by 13 percentage points during the period under review

Table 4.8: Active Borrowers, Active Savers & Active Policy Holders by Peer Groups During Q 1 of FYs 2010/11 and 2011/12

Details		Peer Groups			
		MFBs	MFIs	RSPs	Others
Active Borrowers	FY 2010/11 (July 01- September 31)	38	28	28	7
	FY 2011/12 (July 01- September 31)	43	26	24	7
Active Savers	FY 2010/11 (July 01- September 31)	24	1	72	3
	FY 2011/12 (July 01- September 31)	32	0	65	2
Active Policy Holders	FY 2010/11 (July 01- September 31)	21	23	52	3
	FY 2011 (July 01- September 31)	30	24	39	6

Source: PMFN, Pakistan

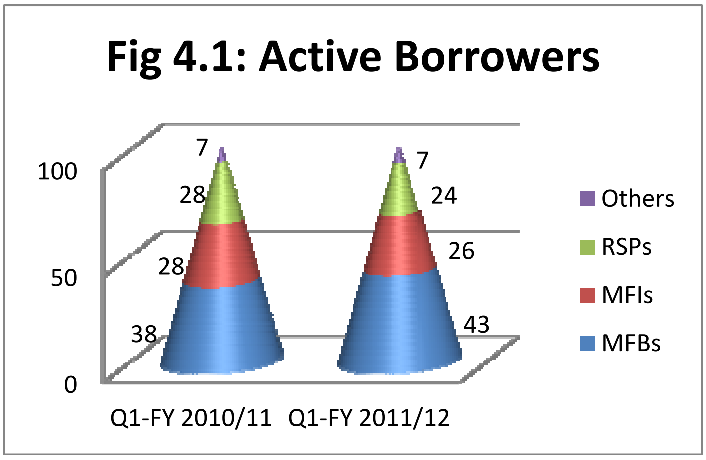


Fig 4.2: Active Savers

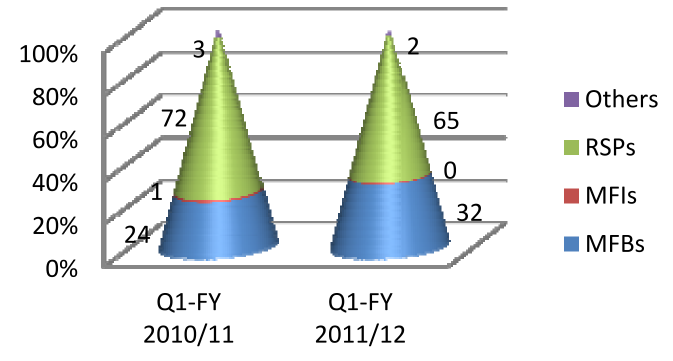
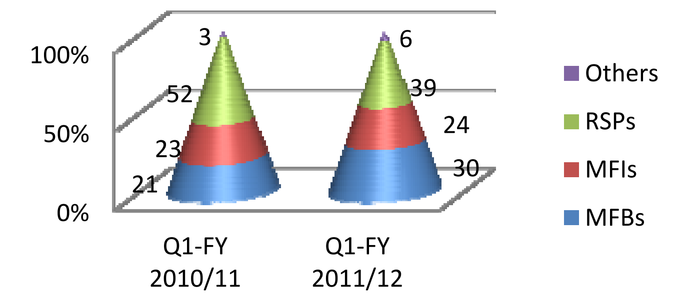


FIg 4.3: Active Policy Holders



4.6.2 Summary of Microcredit Indicators

4.22 Summary of microcredit indicators given in table 4.9 covers data for Q1 FY 2011/12 and its comparison with the same period PFY. The micro finance services showed a positive progress as all micro finance indicators have shown improvement. The industry expanded its outreach with a positive growth in terms of more branches, higher gross loan portfolio, higher average loan balance, higher number of loans, higher overall credit disbursements and higher average loan size. The number of branches shown growth expect for Rural Support Program (RSP's) in all micro credit providers depicting a positive fraction for micro finance institutions, micro finance banks and others. Similarly, credit disbursement and number of loans disbursed increased for all peer groups and in aggregate terms as well. A total number of 1,733 branches/units provided micro credit services to the poor up to Q1 FY 2011/12 compared to 1,652 in the same period of FY 2010/11 registering an increase of 5 percent. RSPs has highest no of branches i.e. 696, followed by MFI's 450, MFIs 433 and "Others" 154.

4.23 The loans disbursed to the poor noticed a positive trend as it increased from 339,845 to 413,085 with a percentage change of 22 percent. Under the comparison period, average loan size for micro credit has also registered a increase of 9 percent (from Rs.18, 508 to Rs. 20,238) compared to the Q1 of PFY.

4.24 During Q1 FY 2011/12, the overall credit disbursement has registered a positive growth of 33 percent (from Rs.6, 289 million to Rs. 8,360 million). This is the combined impact of increased credit disbursements by all the peer groups. Credit disbursements by MFBs increased by 43 percent (from Rs. 2,626 million to Rs. 3,744 million) by MFIs 35 percent (from Rs. 1,556 to Rs. 2,096) by RSPs 22 percent (from Rs. 1,513 to 1,841) and by Others 14 percent (from Rs. 594 million to Rs. 678 million) respectively.

4.25 Gross Loan Portfolio (GLP) has also registered a positive growth in Q1 FY 2011/12 as it increased by 10 percent (from Rs. 26, 373 million to 28,959 million). MFBs are the only peer group which witnessed an increase of 41 percent. While rest of the peer groups noticed negative growth in their GLP, by 8 percent in MFIs and by 16 percent in RSPs during the comparison period

Table 4.9: Summary of Microcredit Indictors

	Indicators	FY 2010/11 (July 01- September 31)	FY 2011/12 (July 01- September 31)
MFBs	Number of Branches/Units	416	433
	Gross Loan Portfolio (Rs million)	11,316	15,950
	Average Loan Balance (Rs)	14,524	17,849
	Number of Loans disbursed	117,757	164,328
	Credit Disbursements (Rs million)	2,626	3,744
	Average Loan Size (Rs)	22,308	22,786
MFIs	Number of branches/Units	386	450
	Gross Loan Portfolio (Rs millions)	6,060	5,590
	Average Loan Balance (Rs)	10,480	10,124
	Number of Loans disbursed	84,465	104,887
	Credit Disbursements (Rs million)	1,556	2,096
	Average Loan Size (Rs)	18,422	19,984
RSPs	Number of Branches/Units	712	696
	Gross Loan Portfolio (Rs million)	6,919	5,798
	Average Loan Balance (Rs)	12,052	11,794
	Number of Loans disbursed	102,559	108,504
	Credit Disbursements (Rs million)	1,513	1,841
	Average Loan Size (Rs)	14,750	16,968
Others	Number of Branches/Units	143	154
	Gross Loan Portfolio (Rs million)	2,077	1,622

	Average Loan Balance (Rs)	14,756	10,574
	Number of Loans disbursed	35,064	35,366
	Credit Disbursements (Rs million)	594	678
	Average Loan Size (Rs)	16,945	19,185
Total	Number of Branches/Units	1,652	1,733
	Gross Loan Portfolio (Rs million)	26,373	28,959
	Average Loan Balance (Rs)	12,727	13,852
	Number of Loans disbursed	339,845	413,085
	Credit Disbursements (Rs million)	6,289	8,360
	Average Loan Size (Rs)	18,508	20,238

Source: PMFN, Pakistan

5. Monitoring the PRSP Intermediate (Output) Indicators

5.1 This section of the report examines the performance of the PRSP output (intermediate) indicators for Q 1 FY 2011/12 with the corresponding period Previous Fiscal Year (PFY). Performance of health sector has been covered in relation to immunization coverage and number and coverage of Lady Health Workers (LHWs). Progress occurred in relation to schemes approved under People's Works Programme-I would also be a part of this section.

5.1 Immunization:

5.2 TT-Immunization Coverage for Pregnant Women is covered in Table 5.1 for the periods Q 1 of FY 2010/2011 and 2011/2012. The table clearly reflects that the targeted population for the immunization coverage of pregnant women increased by 1.5 percent from 1,493,759 to 1,515,493 under the comparison period. TT-1 and TT-2 immunization coverage held almost similar fraction of 68 percent each for Q1 FY 2011/12 from 73 percent in the corresponding period of PFY. Both TT1 and TT2 immunization coverage showed a negative trend as the percentage change has depicted a decrease of 7 percent each.

5.3 Largest percentage points change in TT-1 immunization coverage was noticed in FANA; followed by ICT, CDA and Balochistan as immunization coverage increased by 109, 25, 15 and 3 percent respectively, while rest of regions FATA, Sindh, AJK, Punjab and KP observed a lofty decrease of 42, 12, 7, 5.2 and 1.5 percent respectively during Q1 FY 2011/12 with comparison to Q1 FY 2010/11. TT-2 immunization coverage registered a negative growth rate of 7 percent. Only FANA, ICT and KP regions demonstrated a commendable improvement in TT-2 immunization coverage for pregnant women by 21, 20 and 2.6 percent during the same period. However, CDA, FATA, AJK, Punjab and Sindh have shown a negative trend in TT-2 immunization coverage by 71, 33, 15, 7.2 and 4.2 percent respectively during Q1 FY 2011/12.

Table 5.1: Comparison of TT- Immunization Coverage for Pregnant Women Quarter 1 (July 1st-Sept 31st) of FYs 2010/11 & 2011/12

Province/Region	Q 1 (July 1st- Sept 31st) FY 2010/11			Q 1(July 1st-Sept 31st) FY 2011/12		
	TT-Immunization			TT-Immunization		
	Pregnant Women @ 3.57 % of Population	TT-1 Cov %	TT2+ Cov %	Pregnant Women @ 3.57 % of Population	TT-1 Cov %	TT2+ Cov %
Punjab	794,680	82	85	806,242	78	79
Sindh	339,083	64	59	344,017	56	57
Khyber Pakhtunkhwa	198,670	64	56	201,561	63	57

FATA	32,863	99	101	33,341	57	68
Balochistan	71,701	36	42	72,744	37	39
AJK	31,369	98	100	31,825	91	85
FANA	13,444	29	37	13,640	61	45
ICT	4,097	41	31	4,157	51	37
CDAs	7,853	39	69	7,968	45	20
Pakistan	1,493,759	73	73	1,515,493	68	68

Source: National Program of Immunization, Pakistan

5.2 Peoples Works Programme-I (PWP-I)

5.4 The total number of schemes approved under Peoples Works Programme (PWP-I) in Q 1 of FYs 2010/11 and 2011/12 are given in Table 5.2. As evident from the table, the total number of schemes under PWP-I have significantly increased from 18 schemes to 365 schemes during the comparison period reflecting an increase of 1928 percent. The small development schemes focus on roads, electrification, gas, telephone, education, health, water supply, sanitation, and bulldozers. Altogether 176 schemes were approved for roads, 62 for electrification, 6 for Education, 111 for water supply and 10 for sanitation during Q1 FY 2011/12 which were 11,1, 2, 1 and 1 respectively in Q1 of PFY.

Table 5.2: Number of Schemes approved under each category

Q 1 FY 2010/11 (July 1st – Sept 31st)										
Province	Road	Electrification	Gas	Telephone	Education	Health	Water Supply	Sanitation	Bulldozers hours	Total Schemes
Punjab	6	1	-	-	1	-	-	-	-	8
Sindh	2	-	-	-	-	-	1	-	-	3
KP	2	-	-	-	1	2	-	1	-	6
Balochistan	1	-	-	-	-	-	-	-	-	1
FATA		-	-	-	-	-	-	-	-	-
ICT		-	-	-	-	-	-	-	-	-
Total	**11**	**1**	**-**	**-**	**2**	**2**	**1**	**1**	**-**	**18**
Q 1 FY 2011/12 (July 1st – Sept 31st)										
Province	Road	Electrification	Gas	Telephone	Education	Health	Water Supply	Sanitation	Bulldozers hours	Total Schemes
Punjab	109	40	-	-	2	-	12	9	-	172
Sindh	12	10	-	-	1	-	14	1	-	38
KP	29	1	-	-	1	-	53	-	-	84
Balochistan	11	1	-	-	1	-	16	-	-	29

FATA	15	-	-	-	-	-	16	-	-	31
ICT	-	10	-	-	1	-	-	-	-	11
Total	**176**	**62**	**-**	**-**	**6**	**-**	**111**	**10**		**365**

Source: People Works Program I, Pakistan

5.5 In the comparison period, the performance of small development schemes has shown considerable improvement/progress. The total number of schemes received approval in provinces has remarkably increased. Punjab managed to get approval of largest number of schemes for Q1 FY 2011/12 i.e. 172 including 109 for roads, 40 for electrification, 9 for sanitation, 2 for education and 12 for water supply. Whereas for rest of the provinces, the number of schemes got approval has also gone up. In KP, 84 schemes were approved followed by 38 in Sindh, 31 in FATA, 29 in Balochistan and 11 in ICT in Q1 FY 2011/12 from 6, 3, 0, 1 and 0 respectively in the corresponding period of PFY.

6.0 Conclusion

6.1 This report is the first quarterly progress report for FY 2011/12, after successful implementation of PRSP-II's initial three years period (i.e. FY 2008/09 to FY 2010/11). However it is tenth quarterly reports since PRSP-II was finalized in FY 2008/09. It demonstrates progress of inputs and outputs (intermediate) indicators for quarter 1 of FY 2010/11 & FY 2011/12 after giving an overview of country's economy during the review period.

6.2 Event though, many external and internal factors hit the economy during the initial months of the current fiscal year, still the macroeconomic situation improved appreciably. Elevated revenue collection, fine performance in large scale manufacturing and decreased inflation played a major role. However, decreased output from agriculture sector, increased current account deficit and descent in financial and capital account surplus effected conversely. Hitherto the economic growth has shown a positive trend as the encouraging effects were sufficient to maintain the stability. However, this trend is likely to reverse in the coming months. Government interventions in the form of sound policies are needed to avoid the probable losses.

6.3 The non availability of data/information for Zakat and EOBI showed low disbursements for non budgetary support to the poor and vulnerable during Q 1 of FY 2011/12. More efforts would be undertaken to access data/information for those programs transferred to the provinces during last fiscal year.

Annex : PRSP Budgetary Expenditures up to Q-1 (July to September) of FY 2010-11 and FY 2011-12 (PROVISIONAL)											
(Rs. Millions)											
	Q-1 FY 2011-12						Q-1 FY 2010-11				
Sectors	Federal	Punjab	Sindh	KP	Balochistan	Total	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
Roads, Highways, & Bridges	751	5,910	1,932	2,544	813	11,950	1,130	2,696	698	353	659	5,536
Current	751	2,232	231	303	0	3,517	1,130	774	179	106	12	2,201
Development	0	3,678	1,701	2,241	813	8,433	0	1,922	519	247	647	3,335
Environment/Water Supply & Sanitation	90	1,894	597	858	683	4,122	75	1,493	548	416	268	2,800
Current	90	1,079	155	484	644	2,452	75	994	128	373	175	1,745
Development	0	815	442	374	39	1,670	0	499	420	43	93	1,055
Education	10,979	41,604	18,764	13,100	4,056	88,503	7,049	29,793	15,644	10,664	3,217	66,367
Current	9,010	33,677	18,514	12,569	3,959	77,729	6,988	29,597	15,016	9,938	3,194	64,733
Development	1,969	7,927	250	531	97	10,774	61	196	628	726	23	1,634
Primary Education	1,176	15,963	9,073	5,363	1,207	32,782	1,062	13,921	6,789	4,208	1,188	27,168
Current	1,176	15,833	9,021	5,319	1,207	32,556	1,062	13,890	6,787	4,062	1,188	26,989
Development	0	130	52	44	0	226	0	31	2	146	0	179
Secondary Education	1,545	14,314	5,837	5,214	1,464	28,374	1,251	8,010	4,025	4,492	1,030	18,808
Current	1,545	9,618	5,837	5,063	1,450	23,513	1,251	7,863	4,025	4,348	1,030	18,517
Development	0	4,696	0	151	14	4,861	0	147	0	144	0	291
General Universities, Colleges, & Institutes	5,660	3,942	1,439	954	350	12,345	2,890	2,420	1,123	903	252	7,588
Current	3,700	2,700	1,395	747	271	8,813	2,866	2,417	1,122	595	252	7,252
Development	1,960	1,242	44	207	79	3,532	24	3	1	308	0	336
Professional & Technical Universities, Colleges & Institutes	1,531	519	668	912	195	3,825	1,301	264	661	768	158	3,152
Current	1,531	329	668	803	195	3,526	1,300	263	661	646	158	3,028

	Q-1 FY 2011-12						Q-1 FY 2010-11					
	Federal	**Punjab**	**Sindh**	**KP**	**Balochistan**	**Total**	**Federal**	**Punjab**	**Sindh**	**KP**	**Balochistan**	**TOTAL**
Development	**0**	**190**	**0**	**109**	**0**	**299**	**1**	**1**	**0**	**122**	**0**	**124**
Teacher & Vocational Training	**11**	**1,830**	**82**	**0**	**75**	**1,998**	**11**	**1,142**	**64**	**0**	**63**	**1,280**
Current	**11**	**1,330**	**82**	**0**	**75**	**1,498**	**11**	**1,142**	**64**	**0**	**63**	**1,280**
Development	**0**	**500**	**0**	**0**	**0**	**500**	**0**	**0**	**0**	**0**	**0**	**0**
Others	**1,056**	**5,036**	**1,665**	**657**	**765**	**9,179**	**534**	**4,036**	**2,982**	**293**	**526**	**8,371**
Current	**1,047**	**3,867**	**1,511**	**637**	**761**	**7,823**	**498**	**4,022**	**2,357**	**287**	**503**	**7,667**
Development	**9**	**1,169**	**154**	**20**	**4**	**1,356**	**36**	**14**	**625**	**6**	**23**	**704**
Health	**1,467**	**10,119**	**4,700**	**2,989**	**1,178**	**20,453**	**2,405**	**7,713**	**3,687**	**2,573**	**859**	**17,237**
Current	**1,385**	**9,709**	**4,607**	**2,500**	**1,163**	**19,364**	**1,701**	**7,465**	**3,560**	**2,380**	**845**	**15,951**
Development	**82**	**410**	**93**	**489**	**15**	**1,089**	**704**	**248**	**127**	**193**	**14**	**1,286**
General Hospitals & Clinics	**1,347**	**8,746**	**3,645**	**2,590**	**874**	**17,202**	**1,569**	**6,660**	**2,768**	**1,935**	**645**	**13,577**
Current	**1,298**	**8,464**	**3,552**	**2,230**	**874**	**16,418**	**1,536**	**6,451**	**2,641**	**1,772**	**645**	**13,045**
Development	**49**	**282**	**93**	**360**	**0**	**784**	**33**	**209**	**127**	**163**	**0**	**532**
Mother & Child Health	**0**	**44**	**0**	**8**	**0**	**52**	**2**	**42**	**0**	**7**	**3**	**54**
Current	**0**	**32**	**0**	**8**	**0**	**40**	**1**	**27**	**0**	**7**	**3**	**38**
Development	**0**	**12**	**0**	**0**	**0**	**12**	**1**	**15**	**0**	**0**	**0**	**16**
Health Facilities & Preventive Measures	**59**	**138**	**536**	**210**	**84**	**1,027**	**728**	**56**	**399**	**98**	**70**	**1,351**
Current	**33**	**59**	**536**	**81**	**69**	**778**	**87**	**55**	**399**	**68**	**56**	**665**
Development	**26**	**79**	**0**	**129**	**15**	**249**	**641**	**1**	**0**	**30**	**14**	**686**
Others	**61**	**1,191**	**519**	**181**	**220**	**2,172**	**106**	**955**	**520**	**533**	**141**	**2,255**
Current	**54**	**1,154**	**519**	**181**	**220**	**2,128**	**77**	**932**	**520**	**533**	**141**	**2,203**
Development	**7**	**37**	**0**	**0**	**0**	**44**	**29**	**23**	**0**	**0**	**0**	**52**
Population Planning	**11**	**473**	**227**	**159**	**78**	**948**	**110**	**329**	**158**	**118**	**56**	**771**

	Q-1 FY 2011-12						Q-1 FY 2010-11					
	Federal	**Punjab**	**Sindh**	**KP**	**Balochistan**	**Total**	**Federal**	**Punjab**	**Sindh**	**KP**	**Balochistan**	**TOTAL**
Current	0	10	0	137	72	219	42	6	2	2	0	52
Development	11	463	227	22	6	729	68	323	156	116	56	719
Social Security & Welfare	6,888	311	733	86	61	8,079	13,051	201	909	58	56	14,275
Benazir Income Support Programme *	6,213					6,213	12,101					12,101
Pakistan Bait-ul-Mal*	549					549	731					731
Others	126	311	733	86	61	1,317	219	201	909	58	56	1,443
Current	673	234	76	72	60	1,115	926	195	46	52	53	1,272
Development	6,215	77	657	14	1	6,964	12,125	6	863	6	3	13,003
Natural Calamities & Other Disasters	2,690	618	3,088	107	35	6,538	5,716	912	3,220	3,028	1,034	13,910
Current	2,690	456	3,086	82	35	6,349	5,716	908	3,219	2,894	1,034	13,771
Development	0	162	2	25	0	189	0	4	1	134	0	139
Agriculture	6,145	6,558	3,374	2,102	2,429	20,608	3,613	5,054	3,337	1,543	1,560	15,107
Current	644	5,736	2,463	1,491	2,323	12,657	654	4,771	2,577	1,212	1,450	10,664
Development	5,501	822	911	611	106	7,951	2,959	283	760	331	110	4,443
Land Reclamation	0	66	647	0	0	713	0	57	379	0	0	436
Current	0	66	647	0	0	713	0	57	379	0	0	436
Development	0	0	0	0	0	0	0	0	0	0	0	0
Rural Development	51	1,215	71	3,197	146	4,680	36	67	56	790	143	1,092
Current	7	76	71	85	84	323	10	66	56	69	12	213
Development	44	1,139	0	3,112	62	4,357	26	1	0	721	131	879
Law and Order	13,583	13,233	8,173	4,667	2,215	41,871	11,234	12,061	6,162	3,298	1,771	34,526
Current	13,444	13,233	8,173	4,630	2,205	41,685	11,220	12,061	6,162	3,274	1,771	34,488
Development	139	0	0	37	10	186	14	0	0	24	0	38
Low Cost Housing	0	36	4	0	0	40	0	28	3	0	0	31

	Q-1 FY 2011-12						Q-1 FY 2010-11					
	Federal	Punjab	Sindh	KP	Balochistan	Total	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
Current	0	32	4	0	0	36	0	28	3	0	0	31
Development	0	4	0	0	0	4	0	0	0	0	0	0
Justice Admin	498	1,422	698	454	260	3,332	396	1,172	546	440	188	2,742
Current	490	1,411	436	366	237	2,940	389	1,172	378	440	165	2,544
Development	8	11	262	88	23	392	7	0	168	0	23	198
Subsidies**	32,250	5	1,001	0	0	33,256	44,674	1,004	1	86	0	45,765
Current	32,250	0	1,001	0	0	33,251	44,674	1,004	1	86	0	45,765
Development	0	5	0	0	0	5	0	0	0	0	0	0
People's Works Programme-I	506					506	51					51
People's Works Programme-II	2,891					2,891	200					200
GRAND TOTAL	78,800	83,464	44,009	30,263	11,954	248,490	89,740	62,580	35,348	23,367	9,811	220,846

*Expenditures for Pakistan Bait-ul-Mal and Benazir Income Support Programme in Q1 of FY 2010/11 have now been included which were not updated earlier due to unavailability.

**Food subsidies from Khyber Pakhtunkhwa in Q1 of FY 2011/12 are not yet included.