

POVERTY REDUCTION STRATEGY PAPER:

THIRD QUARTERLY PROGRESS REPORT (July – March) FY 2008/09

**Federal PRS Secretariat - Finance Division
Government of Pakistan**

List of Acronyms

| | | | |
|-----------------|---|--------------|--|
| AJ&K | Azad Jammu & Kashmir | MRVs | Mobile Registration Vehicles |
| BISP | Benazir Income Support Programme | MSP | Macroeconomic Stabilization Programme |
| CFIs | Commercial Financial Institutions | NADRA | National Database & Database Authority |
| CNICs | Computerized National Identity Cards | NCRCL | National Centre for Rehabilitation of Child Labour |
| CPI | Consumer Price Index | NGO | Non-Governmental Organization |
| EOBI | Employees' Old Age Benefit Institution | NRSP | National Support Programme Network |
| FANA | Federally Administered Northern Areas | NWFP | North Western Frontier Province |
| FATA | Federally Administered Tribal Areas | PBM | Pakistan Bait-ul-Mal |
| FBR | Federal Board of Revenue | PCO | Population Census Organization |
| FRDLA | Fiscal Responsibility and Debt Limitation Act | PPAF | Pakistan Poverty Alleviation Fund |
| FSP | Food Support Programme | PRSP | Poverty Reduction Strategy Paper |
| FY | Fiscal Year | PWP | Peoples' Works Programme |
| ICT | Islamabad Capital Territory | RSPs | Rural Support Programmes |
| IFA | Individual Finance Assistance | SPI | Sensitive Price Indicator |
| IMF | International Monetary Fund | VAT | Value Added Tax |
| LHWs | Lady Health Workers | WRT | Wholesale Retail Trade |
| LSM | Large Scale Manufacturing | WPI | Wholesale Price Index |
| MFB | Microfinance Banks | YoY | CPI Inflation |
| MFI | Microfinance Institutions | | |

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1 Introduction

1.1 This Poverty Reduction Strategy Paper (PRSP) Quarterly Progress Report is the third in line for Fiscal Year (FY) 2008/09 depicting socioeconomic trends/outcomes as a result of the Government of Pakistan's efforts to reduce poverty. It provides an in depth analysis of the situation of the first year of the PRSP-II period i.e. FY 2008/09 up till third quarter of the year.

1.2 The report begins with an introduction followed by a reflection of recent trends in macroeconomic indicators and displays the performance of major economic sectors in Chapter 2. Chapter 3 analyzes public budgetary expenditure patterns in pro-poor sectors, presenting a comparison between the first three quarters of FY 2007/08 and FY 2008/09. Chapter 4 highlights provision of social protection to the poor and the vulnerable analyzing trends in cash disbursements and the number of beneficiaries. Chapter 5 reviews performance in key social sectors i.e., Education and Health; alongside a financial sector review to track progress in the light of goals set in the sector in the PRSP-II. Concluding remarks provide a finale to the report.

1.3 Pro-poor budgetary expenditures up till the third quarter of FY 2008/09 amounted to Rs 618,206 million as compared to the first three quarters during FY 2007/08 i.e. Rs 506,207 million. The first two Quarterly PRSP Progress Reports for FY 2008/09 mentioned revision of the 17 pro-poor sectors identified during the PRSP-I, for the PRSP-II duration and beyond as an attempt to better reflect pro-poor expenditures in the light of changed economic realities and the Government's subsequent commitment to its Nine-Point economic reform and poverty reduction agenda. For example, 'Irrigation' has been renamed 'Agriculture' to reflect a more inclusive picture of the sector now encompassing budgetary expenditure details regarding Livestock, Fisheries and Forestry in addition to Irrigation. In this regards, the expenditures tracked up till the third quarter of FY 2007/08 have been worked out again according to the revisions made for the PRSP-II period to enable an exact comparison with this year's expenditures. This does not, however, mean that previous expenditures stated in the Report of FY 2007/08 stand obsolete – they can be utilized for an accurate comparison of all expenditures incurred during the PRSP-I period.

2 Trends in Macroeconomic Indicators

2.1 Pakistan's economy continued to remain exposed to the vagaries of international developments as well as internal security environment. Escalation of the 'War on Terror' and unfolding of the global financial crisis affected the macroeconomic environment causing considerable decline in Pakistan's exports and a deceleration in foreign capital inflows. Despite support from the International Monetary Fund (IMF) and other bilateral and multilateral donors, Pakistan's external account remained exposed during the first nine months of FY 2008/09.

2.2 However, trends in most macroeconomic variables suggest that a well-ordered implementation of the Macroeconomic Stabilization Programme (MSP) by the Government is bearing fruits. Aggregate demand witnessed contractions owing to improvements in fiscal discipline and a tight monetary policy. Demand compression has also manifested improvement in the cumulative July-March FY 2008/09 trade deficit which is the first reduction in the last six years. Narrowing of trade deficit and robust remittances caused a reduction of almost US \$2 billion in the current account deficit and for the month of February 2009, first surplus in monthly current account since June 2007 was witnessed. These improvements allowed for a build-up of the country's foreign exchange reserves beyond US \$11 billion from US \$3.5 billion at the end of October 2008. Pakistan economy still faces pressures from higher inflation driven by rise in food prices, acute power shortages, a visible deceleration in large-scale manufacturing, and slowdown in services sector. A brief review of the economic situation during the first nine months or three quarters of the current FY 2008/09 is given below.

2.1 Agriculture

2.3 The agriculture sector has been continuously facing issues related to resource management e.g. water shortage, rising input prices and crop pricing as also mentioned in previous quarterly progress reports but July-March review gives all indications that agricultural growth will be reasonably good during FY 2008/09. The price signals were so clear in FY 2008/09 that farmers worked hard and invested to offset the impact of water shortages and non-availability of urea at controlled prices. With positive growth trend in the major sub-sectors, the target of 3.3 percent growth for Agriculture sector in FY 2008/09 is expected to be achieved. Wheat with its 12.7 percent weight in overall agriculture is estimated to post 7.8 percent growth over the last year. The area under cultivation of wheat crop has surpassed the target of 8.6 million hectares by 5 percent, however, partly because of input supply line disruptions and partly owing to untimely rain; some slippages on yield side are expected.

2.4 The livestock sector was buoyant because of enormous price incentive in the sector. All livestock products witnessed increase in prices and thus the target of 3.2 percent will be achieved. The demand for livestock products has been growing at phenomenal pace. The agriculture sector is likely to achieve its growth target of 3.3 percent for the current year.

| Table 2.1: Production of <i>Kharif</i> and <i>Rabi</i> Crops and Percentage Change Between Q3 FY 2007/08 & FY 2008/09 (000 Tonnes) | | | | |
|---|---------------------------------|--------------------------|--------------------------|---------------------------|
| | Share in Agriculture | FY 2007/08 Q3 | FY 2008/09 Q3 | Percent Change |
| <i>Kharif</i> Crops Production (000 Tonnes) | | | | |
| Cotton* | 7.48 | 11.6 | 12.1 | 7.3 |
| Sugarcane | 4.55 | 63.9 | 52.1 | -18.5 |
| Rice | 5.47 | 5.6 | 6.5 | 13.5 |
| Maize | 1.63 | 3.6 | 3.33 | -7.5 |
| <i>Rabi</i> Crops Production (000 Tonnes) | | | | |
| Wheat | 12.68 | 21.6 | 23.3 | 7.8 |
| Gram | 1.19 | 0.475 | 0.76 | 60.0 |

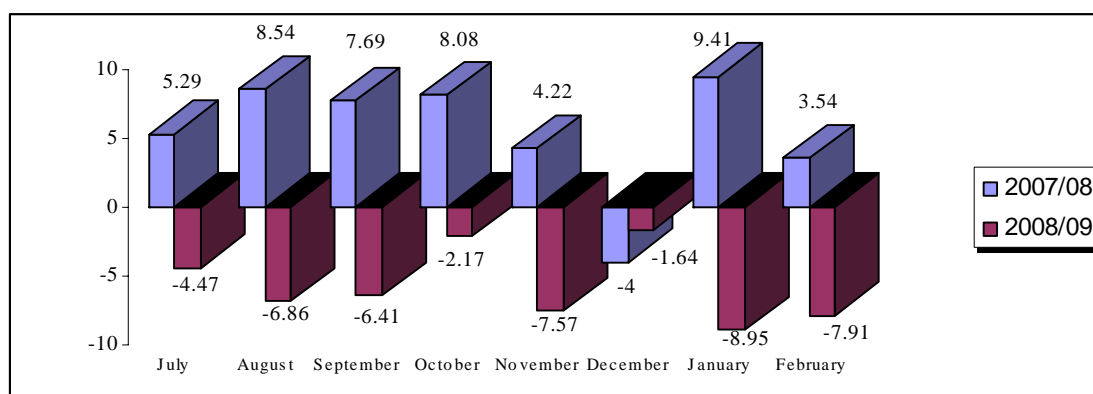
* Million bales.

Source: Economic Advisor's Wing, Finance Division, 2009.

2.2 Industry

2.5 Large-scale manufacturing depicted negative growth of 5.73 percent during July-February FY 2008/09 as against 5.27 percent positive growth in the comparable period last year. Main items have showed positive growth included: fertilizer (24.29 percent); glass sheets & plates (17.38 percent); cement (6.52 percent); chemicals (4.39 percent); leather products (3.83 percent); paper & paper board (3.80 percent); and engineering products (2.54 percent). Major items showing decline in production included automobiles (-38.22 percent); electronics (-22.21 percent); petroleum products (-8.40 percent); food & beverages (-6.38 percent); rubber products (-5.35 percent); and iron & steel products (-4.65 percent). In addition to greater energy shortages; a rise in input costs; and lower domestic and external demand; the following factors were also responsible for production decline: (a) upward adjustment in the prices of electricity, gas and diesel; (b) relatively higher prices of most of the industrial inputs despite international commodity prices starting to ease somewhat from July 2008; (c) depreciation of rupee with a greater volatility causing increased cost of inputs for a number of industries; and (d) global recession taking its toll on export driven industries (including textiles). Export-led industries also faced marketing problems due to security situation and country image, with attendant concerns over Pakistani producers' ability to meet delivery deadlines.

Figure 2.1: Growth rate of Large Scale Manufacturing during July–March, FY 2007/08 & FY 2008/09



Source: Economic Advisor's Wing, Finance Division.

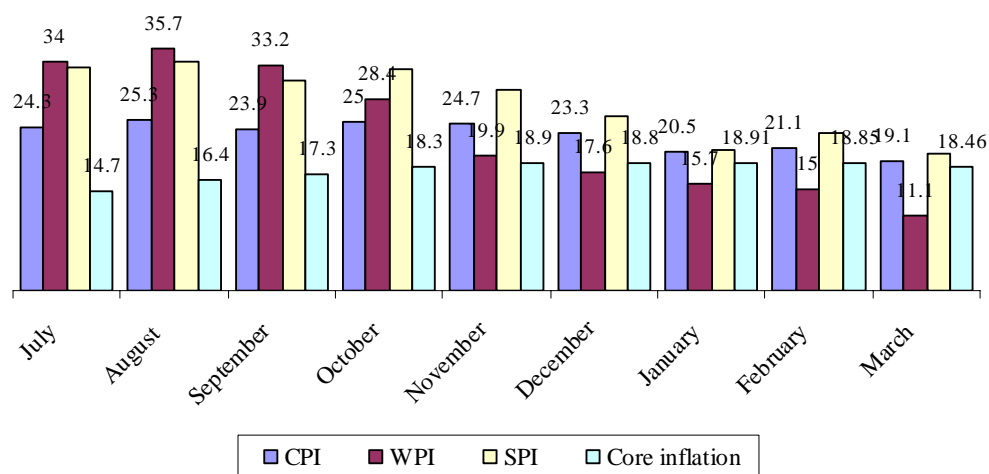
2.3 Services

2.6 Initial data suggests that growth in services sector was likely to decelerate during FY 2008/09, though it would remain higher than the growth in the commodity producing sector. The Services sector has exhibited resilience to fluctuations in the economic activity. The Foreign Direct Investment (FDI) inflows in the telecommunications, financial businesses and personal services have reached a level of saturation during the first nine months (July-March) of the current fiscal year. There is enough anecdotal evidence that financial sector has set to provide substantial growth. Similarly, improved prospects in transportation & storage sub-sectors on the back of relatively better production in major crops, strong contribution by finance and insurance sector and augmented administrative and defence related spending will provide support to adequate level of growth in the services sector. These prospects of the services sector would be neutralized to some extent by negative growth in the LSM, imports contraction, shrinking profits in the telecommunication sector. Leading indicators pertaining to the major sector Wholesale and Retail Trade (WRT) points towards a reasonable growth in this sub-sector. The wheat trade has always created activities in the WRT sub sector. The estimated growth of 4.2 percent is already almost half of last year's actual 8.2 percent.

2.4 Inflation

2.7 All price indices i.e. Consumer Price Index (CPI), Wholesale Price Index (WPI) and Sensitive Price Indicator (SPI), witnessed a clear downtrend in recent months. After showing a continuous acceleration since March 2008, CPI inflation (YoY) started easing from November 2008; it fell to 21.1 percent in February 2009 as against a peak of 25.3 percent in August 2008. However, this inflation was higher compared to 20.5 percent in the preceding month and 11.3 percent in the same month last year. The relative slowdown in domestic inflation since September 2008 was mainly driven by the deceleration in domestic food inflation as exhibited by the food groups of both CPI and WPI. While WPI non-food inflation dropped in tandem with international commodity prices, CPI non-food inflation showed stubbornness up till February 2009. Weak inflation expectations together with evident decline in domestic demand resulted in an ease in monetary policy in April 2009.

Figure 2.2: Inflation Rate during July-March, FY 2008/09



Source: Economic Advisor's Wing, Finance Division.

2.8 A regional comparison of inflation (Table 2.2) revealed the rigidity of inflation in Pakistan in comparison to other regional players. Except for Iran, all the countries have shown notable deceleration in their inflation rates from July 2008 to March 2009. Inflation in India is at historic low, whereas, Thailand has seen deflation during March 2009 from a high of 9.2 percent in July 2008. Other countries like Philippines, Vietnam, and Sri Lanka witnessed substantial deceleration in inflation since December 2008.

| | July 2008 | December 2008 | March 2009 |
|-------------|------------------|----------------------|-------------------|
| Pakistan | 24.3 | 23.3 | 19.1 |
| India* | 12.6 | 5.9 | 0.3 |
| Sri Lanka | 26.6 | 14.4 | 5.3 |
| Iran | 26.0 | 26.4 | 25.4 |
| Thailand | 9.2 | 0.4 | -0.2 |
| Vietnam | 27.0 | 19.9 | 11.3 |
| Philippines | 12.3 | 8.0 | 6.4 |
| Indonesia | 11.9 | 11.1 | 7.9 |

*WPI.

Source: Economic Advisor's Wing, Finance Division, 2009.

2.5 Fiscal Balance

2.9 The MSP of the Government aimed at promoting macroeconomic stability. Stringent measures have, therefore, been taken to check the ever widening fiscal deficit. The Government has been determined to adhere to the annual fiscal deficit target of 4.3 percent for FY 2008/09 while during the first nine months (July – March FY 2008/09) the fiscal deficit lingered around 3.1 percent of the projected GDP for FY 2008/09 and consistent with annual fiscal deficit target of 4.3 percent. Major reasons for fiscal improvement in the first nine months (July – March FY 2008/09) were due to reduction in oil subsidies and a downward revision in development spending.

| | Target | July-March | | Percentage Change |
|-----------------------------|---------------|-------------------|--------------|--------------------------|
| | FY 2008/09 | FY 2007/08 | FY 2008/09 | |
| Direct Taxes | 496 | 257.6 | 306.2 | 18.9 |
| Indirect Taxes | 754 | 422.3 | 507.5 | 20.2 |
| Sales Tax | 472 | 258.6 | 321.5 | 24.3 |
| Federal excise | 112 | 61.8 | 80.6 | 30.4 |
| Customs | 170 | 101.9 | 105.4 | 3.4 |
| Total Net Collection | 1250 | 679.9 | 813.6 | 19.7 |

Source: Federal Bureau of Revenue, 2009.

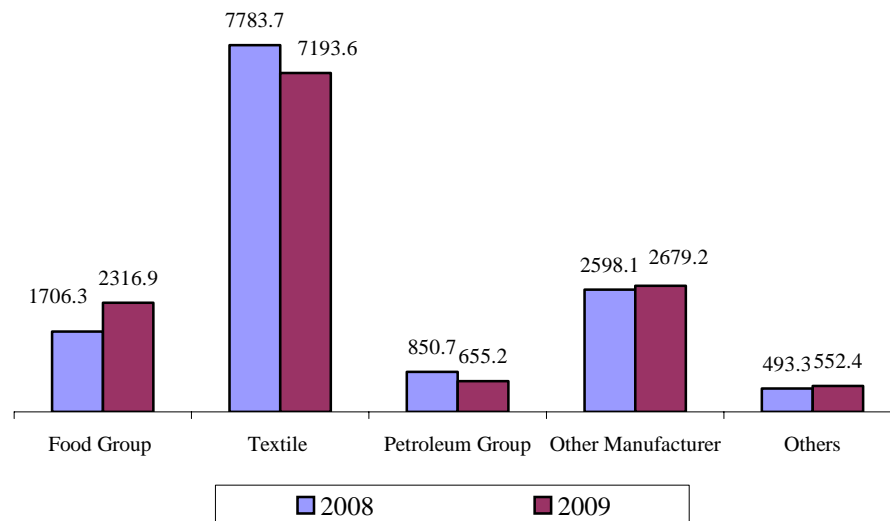
2.10 Tax Revenue collected by the Federal Board of Revenue (FBR) stood at Rs 813.6 billion (net) during the first nine months (July-March) of FY 2008/09 as compared to Rs 679.9 billion in July-March FY 2007/08 registering a healthy increase of 19.7 percent. Direct taxes, which

accounted for 37.6 percent of total tax collection of the FBR, have registered a growth of 18.9 percent i.e. Rs 48.6 billion more than during the same period last year. Indirect taxes, exhibited impressive growth of 24.3 percent i.e. Rs 85.2 billion more than during the same period last year (Table 2.3). The FBR has so far achieved 87 percent of the revised target in the period.

2.6 Trade Balance

2.11 Exports declined by 0.1 percent during first nine months (July–March FY 2008/09) and stood at US \$13.414 billion as against US \$13.432 billion in the corresponding period last year. Export growth of 10.6 percent can be regarded as a good performance in prevailing difficult international and domestic environment (Figure 2.3). Textile industry, which has remained the major driver of the export growth registered negative growth at 7.6 percent during July-March, FY 2008/09. Exports in Food and Other Manufacturers posted healthy trend on the back of strong performance in sub-groups like chemicals and pharmaceutical (35.8 percent), engineering goods (39.5 percent), and cement (60.4 percent). Export of petroleum products declined by 23.0 percent during the first nine months (July–March FY 2008/09) as compared to the same period of FY 2007/08, on the back of a decrease in global petroleum prices.

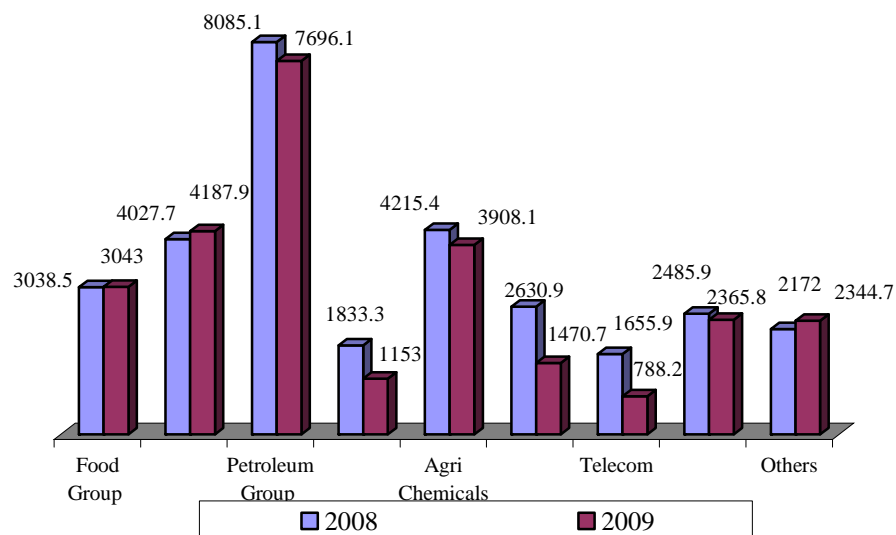
Figure 2.3: Structure of Exports during July-March FY 2007/08 & FY 2008/09 (US \$ million)



Source: Economic Advisor’s Wing, Finance Division.

2.12 Imports reached to US \$26.124 billion as against US \$28.0 billion in the comparable period last year thereby depicting a negative growth of 6.6 percent in July-March FY 2008/09 (Figure 2.4). Despite decreased in the prices of crude oil in the international markets and food imports in monetary provisions, petroleum was driving tremendous rise in the import growth and accounted for 80 percent of additional import bill during the first nine months (July–March) of FY 2008/09. Non-food and non-oil imports showed negative growth of 10.5 percent, which implies drastic import compression due to contraction in domestic demand.

**Figure 2.4: Structure of Imports during July-March FY 2007/08 & FY 2008/09
(US \$ million)**



Source: Economic Advisor's Wing, Finance Division.

2.7 Current Account Balance

2.13 Pakistan's current account deficit increased by 20.8 percent during July-March FY 2008/09. This contraction is mainly due to fall in imports. Current account deficit widened to US \$7.6 billion as against US \$9.6 billion last year. Drastic reduction in import growth and better performance of the private inflows contributed towards improvement in the current account deficit. Workers' remittances totaled US \$5.7 billion during July-March FY 2008/09 as against US \$4.7 billion in the comparable period last year, depicting an increase of 19.2 percent.

2.14 Analyses of key macroeconomic indicators suggest that Pakistan showed weak economic performance during the first nine months (July–March FY 2008/09). Pakistan needs concrete efforts to meet the gigantic gaps of its twin deficits of budget and current account. The worsening outlook for the global economy and dearth in international capital markets mean that Pakistan's economic revival strategy must focus on fostering domestic and regional demand. The Government has accelerated its efforts to generate resources for the much-needed stabilization of the economy by adopting key reforms in revenue collection, such as the integration of income tax and sales tax departments and replacement of the current general sales tax with a broad-based Value Added Tax (VAT). The Government has also adopted stringent measures to shield the poor against rising inflation and the subsequently eroding purchasing power through Benazir Income Support Programme at the federal level; and Food Support Programmes in Punjab and North Western Frontier Province (NWFP) to provide targeted relief to the poor households.

3 Pro-Poor Budgetary Expenditures

3.1 Analysis of expenditures incurred on pro-poor sectors is conducted cross sectoral, across the provinces and Federation, and on an aggregated basis. This report differs from the earlier versions as it includes the analysis of budgetary allocations (FY 2008/09) for each sector in respective provinces and subsequent budget utilization rates are also computed to determine the pace of spending. This new dimension has been added with the aim to reflect on the gap between budget estimation/allocations and shortfall/excess in expenditures. Current and Development Expenditures have also been thoroughly examined to comprehend the relative weightage given to either category in specific sectors and to understand the reasons behind low spending.

3.2 The chapter is organized accordingly. In the first part of the analysis i.e. Section 3.1 trends in expenditures, proportionate shares of sectoral expenditures and provincial variations have been described. Section 3.2 presents total budgetary allocations for the 17 pro-poor sectors, sectoral shares in total allocations and examines the budget utilization rates in each sector. In Section 3.3, relative current and development expenditures and their spending patterns are examined. Sections 3.4 & 3.5 analyze the two major sectors; Education and Health to compare their shifts in spending in order to indicate priorities and policies. Section 3.6, the last section briefly examines proportions of expenditures taking place at district and provincial level in all sectors.

3.1 Trends in Expenditure

3.3 Total aggregate expenditure incurred in 17 pro-poor sectors up till Q3 of FY 2008/09 amounted to Rs. 618,206 million, marking an increase of 22.12 percent relative to FY 2007/08 up till Q3 (Table 3.1). Ten sectors i.e. Environment/Water Supply & Sanitation; Education; Health; Social Security & Welfare; Natural Calamities & Disasters; Law & Order; Justice Administration; Subsidies; and Peoples' Works Programme- I & II witnessed positive growth in the expenditures up till Q3 FY 2008/09 compared to corresponding period in FY 2007/08. The largest increase in PRSP budgetary expenditures up till Q3 of FY 2008/09 was witnessed in Peoples' Works Programme-II (811.7 percent) and Subsidies (226.24 percent), which include all kinds of subsidies on food, financial and commercial affairs. During both FY 2007/08 and FY 2008/09, federal subsidies accounted for bulk of the expenditure in Subsidies while spending at provincial level was significant in Punjab and NWFP only (Annex I: Expenditure statement).

3.4 Justice Administration and Social Security & Welfare recorded substantial increases in expenditure (69.52 and 59.71, percent respectively) up till Q3 FY 2008/09 relative to the corresponding period last year. The increase in Social Security & Welfare can be attributed to the incorporation of expenditure in Benazir Income Support Programme (BISP) in FY 2008/09, which is tracked as current expenditure under this sector.

3.5 Growth in expenditures in Health; Law & Order; and Natural Calamities & Disasters is of the same magnitude (10-15 percent) between the first three quarters of the two fiscal years in

question, whereas increase in expenditure in Education; and Environment/Water Supply & Sanitation is nominal (within 2 percent). While availability of safe drinking water and sanitation has serious implications for improving the performance of health sector, expenditure incurred in this sector records a marginal increase.

| Sectors | Expenditures up to Third Quarter (Rs million) | | Percentage Change |
|---------------------------------------|--|---------------|-------------------|
| | FY 2007/08 | FY 2008/09 | |
| Roads, highways & bridges | 63037 | 48610 | -22.88 |
| Environment/Water supply & sanitation | 11253 | 11380 | 1.13 |
| Education | 152250 | 153585 | .88 |
| Health | 38064 | 43078 | 13.17 |
| Population Planning | 4684 | 3820 | -18.45 |
| Social Security & Welfare | 10858 | 17342 | 59.71 |
| Natural Calamities & Disasters | 4460 | 4918 | 10.26 |
| Agriculture | 81490 | 49326 | -39.46 |
| Land Reclamation | 1798 | 1486 | -17.35 |
| Rural Development | 16357 | 6338 | -61.25 |
| Law & Order | 57113 | 65995 | 15.55 |
| Low Cost Housing | 562 | 297 | -47.15 |
| Justice Administration | 3501 | 5935 | 69.52 |
| Subsidies | 53901 | 175844 | 226.24 |
| Food Support Programme | 4131 | 3460 | -16.24 |
| Peoples' Works Programme-I | 0 | 1739 | 0.00 |
| Peoples' Works Programme-II | 2748 | 25055 | 811.75 |
| Total | 506207 | 618206 | 22.12 |

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

3.6 Expenditures in 7 sectors have contracted sharply up till Q3 FY 2008/09, when compared to the same period in FY 2007/08. Largest drop in expenditure was observed in Rural Development followed by Low Cost Housing; and Agriculture (between 40-61 percent). Reduction in the expenditures of the remaining sectors was in the range between 15-25 percent.

3.1.1 Subsidies – Determinant of Overall Expenditure Growth

3.7 Phenomenal increase in the head 'Subsidies' up till Q3 FY 2008/09 appears to drive positive change in aggregated expenditure on pro-poor sectors. Rate of growth of 226 percent in expenditure on Subsidies works as an 'outlier'; if 'Subsidies' head is removed from pro-poor sectors, the percentage change in the overall expenditure is greatly affected. Given below is the table of expenditures without Subsidies with the overall change recording a negative trend.

| Sectors | Expenditures up to Third Quarter (Rs million) | | Percentage Change |
|-------------------------------------|--|------------|-------------------|
| | FY 2007/08 | FY 2008/09 | |
| Total expenditure with subsidies | 506207 | 618206 | 22.12 |
| Total expenditure without subsidies | 452,306 | 442,362 | -2.19 |

3.8 Unpromising growth trends in pro-poor expenditures needs to be considered in the context of overall economic and financial constraints observed in FY 2008/09 carried over from FY 2007/08. During FY 2007/08, there was an exogenous price shock of oil and food while externally the world was hit by financial crisis. By Q3 FY 2008/09, the country was facing an adverse security situation, balance of payment problems, fiscal deficit and slower growth. Financial resource crunch necessitated the IMF Macroeconomic Stabilization Programme requiring maintaining an annual fiscal deficit of 4.3 percent of GDP. Consequently, the Government had to deal with the task of reducing the fiscal deficit reflected in lower spending on pro-poor sectors in FY 2008/09.

3.9 Subsidies are pro-poor in nature as they include subsidies in food; wheat; fertilizers; and on commercial; fiscal; and financial affairs as well. These are provided to shield the poor from rising prices. However, given the resource constraint, dominating increase in expenditure on subsidies implies diverting resources from other social sectors as can be witnessed in low spending on Education; Environment/Water Supply & Sanitation; Agriculture; and Rural Development during Q3 FY 2008/09. In the long run, Government is committed to eliminate across the board subsidies and replace them with more targeted interventions.

3.1.2 Distribution of Expenditures

3.10 This section is based on the computation of proportional shares of expenditure of each sector in the total expenditures (Table 3.3). The largest proportion of PRSP budgetary expenditures relative to total expenditure up till Q3 of FY 2008/09 is observed in Subsidies (28.44 percent) followed by Education (24.84 percent); and Law & Order (10.68 percent). Agriculture (7.98 percent); Roads, Highways & Bridges (7.86 percent); and Health (6.97 percent) hold somewhat equivalent shares in total expenditure incurred on social sectors.

| Sectors | Up to Third Quarter FY 2007/08 (Rs million) | | Up to Third Quarter FY 2008/09 (Rs million) | |
|---------------------------------------|--|---|--|---|
| | Expenditures | Proportion/percent of total expenditure | Expenditures | Proportion/percent of total expenditure |
| Roads, Highways & Bridges | 53037 | 10.48 | 48610 | 7.86 |
| Environment/Water Supply & Sanitation | 11253 | 2.22 | 11380 | 1.84 |
| Education | 152250 | 30.08 | 153585 | 24.83 |
| Health | 38064 | 7.52 | 43078 | 6.97 |
| Population Planning | 4684 | 0.93 | 3820 | 0.62 |
| Agriculture | 81490 | 16.10 | 49326 | 7.98 |
| Land Reclamation | 1798 | 0.36 | 1486 | 0.24 |
| Rural Development | 16357 | 3.23 | 6338 | 1.03 |
| Subsidies | 53901 | 10.65 | 175844 | 28.44 |
| Social Security & Welfare | 10858 | 2.14 | 17342 | 2.81 |
| Food Support Programme | 4131 | 0.82 | 3460 | 0.56 |

| | | | | |
|-----------------------------|---------------|------------|---------------|---------------|
| Natural Calamities | 4460 | 0.88 | 4918 | 0.80 |
| Low Cost Housing | 562 | 0.11 | 297 | 0.05 |
| Justice Administration | 3501 | 0.69 | 5935 | 0.96 |
| Law & Order | 57113 | 11.28 | 65995 | 10.68 |
| Peoples' Works Programme-I | 0 | 0.00 | 1739 | 0.28 |
| Peoples' Works Programme-II | 2748 | 0.54 | 25055 | 4.05 |
| Total | 506207 | 100 | 618206 | 100.00 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.11 The trend observed up till Q3 FY 2008/09 has diverged from the corresponding period last year. In FY 2007/08, expenditure in Education assumed the highest share (30.08 percent) standing unrivalled by any other sector. Agriculture held just above half of Education's share (16.10 percent). Whereas Subsidies dominated in FY 2008/09 (28.44 percent), expenditure incurred in this sector up till Q3 FY 2007/08 was merely 10.65 percent. Health; and Law & Order expenditures have nearly maintained their trend shares up till Q3 FY 2008/09 as compared to the same period during FY 2007/08 while Agriculture and Education have lost their dominating position to Subsidies.

3.1.3 PRSP Budgetary Expenditures by Province and Sectors

3.12 Table 3.4 illustrates the variations in PRSP budgetary expenditures at federal and provincial level by sectors and their specific contribution to overall change in expenditures. At federal level there is an increase of 64.31 percent in pro-poor budgetary expenditures. Largest increase in provincial PRSP budgetary expenditures is observed in NWFP (11.59 percent); followed by Punjab (7.08 percent). Expenditure incurred in Balochistan (2.80 percent) was the lowest, while Sindh registered decline in overall expenditure (-17.48 percent) which can be traced to negative expenditures in all but four sectors: Roads, Highways& Bridges; Population Planning; Rural Development and Law & Order.

3.13 In Justice Administration, federal level expenditures almost doubled (93.4 percent) while the sector's expenditures in Punjab more than doubled (136 percent). Except Sindh, all three provinces have experienced a substantial increase in spending on this sector. The most promising increase in expenditure up till Q3 FY 2008/09 over the same period in FY 2007/08 at the federal level was witnessed in Pakistan Peoples' Works Programme-II; Subsidies; and Social Security& Welfare. Punjab and NWFP follow the same pattern of expenditure growth in Subsidies while Sindh reflects a negative trend. Sindh depicts the highest percentage change in Law & Order up till Q3 FY 2008/09 as compared to last year, whereas Balochistan records the largest increase in Natural Calamities & Disasters owing to the rehabilitation and relief efforts after the region was hit by an earthquake in FY 2007/08.

3.14 Two allied sectors, Agriculture; and Rural Development record substantial contraction, at both federal and provincial levels. Largest decline in expenditure at the federal level was observed in Agriculture with the provinces (except Punjab) also showing reduced spending in Agriculture. Similarly, with only Sindh observing a positive trend in expenditure in Rural

Development, enormous reductions were witnessed in the rest of the provinces and at the federal level.

| Sectors | Federal | Punjab | Sindh | NWFP | Balochistan | Pakistan |
|---------------------------------------|----------------|---------------|---------------|--------------|--------------------|-----------------|
| Roads, Highways & Bridges | -19.53 | -32.68 | 2.96 | -24.93 | -7.50 | -22.88 |
| Environment/Water Supply & Sanitation | -5.31 | 7.60 | -13.36 | -5.52 | 25.05 | 1.13 |
| Education | -33.54 | 40.86 | -30.18 | 22.86 | 4.69 | 0.88 |
| Health | 27.72 | 21.34 | -12.70 | 19.00 | 7.62 | 13.17 |
| Population Planning | -29.46 | -3.75 | 2.14 | 14.90 | -15.00 | -18.45 |
| Social Security & Welfare | 190.16 | -45.78 | -14.05 | 3.62 | -1.21 | 59.72 |
| Natural Calamities & Disasters | -9.42 | -0.14 | -97.04 | 35.58 | 435.71 | 10.27 |
| Agriculture | -62.40 | 0.62 | -33.57 | -36.30 | -14.08 | -39.47 |
| Land Reclamation | 0.00 | 23.30 | -19.82 | 0.00 | 0.00 | -17.35 |
| Rural Development | -77.17 | -75.87 | 3.85 | -44.60 | -44.53 | -61.25 |
| Law & Order | 15.80 | 12.02 | 17.95 | 12.37 | 34.68 | 15.55 |
| Low Cost Housing | 0.00 | -47.15 | 0.00 | 0.00 | 0.00 | -47.15 |
| Justice Administration | 93.42 | 136.18 | -2.11 | 55.26 | 16.62 | 69.52 |
| Subsidies | 218.36 | 701.68 | -58.82 | 1626.80 | 0.00 | 226.24 |
| Food Support Programme | -49.50 | 0.00 | 0.00 | 0.00 | 0.00 | -16.24 |
| Peoples' Works Programme-I | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Peoples' Works Programme-II | 811.75 | 0.00 | 0.00 | 0.00 | 0.00 | 811.75 |
| Total | 64.31 | 7.08 | -17.48 | 11.59 | 2.80 | 22.13 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.15 Education presents a mixed picture with robust growth in Punjab (40.86 percent); moderate growth in NWFP (22.86 percent); offset with highly negative trend at the federal level (-33.54 percent) and Sindh (-30.18 percent); and positive but weak growth in Balochistan (4.69 percent). Similarly, Health reflected an increasing trend in expenditure up till Q3 FY 2008/09 in all provinces except Sindh.

3.2 Budget Allocation for FY 2008/09

3.2.1 Sectoral Shares in Total PRSP Budgetary Allocation

3.16 The current section deals with analysis of expenditure relative to budgetary allocations and their utilization. Overall budget allocated for the 17 pro-poor sectors in FY 2008/09 was Rs. 1,097,630 million. Shares of different sectors in total budgetary allocation are given in Table 3.5 showing that Education and Subsidies hold maximum shares meant for pro-poor sectors. Budgetary allocations to these two sectors combined account for more than 50 percent of the total pro-poor budget (53.01 percent).

3.17 Overall sectoral distribution of total budgetary allocations for 17 pro-poor sectors for FY 2008/09 exhibits that Education; Subsidies; and Agriculture hold major shares of 25, 28 and 13 percent, respectively. Of the remaining sectors, Roads Highways & Bridges; and Health hold equivalent shares of 7 percent of the total budget, while shares of Social Security & Welfare; and Law & Order are 5 and 6 percent, respectively. Shares of all other sectors excluding Peoples' Works Programme-II are less than 2 percent of the total allocated budget to pro-poor sectors.

3.18 Somewhat higher shares of Law & Order can be explained by increasing security concerns. Social Security & Welfare includes the Benazir Income Support Programme component in the federal budget allocations affecting the overall share of the sector.

| | Budget Allocations (Rs million) | Sectoral Shares in Budget Allocations (percent) |
|---------------------------------------|--|--|
| Roads, Highways & Bridges | 77,075 | 7.02 |
| Environment/Water Supply & Sanitation | 14,808 | 1.35 |
| Education | 275,601 | 25.11 |
| Health | 77,375 | 7.05 |
| Population Planning | 6,851 | 0.62 |
| Social Security & Welfare | 53,117 | 4.84 |
| Natural Calamities & Disasters | 4,369 | 0.40 |
| Agriculture | 138,011 | 12.57 |
| Land Reclamation | 3,606 | 0.33 |
| Rural Development | 16,033 | 1.46 |
| Law & Order | 64,826 | 5.91 |
| Low Cost Housing | 1,827 | 0.17 |
| Justice Administration | 8,510 | 0.78 |
| Subsidies | 306,199 | 27.90 |
| Food Support Programme | 21,000 | 1.91 |
| Peoples' Works Programme-I | 4,420 | 0.40 |
| Peoples' Works Programme-II | 24,000 | 2.19 |
| Total | 1,097,630 | 100.00 |

Source: Federal and Provincial Budgets, Government of Pakistan.

3.2.2 Budgetary Allocations by Province and Sector

3.19 Allocations for specific sectors at federal and provincial levels reflect different priorities. Education emerges as the most important priority in every province with allocations of up to 40 percent of the total budget in FY 2008/09. The share of Education in total Punjab budget (42.14 percent) for PRSP sectors surpasses all other provinces. Punjab and Balochistan give second highest preference to Roads, Highways & Bridges in the budget share. Sindh and NWFP align their priorities along different lines; Sindh allocating equivalent amount of budget to Agriculture (15.60 percent); and Law & Order (15.06 percent); after Education while NWFP allocating 16.21 percent to Agriculture, which is the highest share in any province. NWFP also allocates a sizeable amount of budget to Roads, Highways & Bridges (10.22 percent) though less than Punjab and Balochistan (Table 3.6).

3.20 In Rural Development; Law & Order, pro-poor Subsidies; and Social Security & Welfare there is significant divergence at both the federal and provincial levels. In Rural Development at provincial and federal level, allocations are less than 1 percent of respective budgets except Punjab allocating 3.16 percent while NWFP stands out by allocating 7.35 percent of the total budget. In Law & Order, there are significant allocations in all provinces ranging from 8.57 percent (NWFP) to a maximum of 15.06 percent (Sindh) while Punjab allocates only 2 percent of its pro-poor budgetary allocations. Nowhere is this inter-provincial variation more prominent than in pro-poor Subsidies with the federal allocations of 51.38 percent, followed by a maximum of 7.9 percent (Balochistan) while in the remaining provinces, allocations are less than 2 percent. Social Security & Welfare too, receives preferential allocations only at the federal level (7.25 percent) and Sindh (6.89 percent) with remaining two provinces allocating negligible budgets (less than 1 percent) of their total pro-poor budgets.

| Sectors | Federal | Punjab | Sindh | NWFP | Balochistan |
|---------------------------------------|----------------|---------------|--------------|-------------|--------------------|
| Roads, Highways & Bridges | 0.34 | 19.23 | 6.68 | 10.22 | 18.20 |
| Environment/Water Supply & Sanitation | 0.06 | 3.20 | 2.47 | 2.13 | 2.05 |
| Education | 11.71 | 42.14 | 37.28 | 36.99 | 38.95 |
| Health | 4.39 | 10.46 | 10.42 | 9.30 | 5.65 |
| Population Planning | 0.79 | 0.00 | 0.02 | 2.99 | 0.00 |
| Social Security & Welfare | 7.25 | 0.38 | 6.89 | 0.27 | 0.74 |
| Natural Calamities & Disasters | 0.44 | 0.43 | 0.16 | 0.51 | 0.08 |
| Agriculture | 12.27 | 10.60 | 15.60 | 16.21 | 12.06 |
| Land Reclamation | 0.00 | 0.04 | 2.41 | 0.00 | 0.00 |
| Rural Development | 0.28 | 3.16 | 0.17 | 7.35 | 0.10 |
| Law & Order | 4.68 | 2.00 | 15.06 | 8.57 | 12.47 |
| Low Cost Housing | 0.00 | 0.67 | 0.01 | 0.01 | 0.00 |
| Justice Administration | 0.43 | 1.30 | 0.87 | 0.93 | 1.79 |
| Subsidies | 51.38 | 1.52 | 1.95 | 1.94 | 7.90 |
| Food support Programme | 1.04 | 4.85 | 0.00 | 0.00 | 0.00 |
| Peoples' Works Programme-I | 0.77 | 0.00 | 0.00 | 0.00 | 0.00 |
| Peoples' Works Programme-II | 4.18 | 0.00 | 0.00 | 0.00 | 0.00 |

Source: PRSP Secretariat, Finance Division, Islamabad

3.2.3 Budget Utilisation Rates

3.21 Overall budget utilization rates of all sectors (Table 3.7) depict that most of the sectors have a budget utilization equivalent to or greater than 40 percent of the total budget.

3.22 Budget utilization rates of the sectors by province up to Q3 FY2008/09 depict provincial and federal variations in spending. At the federal level up till Q3 FY 2008/09, utilization rates of budgets of 4 pro-poor sectors were above 70 percent; followed by 6 sectors including Education and Health utilizing between 30-50 percent of budget during three quarters. Around 58 percent of the budget was being utilized in Subsidies at the federal level.

**Table 3.7 Budget Utilization Rates by Province and Sector
Up till Q3 FY 2008/09**

| Sectors | Pakistan | Federal | Punjab | Sindh | NWFP | Balochistan |
|---------------------------------------|----------|---------|--------|---------|--------|-------------|
| Roads, Highways & Bridges | 63.07 | 99.85 | 53.69 | 148.82 | 28.40 | 38.91 |
| Environment/Water Supply & Sanitation | 76.85 | 32.42 | 68.21 | 78.77 | 85.85 | 176.00 |
| Education | 55.73 | 34.56 | 65.92 | 54.38 | 73.59 | 42.69 |
| Health | 55.67 | 38.49 | 64.87 | 55.66 | 70.70 | 91.78 |
| Population Planning | 55.76 | 45.16 | 0.00 | 1791.67 | 12.66 | 0.00 |
| Social Security & Welfare | 32.65 | 29.24 | 102.16 | 38.23 | 69.08 | 66.53 |
| Natural Calamities & Disasters | 112.54 | 78.66 | 120.38 | 5.70 | 55.39 | 4903.85 |
| Agriculture | 35.74 | 21.87 | 61.70 | 35.06 | 25.44 | 132.71 |
| Land Reclamation | 41.22 | 0.00 | 112.39 | 38.92 | 0.00 | 0.00 |
| Rural Development | 39.53 | 16.47 | 21.93 | 42.69 | 48.50 | 4215.63 |
| Law & Order | 101.80 | 73.0 | 455.82 | 58.15 | 74.02 | 104.53 |
| Low Cost Housing | 16.26 | 0.00 | 16.47 | 0.00 | 0.00 | 0.00 |
| Justice Administration | 69.74 | 34.66 | 86.82 | 76.96 | 96.12 | 67.80 |
| Subsidies | 57.43 | 57.61 | 35.26 | 0.74 | 287.80 | 0.00 |
| Food Support Programme | 16.48 | 34.77 | 10.57 | - | - | - |
| Peoples' Works Programme-I | 39.34 | 39.34 | - | - | - | - |
| Peoples' Works Programme- II | 104.4 | 104.4 | - | - | - | - |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.23 At the provincial level up till Q3 FY2008/09 (Table 3.7), spending exceeded allocated budgets in some sectors. In Punjab, utilization in Law & Order; Social Security & Welfare; Natural Calamities & Disasters; and Land Reclamation exceeded budgetary allocation. In Sindh, Roads, Highways & Bridges; and Population Planning depicted excess expenditures. In NWFP, utilization in Subsidies exceeds budgetary allocations, while in Balochistan, expenditure in 4 sectors - Natural Calamities & Disasters; Agriculture; Rural Development; and Law & Order - exceeded budgets.

3.24 There are instances of underutilization of allocated budgets in some sectors. Six sectors in Sindh had a utilization rate of less than or just above 40 percent with the lowest utilization observed in Subsidies. In Punjab, less than 40 percent of budget utilization was witnessed in four sectors. NWFP recorded budget utilization rate of less than 40 percent in three sectors. Balochistan fared better than the rest and showing utilization of less than 40 percent in only one sector (Roads, Highways & Bridges).

3.25 At the federal level, 0.3 percent was allocated to Roads, Highways & Bridges, which was fully utilized up till Q3 FY 2008/09 (Table 3.7). Punjab and Balochistan allocated 19 and 18 percent, respectively of total pro-poor allocations towards Roads, Highways and Bridges for the full FY 2008/09; Sindh allocated a comparatively lesser amount i.e. 7 percent of its total budget; followed by NWFP (10.2 percent). By the end of Q3 FY 2008/09, budget utilization rate for Roads, Highways & Bridges in Sindh (149 percent) has exceeded its original allocation; Punjab is

spending an amount proportionate to its allocations (53.69 percent); while Balochistan and NWFP are utilizing available/allocated budget at a lower pace 39.9 and 28.4 percent, respectively.

3.26 All four provinces allocated 3 percent or less to Environment/Water Supply & Sanitation but achieved above 70 percent utilization in two (Sindh & NWFP); 68 percent in Punjab; and exceeded the allocated amount in Balochistan (176 percent).

3.27 In Education, overall budget utilization up till Q3 FY 2008/09 is above 55 percent, but at the federal level utilization rate is less than 40 percent while provincial budget utilization is above 50 percent except in Balochistan (42.69 percent). In 5 sectors, Education, Health, Environment/Water Supply & Sanitation, Law & Order and Justice Administration, budget utilization is above 50 percent in nearly all provinces.

3.28 In Health, budgetary allocations for FY 2008/09 in the provinces were 10 percent or more with the exception of Balochistan allocating only 6 percent. However, Balochistan utilized over 90 percent of its Health budget up till Q3 of FY 2008/09, while the other provinces spent above 50 percent of their allocations.

3.3 Current and Development Expenditure

3.29 This section deals with the analysis of aggregate current and development expenditures and the differences observed among provinces between the two categories over Q3 FY 2008/09 and FY 2007/08 with the objective to identify the unusual reductions in total expenditures caused by decrease in development spending at federal and provincial levels.

3.30 Table 3.8 shows the total current and development expenditure and percentage change up till Q3 FY 2007/08 and FY 2008/09. There was an increasing trend in current expenditure (46.94 percent) up till Q3 of FY 2008/09 relative to Q3 FY 2007/08. Current expenditure up till Q3 FY 2008/09 increased while development expenditure registered a substantial decline of 21.13 percent.

| Table 3.8 Total Current and Development PRSP Expenditure Up till Q3 FY 2007/08 and Q3 FY 2008/09 | | | |
|---|---------------------------------------|--------------------|--------------|
| | PRSP Expenditures (Rs Million) | | |
| Fiscal Year Up till Q3 | Current | Development | Total |
| FY 2007/08 | 321,670 | 184,537 | 506,207 |
| FY 2008/09 | 472,666 | 145,540 | 618,206 |
| Percentage Change | 46.94 | -21.13 | 22.12 |

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

3.31 Decline in development expenditure can be attributed to the financial crunch which came hard on pro-poor spending resulting in substantial reductions, more so in development expenditure during Q3 FY 2008/09. Budget allocations were curtailed with PSDP reduction of Rs. 131 billion. Development budget in FY 2008/09 was greater in size as compared to FY 2007/08. Originally, an amount of Rs. 549.7 billion was earmarked for development spending, higher than the corresponding Rs. 520 billion in FY 2007/08 but due to non availability of

financial resources, development budget allocations had to be revised and reduced by 23.8 percent in Q3 of FY 2008/09 (Table 3.9).

| | FY 2007/08 | FY 2008/09 | FY 2008/09 Revised |
|--------------|------------|------------|--------------------|
| Federal | 335 | 400 | 269 |
| Provincial | 150 | 150 | 150 |
| Total | 520 | 550 | 419 |

Source: Budget Wing, Ministry of Finance.

3.32 Table 3.10 presents percentage change in current and development expenditure at federal and provincial levels up till Q3 FY 2008/09 relative to Q3 FY 2007/08. Development expenditures witnessed massive reductions in all four provinces and also at the federal level. Although current expenditures increased but the effect was neutralized by reduced development spending. Development expenditures in Punjab and NWFP were the worst sufferers of development budget cuts followed by Balochistan and Sindh. Highest increase in current expenditure took place at the federal level with enormous growth in expenditure in Subsidies being the predominant factor contributing to this increase.

| | FY 2008/09 (Rs million) | | FY 2007/08 (Rs million) | | Percentage Change | |
|-------------|-------------------------|-------------|-------------------------|-------------|-------------------|-------------|
| | Current | Development | Current | Development | Current | Development |
| Federal | 228,705 | 57,679 | 106,592 | 67,702 | 114.56 | -14.80 |
| Punjab | 136,664 | 42,896 | 103,847 | 63,833 | 31.60 | -32.80 |
| Sindh | 53,444 | 28,841 | 66,680 | 33,036 | -19.85 | -12.70 |
| NWFP | 36,645 | 9,752 | 29,465 | 12,114 | 24.37 | -19.50 |
| Balochistan | 17,208 | 6,372 | 15,086 | 7,852 | 14.07 | -18.85 |

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

3.3.1 Current and Development Expenditure of Sectors with Negative Expenditure Growth

3.33 It is instructive to analyze the sectors with negative growth in expenditures by the relative spending in current and development categories and provincial differences. Table 3.11 presents the percentage change in current and development expenditure of pro-poor sectors during Q3 FY 2008/09 over Q3 FY 2007/08. Only 3 sectors, Health; Natural Calamities & Disasters; and Law & Order have experienced positive change in development spending higher than current expenditure. These sectors have shown healthy growth trends in expenditure which is helped by positive change in both current and development expenditure.

3.34 Negative expenditure trend in 7 sectors up till FY 2008/09 Q3, relative to corresponding period in FY 2007/08 appears to have been driven by significant reduced growth in their development spending. Enormous reduction in development spending in Rural Development;

Agriculture; and Low Cost Housing (-63.95; -57.15; and -97.79 percent, respectively) has caused the largest declining trend in expenditure of these sectors.

3.35 Subsidies, which are part of current expenditure show an enormous increase (226.24 percent) and contribute to the rise in current expenditure. In addition, current expenditures in Social Security & Welfare; and Justice Administration have also increased substantially (97.54 and 79.25 percent, respectively). These 3 sectors have contributed considerably in raising the current expenditure up till Q3 FY 2008/09 (Table 3.11).

| Sectors | Percentage Change | | |
|---------------------------------------|-------------------|--------------|---------------|
| | Total | Current | Development |
| Roads Highways and Bridges | -22.88 | -19.16 | -23.31 |
| Environment/Water Supply & Sanitation | 1.13 | 26.67 | -10.56 |
| Education | .88 | 6.29 | -24.93 |
| Health | 13.17 | 9.0 | 32.21 |
| Population Planning | -18.45 | -6.47 | -18.90 |
| Social Security & Welfare | 59.71 | 97.54 | -4.32 |
| Natural Calamities & Disasters | 10.26 | 33.31 | 100.6 |
| Agriculture | -39.46 | 3.35 | -57.15 |
| Rural Development | -61.25 | -6.4 | -63.95 |
| Land Reclamation | -17.35 | -17.30 | -1.00 |
| Law & Order | 15.55 | 14.80 | 183 |
| Low Cost Housing | -47.15 | -27.58 | -97.79 |
| Justice Administration | 69.52 | 79.25 | -82.65 |
| Subsidies | 226.24 | 226.24 | 0.00 |
| Food Support Programme | -16.24 | -16.24 | 0.00 |
| Peoples' Works Programme-I* | | | |
| Peoples' Works Programme-II | 811.75 | 0.00 | 811.75 |
| Total | 22.12 | 46.94 | -21.13 |

* Peoples' Works Programme-I started in FY2008/09.

Source: PRSP Secretariat, Finance Division, Islamabad.

3.36 Table 3.12 depicts percentage change in both categories of expenditures of the sectors with declining trends at federal and provincial levels, which show considerable variations. In Agriculture, reduction in federal expenditure up till Q3 FY 2008/09 can be accorded to a decrease of 64.6 percent in development spending. Interestingly, Agriculture expenditure in Punjab increased nominally and is due mainly to a rise in current expenditure (31.03 percent), which is offset by a reduction in development spending of 42.13 percent. Similarly, Balochistan recorded a slight increase in current expenditure but a substantial reduction in development expenditure (42.08 percent). Overall development expenditure for Agriculture decreased sharply in all provinces.

3.37 Rural Development recorded the largest drop in expenditure caused by a significant decrease in development spending at both federal and provincial levels. In Punjab, Sindh and Balochistan, current Expenditures registered a moderate increase which failed to make any

impact as the increase was more than counterbalanced by enormous decline in development expenditures. The next highest decline in expenditure for Q3 FY 2008/09 was observed in Low Cost Housing due to negative expenditure in both current and development categories in Punjab.

| | Federal | | Punjab | | Sindh | | NWFP | | Balochistan | |
|---------------------------|---------|--------|---------|--------|---------|---------|---------|--------|-------------|--------|
| | Current | Dev. | Current | Dev. | Current | Dev. | Current | Dev. | Current | Dev. |
| Roads, Highways & Bridges | -18.37 | -87.80 | 4.90 | -35.10 | -75.85 | 9.26 | -17.06 | -26.25 | -50.00 | -5.15 |
| Population Planning | -5.6 | -30.68 | -28.57 | -3.20 | 150.00 | 1.43 | 0.00 | 15.26 | - | -15.00 |
| Agriculture | -15.17 | -64.67 | 31.03 | -42.35 | -24.52 | -39.93 | -32.65 | -41.34 | 1.92 | -42.08 |
| Rural Development | -29.63 | -79.52 | 8.99 | -78.00 | 9.09 | -100.00 | -31.76 | -45.29 | 13.02 | -48.83 |
| Land Reclamation | 0.00 | 0.00 | 23.30 | 0.00 | -19.78 | -100.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Low Cost Housing | 0.00 | 0.00 | -27.59 | -98.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Food Support Programme* | -49.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

*Punjab Food Support Programme started in FY2008/09.
Source: PRSP Secretariat, Finance Division, Islamabad.

3.38 Up till Q3 FY 2008/09, expenditure in Roads, Highways & Bridges also decreased considerably (22.88 percent) with the largest decline observed at the federal level (19.53 percent) and in Punjab (32.67 percent). The reduction in Punjab and Federal expenditures was due to a huge decline in development spending for this sector while current expenditure in Punjab increased nominally. At the federal level, current and development expenditures reduced but reduction in development spending of 87 percent was much larger than current expenditure (Table 3.12). Overall, decrease in expenditure for Roads Highways & Bridges was witnessed in both categories current (19.16 percent) and development (23.31 percent).

3.4 PRSP Expenditures in Education Sector

3.39 Up till Q3 FY 2008/09 Education expenditure increased by a nominal 0.88 percent with a total education expenditure of Rs. 153,585 million as compared to Rs. 152,250 million in the corresponding period in FY 2007/08. The sector presents a mixed picture when overall expenditures are analysed by sub-sectors. Primary Education, General Universities, and Professional & Technical universities show a negative trend of 2.63; 19.84 and 28.89 percent,

respectively. Expenditure incurred in Secondary Education; Teacher & Vocational Training; and Others depict a growing trend; 13.67; 27.13 and 33.96 percent, respectively (Table 3.13).

3.40 Overall expenditure in Primary Education was dragged down by an enormous decrease observed in Sindh, and a slightly negative change in Balochistan. In General Universities; and Professional Universities, expenditure incurred in Sindh and at the federal level caused an overall negative reflection of expenditure in these sub-sectors despite strongly positive trends observed in Punjab and Balochistan.

3.41 In Secondary Education again, only Sindh has diverged from the positive growth in expenditure in remaining provinces and at the federal level. Overall trend in Teacher and Vocational Training has emerged as positive, strengthened by extraordinary growth in Sindh, and moderate trends in Punjab and Balochistan. Similarly, overall positive change in ‘Others’ was reflected, not being weighed down by highly negative trends at the federal level; and in Sindh and NWFP (Table 3.13).

| | Federal | Punjab | Sindh | NWFP | Balochistan | Pakistan |
|-------------------------------------|----------------|---------------|---------------|--------------|--------------------|-----------------|
| Primary Education | 21.15 | 12.45 | -36.38 | 30.95 | -1.35 | -2.63 |
| Secondary Education | 17.47 | 61.48 | -30.89 | 18.71 | 1.44 | 13.67 |
| University/College Education | -37.15 | 27.57 | -2.80 | 64.18 | 37.84 | -19.84 |
| Professional/Technical Universities | -47.15 | 44.62 | -44.12 | 6.09 | 23.74 | -28.89 |
| Teacher & Vocational Training | -15.22 | 24.18 | 90.68 | 0.00 | 14.95 | 27.13 |
| Others | -49.09 | 108.07 | -8.58 | -14.79 | 2.88 | 33.96 |
| Total Percentage Change | -33.54 | 40.86 | -30.18 | 22.86 | 4.68 | 0.88 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.42 Distribution of expenditure in sub sectors of education at federal and provincial levels (Table 3.14) reflects relative priority accorded to Primary; Secondary; and Higher Education. Up till Q3 of both FY 2007/08 and FY 2008/09, proportional expenditures in the sub sectors of Education have followed identical trends at federal and provincial levels. Highest amount of total Education expenditure was observed in Primary and Secondary Education in all four Provinces. Federal level expenditure showed a reversed trend where highest proportion of expenditure was observed in University/College Education followed by Secondary Education. ‘Others’ and University/College Education held equivalent or close proportions in two provinces (NWFP and Sindh) while in the remaining provinces (Punjab and Balochistan) expenditure incurred in the category ‘Others’ was far greater than Higher Education (General & Professional Universities) and Vocational Training.

3.43 Up till Q3 of both FY 2007/08 and FY 2008/09, Punjab was the only province with the least amount of expenditure in Professional and Technical Universities, deviating from the trend observed in other provinces. This reflects Punjab's emphasis towards Elementary and Secondary school education.

| Table 3.14: Percentage Distribution of Education Expenditures for Q3 FY 2008/09 and Q3 FY 2007/08 by Province and Sectors of Education | | | | | | |
|---|----------------|---------------|--------------|-------------|--------------------|-----------------|
| | Federal | Punjab | Sindh | NWFP | Balochistan | Pakistan |
| Q3 FY 2008/09 | | | | | | |
| Primary Education | 8.50 | 38.15 | 41.44 | 41.24 | 33.47 | 34.5 |
| Secondary Education | 11.86 | 27.18 | 32.98 | 40.04 | 29.55 | 27.82 |
| University/College Education | 59.63 | 8.11 | 10.53 | 7.6 | 9.32 | 16.35 |
| Professional/Technical Universities | 9.69 | 1.57 | 5.07 | 6.53 | 5.81 | 4.3 |
| Teacher & Vocational Training | 0.17 | 2.4 | 0.77 | 0.00 | 2.25 | 1.42 |
| Others | 10.15 | 22.58 | 9.23 | 4.59 | 19.61 | 15.57 |
| Total Percentage Change | 100.00 | 100 | 100 | 100 | 100 | 100.00 |
| Q3 FY 2007/08 | | | | | | |
| Primary Education | 4.66 | 47.79 | 45.47 | 38.69 | 35.52 | 35.8 |
| Secondary Education | 6.71 | 23.71 | 33.31 | 41.44 | 30.49 | 24.69 |
| University/College Education | 63.06 | 8.96 | 7.56 | 5.69 | 7.08 | 20.57 |
| Professional/Technical Universities | 12.19 | 1.53 | 6.33 | 7.56 | 4.92 | 6.1 |
| Teacher & Vocational Training | 0.13 | 2.72 | 0.28 | 0.00 | 2.05 | 1.12 |
| Others | 13.25 | 15.29 | 7.04 | 6.62 | 19.95 | 11.73 |
| Total Percentage Change | 100.00 | 100 | 100 | 100 | 100 | 100.00 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.44 The proportion spent in both sub sectors of higher education (Professional and General Universities) was more or less the same in remaining provinces up till Q3 FY 2007/08 and FY 2008/09. Teacher and Vocational Training held the smallest share in total Education expenditure in all provinces and at the federal level during the corresponding periods of both FY 2007/08 and FY 2008/09.

3.5 PRSP Expenditures in Health Sector

3.45 Overall expenditure in Health, irrespective of province and sub sectors, grew by 13.17 percent (Table 3.15) with positive trends in all except one sub sector (Others; comprising administration expenditures etc.). Like Education, unusual trends by one or two provinces or at federal level contributed to lowering the overall sectoral expenditure growth. For instance, negative expenditure change in Sindh and at the federal level in General Hospitals; and in Health Facilities & Preventive Measures in Punjab and Sindh were exceptions to overall sub sectoral trends. Negative expenditure in 'Others' in all provinces except Balochistan, and substantial reduction at the federal level, resulted in negative overall expenditure growth in 'Others'.

| | Federal | Punjab | Sindh | NWFP | Balochistan | Pakistan |
|---|----------------|---------------|---------------|--------------|--------------------|-----------------|
| General Hospitals & Clinics | -1.48 | 28.21 | -11.14 | 20.07 | 5.61 | 12.11 |
| Mother & Child Health | 0.00 | 10.96 | 0.00 | 53.85 | 577.78 | 63.21 |
| Health Facilities & Preventive Measures | 72.10 | -6.96 | -5.60 | 3.66 | 27.62 | 50.09 |
| Others | -46.53 | -8.27 | -26.58 | 13.48 | -4.16 | -14.68 |
| Total Percentage Change | 27.72 | 21.34 | -12.70 | 19.00 | 7.62 | 13.17 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.46 The proportionate share of spending in sub sectors in overall Health expenditure (Table 3.16) reflects the similar pattern in all four provinces in both FY 2008/09 and FY 2007/08. General Hospitals held the maximum in all provinces; followed by expenditure in 'Others'. In Health Facilities & Preventive Measures, there was a slight deviation among provinces; with Punjab spending much less while other provinces spending a considerable proportion of total Health expenditure in this sub sector. However, at the federal level, there was a marked difference since above 40 percent of the total Health expenditure was incurred in Preventive Health up till Q3 FY 2007/08, which increased to 60 percent in the corresponding period in FY 2008/09, much higher than General Hospitals. Combined together, General Hospitals; and Health Facilities & Preventive Measures accounted for more than 90 percent of the total Health expenditure in both years i.e. FY 2007/08 and FY 2008/09.

| | Federal | Punjab | Sindh | NWFP | Balochistan | Pakistan |
|--|----------------|---------------|--------------|-------------|--------------------|-----------------|
| Q3 FY 2008/09 | | | | | | |
| General Hospitals & Clinics | 37.05 | 85.45 | 77.76 | 88.34 | 42.97 | 71.71 |
| Mother & Child Health | 0.04 | 0.45 | 0.08 | 0.39 | 0 | 0.40 |
| Health Facilities & Preventive Measures | 59.73 | 0.81 | 10.65 | 3.34 | 15.69 | 16.88 |
| Others | 3.18 | 13.29 | 11.51 | 7.93 | 37.76 | 11.01 |
| Total Percentage Change | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Q3 FY 2007/08 | | | | | | |
| General Hospitals & Clinics | 48.03 | 80.87 | 76.39 | 87.55 | 43.79 | 72.39 |
| Mother & Child Health | 0.05 | 0.49 | 0.07 | 0.30 | 0.57 | 0.28 |
| Health Facilities & Preventive Measures | 44.33 | 1.05 | 9.84 | 3.83 | 13.23 | 12.37 |
| Others | 7.59 | 17.59 | 13.69 | 8.32 | 42.41 | 14.60 |
| Total Percentage Change | 100 | 100 | 100 | 100.00 | 100.00 | 100.00 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.6 Expenditure at Provincial and District Level

3.47 Analysis of respective sectors by proportionate share of expenditure at district and provincial levels during Q3 FY 2008/09 shows that in four sectors mainly, Education; Health; Environment/Water Supply & Sanitation; and Social Security & Welfare a considerable amount of expenditure was incurred at the district level (Table 3.17). However, there are sector specific provincial variations in this broader trend. In Education, greater proportion of expenditure was incurred at the district level in the case of all four provinces. In two sub sectors of Education i.e. Primary; and Secondary, above 90 percent of the total expenditure was incurred at the district level while in other Education sub sectors i.e. General Universities; and Professional/Technical Universities, the trend was reversed. Similarly in Health, above 40 percent of the total sectoral expenditure in all sub sectors was at the district level.

| Sectors | Punjab | | Sindh | | NWFP | | Balochistan | |
|--------------------------------------|-----------|------------|-----------|------------|-----------|------------|-------------|------------|
| | Dist. | Provincial | Dist. | Provincial | Dist. | Provincial | Dist. | Provincial |
| Roads, Highways & Bridges | 13 | 87 | 42 | 58 | 9 | 91 | 1 | 99 |
| Water Supply & Sanitation | 34 | 66 | 2 | 98 | 61 | 39 | 19 | 81 |
| Education | 67 | 33 | 76 | 24 | 80 | 20 | 71 | 29 |
| Health | 49 | 51 | 41 | 59 | 44 | 56 | 45 | 55 |
| Population Planning | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Social Security & Welfare | 59 | 41 | 5 | 95 | 63 | 37 | 10 | 90 |
| Natural Calamities & Other Disasters | 1 | 99 | 0 | 100 | 0 | 100 | 91 | 9 |
| Agriculture | 27 | 73 | 0 | 100 | 32 | 68 | 17 | 83 |
| Land Reclamation | 0 | 100 | 0 | 100 | 0 | 0 | 0 | 0 |
| Rural Development | 8 | 92 | 0 | 100 | 14 | 86 | 12 | 88 |
| Law & Order | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Low Cost Housing | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| Justice Administration | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 100 |
| Subsidies | 0 | 100 | 0 | 100 | 0 | 100 | 0 | 0 |
| Food Support Programme | 0 | 100 | - | - | - | - | - | - |
| Grand Total | 39 | 61 | 39 | 61 | 47 | 53 | 30 | 70 |

Source: PRSP Secretariat, Finance Division, Islamabad.

3.48 In Social Security & Welfare, in two out of four provinces i.e. Punjab and NWFP, major expenditure was incurred at the district level while opposite was true for Sindh and Balochistan

where bulk of social welfare spending was at the provincial level. Similarly in Environment/Water Supply & Sanitation, Punjab and NWFP incurred significant expenditure at the district level while Sindh and Balochistan dispensed sectoral expenditure at the provincial level. In all other sectors, nearly all of the expenditure was observed at the provincial level except small amounts in Rural Development in NWFP and Balochistan. In Agriculture, up to 30 percent was spent at the district level in Punjab and NWFP. Considerable devolution to the district level in Primary and Secondary Education; and Health has been achieved in all four provinces. In Social Security & Welfare; Environment/Water Supply & Sanitation; and Agriculture, Punjab and NWFP are ahead of Sindh and Balochistan in utilising a devolved structure of provision of these particular social services.

4 Protecting the Poor and the Vulnerable

4.1 This section reviews progress of safety net including *Zakat*, Pakistan *Bait-ul-Mal* (PBM), Employees' Old Age Benefits Institution (EOBI), Benazir Income Support Programme (BISP) and Microfinance up till Q3 FY 2008/09. Spending of PBM and BISP has been added in budgetary part of pro-poor expenditures whereas detailed analyses of both have been reviewed in this section. Comparison has been drawn where information is available for the same period last year.

4.1 *Zakat*

4.2 Details of disbursement and beneficiaries of *Zakat* programmes are presented in Table 4.1. *Zakat* disbursement recorded a decline of 12 percent from Rs 2,252 million up till Q3 FY 2007/08 to Rs 1,985 million up till Q3 FY 2008/09. During the same period, number of beneficiaries fell by 39 percent from 1,248,024 to 755,706. About 58 percent of total *Zakat* was channeled through Regular *Zakat* Programmes and 21 percent through Other *Zakat* programmes up till Q3 FY 2008/09 and National Level Schemes (this figure pertains to Q2 FY 2008/09) as compared to 68, 24 and 8 percent through Regular *Zakat* Programmes, Other *Zakat* programmes and National Level Schemes (up till Q2 FY 2007/08), respectively up till Q3 of last year.

4.3 Disbursement through Regular and Other *Zakat* Programmes declined by 32 and 23 percent registering a fall in the number of beneficiaries by 52 and 26 percent, respectively up till Q3 FY 2008/09 against comparable period last year. However, *Zakat* distribution through National Level Schemes registered a substantial increase of 126 percent while number of beneficiaries increased by 34 percent up till Q2 FY 2008/09 as compared to the same period last year. Among provinces, the largest disbursement was made in Sindh i.e. 41 percent; followed by 31 percent in NWFP; 18 percent in Punjab; 6 percent in Islamabad Capital Territory (ICT); 2 percent in Balochistan; and 1 percent in Northern Areas up till Q3 FY 2008/09 in contrast to coverage of 74; 14; 8; and 2 percent in Punjab; NWFP; Sindh and Balochistan; and 1 percent in ICT and Northern Areas, respectively whereas no such disbursement was made in Federally Administered Tribal Areas (FATA) during the same period.

| Up till Q3 FY 2008/09 | | | | | | | | |
|--|--------|---------|---------|-------------|--------|----------------|------|---------|
| | Punjab | Sindh | NWFP | Balochistan | ICT | Northern Areas | FATA | Total |
| Regular <i>Zakat</i> Programmes | | | | | | | | |
| Disbursement (Rs million) | 3 | 636 | 398 | 2 | 89 | 27 | 0 | 1,155 |
| Beneficiaries | 1,425 | 269,429 | 100,017 | 511 | 7,834 | 18,972 | 0 | 398,188 |
| Other <i>Zakat</i> Programmes | | | | | | | | |
| Disbursement (Rs million) | 153 | 90 | 169 | 0.043 | 1 | 2 | 0 | 415.043 |
| Beneficiaries | 22,091 | 142,283 | 77,704 | 87 | 3,277 | 3,680 | 0 | 249,122 |
| National Level Schemes* | | | | | | | | |
| Disbursement (Rs million) | 206 | 95 | 58 | 34 | 22 | 0 | 0 | 415 |
| Beneficiaries | 39,045 | 17,552 | 16,354 | 6,124 | 29,321 | 0 | 0 | 108,396 |

| | | | | | | | | |
|---|----------------|----------------|----------------|--------------------|---------------|-----------------------|-------------|------------------|
| Total Amount Disbursed (Rs million) | 362 | 821 | 625 | 36.043 | 112 | 29 | 0 | 1,985.043 |
| Total beneficiaries | 62,561 | 429,264 | 194,075 | 6,722 | 40,432 | 22,652 | 0 | 755,706 |
| Up till Q3 FY 2007/08 | | | | | | | | |
| | Punjab | Sindh | NWFP | Balochistan | ICT | Northern Areas | FATA | Total |
| Regular Zakat Programmes | | | | | | | | |
| Disbursement (Rs. million) | 1,145 | 133 | 198 | 25 | 6 | 19 | 0 | 1,526 |
| Beneficiaries | 652,912 | 65,649 | 75,571 | 16,455 | 1,921 | 15,810 | 0 | 828,318 |
| Other Zakat Programmes | | | | | | | | |
| Disbursement (Rs. million) | 436 | 0.070 | 94 | 4 | 3 | 5 | 0 | 542.07 |
| Beneficiaries | 245,371 | 140 | 71,643 | 6,626 | 5,306 | 10,000 | 0 | 339,086 |
| National Level Schemes* | | | | | | | | |
| Disbursement (Rs. million) | 94 | 38 | 20 | 14 | 18 | 0 | 0 | 184 |
| Beneficiaries | 35,266 | 23,116 | 8,588 | 5,858 | 7,792 | 0 | 0 | 80,620 |
| Total Amount Disbursed (Rs. Million) | 1,675 | 171.07 | 312 | 43 | 27 | 24 | 0 | 2,252.07 |
| Total beneficiaries | 933,549 | 88,905 | 155,802 | 28,939 | 15,019 | 25,810 | 0 | 1,248,024 |

* Figure available up till 2nd quarter.

Source: Ministry of Zakat and Ushr.

4.2 Pakistan Bait-ul-Mal (PBM)

4.4 The disbursements and details of beneficiaries under different programme of Pakistan *Bait-ul-Mal* are presented in table 4.2. Total disbursement of PBM declined by 43 percent from Rs 4,793 million up till Q3 FY 2007/08 to Rs 2,744 million up till Q3 FY 2008/09. This reflects a decline in number of beneficiaries by 19 percent from 1,783,123 to 1,437,569 during same period. The share of Food Support Programme (FSP) in total disbursement was 76 percent followed by 14 percent under Individual Financial Assistance (IFA); 5 percent under National Centre for Rehabilitation of Child Labour (NCRCL); 2 percent under Vocational Training Centres (VTC) and Institutional Rehabilitation; and 1 percent under Child Support Programme (CSP) up till Q3 FY 2008/09 against a share of 85 percent under FSP; 10 percent under IFA; 2 percent under NCRCL and VTC; 1 percent under Institutional rehabilitation; and 0.2 percent under CSP during the same period last year.

4.5 Amount disbursed under FSP; IFA and VTC declined by 49; 21 and 34 percent up till Q3 FY 2008/09 compared up to Q3 FY 2007/08 showing a decline in number of beneficiaries by 49 and 54 percent in FSP and IFA, respectively whereas number of beneficiaries grew up by 83 percent in VTC. However, Institutional Rehabilitation Programme marked a substantial increase in disbursement by 100 percent followed by CSP 90 percent and NCRCL 73 percent while number of beneficiaries decreased by 28 percent under institutional rehabilitation programme but showed an increase of 219 and 70 percent under NCRCL and CSP, respectively.

| Table 4.2: Programmes of Pakistan <i>Bait-ul-Mal</i> (PBM) Up till Q3 of FY 2007/08 & FY 2008/09 | | | | |
|---|------------------------------|----------------------------------|------------------------------|----------------------------------|
| Programmes | Up till Q3 FY 2007/08 | | Up till Q3 FY 2008/09 | |
| | No. of Beneficiaries | Disbursement (Rs million) | No. of Beneficiaries | Disbursement (Rs million) |
| Food Support Programme (FSP) | 1,363,535 | 4,090 | 695,452 | 2,086 |
| Individual Financial Assistance (IFA) | 26,535 | 490 | 12,194 | 388 |
| National Centre for Rehabilitation of Child Labour (NCRCL) | 135,230 | 78 | 431,542 | 135 |
| Vocational Training Centers (VTC) | 91,453 | 100 | 167,247 | 66 |
| Institutional Rehabilitation (Grant-In-Aid to NGOs) | 155,467 | 25 | 112,599 | 50 |
| Child Support Programme (CSP) | 10,903 | 10 | 18,535 | 19 |
| Total Disbursement under all Programmes | 1,783,123 | 4,793 | 1,437,569 | 2,744 |

Source: Pakistan *Bait-ul-Mal*.

4.3 Employees' Old Age Benefits Institution (EOBI)

4.6 Overall disbursement of EOBI increased by 30 percent from Rs 3,268 million up till Q3 FY 2007/08 to Rs 4,255 million upto Q3 FY 2008/09. During the same period, number of beneficiaries increased by more than 100 percent from 405,940 to 831,948 (Table 4.3). Share of Old Age Pension, Invalidity Pension, Survivors Pension and Old Age Grants remained same as last year i.e. 65,1,33 and 1 percent, respectively.

4.7 Disbursement under Survivors Pension increased by 31 percent; Old Age Pension (30 percent); Invalidity Pension (24 percent); and Old-Age Grants (8 percent) adding to number of beneficiaries by 103; 111; and 109 percent in Old-Age pension; Invalidity Pension and Survivors Pension, respectively whereas number fell by 9 percent in case of Old-Age Grants during comparable period in FY 2007/08 and FY 2008/09.

| Table 4.3: Programmes of Employees' Old Age Benefits Institution (EOBI) Up till Q3 of FY 2007/08 & FY 2008/09 | | | | |
|--|------------------------------|----------------------------------|------------------------------|----------------------------------|
| Programmes | Up till Q3 FY 2007/08 | | Up till Q3 FY 2008/09 | |
| | No. of Beneficiaries | Disbursement (Rs million) | No. of Beneficiaries | Disbursement (Rs million) |
| Old-Age Pension | 263,811 | 2,128 | 536,734 | 2,769 |
| Invalidity Pension | 6,170 | 50 | 12,990 | 62 |
| Survivors Pension | 134,590 | 1,064 | 280,974 | 1,397 |
| Old-Age Grants | 1,369 | 26 | 1,250 | 28 |
| Total | 405,940 | 3,268 | 831,948 | 4,255 |

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

4.4 Microfinance

4.8 Table 4.4 represents microfinance services as microcredit, micro-savings and micro-insurance in terms of value and number of beneficiaries during Q3 FY 2008/09. A large sum of Rs 31,232 million was insured to 2,128,493 policy holders under micro-insurance. However, credit of a total worth of Rs 19,252 million was disbursed to 1,751,111 active borrowers whereas micro-savings were provided to 2,043,774 active savers which in terms of value stood at Rs 5,882 million during Q3 FY 2008/09.

| Table 4.4: Microfinance Analysis Up till Q3 of FY 2008/09 | | | | | | |
|--|-------------------------|---------------------------|----------------------|---------------------------|------------------------|---------------------------------|
| Details | Microcredit | | Micro-Savings | | Micro-Insurance | |
| | Active Borrowers | Value (Rs million) | Active Savers | Value (Rs million) | Policy Holders | Sum insured (Rs million) |
| FY 2008/09 Q3 | 1,751,111 | 19,252 | 2,043,774 | 5,882 | 2,128,493 | 31,232 |

Source: Pakistan Microfinance Network (PMN), Islamabad.

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

4.9 Market share by peer groups in terms of active borrowers, active savers and active policy holders are presented in Figure 4.1; 4.2 and 4.3. Rural Support Programmes (RSPs) remained dominant both in terms of active savers and active policy holders by capturing market share of 81 and 35 percent, respectively as compared to other microfinance providers during Q3 FY 2008/09. However, Microfinance Banks (MFBs) and others including Non-Government Organizations (NGOs) and Commercial Financial Institutions (CFIs) took lead in terms of active borrowers that captured market share of 36 and 5 percent, respectively whereas Microfinance Institutions (MFIs) obtained the highest market share i.e. 33 percent in terms of active policy holders during same period.

Figure 4.1: Active Borrowers Q3 FY 2008/09

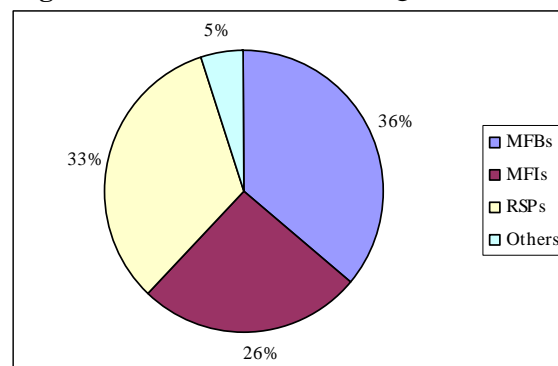


Figure 4.2: Active Savers Q3 FY 2008/09

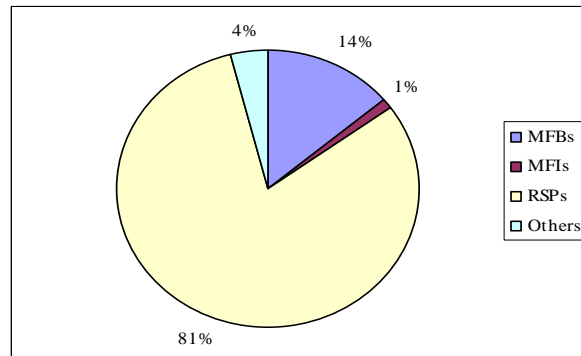
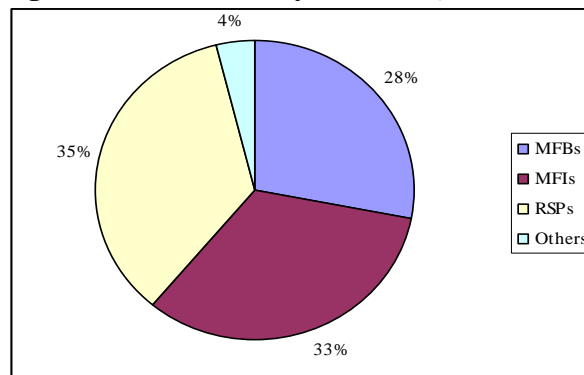


Figure 4.3: Active Policy Holders Q3 FY 2008/09



4.6 Summary of Microcredit Indicators

4.10 Table 4.6 presents a summary of microcredit indicators during Q3 FY 2008/09. A total of 1,530 branches provided the microcredit services, out of which 52 percent branches of RSPs, the highest among all, provided credit services followed by 24 percent by MFBs, 17 percent by MFIs and 7 percent by Others. Total Gross Loan Portfolio stood at Rs 19,252 million during Q3 FY 2008/09 with a large share of MFBs i.e. 40 percent and then 31; 22 and 7 percent by RSPs, MFIs and Others, respectively. Average Loan Balance amounting to Rs 10,994 is mainly attributed to others (including NGOs and CFIs) whereas Average Loan Size remained Rs 14,339 during the period.

4.11 A total of 395,434 loans were disbursed during Q3 FY 2008/09 where about 48 percent i.e. 190,022 loans were disbursed through MFBs and 32 and 14 percent through RSPs and MFIs, respectively and only 6 percent through Others including NGOs and CFIs. Credit disbursement stood at Rs 5,670 million. About 55 percent disbursement was made through MFBs followed by 26 percent through RSPs, 12 percent through MFI and 7 percent through Others.

| Table 4.6: Summary of Microcredit Provision Up till Q3 of FY 2008/09 | | |
|---|--|----------------------------------|
| Peer Group | | FY 2008/09 Up till Q3 |
| MFBS | Number of branches/Units | 371 |
| | Gross Loan Portfolio (Rs million) | 7,671 |
| | Average Loan Balance (Rs) | 12,062 |
| | Number of Loans disbursed | 190,022 |
| | Credit Disbursements (Rs million) | 3,131 |
| | Average Loan Size (Rs) | 16,476 |
| MFIs | Number of branches/Units | 257 |
| | Gross Loan Portfolio (Rs millions) | 4,289 |
| | Average Loan Balance (Rs) | 9,545 |
| | Number of Loans disbursed | 54,527 |
| | Credit Disbursements (Rs million) | 672 |
| | Average Loan Size (Rs) | 12,315 |
| RSPs | Number of branches/Units | 801 |
| | Gross Loan Portfolio (Rs million) | 5,965 |
| | Average Loan Balance (Rs) | 10,350 |
| | Number of Loans disbursed | 127,758 |
| | Credit Disbursements (Rs million) | 1,491 |
| | Average Loan Size (Rs) | 11,671 |
| Others | Number of branches/Units | 101 |
| | Gross Loan Portfolio (Rs million) | 1,327 |
| | Average Loan Balance (Rs) | 14,830 |
| | Number of Loans disbursed | 23,127 |
| | Credit Disbursements (Rs million) | 377 |
| | Average Loan Size (Rs) | 16,292 |
| Total | Number of branches/Units | 1,530 |
| | Gross Loan Portfolio (Rs million) | 19,252 |
| | Average Loan Balance (Rs) | 10,994 |
| | Number of Loans disbursed | 395,434 |
| | Credit Disbursements (Rs million) | 5,670 |
| | Average Loan Size (Rs) | 14,339 |

Source: Pakistan Microfinance Network (PMN), Islamabad.

4.7 Benazir Income Support Programme (BISP)

4.12 Government in FY 2008/09 initiated Benazir income Support Programme (BISP) to protect the poor against significant changes in the growth pattern and increase in food and fuel

prices. This programme envisages cash grant of Rs 1,000 every month to each qualifying household having a monthly income of less than Rs 6,000 through banks and post offices.

4.13 Under this programme, poverty scorecard survey are being conducted in 16 selected districts of the country for identification of households living below the poverty line by National Support Programme Network (NRSP), PPAF and Population Census Organization (PCO). NADRA was given the task for deployment of Mobile Registration Vehicles (MRVs) to issue Computerized National Identity Cards (CNICs) in the pilot districts. After completion of survey in 16 districts, this will be extended to all over Pakistan in order to determine the exact number living below the poverty line. In this regard, a total of Rs 11 billion was disbursed to 1.3 million beneficiaries up till Q3 of FY 2008/09 (Table 4.7).

| Table 4.7: Benazir Income Support Programme Up till Q3 of FY 2008/09 | | |
|---|---------------------------------|-----------------------------------|
| | Up till Q3 of FY 2008/09 | |
| | Disbursement (Rs million) | Number of beneficiaries (million) |
| Benazir Income Support Programme | 11,000 | 1.3 |

Source: Benazir Income Support Programme (BISP), Cabinet Division.

5 Monitoring of Output (Intermediate) Indicators

5.1 Progress of PRSP output indicators is analyzed in this section. In this regard, data for different schemes approved under PWP-I, labour sector indicators i.e. total labour force, percentage of employed labour force and unpaid family helpers, number and coverage of Lady Health Workers (LHWs) and number of internships provided under National Internship Programme (NIP) is available up till Q3 FY 2008/09. Indicators for Capital and Finance for Development have also been following the trend set in the mid-year PRSP Progress Report for FY 2008/09 of tracking new indicators identified in PRSP-II. These indicators have been reviewed in this chapter.

5.1 People Works Programme (PWP)-I

5.2 Under PWP-I, a total of 1,992 schemes were approved up till Q3 FY 2008/09 as compared to approval of 2,060 schemes up till Q3 FY 2007/08 registering a decline of 3 percent. Up till Q3 FY 2008/09, about 34 percent schemes were approved for Punjab; 15 percent for Sindh; 27 percent for NWFP; 11 percent for Balochistan and FATA and 2 percent for ICT against approval of 52; 14; 13; 6; 14 and 1 percent schemes for Punjab; Sindh; NWFP; Balochistan; FATA and ICT during same period last year.

5.3 Up till Q3 FY 2008/09, focus remained on development of farm to market roads in rural areas. In this regard, out of the total, 36 percent schemes were approved for road development; followed by 30 percent for provision of electricity; 20 percent for water supply facility; and 6 and 3 percent for education and health facilities, respectively in all the provinces including FATA and ICT. However, 4 percent schemes were approved for sanitation in Punjab; Sindh; NWFP and Balochistan and 1 percent for gas facilities in Punjab; Sindh and ICT whereas 0.3 percent for bulldozer hours only in Balochistan. No such scheme was approved for provision of telephone facility in rural areas.

**Table 5.1: Number of Schemes Approved Under Each Category
Up till Q3 of FY 2007/08 & FY 2008/09**

| Up till Q3 FY 2008/09 | | | | | | | | | | |
|-----------------------|------------|-----------------|-----------|-----------|------------|-----------|--------------|------------|------------------|---------------|
| Province | Road | Electrification | Gas | Telephone | Education | Health | Water Supply | Sanitation | Bulldozers Hours | Total Schemes |
| Punjab | 388 | 215 | 7 | 0 | 12 | 6 | 15 | 36 | 0 | 679 |
| Sindh | 87 | 87 | 1 | 0 | 76 | 11 | 12 | 15 | 0 | 289 |
| NWFP | 185 | 185 | 0 | 0 | 6 | 21 | 117 | 26 | 0 | 540 |
| Balochistan | 45 | 85 | 0 | 0 | 20 | 14 | 51 | 5 | 5 | 225 |
| FATA | 12 | 4 | 0 | 0 | 3 | 5 | 202 | 0 | 0 | 226 |
| ICT | 8 | 12 | 2 | 0 | 3 | 3 | 5 | 0 | 0 | 33 |
| Total | 725 | 588 | 10 | 0 | 120 | 60 | 402 | 82 | 5 | 1992 |
| Upto Q3 FY 2007/08 | | | | | | | | | | |
| Province | Road | Electrification | Gas | Telephone | Education | Health | Water Supply | Sanitation | Bulldozers Hours | Total Schemes |
| Punjab | 294 | 600 | 35 | 0 | 18 | 5 | 15 | 96 | 2 | 1065 |
| Sindh | 163 | 79 | 2 | 0 | 24 | 8 | 12 | 6 | 1 | 295 |
| NWFP | 84 | 139 | 0 | 0 | 2 | 0 | 37 | 0 | 0 | 262 |

| | | | | | | | | | | |
|--------------|------------|------------|-----------|----------|-----------|-----------|------------|------------|----------|-------------|
| Balochistan | 21 | 30 | 1 | 0 | 20 | 3 | 50 | 1 | 5 | 131 |
| FATA | 76 | 8 | 0 | 0 | 9 | 18 | 175 | 0 | 0 | 286 |
| ICT | 8 | 4 | 2 | 0 | 0 | 3 | 3 | 1 | 0 | 21 |
| Total | 646 | 860 | 40 | 0 | 73 | 37 | 292 | 104 | 8 | 2060 |

Source: Ministry of Local Government and Rural Development

5.2 Employment

5.4 About 31.05 million males and 8.58 million females constituted a total of 39.63 million of labour force up till Q3 FY 2008/09. Out of total labour force i.e. 95 percent were employed representing 75 and 20 percent share of males and females in different productive activities, respectively. A total of 29.19 percent of employed labour force worked as helpers with their family members during the same period.

| | Up till Q3 of FY 2008/09 | | |
|-------------------------------------|--------------------------|-------|---------|
| | Total | Males | Females |
| Labour Force (million) | 39.63 | 31.05 | 8.58 |
| Employed Labour Force (%) | 95 | 75 | 20 |
| Percentage of unpaid family workers | 29.19 | - | - |

Note: Estimated labour force for the FY 2008/09 is based on the Labour Force Survey FY 2007/08 and average population growth rate of 1.73 percent per annum.

Source: Ministry of Labour and Manpower.

5.3 Lady Health Workers (LHWs)

5.5 Table 5.3 presents population covered by Lady Health Workers (LHWs). About 50 percent of total population and 64 percent of the target population was covered by LHWs up till Q3 FY 2008/09. Coverage of rural population stood at 53 percent as compared to urban i.e. 42 percent during the period.

| | Projection FY 2008/09 Up till Q3 | Population Covered by LHWs (Percent) FY 2008/09 Up till Q3 |
|-------------------|-------------------------------------|--|
| Total Population | 163,000,000 | 50 |
| Urban Population | 53,790,000 | 42 |
| Rural Population | 109,210,000 | 53 |
| Target Population | 126,960,700 | 64 |

Source: National Programme for Family Planning and Primary Health Care, Ministry of Health.

5.6 A total of 89,977 LHWs were deployed with 72 percent in rural areas and 28 percent in urban areas up till Q3 FY 2008/09 (Table 5.4). More than half of LHWs were deployed in Punjab whereas proportion of LHWs in Sindh; NWFP; Balochistan; Azad Jammu & Kashmir (AJ&K);

FATA; Federally Administered Northern Areas (FANA) and ICT stood at 21; 14; 6; 3; 2; 1 and 0.3 percent, respectively up till Q3 FY 2008/09.

| Province / Region | Uptill Q3 FY 2008/09 | | |
|-------------------|----------------------|---------------|---------------|
| | Urban | Rural | Total |
| Punjab | 7,832 | 38,419 | 46,251 |
| Sindh | 3,594 | 15,609 | 19,203 |
| NWFP | 11,324 | 1,411 | 12,735 |
| Balochistan | 1,947 | 3,756 | 5,703 |
| AJK | 186 | 2,917 | 3,103 |
| FANA | 158 | 1,031 | 1,189 |
| FATA | 0 | 1,507 | 1,507 |
| ICT | 36 | 250 | 286 |
| Total | 25,077 | 64,900 | 89,977 |

* Includes LHWs under training.

Source: National Programme for Family Planning and Primary Health Care, Ministry of Health.

5.4 National Internship Programme (NIP)

5.7 In order to better equip graduates for their future career the Government of Pakistan in March, 2007 initiated National Internship Programme where fresh unemployed graduates from all over the country will get one year hands-on experience with government organizations. Spending under NIP is a part of PRSP budgetary expenditures and is regularly tracked under the Education sub sector Professional/Technical Universities/Colleges/Institutions. Table 5.5 illustrates number of internship provided under NIP. Up till Q3 FY 2008/09, a total of 21,164 internships were provided under this programme showing equal opportunities being provided to both males (50 percent) and females (50 percent).

| Indicator | Up till Q3 of FY 2008/09 | | |
|--|--------------------------|---------|---------------|
| | Males | Females | Total |
| Number of internships provided under NIP | 10,547 | 10,616 | 21,164 |

Source: National Internship Programme (NIP), Ministry of Youth Affairs.

5.5 Capital and Finance for Development

5.8 **New Issues in Term Finance Certificate (TFC):** The market of corporate debt-term finance certificate (TFC) remained sluggish during the first nine months of FY 2008/09 as there were only three listings of corporate papers during the year. **Three** new TFCs were issued worth

Rs. 8.695 billion during the first nine months of FY 2008/09 against of the target set by PRSP-II (2009) of Rs. 15.600 billion constituting 56 percent of the target. The three TFCs fetched the issuing companies Rs. 10 billion. With these three arrivals, local outstanding corporate debt market reached Rs. 70.4 billion from Rs. 61 billion at the end of last financial year.

5.9 Equity Contributor: Six new issues in equity touched the unprecedented level of Rs. 9.515 billion during first nine months of FY 2008/09 against the target set by PRSP-II of Rs. 10.164 billion achieving 96 percent till Q3 of FY 2008/09.

| Indicators | Target FY 2008/09 | | Uptill Q3 FY 2008/09 | |
|---|--------------------------|--------------------------------|-----------------------------|--------------------------------|
| | No. | Amount (Rs Billion) | No. | Amount (Rs Billion) |
| New issues in equity contributes to – percentage of marginal capital raised for development | 7 | 10.164 | 6 | 9.515 |
| New issues in term Finance Certificates (TFC) / Debt instrument in percentage | 4 | 15.6 | 3 | 8.695 |

6 Concluding Remarks

6.1 This report is the third in the series of PRSP Quarterly Progress Reports for FY 2008/09. It has reflected progress of input, output and outcome indicators up till the third quarter of FY 2008/09. Performance of input indicators, i.e. PRSP pro-poor budgetary has been impressive, already reaching Rs 618 billion i.e., 4.72 percent of GDP, whereas the requirement of the Fiscal Responsibility & Debt Limitation Act (2005) is to maintain social and poverty related expenditures not less than 4.5 percent of GDP. Expenditure targets/projections for the full FY 2008/09 at Rs 760 billion will be easily achieved. Efforts have also been made to analyze new output and outcome indicators along with pro-poor expenditures as decided in the Poverty Reduction Strategy Paper-II for FY 2008/09 to FY 2010/11. Feedback from relevant Ministries is still relatively slow on this part, however.

6.2 The Report has also depicted the current macroeconomic scenario reflecting steady trends compared to the last (mid year) PRSP Quarterly Report. A comprehensive analysis of the economy will be presented in the next Quarterly Report, which will account for the full fiscal year i.e., 2008/09. This will be an important Report since it will reflect the end of the first year of the PRSP-II period.

Annex I

| PRSP Budgetary Expenditures (2008-09) –Up till Q3-July 2008 to March 2009 (PROVISIONAL) | | | | | | | | | | | | |
|---|--|--------|--------|--------|-------------|---------|--|--------|--------|--------|-------------|---------|
| (Rs million) | | | | | | | | | | | | |
| | FY 2008-09 (Uptill Q3-July 2008 to March 2009) Provisional | | | | | | FY 2007-08 (Uptill Q3-July 2007 to March 2008) Provisional | | | | | |
| | Federal | Punjab | Sindh | NWFP | Balochistan | Total | Federal | Punjab | Sindh~ | NWFP~ | Balochistan | Total |
| Roads, Highways & Bridges | 1,974 | 27,658 | 14,398 | 2,249 | 2,331 | 48,610 | 2,453 | 41,084 | 13,984 | 2,996 | 2,520 | 63,037 |
| Current | 1,969 | 2,612 | 250 | 355 | 66 | 5,252 | 2,412 | 2,490 | 1,035 | 428 | 132 | 6,497 |
| Development | 5 | 25,046 | 14,148 | 1,894 | 2,265 | 43,358 | 41 | 38,594 | 12,949 | 2,568 | 2,388 | 56,540 |
| Environment/Water Supply & Sanitation^ | 107 | 5,845 | 2,820 | 1,420 | 1,188 | 11,380 | 113 | 5,432 | 3,255 | 1,503 | 950 | 11,253 |
| Current | 105 | 2,416 | 348 | 826 | 779 | 4,474 | 113 | 1,931 | 204 | 709 | 575 | 3,532 |
| Development | 2 | 3,429 | 2,472 | 594 | 409 | 6,906 | 0 | 3,501 | 3,051 | 794 | 375 | 7,721 |
| Education | 23,246 | 74,418 | 29,354 | 21,092 | 5,473 | 153,583 | 34,978 | 52,832 | 42,045 | 17,167 | 5,228 | 152,250 |
| Current | 14,602 | 68,367 | 26,505 | 19,029 | 5,250 | 133,753 | 18,130 | 50,351 | 36,505 | 15,868 | 4,979 | 125,833 |
| Development | 8,644 | 6,051 | 2,849 | 2,063 | 223 | 19,830 | 16,848 | 2,481 | 5,540 | 1,299 | 249 | 26,417 |
| <i>Primary Education^</i> | 1,976 | 28,392 | 12,164 | 8,698 | 1,832 | 53,062 | 1,631 | 25,249 | 19,119 | 6,642 | 1,857 | 54,498 |
| Current | 1,976 | 28,048 | 11,684 | 8,240 | 1,832 | 51,780 | 1,631 | 24,314 | 17,783 | 6,188 | 1,857 | 51,773 |
| Development | 0 | 344 | 480 | 458 | 0 | 1,282 | 0 | 935 | 1,336 | 454 | 0 | 2,725 |
| <i>Secondary Education</i> | 2,757 | 20,225 | 9,680 | 8,445 | 1,617 | 42,724 | 2,347 | 12,525 | 14,006 | 7,114 | 1,594 | 37,586 |
| Current | 2,733 | 15,143 | 8,910 | 7,614 | 1,617 | 36,017 | 2,245 | 12,230 | 13,107 | 6,613 | 1,594 | 35,789 |
| Development | 24 | 5,082 | 770 | 831 | 0 | 6,707 | 102 | 295 | 899 | 501 | 0 | 1,797 |
| <i>General Universities, Colleges, & Institutes</i> | 13,862 | 6,038 | 3,090 | 1,604 | 510 | 25,104 | 22,057 | 4,733 | 3,179 | 977 | 370 | 31,316 |
| Current | 5,907 | 5,909 | 2,090 | 1,126 | 510 | 15,542 | 7,653 | 3,973 | 1,789 | 944 | 370 | 14,729 |
| Development | 7,955 | 129 | 1,000 | 478 | 0 | 9,562 | 14,404 | 760 | 1,390 | 33 | 0 | 16,587 |
| <i>Professional & Technical Universities, Colleges & Institutes^</i> | 2,253 | 1,170 | 1,487 | 1,377 | 318 | 6,605 | 4,263 | 809 | 2,661 | 1,298 | 257 | 9,288 |
| Current | 2,248 | 1,156 | 1,137 | 1,150 | 318 | 6,009 | 4,207 | 784 | 1,191 | 1,011 | 257 | 7,450 |
| Development | 5 | 14 | 350 | 227 | 0 | 596 | 56 | 25 | 1,470 | 287 | 0 | 1,838 |

| | | | | | | | | | | | | |
|--|--------|--------|-------|-------|-------|--------|-------|--------|-------|-------|-------|--------|
| <i>Teacher & Vocational Training</i> | 39 | 1,787 | 225 | 0 | 123 | 2,174 | 46 | 1,439 | 118 | 0 | 107 | 1,710 |
| Current | 28 | 1,787 | 138 | 0 | 123 | 2,076 | 27 | 1,439 | 118 | 0 | 107 | 1,691 |
| Development | 11 | 0 | 87 | 0 | 0 | 98 | 19 | 0 | 0 | 0 | 0 | 19 |
| <i>Others</i> | 2,359 | 16,806 | 2,708 | 968 | 1,073 | 23,914 | 4,634 | 8,077 | 2,962 | 1,136 | 1,043 | 17,852 |
| Current | 1,710 | 16,324 | 2,546 | 899 | 850 | 22,329 | 2,367 | 7,611 | 2,517 | 1,112 | 794 | 14,401 |
| Development | 649 | 482 | 162 | 69 | 223 | 1,585 | 2,267 | 466 | 445 | 24 | 249 | 3,451 |
| Health | 9,698 | 18,181 | 8,398 | 5,093 | 1,708 | 43,078 | 7,593 | 14,984 | 9,620 | 4,280 | 1,587 | 38,064 |
| Current | 3,843 | 17,308 | 7,258 | 4,040 | 1,578 | 34,027 | 3,879 | 12,715 | 9,199 | 3,951 | 1,474 | 31,218 |
| Development | 5,855 | 873 | 1,140 | 1,053 | 130 | 9,051 | 3,714 | 2,269 | 421 | 329 | 113 | 6,846 |
| <i>General Hospitals & Clinics</i> | 3,593 | 15,536 | 6,530 | 4,499 | 734 | 30,892 | 3,647 | 12,118 | 7,349 | 3,747 | 695 | 27,556 |
| Current | 3,183 | 14,773 | 5,520 | 3,487 | 734 | 27,697 | 2,887 | 10,227 | 6,955 | 3,478 | 695 | 24,242 |
| Development | 410 | 763 | 1,010 | 1,012 | 0 | 3,195 | 760 | 1,891 | 394 | 269 | 0 | 3,314 |
| <i>Mother & Child Health</i> | 4 | 81 | 7 | 20 | 61 | 173 | 4 | 73 | 7 | 13 | 9 | 106 |
| Current | 2 | 64 | 7 | 20 | 61 | 154 | 2 | 60 | 4 | 13 | 9 | 88 |
| Development | 2 | 17 | 0 | 0 | 0 | 19 | 2 | 13 | 3 | 0 | 0 | 18 |
| <i>Health Facilities & Preventive Measures[^]</i> | 5,793 | 147 | 894 | 170 | 268 | 7,272 | 3,366 | 158 | 947 | 164 | 210 | 4,845 |
| Current | 390 | 137 | 765 | 129 | 142 | 1,563 | 565 | 123 | 923 | 104 | 104 | 1,819 |
| Development | 5,403 | 10 | 129 | 41 | 126 | 5,709 | 2,801 | 35 | 24 | 60 | 106 | 3,026 |
| <i>Others</i> | 308 | 2,417 | 967 | 404 | 645 | 4,741 | 576 | 2,635 | 1,317 | 356 | 673 | 5,557 |
| Current | 268 | 2,334 | 966 | 404 | 641 | 4,613 | 425 | 2,305 | 1,317 | 356 | 666 | 5,069 |
| Development | 40 | 83 | 1 | 0 | 4 | 128 | 151 | 330 | 0 | 0 | 7 | 488 |
| Population Planning[^] | 2,038 | 923 | 430 | 293 | 136 | 3,820 | 2,889 | 959 | 421 | 255 | 160 | 4,684 |
| Current | 133 | 15 | 5 | 6 | 0 | 159 | 141 | 21 | 2 | 6 | 0 | 170 |
| Development | 1,905 | 908 | 425 | 287 | 136 | 3,661 | 2,748 | 938 | 419 | 249 | 160 | 4,514 |
| Social Security & Welfare[^] | 12,184 | 1,040 | 3,812 | 143 | 163 | 17,342 | 4,199 | 1,921 | 4,435 | 138 | 165 | 10,858 |
| Current | 12,036 | 964 | 222 | 110 | 152 | 13,484 | 4,054 | 1,560 | 962 | 104 | 146 | 6,826 |
| Development | 148 | 76 | 3,590 | 33 | 11 | 3,858 | 145 | 361 | 3,473 | 34 | 19 | 4,032 |
| Natural Calamities & Other Disasters[^] | 2,009 | 1,400 | 13 | 221 | 1,275 | 4,918 | 2,218 | 1,402 | 439 | 163 | 238 | 4,460 |

| | | | | | | | | | | | | |
|---------------------------------------|----------------|----------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|---------------|----------------|
| Agriculture**^ | 15,416 | 17,526 | 7,922 | 3,196 | 5,266 | 49,326 | 41,001 | 17,418 | 11,925 | 5,017 | 6,129 | 81,490 |
| Current | 1,594 | 13,364 | 3,715 | 1,960 | 3,975 | 24,608 | 1,879 | 10,199 | 4,922 | 2,910 | 3,900 | 23,810 |
| Development | 13,822 | 4,162 | 4,207 | 1,236 | 1,291 | 24,718 | 39,122 | 7,219 | 7,003 | 2,107 | 2,229 | 57,680 |
| Land Reclamation | 0 | 127 | 1,359 | 0 | 0 | 1,486 | 0 | 103 | 1,695 | 0 | 0 | 1,798 |
| Rural Development | 261 | 1,856 | 108 | 2,764 | 1,349 | 6,338 | 1,143 | 7,689 | 104 | 4,989 | 2,432 | 16,357 |
| Current | 38 | 206 | 108 | 174 | 191 | 717 | 54 | 189 | 99 | 255 | 169 | 766 |
| Development | 223 | 1,650 | 0 | 2,590 | 1,158 | 5,621 | 1,089 | 7,500 | 5 | 4,734 | 2,263 | 15,591 |
| Law and Order | 19,647 | 24,464 | 12,678 | 4,915 | 4,291 | 65,995 | 16,966 | 21,838 | 10,749 | 4,374 | 3,186 | 57,113 |
| Low Cost Housing | 0 | 297 | 0 | 0 | 0 | 297 | 0 | 562 | 0 | 0 | 0 | 562 |
| Justice Administration | 853 | 3,016 | 972 | 694 | 400 | 5,935 | 441 | 1,277 | 993 | 447 | 343 | 3,501 |
| Subsidies**^ | 170,071 | 1,435 | 21 | 4,317 | 0 | 175,844 | 53,421 | 179 | 51 | 250 | 0 | 53,901 |
| Food Support Programme~ | 2,086 | 1,374 | | | | 3,460 | 4,131 | | | | | 4,131 |
| People's Works Programme-I | 1,739 | | | | | 1,739 | | | | | | 0 |
| People's Works Programme-II*** | 25,055 | | | | | 25,055 | 2,748 | | | | | 2,748 |
| GRAND TOTAL~ | 286,384 | 179,560 | 82,285 | 46,397 | 23,580 | 618,206 | 174,294 | 167,680 | 99,716 | 41,579 | 22,938 | 506,207 |

*Includes irrigation, fisheries, forestry & livestock.

**Includes subsidies on financial & fiscal affairs, commercial affairs and food.

*** Includes schemes in the area of electricity, gas, water supply & sanitation and roads.

^District expenditures of Sindh (FY 2008/09) and NWFP (FY 2007/08 & FY 2008/09) have been included according to old codes. Changes will be made upon receipt of information on revised codes. District expenditures of Sindh (FY 2007/08 are unavailable).

Note 1: Total expenditures exclude Punjab Food Support Scheme for the 3rd quarter of FY 2008/09, district spending of Sindh and Peoples' Works Programme-I up till 3rd quarter of FY 2007/08.

Note 2: Total disbursement under different programmes of Pakistan *Bait-ul-Mal* is Rs 3,394 million up till 3rd quarter of FY 2008/09.

Note 3: Total expenditure incurred under the Benazir Income Support Programme (BISP) up till 3rd quarter of FY 2008/09 is Rs 11 billion, which is reflected in Social Security and Other Welfare.

Annex II

**Table 1: Direct Transfers and Beneficiaries
Up till 3rd Quarter FY 2008/09**

| Programme | Disbursement / Beneficiaries | FY 2008/09 Up till Q3 |
|--|--------------------------------------|--------------------------|
| Zakat | Amount disbursed (Rs million) | 1,985 |
| | Total beneficiaries (000) | 756 |
| Pakistan <i>Bait-ul-Mal</i> (All Programmes)* | Amount disbursed (Rs million) | 2,744 |
| | Total beneficiaries (000) | 1,438 |
| Microcredit | Amount disbursed (Rs million) | 20,537 |
| | Total beneficiaries (000) | 1,751 |
| EOBI | Amount disbursed (Rs million) | 4,255 |
| | Total beneficiaries (000) | 832 |
| All Programmes | Amount disbursed (Rs million) | 29,521 |
| | Total beneficiaries (000) | 4,777 |

Source: *Zakat* – Ministry of *Zakat* and *Ushr*, Microcredit - Pakistan Microfinance Network (PMN), EOBI – Employees’ Old Age Benefits Institution.

*This is part of budgetary expenditures but is reflected here for purposes of comparison between various ongoing social protection programmes.

Table 1(a): Zakat Disbursement (Up till 3rd Quarter FY 2008/09)

(Rs million)

| | Punjab | Sindh | NWFP | Balochistan | ICT | Northern Areas | FATA |
|--|------------------|----------------|----------------|---------------|---------------|----------------|----------|
| Regular Zakat Programmes | | | | | | | |
| Disbursement | 3 | 636 | 398 | 2 | 89 | 27 | 0 |
| Beneficiaries | 1,425 | 269,429 | 100,017 | 511 | 7,834 | 18,972 | 0 |
| Other Zakat Programmes | | | | | | | |
| Disbursement | 153 | 90 | 169 | 0.043 | 1 | 2 | 0 |
| Beneficiaries | 22,091 | 142,283 | 77,704 | 87 | 3,277 | 3,680 | 0 |
| National Level Schemes* | | | | | | | |
| Disbursement | 206 | 95 | 58 | 34 | 22 | 0 | 0 |
| Beneficiaries | 39,045 | 17,552 | 16,354 | 6,124 | 29,321 | 0 | 0 |
| Total Amount Disbursed in Provinces | 362 | 821 | 625 | 36.043 | 112 | 29 | 0 |
| Total Beneficiaries in Provinces | 62,561 | 429,264 | 194,075 | 6,722 | 40,432 | 22,652 | 0 |
| Grand Total Amount Disbursed (Rs million) | 1,985.043 | | | | | | |
| Grand Total Number of Beneficiaries | 755,706 | | | | | | |

Source: Ministry of Zakat and Ushr.

* Figure available up till 2nd quarter FY 2008/09.

**Table 1(b): Programmes of Employees' Old Age Benefit Institution (EOBI)
(Up till 3rd Quarter FY 2008/09)**

| Programmes | Up till Q3 FY 2007/08 | | Up till Q3 FY 2008/09 | |
|--------------------|-----------------------|---------------------------|-----------------------|---------------------------|
| | No. of Beneficiaries | Disbursement (Rs million) | No. of Beneficiaries | Disbursement (Rs million) |
| Old Age Pension | 263,811 | 2,128 | 536,734 | 2,769 |
| Invalidity Pension | 6,170 | 50 | 12,990 | 62 |
| Survivors Pension | 134,590 | 1,064 | 280,974 | 1,397 |
| Old-Age Grants | 1,369 | 26 | 1,250 | 28 |
| Total | 405,940 | 3,268 | 831,948 | 4,255 |

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

**Table 1(c): Programmes of Pakistan *Bait-ul-Mal*
(Up till 3rd Quarter FY 2008/09)**

| Programmes | Up till Q3 FY 2007/08 | | Up till Q3 FY 2008/09 | |
|--|-----------------------|---------------------------|-----------------------|---------------------------|
| | No. of Beneficiaries | Disbursement (Rs million) | No. of Beneficiaries | Disbursement (Rs million) |
| Food Support Programme (FSP) | 1,363,535 | 4,090 | 695,452 | 2,086 |
| Individual Financial Assistance (IFA) | 26,535 | 490 | 12,194 | 388 |
| National Centre for Rehabilitation of Child Labour (NCRCL) | 135,230 | 78 | 431,542 | 135 |
| Vocational Training Centers (VTC) | 91,453 | 100 | 167,247 | 66 |
| Institutional Rehabilitation (Grant-In-Aid to NGOs) | 155,467 | 25 | 112,599 | 50 |
| Child Support Programme (CSP) | 10,903 | 10 | 18,535 | 19 |
| Total Disbursement Under all Programmes | 1,783,123 | 4,793 | 1,437,569 | 2,744 |

Source: Pakistan *Bait-ul-Mal*.

**Table 1(d): Micro-credit Disbursement
(Up till 3rd Quarter FY 2008/09)**

| Programmes | Up till Q3 FY 2008/09 | |
|-----------------------|---------------------------------|--------|
| Micro-credit*^ | Total Disbursement (Rs million) | 20,537 |
| | Total beneficiaries (000) | 1,751 |

* Includes all credit disbursements of MFBs, MBIs, RSP, NGOs and CFIs.

^ Updated figures for total disbursement during Q1 FY 2008/09 and up till Q2 FY 2008/09 are Rs. 6,509 million and Rs. 14,867 million, respectively.

Source: Pakistan Microfinance Network (PMN).

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