

POVERTY REDUCTION STRATEGY PAPER:

ANNUAL PROGRESS REPORT 2006-07

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List of Acronyms

AJK	Azad Jamu Kashmir
BCC	Behaviour Change Communication
BELA	Basic Education and Literacy Authority
BHC	Basic Health Centers
BHU	Basic Health Units
CDA	Capital Development Authority
CPI	Consumer Price Index
CRPRID	Center for Research on Poverty Reduction and Income Distribution
CSW	Civil Society Wing
CWIQ	Core Welfare Indicators Questionnaire
DOT	Directly Observed Treatment
DPT	Diphtheria Pertusis Tetanus
EFA	Education for All
EmONC	Emergency Obstetrical and Neonatal Care
EOBI	Employees Old Age Benefit Institution
ESR	Education System Reform
FANA	Federally Administered Northern Areas
FATA	Federally Administered Tribal Areas
FBS	Federal Bureau of Statistics
FP	Family Planning
FRDLA	Fiscal Responsibility and Debt Limitation Act
FSP	Food Support Programme
GER	Gross Enrolment Rate
GIS	Geographical Information System
HIES	Household Integrated Economic Survey
ICT	Islamabad Capital Territory
IFA	Individual Finance Assistance
IMNCI	Integrated Management of Neonatal and Childhood Illnesses
KB	Khushali Bank
KPF	Khushal Pakistan Fund
KPP	Khushal Pakistan Programme
LCV's	Light Commercial Vehicles
LFS	Labour Force Survey
LHWs	Lady Health Workers
LSM	Large Scale Manufacturing
MCH	Maternal and Child Health
MDGs	Millennium Development Goals
MIS	Management Information System
MNH	Maternal and Newborn Health
NCHD	National Commission for Human Development
NCRCL	National Center for Rehabilitation of Child Labour
NEAS	National Education Assessment System
NEC	National Education Census
NEP	National Education Policy
NER	Net Enrolment Rate
NGO	Non-Governmental Organization
NHPU	National Health Policy Unit
PBM	Pakistan Bait-ul-Mal

PIFRA	Project for Improvement of Financial Reporting and Auditing
PIHS	Pakistan Integrated Household Survey
PPAF	Pakistan Poverty Alleviation Fund
PSDP	Public Sector Development Programme
PSLM	Pakistan Social and Living Standards Measurement Survey
RCC	Reinforced Cement Concrete
RHC	Rural Health Centers
TBA	Trained Birth Attendants
TCP	Trading Corporation of Pakistan
VTI	Vocational Training Institute
ZTBL	Zarai Taraqiati Bank Limited

1 Introduction

1.1 To arrest the high and rising trend of poverty in Pakistan at the start of the new millennium, the Government of Pakistan formulated an Interim Poverty Reduction Strategy Paper (I-PRSP) in November 2001, which after further refinement was evolved into the Poverty Reduction Strategy Paper (PRSP) in December 2003. With the PRSP having successfully completed its three years of implementation, final touches are being given to its successor – PRSP-II, which will take into account the recent socio-economic developments, including the changed landscape characterized by globalization and a demographic transition which the country is undergoing.

1.2 This PRSP Annual Progress Report is sixth in line. The purpose of this year's report, like always, is to examine the details of PRSP expenditure, as well as, output and outcome PRSP indicators during the fiscal year 2006-07. This has been done using the pillars and indicators of PRSP-I as the base. However the final section presents some of the highlights of how the new monitoring framework under PRSP-II would look like; it contains an intensive discussion on district expenditures using NWFP as a case study.

1.3 PRSP initiative has been successful in Pakistan in many fronts, although several challenges are ahead. GDP grew on average by nearly 7% during the last six years. This recent growth is broad-based, and it has been underpinned by the macroeconomic policies of the government.

1.4 Both high growth and decline in unemployment along with considerable increase in pro-poor expenditure during the PRSP process, rise in per capita income, large inflow of remittances and direct transfers to the poor through Zakat, Pakistan Bait-ul-Mal and micro-credit have contributed in 10.6 percentage points decline in absolute poverty from 34.46% in 2000-01 to 23.9% in 2004-05. Although poverty reduced substantially, income inequality increased marginally during the same period.

1.5 According to the Fiscal Responsibility and Debt Limitation Act (FRDLA) 2005, poverty alleviation expenditures are not to be reduced below 4.5% of estimated GDP for any given year. PRSP expenditures have adhered to this Act; these expenditures as percentage of GDP consistently increased from less than 4% in FY02 to 5.63% in 2005-06. During 2006-07, budgetary expenditures on pro-poor sectors came to Rs 497.5 billion, representing 5.71 percent of the GDP.

1.6 The FRDLA 2005 requires that budgetary allocations to the education and health sectors in terms of GDP should be doubled over the next 10 years. The education and health sectors represent the core elements of the poverty reduction strategy. The recent

issue of the Pakistan Social and Living Standards Measurement Survey (PSLM) 2006-07 has been published. Results of various PSLM Survey show that the literacy rate increased to 55 percent in 2006-07, while primary gross enrolment rate rose from 72 percent in 2001-02 to 91 percent in 2006-07. The female primary gross enrolment rate during the same period has increased from 77 percent to 81 percent. Results for the health sector show that immunization coverage of children aged 12-24 months has fairly over the past few years. The *record* based full immunization has shown a slight increase from 49 percent in 2005-06 to 50 percent in 2006-07. However, when *recall* measures are also included, full immunization rates (including all the eight recommended vaccines¹) showed a positive increase from 71 percent in 2005-06 to 76 percent in 2006-07². Further, this period witnessed a decrease in the infant mortality rate from 85 per 1000 births in 2000-01 to 77 per 1,000 births during 2005-06.

1.7 However, there are many challenges ahead. High sustained economic growth is required for longer period to achieve the MDG/PRSP targets by 2015. There is a need to broaden the inclusiveness of economic growth to reduce income inequality level in the country. Despite a sharp decline in rural poverty, it is still almost double the poverty levels in urban areas. The challenge of further reduction in poverty particularly in rural areas requires more targeted interventions. Gender gaps still persist in literacy and primary school enrolment. District-level variations are also high in literacy, school enrolment, child immunization, pre- and post-natal consultation and water supply and sanitation. The Government of Pakistan is aware of these challenges and will address them during the PRSP-II period.

1.8 The rest of this report is organized as follows; Section 2 will exemplify the trends in poverty and the inequality in income & consumption distribution. Section 3 will examine an overview of the macroeconomic indicators. Sections 4 and 5 will then illustrate a detailed analysis of the data on pro-poor budgetary expenditures and direct transfers including Zakat, Pakistan Bait-ul-Mal (PBM), Employees Old-Age Benefit (EOBI) and Micro-credit. This section will include a box highlighting the achievements of the government's Khushal Pakistan Programme (KPP). Progress in some intermediate indicators concerning education and health sectors, water supply and sanitation will be discussed in section 6, followed by an analysis of the performance of PRSP/MDG indicators, which will be reported briefly in section 7. The conclusion and way forward are presented in the final section, including a detailed analysis of district expenditure carried out in NWFP during the fiscal year under discussion.

¹ Full immunization means that the child has received: BCG, DPT1, DPT2, DPT3, Polio1, Polio2, Polio3 and measles

² PSLM (2006-07), Statistics Division, Federal Bureau of Statistics, Government of Pakistan, Islamabad

2 Trends in Poverty and Income / Consumption Distribution³

2.1 The PRSP recognizes that poverty has many dimensions in Pakistan. The poor have not only low incomes but they also lack access to basic needs such as education, health, clean drinking water and proper sanitation. The latter undermines their capabilities, limits their opportunities to secure employment, results in their social exclusion and exposes them to exogenous shocks. The vicious cycle of poverty is accentuated when the governance structures exclude the most vulnerable from the decision making process.

2.2 The reduction in poverty and improvement in social indicators and living conditions of the society are being monitored frequently through large-scale household surveys to gauge their progress in meeting the targets set by Pakistan for achieving the UN Millennium Development Goals by 2015. Among them the most important is halving the population living below the poverty line from 26% in 1990 to 13% by 2015.

2.3 From a poverty assessment angle, there are merits and demerits in following a consistent policy on periodicity of surveys. At times, the surveys and estimates are improbable to reveal much, and show data with minor variations and numbers which may not be very different statistically. Still they serve a useful purpose of monitoring and evaluating the sensitivity or robustness of estimates to changing economic conditions and also long time series helps to build and reveal a more 'structural' relationship between poverty and other dimensions of the economy.

2.4 A huge expenditure on poverty-related and social sector programme was bound to make a significant dent in poverty in Pakistan. Poverty alleviation gains made from 2001 to 2006 through sustained higher economic growth and tremendous rise in development expenditure have to be protected.

2.5 Fiscal year 2004-05 was an exceptionally good year, both in terms of agriculture and manufacturing growth and their contributions to GDP. The estimates to measure poverty situation in the country showed an improvement in poverty headcount to 23.9 percent from the previous estimates of 34.5 percent in 2000-01. Recently the estimates calculated from PSLM 2005-06⁴ have been finalized. They serve as useful channel and benchmark to poverty monitoring. Estimates of poverty from PSLM for the period 2005-06 depict the socioeconomic conditions that prevailed during the fiscal year 2005-06.

³ This section largely relies on Pakistan Economic Survey 2007-08

⁴ Pakistan Social & Living Standards Measurement Survey, conducted by the Federal Bureau of Statistics (FBS) in the year 2005-06

2.6 Poverty estimates producing methodology is similar to the ones adopted previously, with the following features (i) updating the poverty line based on 2350 calories per adult equivalent per day with the consumer price inflation during 2004-05 and 2005-06, (ii) constructing spatial price index for all food and energy items (around 89) and adjusting household expenditures to provide consistent consumption welfare measure across all 1100 primary sampling units in the country and during the year of the survey, (iii) following a cleaning protocol consistent with the one adopted for data set of 2004-05 and (iv) adopting adult equivalent measures for consumption to adjust for number of children.

2.1 Poverty Trends: 2004-05 / 2005-06

2.7 Table-2.1 presents a comparison of poverty status during 2004-05 and 2005-06. The latest estimate of inflation-adjusted poverty line is Rs.944.47 per adult equivalent per month, up from Rs.878.64 in 2004-05. Headcount ratio⁵ has dropped marginally from 23.94 percent in 2004-05 to 22.32 percent in 2005-06, showing an improvement of 1.62 percentage points⁶. Poverty in rural areas declined from 28.13 percent to 27.0 percent, which shows an improvement of 1.13 percentage points. Poverty in Urban areas also recorded a decline from 14.94 percent to 13.1 percent during, representing an improvement of 1.84 percentage points in the period. This shows that the improvement in poverty headcount in percentage points is more in urban areas as compared to rural areas.

Table 2.1: Trends in Poverty Indicators

Year	Headcount			Poverty Gap			Severity of Poverty		
	Urban	Rural	Pakistan	Urban	Rural	Pakistan	Urban	Rural	Pakistan
2004-05	14.9	28.1	23.9	2.9	5.6	4.8	0.8	1.8	1.5
2005-06	13.1	27.0	22.3	2.1	5.0	4.0	0.5	1.4	1.1

Source: PSLM

2.8 The other two indicators, poverty gap and severity of poverty are aggregate measures of ‘spread’ of the poor below the poverty line, i.e., they aggregate the distance (proximity or remoteness) of all poor individuals from the poverty line. A lower value indicates that most of the poor are clustered around the poverty line. In line with the improvement in headcount, both the poverty gap and severity of poverty were also reduced in the country during the period. The estimation of poverty line enables the

⁵ Percentage of population below the poverty line

⁶ A technical exercise carried out by the World Bank supports the accuracy of CRPRID/Planning Commission poverty numbers for PIHS 2000-01, PSLM 2004-05, and PSLM 2005-06 using the official methodology and data cleaning protocol. The World Bank also carried out various sensitivity analyses to ensure the reliability of the estimates, and found that the poverty estimate at the national level declined slightly between 2004-05 and 2005-06, but the reduction was not statistically significant

policy makers to further identify and group the population into various ‘poverty bands’ such as extremely poor, vulnerable and non-poor etc.

2.9 Table-2.2 presents a comparative profile of 2004-05 and 2005-06 for the six groups. Notably the percentage of ‘extremely poor’ consuming less than 50% of poverty line expenditures, halved from 1 to 0.5 percent of the population. Similarly there was an improvement of 1 percentage point in the proportion of ultra-poor from 6.5 to 5.4 percent. On the other hand, the proportion of ‘Quasi non-poor’ increased from 35 to 36.3 percent. The section of population defined as ‘vulnerable’ at 20.5 percent remains almost the same and any negative macro or personal shock can easily drift these households into the category of ‘poor’. Combining ‘poor’ with ‘vulnerable’ segments of the population, i.e., the poverty status of 36.9 percent of the population is likely to change with the growth performance of agriculture and food inflation in the country.

Table 2.2: Population under various Poverty Bands
(% of Population)

2004-05		2005-06	
Poverty Line = Rs. 878.64		Poverty Line = Rs. 944.47	
Extremely Poor <50% that is <Rs. 439.32	1.00%	Extremely Poor <Rs. 472.23	0.50%
Ultra Poor >50%<75% that is Rs. 439.32 – Rs. 658.98	6.50%	Ultra Poor that is Rs. 708.35	5.40%
Poor >75%<100% that is Rs. 658.98 – Rs. 878.64	16.40%	Poor that is Rs. 944.47	16.40%
Vulnerable >100%<125% that is Rs. 878.64 – Rs. 1098.30	20.50%	Vulnerable that is Rs. 1180.59	20.50%
Quasi Non-Poor >125%<200% that is Rs. 1098.30 – Rs. 1757.28	35.00%	Quasi Non-Poor that is Rs. 1888.94	36.30%
Non-Poor over Rs. 1757.28	20.50%	Non-Poor over Rs. 1757.28	20.90%

Source: Pakistan Economic Survey 2007-08

2.2 Inequality Trends

2.10 Inequality based on consumption expenditure is generally lesser than inequality based on income as variations in consumption are less and it is based partly on a subset of

homogenous (in terms of quality and price) food items. The consumption inequality is measured by the Gini Coefficient⁷ and ratio of highest to the lowest quintile.

2.11 Table-2.3 shows the value of Gini for Pakistan and rural-urban divide obtained from the two Surveys, i.e., HIES⁸ 2004-05 and PSLM 2005-06. The secular rise in Gini values continues at the national level and urban areas, indicating that consumption inequality continues to increase during the period, particularly for the middle quintiles 3 & 4 in urban areas. Between 2004-05 and 2005-06, consumption inequalities further increased from 0.2976 to 0.3018. This increasing trend in inequality is the opposite of the declining trend observed in absolute poverty. One also observes that in a matter of a year the Gini of rural areas declined from 0.2519 to 0.2462. The estimates indicate that consumption inequality in urban areas is higher than in rural areas, probably due to diversification of urban workforce in terms of skill and education, leading to differentials in household earnings and consumptions. Also urban inequality increased faster than overall inequality during 2005-06.

Table 2.3: Gini Coefficient and Consumption Shares by Quintiles

	HIES 2004-05			PSLM 2005-06		
	Urban	Rural	Pakistan	Urban	Rural	Pakistan
Gini Coefficient	0.3388	0.2519	0.2976	0.349	0.2462	0.3018
Consumption share by Quintile						
Quintile 1	4.8	12.6	9.5	4.5	13.5	9.6
Quintile 2	7.6	17.1	13.2	8.2	16.8	13.1
Quintile 3	11.6	19.7	16.4	11.1	20.1	16.2
Quintile 4	18.3	23	21.4	17.8	23	20.8
Quintile 5	57.7	27.6	39.4	58.4	26.6	40.3
Ratio of Highest to Lowest	12.02	2.19	4.15	12.98	1.97	4.2

Source: Pakistan Economic Survey 2007-08

2.12 The Gini Coefficient is a broad single aggregative measure. It suppresses the profile of the distribution. Table-2.3 also reports the trends of percentage share of consumption expenditure by quintile for overall Pakistan as well as the rural and urban regions. Comparing 2004-05 with 2005-06, a miniscule improvement in the share of the lowest quintile is observed at the national level. For this group, the significant improvement in rural areas is offset by a worsening in urban areas. The consumption shares are stable between the two years for the next two quintiles. The decline in the

⁷ The Gini Coefficient takes on a value between 0 and 1, the higher the value of Gini Coefficient, the higher will be the inequality

⁸ Household Integrated Economic Survey

share of quintile group 4, i.e., between 60 and 80 percent is offset by further increase of 1 percentage point in the share of the top quintile.

2.13 Another measure of inequality is the ratio of highest to the lowest consumption quintile, which measures the gap between the rich and the poor. This ratio has increased overall marginally from 4.15 in 2004-05 to 4.2 in 2005-06 at the national level, indicating an increased rich-poor divide over the period. Consistent with increasing share of the poor in rural areas in 2005-06, the rich-poor gap narrowed in 2005-06 as the ratio declined from 2.19 in 2004-05 to 1.97 in 2005-06. However, in urban areas gap between the rich and the poor has widened more from 12.02 in 2004-05 to 12.98 in 2005-06.

2.14 Hence we can say that Pakistan's Poverty Reduction Strategy has yielded handsome result in the shape of sharp reduction in poverty from 34.5% in 2000-01 to 22.32% in 2005-06. But it appears that high growth during the 2000/01 – 2005/06 period has resulted in lower levels of poverty but higher levels of inequality. The higher the inequality in the country, the harder it is for growth to reduce poverty. Although poverty has declined but the fact remains that 22.32 percent people of Pakistan still live below the poverty line. Further reduction in poverty is a major challenge for the government. The reduction in poverty between 2000-01 and 2005-06 period could have been more, had the distribution of consumption expenditures remained the same. Inequality reflects distortions in access to markets, in the availability and quality of health, education and infrastructure services, and in rural-urban distortions – all of which dampen growth and poverty reduction. The government of Pakistan is fully aware of the rising trends in inequality, and the PRSP-II aims to design policies to reduce it considerably through enhancing the inclusiveness of economic growth and improving the efficiency of targeted interventions.

3 Trends in Macroeconomic Indicators

3.1 Macroeconomic performance is commonly considered to be the key determinant of poverty reduction. The notion that a healthy economy benefits those at the low end of the income distribution is a proven fact as economic growth is an essential condition for the generation of resources needed to sustain investments in health, education, infrastructure, and good governance (law enforcement, regulation), among others. Government of Pakistan has assigned high priority to policies for sustained economic growth and realizes the importance of maintaining macroeconomic stability in its fight against poverty.

3.2 Key macroeconomic indicators remained encouraging in Financial Year 2006-07 despite external (rising oil prices) and internal shocks (energy crisis, political conditions). The real GDP growth increased persistently from 3.1% in 2001/02 to 8.4% in 2004/05, the year when poverty declined sharply (Table 3.1). Real GDP growth rate of 7% remained on track and achieved the target (7 %) set for this year as compared to 6.6% in 2005-06. The following section will provide an overview of key macroeconomic indicators and their trend for PRSP period.

3.1 Agriculture

3.3 Agriculture continues to be the single largest sector and has been recognized by the government as the engine of economic growth and poverty reduction. It accounts for 20.9 percent of the GDP and employs 43.4 percent of the total work force while provides livelihood for 66 percent of the country's rural population. Pakistan has experienced mixed growth trends over the last six years in agriculture sector. The sector witnessed negative growth in 2000-01 and 2001-02 because of drought but registered a strong recovery in 2004-05. The performance of agriculture sector registered slow growth in 2005-06 because major crops could not perform up to the expectations due to adverse weather conditions. Agriculture experienced renewed growth in 2006-07 and grew by 5.0 percent achieving the target set for the year, as against the previous year's growth of 1.6 percent. Major crops posted strong recovery from negative 4.1 percent last year to positive 7.6 percent, mainly due to higher production of wheat and sugarcane. Wheat production of 23.5 million tons, registered an increase of 10.5 percent over last year production of 21.7 million tons. Sugarcane production (54.8 million tons) grew by 22.6 percent over last year's negative growth rate of 6.2% (from 47.2 million tons in 2004-05 to 44.3 million tons in 2005-06). Cotton production at 13 million bales remained mostly unchanged in comparison to 13.02 million bales of last year. Rice production at 5.4 million tons was marginally less than 5.5 million tons produced last year.

3.4 Livestock is an important component of Pakistan's agriculture sector since 30 - 35 million of rural population is involved in livestock raising. Government gives high priority to its development and is focused on private sector led development of livestock. The government has formulated an independent Livestock Development Policy, providing a framework for accelerated development of livestock. This policy not only addresses the need of the small livestock farmers for whom livestock is a supplementary income source but also includes measures to develop small and medium livestock enterprises and an incentive framework for setting up large livestock farms. The Livestock Census 2006 carried out by the Agricultural Census Organization has been released. According to the Census, the share of livestock in agriculture growth has increased from 25.3 percent in 1996 to 49.6 percent in 2006. Livestock registered growth of 4.30 percent in 2006-07 over the last year's strong growth of 7.5 percent. Fishery performed positively at 4.2 percent though the previous year's growth stood at 20.5 percent.

3.2 Industry

3.5 The Overall Manufacturing sector continued its positive trend in 2006-07 and registered a growth of 8.45 % as compared to 9.9% in 2005-06. Large Scale Manufacturing (LSM) witnessed an upward trend in growth from FY02 to FY04. In FY04, LSM growth of 18.2% was highest in the last three decades. The LSM growth though declined to 15.6% in FY05, but was still substantially stronger than average growth of 9.6% during FY02-FY04. The LSM accounts for 69.5% of overall manufacturing and registered 8.8% of growth in 2006-07 against 10.7% in 2005-06. The relatively slow pace of LSM show signs of moderation on account of higher capacity utilization and strong base effect. The slow down in LSM can be attributed to multiple reasons like reduced production of cotton crop, sugar shortage, steel and iron problems and global oil prices. The main contributors to 8.8 percent growth of LSM in 2006-07 over last year are cotton cloth (7.0 percent) and cotton yarn (11.9 percent) in the textile group; cooking oil (6.8 percent), sugar (19.6 percent) and cigarettes (4.14 percent) in the food, beverages and tobacco groups; cement (21.11 percent) in the non-metallic mineral products group and Jeeps & Cars (3.0 percent), LCV's (17.04 percent), motorcycles/scooters (12.30 percent) and tractors (11.40 percent) in the automobile group.

3.6 The overall growth rate of small and household manufacturing increased from 7.5% in FY05 to 9.3% in FY06 but decreased to 7.7 % in 2006-07. Overall value addition by industry witnessed a rise of 5.9% in FY06, significantly lower than both, the 9.5% target for the year and 11.4% growth in FY05. This has further risen to 6.8% in 2006-07 against a target of 9.1% for the year.

3.3 Services

3.7 Services sector has been growing rapidly over the last five years. It grew by 4.8% in FY02, 5.2% in FY03, 5.9% in FY04, and 8% in FY05. Services sector registered 8% growth rate in 2006-07 against 8.8% in 2005-06 and accounted for 53.3% of sectoral share in the GDP. Growth in the services sector in 2006-07 was primarily attributable to strong growth in the finance and insurance sector, better performance of wholesale and retail trade, as well as social services sector. These sectors collectively absorb approximately one-third of workforce in Pakistan. The services sector contributed 4.2 percentage points to 2006-07 GDP growth of 7%.

Table 3.1: Trends in Macroeconomic Indicators (Growth Rates)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Agriculture	-0.1	4.1	2.2	7.6	2.5	5
Manufacturing	4.5	6.9	14.1	12.5	8.6	8.4
Large Scale Manufacturing	3.5	7.2	18.2	15.6	10.7	8.8
Small and Household	7.5	7.5	6.2	6.3	9.3	7.7
Services Sector	4.8	5.3	6	8	8.8	8
Real GDP Growth Rate	3.1	4.8	6.4	8.4	6.6	7
Inflation (CPI Growth)	3.5	3.1	4.6	9.3	7.9	7.9
GDP at Market Price (Billion Rs)	4,402	4,823	5,533	6,548	7,713	8,706
As % of GDP						
Investment	16.8	16.9	17.3	16.8	20	23
Fixed Investment	15.5	15.3	15.6	15.3	18.4	21.4
Public	4.2	4	4.8	4.4	4.8	5.2
Private	11.3	11.3	10.8	10.9	13.6	16.2
National Savings	18.6	20.8	18.7	15.6	16.4	18
Foreign Savings	-1.9	-3.8	-1.4	1.2	3.7	5

Accelerating Economic Growth and Reducing Poverty: The Road Ahead (2003), PRSP

Source: Pakistan Economic Survey 2007-08

3.4 Per Capita Income

3.8 The per capita income in dollar term has grown at an average rate of 13.6% per annum during the last three years - rising from US \$669 in FY04 to US \$742 in 2004-05 and to US \$847 in 2005-06. Per capita income in dollar term rose to US \$925 in 2006-07, depicting an increase of 11.0 percent. The sharp rise in per capita income owes to acceleration in real GDP growth; stable exchange rate and four fold increase in inflow of workers' remittances.

3.5 Inflation

3.9 The rate of inflation averaged 7.9 percent in the first 10 months of the fiscal year – marginally lower than last year for the same period – but certainly above the target of 6.5 percent for the year. The average inflation for the year is likely to be around 7.5 percent – 100 basis points above the target. Food inflation averaged 10.2 percent over the first ten months of fiscal year 2006-07 as against 7 percent last year during the same period. On the other hand, non-food inflation averaged 6.2 percent as against 8.8 percent of last year during the same period. The core inflation, which excludes food and energy costs from headline CPI based inflation, also exhibited a decline, averaging 6 percent over the first 10 months of the current year as against 7.7 percent during the same period last year. The facts show that the inflation in FY07 has largely been driven by higher food inflation and food inflation in turn has been fueled by a combination of global trends in the prices of several commodities specifically high edible oil prices and shortfall in domestic production of rice and pulses. To control prices of food commodities, Government of Pakistan allowed a liberal import regime for food items, including zero rating of the imports of food commodities. The government has been selling wheat flour and sugar through the outlets of the Utility Stores Corporation at much lower prices than the market. The role of the Trading Corporation of Pakistan (TCP) has been enhanced. TCP is importing sugar and is asked to import various kinds of pulses to keep a check on the prices of these commodities.

3.6 Current Account Balance

3.10 The current deficit, excluding official transfers, stood at US \$7361 million (4.3% of GDP) in FY07, as compared to US \$5683 in FY06. Pakistan's current account balance turned negative in FY05, after posting surpluses for three consecutive years. The deterioration in current account deficit is the result of higher oil import bill on the back of high global crude oil prices, large increase in non-oil imports, due to increased demand. In addition to widening of trade deficit, higher freight charges by international shipping lines as a result of large increase in global trade and higher fuel cost and growth in personal travel due to rising level of income of middle and high income groups have also contributed to the widening of current account deficit. Workers' remittances, the second largest source of foreign exchange inflows after exports, continue to maintain its rising trend. Workers' remittances stood at US\$ 5.5 billion in FY07, as compared to US\$ 4.6 billion in FY06- the highest ever in the country's history.

3.7 Investment and Savings

3.11 Investment as percentage of GDP is estimated at 23% of GDP in FY07, as compared to 20% in FY06. Fixed investment stands at 21.4% of GDP in FY07, compared to 18.4% in FY06. Public investment as percentage of GDP amounts to 5.2% and private investment at 16.2% in FY07, compared to 4.8% and 13.6% in FY06, respectively. Over the last four years, total investment has increased 6.4% points of GDP, rising from 16.6% in 2003-04 to 23 percent in FY07, reflecting the buoyant mood of domestic as well as foreign investors. National savings as percentage of GDP stand at 18% in FY07, compared to 16.4% in FY06.

3.8 Fiscal Balance

3.12 Fiscal deficit is estimated at 4.3% of GDP in FY07 against 4.2% in FY06. The target of fiscal deficit was 4.2% for FY07. The revenue expenditure gap was financed through external and domestic sources.

4 An Analysis of Pro-Poor Budgetary Expenditures

4.1 Monitoring and evaluation of qualitative, as well as, quantitative aspects of PRSP expenditures are central to the PRSP process; and the government has attached critical importance towards their regular monitoring, analysis and transparency. Since the initiation of I-PRSP in 2001, pro-poor expenditures on 17 sectors have been reported regularly on a quarterly and annual basis. This section gives an overview of the expenditures incurred since 2001-02 and Table 4.1 presents data on PRSP current, development and total expenditures, as well as, a percentage of GDP.

4.2 Total PRSP expenditure (both current and development) has increased over time in nominal terms, as well as, percentage to GDP, surpassing the projected expenditures for the FY07. PRSP development expenditures as percentage of GDP have almost tripled during the past six years from 0.86% in FY01/FY02 to 2.4% in FY06/FY07. The PRSP current expenditures as percentage of GDP increased from 2.95% in FY02 to 3.4% in FY03 but declined over the following four years (except FY06) due to a relatively larger increase in the development expenditures during that period.

Year	PRSP Expenditures (Rs Million)			PRSP Expenditures as % of GDP		
	Development	Current	Total	Development	Current	Total
2001-02	37,638	129,642	167,280	0.86	2.95	3.8
2002-03	44,208	164,320	208,528	0.92	3.41	4.32
2003-04	78,983	182,318	261,301	1.43	3.23	4.63
2004-05	112,635	203,608	316,243	1.71	3.09	4.81
2005-06	170,794	263,797	434,591	2.21	3.42	5.63
2006-07	210,876	286,602	497,484	2.4	3.31	5.71

Source: Civil Accounts provided by Accountant General's Office

Note 1: GDP (mp) at current factor cost for FY02, FY03, FY04, FY05, FY06 and FY07 in million Rs amounts to 4401699, 4822842, 5532663, 6547590, 7713064, and 8707000 respectively

Note 2: For GDP data of 2001-02 to 2005-06, source is PRSP Annual Report 2005-06. For GDP data of 2006-07, source is Economic Adviser's Wing, Finance Division, 2008

Table 4.2: Actual PRSP expenditure 2006-07

Sectors	Actual Expenditure	Actual as % of GDP
Roads, highways & bridges	60003	0.69
Water supply and sanitation	16619	0.19
Education	162084	1.86
Health	53166	0.61
Population planning	7002	0.08
Social security and welfare	4513	0.05
Natural calamities	5008	0.06
Irrigation	74771	0.86
Land reclamation	2348	0.03
Rural development	22175	0.25
Rural electrification	2499	0.03

Food subsidies	5455	0.06
Food support programme	3458	0.04
Tawana Pakistan	20	0
Low cost housing	299	0
Administration of justice	5081	0.06
Law & order	72983	0.84
Total	497484	5.71

Source: PRSP Secretariat, Finance Division, Islamabad

4.3 The PRSP expenditures as percentage of GDP have shown an upward trend over the past six years (2001-02: 3.8%, 2002-03: 4.32%, 2003-04: 4.72%, 2004-05: 4.83%, 2005-06: 5.63%, and 2006-07: 5.71%). The sectors where PRSP expenditures as percentage of GDP in FY07 surpassed those in FY06 include water supply and sanitation, education, health, irrigation, rural development, rural electrification, and law and order (Table 4.3). For roads, highways and bridges, and food support programme the PRSP expenditures as percentage of GDP remained the same in FY07 as in FY06. In the remaining sectors PRSP expenditures as percentage of GDP declined in FY07 as compared to FY06. One reason behind this decline is high GDP growth in FY07 which resulted in a GDP of Rs 8707 billion and hence reduced the ratios with the GDP.

4.4 The overall PRSP expenditures have shown a respectable increase of 24.7%, 25.3%, 21.0%, 37.4% and 14.5% for FY03 over FY02, FY04 over FY03, FY05 over FY04, FY06 over FY05, and FY07 over FY06 respectively (Table 4.4). During FY07 PRSP expenditures stood at Rs 497,484 million recording an increase of Rs 62,893 million compared to FY06. An increase in expenditures occurred in all pro-poor expenditures between FY06 and FY07 except in population planning, social security & welfare, natural calamities, rural development, low cost housing, and administration of justice, which witnessed a decline of 31.6%, 40.4%, 73.9%, 12.2%, 9.4%, 2.0% and 10.0% respectively between FY06 and FY07.

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Roads, highways & bridges	0.14	0.27	0.41	0.54	0.69	0.69
Water supply and sanitation	0.11	0.07	0.1	0.1	0.13	0.19
Education	1.51	1.63	1.77	1.78	1.84	1.86
Health	0.44	0.46	0.49	0.48	0.51	0.61
Population Planning	0.03	0.06	0.08	0.07	0.13	0.08
Social security & welfare	0.08	0.03	0.07	0.03	0.1	0.05
Natural Calamities	0	0.01	0.01	0.01	0.25	0.06
Irrigation	0.23	0.32	0.41	0.58	0.78	0.86
Land reclamation	0.04	0.04	0.04	0.03	0.03	0.03
Rural development	0.28	0.35	0.34	0.23	0.19	0.25
Rural electrification	0	0	0.03	0.07	0.01	0.03
Food subsidies	0.13	0.23	0.15	0.08	0.08	0.06
Food support programme	0.05	0.04	0.05	0.04	0.04	0.04
Tawana Pakistan	0.02	0.02	0.01	0	-	0

Low cost housing	0	0	0.01	0	0	0
Administration of justice	0.05	0.05	0.04	0.05	0.07	0.06
Law and order	0.7	0.75	0.71	0.72	0.77	0.84
Total	3.80	4.32	4.72	4.83	5.63	5.71

Source: PRSP Secretariat, Finance Division, Islamabad

Sectors	Expenditures (million Rs)						% Change			2005-06 /2004-05	2006-07 /2005-06
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2002-03 /2001-02	2003-04 /2002-03	2004-05 /2003-04		
Roads, highways & bridges	6340	13145	22746	35181	53248	60003	107.33	73.04	54.67	51.35	12.69
Water supply and sanitation	4644	3421	5799	6538	10338	16619	-26.34	69.51	12.74	58.12	60.76
Education	66290	78447	97697	116873	141702	162084	18.34	24.54	19.63	21.24	14.38
Health	19211	22368	27009	31426	39203	53166	16.43	20.75	16.35	24.75	35.62
Population Planning	1331	3120	4689	4578	10229	7002	134.41	50.29	-2.37	123.44	-31.55
Social security & welfare	3664	1301	4144	2030	7575	4513	-64.49	218.52	-51.01	273.15	-40.42
Natural Calamities	189	410	529	922	19148	5008	116.93	29.02	74.29	1976.79	-73.85
Irrigation	10133	15535	22506	37871	59819	74771	53.31	44.87	68.27	57.95	25.00
Land reclamation	1838	1733	2016	2111	2673	2348	-5.71	16.33	4.71	26.62	-12.16
Rural development	12325	16883	18607	15369	15040	22175	36.98	10.21	-17.40	-2.14	47.44
Rural electrification	0	0	1422	4354	1000	2499	0	0	206.16	-77.03	149.90
Food subsidies	5513	10859	8513	5359	6021	5455	96.97	-21.60	-37.05	12.35	-9.40
Food support programme	2017	2017	2804	2703	3081	3458	0	39.02	-3.60	13.98	12.24
Tawana Pakistan	800	800	590	78	0	20	0	-26.25	-86.78	-100.00	-
Low cost housing	0	0	423	318	305	299	0	0	-24.82	-4.09	-1.97
Administration of justice	1981	2196	2437	3116	5642	5081	10.85	10.97	27.86	81.07	-9.94
Law and order	31004	36293	39370	47416	59567	72983	17.06	8.48	20.44	25.63	22.52
Total	167280	208528	261301	316243	434591	497484	24.66	25.31	21.03	37.42	14.47

Source: PRSP Secretariat, Finance Division, Islamabad

4.1 Provincial Patterns of PRSP Expenditures

4.5 The highest increase is observed in PRSP expenditures in Punjab, at 20% which is over 5% percentage points higher compared to the overall increase in the pro-poor expenditures in 2006-07, followed by Balochistan which witnessed an increase of 19%. There is an increase of 19% in PRSP expenditures in the Federal Government in the outgoing fiscal year. Sindh province witnessed an increase of 9% in pro-poor expenditures in FY07 relative to FY06. On the other hand, NWFP experienced a decrease of 6% in the PRSP expenditures during FY07 over that in FY06 which is the lowest compared to other provinces. The largest change in FY05 compared to FY04 in PRSP expenditures in the Federal Government was observed in rural development (225%), in Punjab in health (53%), in Sindh in water supply and sanitation (837%), in NWFP in social security & welfare (330%) and in Balochistan in rural development (133%).

4.6 Investment in education and health sectors as well as water supply and sanitation is critical for development of human capital and is a priority to assist poor people to get out of the vicious circle of poverty. Table 4.5 shows that change in education expenditure between FY07 and FY06 stands at 20.98% by the Federal Government. Sindh witnessed a decrease in education expenditure during this period. Change in health expenditures in FY07 relative to FY06 is highest in Punjab at 53.38%, followed by NWFP at 49.51% and lowest in Balochistan at 14.09%. Expenditure on water supply and sanitation increased in all provinces, particularly in Sindh between FY07 and FY06. Punjab is the only province which incurred expenditure under the head of low cost housing during the last two fiscal years and it declined by 44.82% in FY07 over FY06.

Sectors	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
Roads, highways & bridges	14.22	1.40	24.21	66.02	13.70	12.69
Water supply and sanitation	77.36	1.27	836.59	48.33	30.22	60.76
Education	20.98	27.64	-15.87	5.95	18.68	14.38
Health	23.37	53.38	18.17	49.51	14.09	35.62
Population Planning	-37.36	33.30	35.64	-80.82	19.46	-31.55
Social security & welfare	-79.68	11.81	-53.04	329.87	13.85	-40.42
Natural Calamities	-4.20	-61.37	-70.74	-92.30	66.67	-73.85
Irrigation	33.51	34.97	10.95	32.15	-26.03	25.00
Land reclamation	-100.00	10.99	-1.49	-100.00	-	-12.16
Rural development	225.23	2.46	-29.09	106.13	133.17	47.44
Rural electrification	149.90	-	-	-	-	149.90
Food subsidies	10.55	-99.47	42.59	-44.44	-	-9.40
Food Support Programme	-30.64	6.09	45.68	30.19	5.65	12.24
Tawana Pakistan	-	-	-	-	-	-
Low cost housing	-100.00	-44.82	-	-	-	-1.97
Administration of justice	63.26	-42.77	31.12	-9.47	6.28	-9.94

Law and order	13.54	38.88	14.90	11.28	23.63	22.52
% change of total amount between FY06 and FY07	18.46	20.42	8.91	-5.95	18.95	14.47

Source: PRSP Secretariat, Finance Division, Islamabad

4.2 Sector-wise Analysis of PRSP Expenditures

4.2.1 Education

4.7 The Education Sector Reform (ESR) is integrated with Millennium Development Goals (MDG) which targets to achieve universal primary education by 2015 and plays a fundamental role in promoting literacy. The Gross Enrolment Rate (GER) at primary level has substantially improved between 2001-02 (72 percent) and 2006-07 (91 percent) indicating that Government investment in primary education is bearing fruit. For a detailed analysis, please see the section 6.

4.8 Total expenditure on primary education decreased by 2% between FY06 and FY07 owing to decrease in education expenditure in Sindh (Table 4.6). Increase in spending on secondary education was 21% in FY03 over FY02, 14% in FY04 over FY03, 17% in FY05 over FY04, 24% in FY06 over FY05, and 2% FY07 over FY06. Spending on general university and college education increased by 24% in FY06/FY07 while expenditure on professional/technical universities decreased by 11% during this period. It is commendable to see a consistent increase in expenditure on teacher and vocational training since FY03/FY04, reaching 38% during FY06/FY07. This should help in reducing youth unemployment which is presently high in the country.

Sectors	Fiscal Year	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
Primary Education	2002-03/2001-02	-52.36	18.05	-4.85	26.49	-4.77	6.24
	2003-04/2002-03	1.00	49.16	10.99	8.37	15.35	31.36
	2004-05/2003-04	111.25	8.32	13.00	22.86	-1.43	13.84
	2005-06/2004-05	-36.62	5.64	23.80	27.12	3.41	9.20
	2006-07/2005-06	15.93	3.22	-28.91	2.57	30.67	-2.04
Secondary Education	2002-03/2001-02	23.22	10.51	52.59	19.42	-3.53	21.17
	2003-04/2002-03	1.58	18.98	11.91	8.17	27.56	13.86
	2004-05/2003-04	24.11	14.18	16.21	28.98	-7.57	16.93
	2005-06/2004-05	17.87	18.84	31.55	26.99	14.43	23.50
	2006-07/2005-06	11.82	14.42	-31.08	11.69	19.28	1.65

General University/ College Education	2002-03/2001-02	106.27	22.67	5.75	59.93	20.00	57.73
	2003-04/2002-03	28.73	3.10	17.78	0.00	0.27	18.47
	2004-05/2003-04	-18.43	22.01	22.62	4.80	4.21	-3.57
	2005-06/2004-05	173.60	22.43	54.04	26.48	13.75	103.13
	2006-07/2005-06	32.67	14.59	-6.97	-11.31	11.61	23.79
Professional/ Technical Universities	2002-03/2001-02	10.06	-20.75	6.50	17.74	47.52	6.07
	2003-04/2002-03	29.85	30.89	3.62	7.63	25.48	21.08
	2004-05/2003-04	320.30	-0.72	31.57	24.36	23.76	170.85
	2005-06/2004-05	-56.05	82.28	19.14	42.54	5.73	-35.61
	2006-07/2005-06	-15.64	3.97	-18.52	-6.05	20.33	-11.06
Teacher and Vocational Training	2002-03/2001-02	-69.99	-17.60	-43.66	26.32	54.27	-43.07
	2003-04/2002-03	-90.49	126.43	4.17	66.67	-36.81	25.22
	2004-05/2003-04	591.49	12.66	-7.09	-22.50	3.92	24.84
	2005-06/2004-05	-86.15	9.61	25.42	-100.00	114.15	0.22
	2006-07/2005-06	40.00	36.34	14.19	-	-36.12	38.40
Other Educational Institutions	2002-03/2001-02	265.03	50.23	-22.20	218.31	74.73	89.40
	2003-04/2002-03	22.02	122.93	88.29	-58.89	81.29	40.65
	2004-05/2003-04	-12.59	46.08	-9.85	-55.62	62.33	12.47
	2005-06/2004-05	83.46	2.57	85.95	27.39	-11.96	33.79
	2006-07/2005-06	12.79	253.97	68.43	-20.52	13.40	98.59

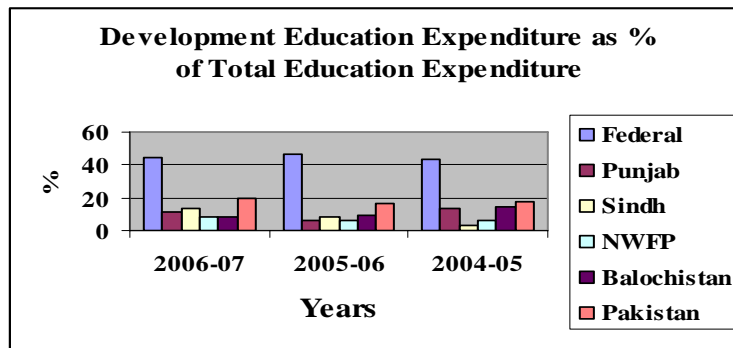
Source: Civil Accounts

4.9 The share of expenditure on primary schooling in total education expenditure in FY02, FY03, FY04, FY05, FY06 and FY07 was 33%, 42%, 44%, 42%, 38% and 33% respectively, implying that the largest proportion of expenditures are incurred on primary education in Pakistan (Table 4.7). The second largest proportion of expenditures had been incurred on secondary education over the last six years, with the exception of FY07 in which expenditure on general university/ college education is 1% higher. During 2001-02 to 2006-07 the smallest proportion of education expenditure has been spent on teacher and vocational training, which is in a declining trend, even though this sector needs to be enhanced as vocational training imparts skills and hence generates employment. Distribution of education expenditure by provinces is similar to the pattern of overall expenditures. However the largest proportion of the federal education expenditure was allocated for general university/colleges during FY02 to FY07, with the exception of FY05 where federal expenditure on professional, technical and university education was the highest.

4.10 Development expenditure as percentage of total education expenditure increased every year during the past six years. During FY05, FY06 and FY07 the development education expenditure stood at 17.4%, 16.5% and 19.65% of the total education

expenditure respectively (Figure 1). The Federal Government spent the largest proportion of education expenditure on development (44.5%) in FY07 while NWFP province spent the lowest proportion (8.2%) followed by Balochistan (8.5%).

Figure: 1



Source: PRSP Secretariat, Finance Division, Islamabad

	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
2001-02						
Primary Education	9.09	56.41	46.62	35.52	36.75	32.65
Secondary Education	10.78	24.9	32.25	32.32	28.32	28.51
General University/ College Education	49.16	9.75	9.34	6.78	8.43	19.94
Professional/Technical Universities	14.24	2.68	5.73	7.17	4.79	7.10
Teacher and Vocational Training	3.61	2.48	0.70	0.33	7.07	2.83
Other Educational Institutions	13.12	3.77	5.37	17.88	14.64	8.97
Total	100	100	100	100	100	100
2002-03						
Primary Education	8.79	57.54	45.72	41.55	36.75	42.40
Secondary Education	11.94	24.27	33.81	35.73	28.32	25.81
General University/ College Education	47.36	9.98	8.33	7.16	8.43	16.19
Professional/Technical Universities	12.49	1.67	5.65	4.28	4.79	5.08
Teacher and Vocational Training	3.34	2.42	0.77	0.20	7.07	2.18
Other Educational Institutions	16.08	4.11	5.73	11.07	14.64	8.33
Total	100	100	100	100	100	100
2003-04						
Primary Education	7.83	60.14	43.08	44.88	34.88	44.32
Secondary Education	10.25	21.35	32.61	38.52	29.66	24
General University/ College Education	50.81	7.3	8.26	7.14	6.83	15.27
Professional/Technical Universities	13.49	1.25	5.41	4.60	5.41	4.86
Teacher and Vocational Training	0.27	3.41	0.70	0.33	1.96	1.88
Other Educational Institutions	17.34	6.56	9.94	4.54	21.25	9.66
Total	100	100	100	100	100	100

	2004-05					
Primary Education	11.46	57.6	42.91	45.84	30.66	42.18
Secondary Education	8.81	21.56	33.41	41.30	24.44	23.46
General University/ College Education	28.7	7.88	8.93	6.22	6.35	12.31
Professional/Technical Universities	39.26	1.09	6.28	4.75	5.97	11
Teacher and Vocational Training	1.28	3.39	0.57	0.22	1.81	1.97
Other Educational Institutions	10.5	8.47	7.90	1.67	30.76	9.09
Total	100	100	100	100	100	100
	2005-06					
Primary Education	5.47	55.06	39.73	45.71	30.43	37.99
Secondary Education	7.82	23.18	32.87	41.14	26.85	23.89
General University/ College Education	59.1	8.73	10.29	6.17	6.93	20.62
Professional/Technical Universities	12.99	1.8	5.59	5.31	6.06	5.84
Teacher and Vocational Training	0.13	3.37	0.54	0	3.73	1.62
Other Educational Institutions	14.49	7.86	10.98	1.67	25.99	10.03
Total	100	100	100	100	100	100
	2006-07					
Primary Education	5.23	44.52	33.57	44.25	33.5	32.53
Secondary Education	7.22	20.77	26.92	43.36	26.98	21.23
General University/ College Education	64.81	7.83	11.37	5.16	6.52	22.32
Professional/Technical Universities	9.05	1.46	5.41	4.71	6.14	4.54
Teacher and Vocational Training	0.15	3.59	0.72	1.24	2	1.97
Other Educational Institutions	13.51	21.79	21.98	1.25	24.83	17.41
Total	100	100	100	100	100	100

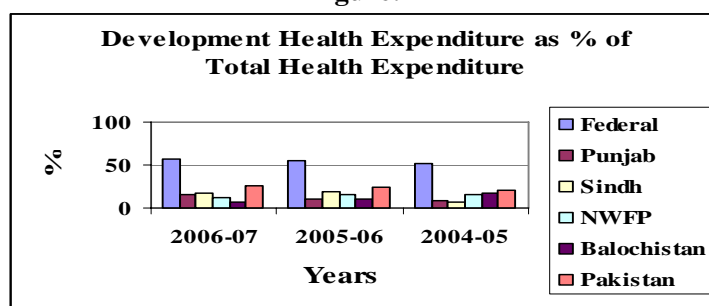
Source: Civil Accounts

4.2.2 Health

4.11 The health expenditure showed a remarkable increase in mother and child care in FY07. Except for Balochistan, all provinces recorded an increase in expenditures on mother and child care in FY07 relative to FY06 (Table 4.8). However the largest proportion of health expenditure was spent on general hospital and clinics during the past six years (Table 4.9).

4.12 Figure 2 shows that development health expenditure as percentage of total health expenditure during FY05, FY06 and FY07 stood at 21.2%, 25% and 26.1% respectively, a considerable increase over time. The Federal Government spent a substantial amount of 51.4%, 54.6% and 57.7% on health development expenditure relative to total health expenditure during FY05, FY06 and FY07 respectively. The development health expenditure as percentage of total health expenditure during FY07 stood at 16.7 for Sindh, 15.5% for Punjab, 12.7 for NWFP and 6.2% for Balochistan.

Figure: 2



Source: PRSP Secretariat, Finance Division, Islamabad

	Fiscal Year	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
General Hospitals & Clinics	2002-03/2001-02	7.28	24.97	4.87	10.82	-8.72	14.53
	2003-04/2002-03	33.93	22.96	25.48	0.87	-3.05	21.08
	2004-05/2003-04	9.64	7.35	2.67	44.73	48.75	11.99
	2005-06/2004-05	55.9	14.32	56.08	9.03	-11.94	26.06
	2006-07/2005-06	23.08	53.36	17.43	23.47	7.85	34.98
Mother & Child	2002-03/2001-02	0	41.94	0	-8.33	-71.43	3.39
	2003-04/2002-03	0	20.45	0	9.09	-50	13.11
	2004-05/2003-04	0	-97.96	-	8.33	1450	-23.08
	2005-06/2004-05	50	6300	4300	15.38	-93.55	332
	2006-07/2005-06	0	25	84.09	7046.67	-50	547.68
Health Facilities & Preventive Measures	2002-03/2001-02	30.42	92.86	6.28	9.3	84.68	28.43
	2003-04/2002-03	4.43	125.93	-19.55	18.09	114.63	9.99
	2004-05/2003-04	34.24	6.42	-5.56	239.63	-36.62	30.06
	2005-06/2004-05	34.24	6.42	-5.56	239.63	-36.62	30.06
	2006-07/2005-06	23.9	29.31	-55.5	54.76	23.88	20.75
Other Health Facilities	2002-03/2001-02	43.91	15.32	-16.92	23.35	5.11	14.91
	2003-04/2002-03	-5.59	17.5	60.65	47.57	12.01	16.6
	2004-05/2003-04	-4.46	33.2	141.48	22.7	-32	14.96
	2005-06/2004-05	3.27	12.8	-14.72	-16.35	26.17	6.24
	2006-07/2005-06	20.97	56.02	78.24	-36.22	17.52	38.97

Source: Civil Accounts

Table 4.9: Percentage Distribution of Health Expenditure by Province and Sector 2001-02 to 2006-07						
	Federal	Punjab	Sindh	NWFP	Balochistan	Total
			2001-02			
General Hospitals and Clinics	41.9	86.6	81.9	87.5	45.4	71.8
Mother & Child	0.04	0.45	0	0.44	0.25	0.25
Health Facilities and Preventive Measures	48	0.6	10	3.2	12.9	15
Other Health Facilities	10.1	12.3	8.1	8.8	41.4	13
Total	100	100	100	100	100	100
			2002-03			
General Hospitals and Clinics	41	87.1	81.4	86.3	45.4	72.1
Mother & Child	0.04	0.47	0	0.49	0.25	0.27
Health Facilities and Preventive Measures	47.2	0.6	12.9	4.1	12.9	15
Other Health Facilities	11.8	11.9	5.7	9.1	41.4	12.6
Total	100	100	100	100	100	100
			2003-04			
General Hospitals and Clinics	43.75	87.71	89.37	82.22	32.34	72.29
Mother & Child	0.03	0.43	0	0.5	0.09	0.24
Health Facilities and Preventive Measures	46.17	1.16	4.36	4.62	21.13	14.67
Other Health Facilities	10.05	10.71	6.26	12.66	46.44	12.8
Total	100	100	100	100	100	100
			2004-05			
General Hospitals and Clinics	39.5	86.09	76.8	83.86	46.79	69.58
Mother & Child	0.02	0.01	0.06	0.38	1.43	0.16
Health Facilities and Preventive Measures	52.57	0.87	10.49	4.81	21.06	17.62
Other Health Facilities	7.91	13.04	12.66	10.95	30.72	12.64
Total	100	100	100	100	100	100
			2005-06			
General Hospitals and Clinics	43.87	85.91	83.75	77.89	44.11	70.32
Mother & Child	0.03	0.44	1.79	0.38	0.1	0.55
Health Facilities and Preventive Measures	50.28	0.8	6.92	13.93	14.29	18.37
Other Health Facilities	5.82	12.84	7.54	7.8	41.49	10.77
Total	100	100	100	100	100	100
			2006-07			
General Hospitals and Clinics	43.77	85.9	83.22	64.32	41.69	69.98
Mother & Child	0.02	0.36	2.78	17.92	0.04	2.63
Health Facilities and Preventive Measures	50.49	0.67	2.6	14.41	15.51	16.35
Other Health Facilities	5.7	13.05	11.37	3.32	42.73	11.03
Total	100	100	100	100	100	100

Source: Civil Accounts, Government of Pakistan

4.2.3 Rural Electrification

4.13 Low population densities and limited demand for electricity, along with high capital costs for expanding the network to rural areas, makes rural electrification unattractive. There was an increase of PRSP expenditure on rural electrification from Rs 1000 million in FY06 to Rs 2499 million in FY07, reflecting Government's priority to

expand electricity supply to all rural areas. The government plans to electrify all the villages in the country by 2010. In order to attain this target, the village electrification programme has picked up speed. In the eight years prior to 2003/4, the number of villages electrified increased at an annual rate of only 3.3 percent; during that period 16,637 villages received electricity. In the three subsequent years, the rate of village electrification accelerated sharply to 11.6 percent per annum and provided electricity to 25,788 villages.

5 Direct Transfers

5.1 One pillar of the upcoming PRSP-II is titled ‘Targeting the poor and vulnerable’ and concerns encompassing backward regions into the mainstream of development and making progress in reducing existing inequalities’. Under the PRSP non-budgetary transfers, Zakat, Bait-ul-Mal, EOBI and micro-credit are main instruments to assist the needy. The amount of direct transfers and number of beneficiaries by type of transfers are given in Table 5.1. Total direct transfers in FY07 stood at Rs 22.3 billion, which were transferred to 5.4 million beneficiaries. Both the disbursement and number of beneficiaries have increased considerably since FY02. The largest increase, however, has been witnessed in micro-credit disbursement. The PRSP reports the disbursement of micro-credit through Khushali Bank, Pakistan Poverty Alleviation Fund (PPAF) and Zarai Taraqiati Bank Ltd (ZTBL). Micro-credit disbursement through these three sources has increased approximately ten times from Rs. 1049 million in FY02 to Rs. 9947 million in FY07. The number of beneficiaries has also increased from 100,000 in FY02 to 906,000 in FY07.

Table 5.1: Direct Transfers and Beneficiaries

Programme	Disbursement/ beneficiaries	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Zakat	Amount disbursed (million Rs)	5254	8009	5330	3692	4520 ®	4611
	Total beneficiaries (000)	1710	1754	1639	1370	2373 ®	2494
Pakistan Bait-ul- Mal (all programmes)*	Amount disbursed (million Rs)	-	-	3159	3270	3838	4279
	Total beneficiaries (000)	-	-	1614	1671	3130	1707
Micro-credit**	Amount disbursed (million Rs)	1049	2518	3034	5431	6655	9947
	Total beneficiaries (000)	100	216	286	470	606	906
EOBI	Amount disbursed (million Rs)	1366	1592	1742	1929	2899 ®	3429
	Total beneficiaries (000)	227	108	115	121	281 ®	290
All Programmes	Amount disbursed (million Rs)	7669	12119	13265	14322	17912 ®	22266
	Total beneficiaries (000)	1810	2078	3654	3632	6390 ®	5397

Source: For Zakat: Ministry of Religious Affairs Zakat and Ushr, for Pakistan Bait-Ul-Mal: Ministry of Social Welfare and Special Education, for EOBI: Employees' Old Age Benefits Institution, Head Office Karachi

* Includes Food Support Programme as given in budgetary expenditure

**Comprise of Pakistan Poverty Alleviation Fund (PPAF), Khushali Bank and ZTBL

5.1 Zakat

5.2 As shown in Table 5.1, Zakat disbursement data for FY07 totaled Rs 4.6 billion. The number of beneficiaries has increased from 2.37 million in FY06 to 2.49 million in

FY07. Zakat disbursements were as high as Rs 8 billion in FY03. Zakat is disbursed under different programmes. During FY07, a large proportion of it, about 44.9% was disbursed through Guzara allowance, just as the case of the corresponding percentage of 45% disbursed in FY06. Proportion of Zakat disbursed through educational stipend (technical and non-technical) stood at 28.2% in FY07 and at 26.77% in FY06. Stipends to students to *Deeni Madaris* stood at 5.2% in FY07, as compared to 5.5% in FY07. Disbursement under health care amounted to Rs 177 million in FY07, making 3.9% of total Zakat disbursement, which in FY06 stood at 4.2%. About 2.56% of Zakat was disbursed under Social Welfare/ Rehabilitation in FY07, which stood at 2.63 % in FY06. About 2.8% of Zakat was spent on marriage assistance in FY07, which stood at 2.9% in FY06. About 62.3% of Zakat disbursements were made in Punjab, 15.1% in Sindh, 15.7% in NWFP, 4.7% in Balochistan, 1.3% in ICT and 0.9% in Northern areas in FY07.

Table 5.2: Details of Zakat Programmes 2006-07

Sr.#		Amount Released	No. of Beneficiaries
(a) Regular Zakat Programmes			
1	Guzara Allowance		
2	Educational Stipends		
3	Stipends for Students of Deeni Madaris		
4	Health Care		
5	Social Welfare Rehabilitation		
6	Marriage Assistance to unmarried women		
	Sub Total	3,283,669	1,713,364
(b) Other Zakat Programmes			
1	Eid Grant		
2	Leprosy Patients		
3	Emergency Relief / Natural Calamities		
4	National Level Health Institutions		
5	National Level Deeni Madaris		
	Sub Total	566,934	722,816
(c) Special Zakat Programmes			
1	Educational Stipends (Technical)		
2	Permanent Rehabilitation Scheme		
	Sub Total	760,691	57,461
	Grand Total	4,611,294	2,493,641

Source: Ministry of Religious Affairs Zakat and Ushr

5.2 Pakistan Bait-ul-Mal (PBM)

5.3 Amount disbursed by PBM increased from Rs 3.83 billion in FY06 to Rs 4.28 billion in FY07, benefiting around 1.7 million households (Table 5.3). Food Support Programme is part of PRSP budgetary expenditures. The overall disbursement through PBM has steadily increased from Rs 3.16 billion in FY04 to Rs 3.27 billion in FY05, and then from Rs 3.84 billion in FY06 to Rs 4.28 billion in FY07. PBM disburses to the needy under the following programmes and schemes: Food Support Programme (FSP), Individual Financial Assistance (IFA), Institutional Rehabilitation through Civil Society

Wing (CSW), National Centre for Rehabilitation of Child Labour (NCRCL), Vocational Training Institutes/ Dastakari Schools (VTIs) and Management Information System (MIS).

5.4 Food Support Programme is the largest programme of PBM. Its total disbursement increased Rs 3.1 billion in FY06 to Rs 3.5 billion in FY07, benefiting 1.5 million households. Disbursement under individual financial assistance was Rs 382 million. Disbursements under national centres for rehabilitation of child labour increased to Rs 204 million. Disbursement under vocational training centres was Rs 51 million in FY07. Disbursement under institutional rehabilitation was Rs 94 million in FY07.

Table 5.3: Programmes of Pakistan Bait-ul-Mal (Million Rs)

Programme	FY 2005-06		FY 2006-07	
	Amount disbursed	Households	Amount disbursed	Households
Food Support Programme*	3,081	1,460,000	3,548	1,460,000
Individual Financial Assistance	450	27,229	382	20,202
National Centres for Rehabilitation of Child Labour	139	13,440	204	15,006
Vocational Training Centres	71	13,156	51	193,981
Institutional Rehabilitation (Grant-In-Aid to NGOs)	97	1,615,938	94	17,516
Total Disbursement Under All Programmes	3,838	3,129,763	4,279	1,706,705

Source: Ministry of Social Welfare and Special Education.

* Food Support Programme is included in PRSP budgetary expenditures also.

5.3 Micro-credit

5.5 Micro-credit is recognized as an effective tool to pull the poor and vulnerable out of poverty and vulnerability. Since FY02, as shown above in Table 5.1, micro-credit disbursement as increased consistently from Rs 1 billion in FY02 to Rs 6.6 billion in FY06, and further to Rs 9.9 billion in FY07. During the same period, number of beneficiaries increased from 100 thousand in FY02, to 606 thousand in FY06, and to 906 thousand in FY07.

Table 5.4: Micro-credit Disbursement (Million Rs)

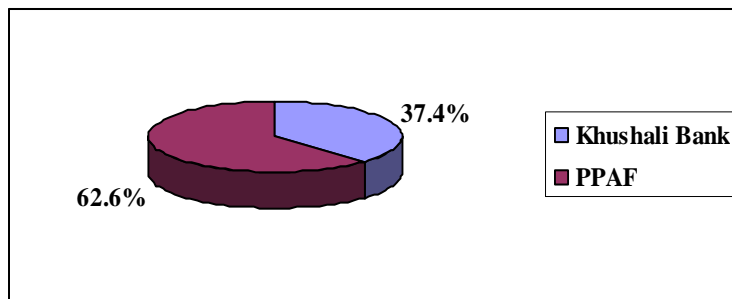
		2004-05	2005-06	2006-07
Pakistan Poverty Alleviation Fund (PPAF)	Amount disbursed	3106	3706	6228
	No of districts	79	79	85
	No of male beneficiaries (000)	158	202	302
	No of female beneficiaries (000)	87	130	267
	Total beneficiaries (000)	245	332	569
Khushali Bank	Amount disbursed	2277	2922	3719
	No of male beneficiaries (000)	174	229	286
	No of female beneficiaries (000)	49	44	51
	Total beneficiaries (000)	223	273	337
ZTBL*	Amount disbursed	48	28	-
	No of male beneficiaries (000)	2	0.7	-
	No of female beneficiaries (000)	1	0.4	-
	Total beneficiaries (000)	2	1.2	-
Micro-credit	Total credit	5431	6655	9947
	Total male beneficiaries (000)	333	433	588
	Total female beneficiaries (000)	137	174	318
	Total beneficiaries (000)	470	606	906

Source: Pakistan Poverty Alleviation Fund; Khushali Bank & ZTBL.

* Loan disbursements under micro-credit schemes for self-employment purposes under ZTBL have been stopped wef 2006-07 since a number of other banks/ organizations are already looking after such credit needs throughout the country.

5.6 In FY05, 62.6% of the total micro-credit disbursement was through the PPAF while the share of Khushali Bank was around 37.4%. Almost half (46.9%) of the borrowers in the PPAF disbursement during FY07 were females while the percentage was 15.1% in the case of Khushali Bank. Access to micro-credit seems to be one of major factors contributing to household well-being. PPAF activities are spread in 79 districts. Despite the progress made in the expansion of micro-credit through PPAF, Khushali Bank and other organizations, coverage of the poor population is still low. There is a need to enhance further micro-credit facilities in Pakistan, so that it can cater to all the poor and needy persons in the country.

Figure 3: Share of Micro-credit Disbursement, 2006-07



Source: PRSP Secretariat, Finance Division, Islamabad

5.4 Employees Old Age Benefit Institution (EOBI)

5.7 The objective of EOBI is to provide subsistence pensions to Pakistani workers who retire after completing a minimum number of years of insurable employment. The institution was established in 1976, with the core objective of providing monetary benefits as pension to the workers of private industrial and commercial establishments across the country. 5.3 Disbursement through Employees Old Age Benefit Institution (EOBI) increased from Rs 1.9 billion during FY05, to Rs 2.9 billion in FY06 and to Rs 3.4 in FY07, with the number of beneficiaries increasing from 129,000 in FY06 to 290,000 during FY07.

Box: Other Special Programmes / Schemes for Poverty Reduction

Khushal Pakistan Programmes/ Khushal Pakistan Fund:

Khushal Pakistan Programmes (KPP) 1 and 2 are rural works programme under the Public Sector Development Programme (PSDP) for initiating small development schemes and generating temporary employment throughout the country. Development activities are executed through Federal, Provincial Executing Agencies and District Governments. Total allocations to KPP-1 and KPP-2 in FY07 were Rs.4.42 billion and Rs.20 billion respectively. Under the Khushal Pakistan Programme (KPP-I), 3531 development schemes were approved during FY07. These schemes were village electrification (1292), roads (1091), water supply (488), education (104), sanitation (244), health (77), gas (63), bulldozer hours (8), etc. Of these schemes, 57.69% funds were released to Punjab, 17.73 to FATA, 11.47% to NWFP, 9.4% to Sindh, 3.48% to Balochistan and 0.23% to ICT.

These development schemes also generate temporary employment. Number of jobs created under KPP-I during FY 2006-07 amounted to 275,653. Benefits of these jobs reached about 17.2 million people. The jobs were primarily generated in Sindh and Punjab with 40% and 27% respectively. Estimates for employment generation by Khushal Pakistan Programme during 2002-2007 stood at 5.5 million benefiting a population of 76.9 million. During 2002-2007, 41% employment was generated in Sindh and 35% in Punjab (Tables 15 and 16). The Khushal Pakistan Fund also had a budget allocation of Rs. 10 billion in FY 2006-07.

**Table 5.5: Khushal Pakistan Programme-I
Temporary Employment Generated 2006-07**

Provinces	Jobs Created (Man-Days)	Population Benefited
Punjab	489,812	6,853,648
Sindh	727,296	5,109,681
NWFP	339,773	3,538,556
Balochistan	46,638	312,574
FATA	203,726	728,981
ICT	20,621	626,472
Total	1,827,866	17,169,912

**Table 5.6: Khushal Pakistan Programme-I
Temporary Employment Generated 2002-07**

Provinces	Jobs Created (Man-Days)	Population Benefited
Punjab	1,944,399	27,415,422
Sindh	2,270,140	32,485,297
NWFP	828,498	12,909,946
Balochistan	106,003	14,315,388
FATA	299,486	1,888,435
ICT	53,326	804,556
Total	5,501,852	76,909,098

Khushal Pakistan Programme- I (KPP-I)
Table 5.7: Number of Schemes Approved Under Each Category for 2006-07

Province	Road	Electrification	Gas	Education	Health	Water Supply	Sanitation	Bulldozers	Total Schemes
Punjab	723	991	53	20	6	28	216	-	2037
Sindh	116	85	9	52	41	11	18	-	332
NWFP	155	175	-	8	2	61	1	3	405
Balochistan	21	15	-	8	2	64	8	5	123
FATA	75	22	-	14	26	488	1	-	626
ICT	1	4	1	2	-	-	-	-	8
Total*	1091	1292	63	104	77	652	244	8	3531

6 Monitoring the PRSP Intermediate Indicators

6.1 This section presents a brief review of the programs related to education and health sectors and performance of some intermediate indicators related to these sectors. Recent information on land distributed among the poor households has also been analyzed below.

6.1 Education sector

6.1.1 A Brief Review of Programs in the Education Sector⁹

6.2 Government of Pakistan has taken several steps towards improving the quality of education within the country. At the policy level, **National Education Policy (NEP) review** was approved in January 2005 to be completed in three phases starting in September 2005 to December 2007. Recently, Ministry of Education published a pre-policy document titled “Education in Pakistan: A white Paper” and distributed it to all the stakeholders for comments. Another step towards strengthening the policy framework is the timely publication of **National Education Census (NEC)**. In the past the education sector suffered from gaps in availability of authentic information constraining the government to devise sound policy framework.

6.3 To improve the quality of education at the institutional level government has launched a comprehensive reform program. Under the **curriculum reform program**, the objective was to review and revise the existing curriculum according to the needs of today’s world. Curriculum of 11 core subjects has so far been developed and notified to be implemented from the academic session 2007.

6.4 **Reforming examination system** is another part of the overall reform process. The purpose is to ensure uniform academic session starting from September 1st throughout the country, free education up to Matriculation, composite examination at the secondary level throughout the country from 2007, and English language has been made compulsory from Class-1 onwards. To facilitate these changes in the education system simultaneous training programs were launched to train the teachers to facilitate these changes in every level of education provision.

6.5 To bring the madrassas into mainstream education system within the country government of Pakistan launched in 2002-03 a **Madrassa Reform Program** introducing

⁹ Source: Economic Survey of Pakistan 2006-07

formal subjects in their curricula for the period of 5 years at a capital cost of Rs. 5759.395 million. The main feature of the **Education Sector program** reform agenda is a strategy for a holistic approach to education, including all areas of EFA and entailing legislative, administrative and financial actions at all levels.

6.6 Several other initiatives like establishment of **National Education Assessment System (NEAS)** aiming to improve the quality of education at the elementary level, establishment and operation of 82000 **Basic Education and Literacy Authority (BELA)** till 2011, formulating text book policy, and establishment of **National Commission for Human Development (NCHD)** are a part of the multi-pronged strategy to make the existing education system more effective and efficient.

6.1.2 Functional Schools

6.7 Education intermediate indicators discussed under this subsection include functional public schools, basic facilities in public schools, posts filled against sanctioned posts in public school and percentage of trained teachers in these schools. Number of functional public primary (including mosque schools) and middle schools in Pakistan and regions are reported in Table 6.1. Total number of functional public schools observed a decline since FY04; they declined by 3,983 schools, from 147,620 in FY04 to 143,637 in FY06. This decline in functional schools is the result of 3.6% decline in primary schools in FY06 relative to FY04, whereas middle schools during the same period increased by 6.2%. It appears that many primary schools have been upgraded to the middle level. But again in the FY 07, total number of functional public schools shows an upward trend and has increased to 154,361 schools. This improved mainly due to the 7.9% increase in the primary schools and middle schools has also been increased by 3.8% in the FY 07 as compared to FY 06.

6.8 Punjab being the most populous province also has the largest number of functional schools, which were 59,111 in FY 07. It is encouraging to see an increase of 1%, 10%, 5%, 3% and 6% in number of functional schools in Punjab, Sindh, NWFP, Balochistan and Islamabad in FY07 relative to FY04, which will assist in improving education sector outcome indicators. FANA and FATA both observed an increase of 8% in number of functional schools in FY07 compared to FY04. Only AJK witnessed a decline of 3% in total number of functional schools in FY07 as compared to FY04.

Table 6.1: Number of Functional Public Schools

Region/Province	Year	Primary	Middle	Total
Pakistan	2003-04 (A)	133,952	13,668	147,620
	2004-05 (A)	127,040	14,146	141,186
	2005-06 (A)	129,115	14,522	143,637
	2006-07 (E)	139,290	15,071	154,361
Punjab	2003-04 (A)	51,698	6,801	58,499
	2004-05 (A)	50,268	7,174	57,442
	2005-06 (A)	50,450	7,357	57,807
	2006-07 (E)	51,725	7,386	59,111
Sindh	2003-04 (A)	40,121	2,373	42,494
	2004-05 (A)	34,633	2,104	36,737
	2005-06 (A)	36,662	2,244	38,906
	2006-07 (E)	44,500	2,301	46,801
NWFP	2003-04 (A)	21,993	2,053	24,046
	2004-05 (A)	22,024	2,385	24,409
	2005-06 (A)	22,183	2,416	24,599
	2006-07 (E)	22,759	2,456	25,215
Balochistan	2003-04 (A)	10,087	774	10,861
	2004-05 (A)	10,282	772	11,054
	2005-06 (A)	9,910	780	10,690
	2006-07 (E)	10,341	862	11,203
AJK	2003-04 (A)	4,374	988	5,362
	2004-05 (A)	4,053	1,032	5,085
	2005-06 (A)	4,074	1,030	5,104
	2006-07 (E)	3,844	1,344	5,188
FANA	2003-04 (A)	1,231	221	1,452
	2004-05 (A)	1,253	223	1,476
	2005-06 (A)	1,277	243	1,520
	2006-07 (E)	1,319	245	1,564
FATA	2003-04 (A)	4,238	404	4,642
	2004-05 (A)	4,318	402	4,720
	2005-06 (A)	4,350	398	4,748
	2006-07 (E)	4,575	423	4,998
Islamabad	2003-04 (A)	210	54	264
	2004-05 (A)	209	54	263
	2005-06 (A)	209	54	263
	2006-07 (E)	227	54	281

A= Actual data , E= Estimated data

Source: Pakistan Education Statistics, 2005-06, NEMIS, Academy of Educational Planning and Management, Ministry of Education

Note: Mosque schools are included in primary schools

6.1.3 Posts Filled Against Sanctioned Posts in Public Schools

6.9 Table 6.2 explains posts filled against sanctioned posts in public schools in Pakistan and regions for male and female teachers and percentage of trained teachers for male and female in Pakistan and regions. Posts filled against sanctioned posts in public schools in NWFP, Balochistan and FATA were more than 90%. In these regions percentage of posts filled against sanctioned posts were higher for males relative to females. In Punjab more than 80% positions were filled against sanctioned posts. In Islamabad about 19%-23% posts were vacant against sanctioned posts in FY05.

6.1.4 Trained Teachers in Public Schools

6.10 Table 6.2 also gives data on percentage of trained teachers in primary and middle schools. Public schools are doing well in terms of percentage of trained teachers, as 100% teachers male as well as female were trained in Punjab and NWFP in FY06. A slight decline in the percentage of trained teachers is observed in Sindh and AJK. In Balochistan and FANA percentage of trained teachers declined sharply in FY06 compared to FY05, most probably due to recruitment of untrained teachers. Percentage of trained teachers is 100 % only for middle level in FATA during the FY06.

Table 6.2: Actual Posts Filled Against Sanctioned Posts and Percentage of Trained Teachers (%)

Region / Province	Years	Level	Actual Posts Filled Against Sanctioned Posts %*			Percentage of Trained Teachers*	
			Male	Female	Total	Male	Female
Pakistan	2003-04	Primary	NA	NA	NA	98.66	98.73
		Middle	NA	NA	NA	99.21	99.22
	2004-05	Primary	NA	NA	NA	99.36	99.6
		Middle	NA	NA	NA	99.17	99.29
	2005-06	Primary	NA	NA	NA	93.42	94.68
		Middle	NA	NA	NA	89.29	96.08
Punjab	2003-04	Primary	86.66	87.32	86.94	100	100
		Middle	81.83	77.86	79.61	100	100
	2004-05	Primary	87.89	89.35	88.51	100	100
		Middle	80.99	77.68	79.15	100	100
	2005-06	Primary	NA	NA	NA	100	100
		Middle	NA	NA	NA	100	100
Sindh	2003-04	Primary	NA	NA	NA	96.59	95.93
		Middle	NA	NA	NA	95.46	96.89
	2004-05	Primary	NA	NA	NA	98.67	98.91
		Middle	NA	NA	NA	98.98	97.63

	2005-06	Primary	NA	NA	NA	96.72	96.31
		Middle	NA	NA	NA	96.31	96.05
NWFP	2003-04	Primary	98	95.38	97.12	NA	NA
		Middle	88.08	73.76	83.12	NA	NA
	2004-05	Primary	98.07	95.86	97.32	100	100
		Middle	91.4	79.67	87.11	100	100
	2005-06	Primary	NA	NA	NA	100	100
		Middle	NA	NA	NA	100	100
Balochistan	2003-04	Primary	97.92	96.56	97.53	100	100
		Middle	91.17	85.76	89.48	100	100
	2004-05	Primary	98.32	99.12	98.57	98.38	99.93
		Middle	88.31	86.87	87.87	95.29	97.76
	2005-06	Primary	NA	NA	NA	49.87	47.3
		Middle	NA	NA	NA	47.19	43.82
AJK	2003-04	Primary	NA	NA	NA	96.56	87.43
		Middle	NA	NA	NA	95.84	91.73
	2004-05	Primary	NA	NA	NA	87.47	96.56
		Middle	NA	NA	NA	91.73	95.84
	2005-06	Primary	NA	NA	NA	91.75	81.3
		Middle	NA	NA	NA	92.61	85.58
FANA	2003-04	Primary	NA	NA	NA	100	100
		Middle	NA	NA	NA	100	100
	2004-05	Primary	NA	NA	NA	100	100
		Middle	NA	NA	NA	100	100
	2005-06	Primary	NA	NA	NA	67.87	50.72
		Middle	NA	NA	NA	85.7	76.04
FATA	2003-04	Primary	99.65	99.17	99.47	94.64	97.68
		Middle	96.79	95.06	96.33	97.68	98.81
	2004-05	Primary	99.59	96.34	98.35	99.9	99.96
		Middle	98.35	90.13	96.18	100	99.68
	2005-06	Primary	NA	NA	NA	98.95	95.14
		Middle	NA	NA	NA	100	100
Islamabad	2003-04	Primary	NA	NA	NA	99.57	99.79
		Middle	NA	NA	NA	100	99.75
	2004-05	Primary	74.6	82.1	80.1	100	99.1
		Middle	81.9	77.9	79.3	100	100
	2005-06	Primary	NA	NA	NA	93.29	97.5
		Middle	NA	NA	NA	97.2	98.4

NA = Not available

* Data for the FY 2006-07 has not been provided by Ministry of Education.

Source: Ministry of Education

6.1.5 Basic Facilities in Public Schools

6.11 Proportion of basic facilities in public schools in Pakistan and regions are given in Table 6.3. All the basic facilities in public schools have improved slightly in Pakistan in FY07 compared to FY05 and FY06 at both primary and middle level. Islamabad is the only region where all four basic facilities were above 85% in FY07, whereas situation in other regions is very dismal, indicating that there is a need to increase investment in basic facilities in public schools. A large investment is required in the AJK region to boost the proportion of all the four basic facilities in public schools. Improvement in provision of basic facilities in public schools is expected to improve education outcome indicators. It is hard to focus on studies without electricity and water in summers.

Table 6.3: Proportion of Public Schools with Basic Facilities

Region / Province	Years	Level	Water (%)	Latrine (%)	Electricity (%)	B-Wall (%)
Pakistan	2004-05	Primary	55	45	27	48
		Middle	75	69	61	66
		Total	57	48	30	50
	2005-06	Primary	56.27	49.94	28.89	48.95
		Middle	73.85	73.15	62.48	67.9
		Total	58.05	52.29	32.28	50.87
	2006-07	Primary	55	50	30	49
		Middle	74	73	64	70
		Total	57	53	33	51
Punjab	2004-05	Primary	77	46	30	54
		Middle	93	69	74	74
		Total	79	49	36	57
	2005-06	Primary	73.11	54.38	32.48	56.87
		Middle	91.44	80.2	78.63	76.7
		Total	75.44	57.66	38.36	59.39
	2006-07	Primary	70	57	35	60
		Middle	92	85	82	83
		Total	72	60	41	63
Sindh	2004-05	Primary	45	48	20	43
		Middle	58	69	40	65
		Total	46	49	21	44
	2005-06	Primary	51.07	49.27	23.21	43.09
		Middle	59.05	68.14	42.91	66.27
		Total	51.53	50.35	24.35	44.43
	2006-07	Primary	43	48	23	40
		Middle	61	70	46	67
		Total	44	49	24	41

NWFP	2004-05	Primary	49	57	35	58
		Middle	61	75	55	64
		Total	50	59	37	58
	2005-06	Primary	53.89	61	36.97	57.8
		Middle	64.65	77.07	58.69	66.97
		Total	54.95	62.58	39.1	58.7
	2006-07	Primary	54	62	39	60
		Middle	67	78	60	70
		Total	55	64	41	61
Balochistan	2004-05	Primary	15	19	11	26
		Middle	39	49	34	60
		Total	17	21	12	29
	2005-06	Primary	23.14	19.54	13.21	26.52
		Middle	45	48.33	37.44	57.44
		Total	24.73	21.64	14.98	28.77
	2006-07	Primary	61	23	14	29
		Middle	68	54	41	62
		Total	62	26	16	31
AJK	2004-05	Primary	23	33	11	10
		Middle	43	68	32	15
		Total	27	40	15	11
	2005-06	Primary	19.07	26.71	9.82	8.35
		Middle	37.18	47.18	13.5	13.98
		Total	22.73	30.84	10.56	9.48
	2006-07	Primary	14	15	9	7
		Middle	24	20	20	10
		Total	17	17	12	8
FANA	2004-05	Primary	33	26	25	36
		Middle	65	70	62	60
		Total	38	33	31	40
	2005-06	Primary	19.58	30.38	30.93	37.82
		Middle	36.21	54.32	57.2	51.44
		Total	22.24	34.21	35.13	40
	2006-07	Primary	29	28	27	35
		Middle	47	45	51	49
		Total	31	30	31	37
FATA	2004-05	Primary	37	41	45	52
		Middle	55	70	71	85
		Total	39	44	47	54
	2005-06	Primary	36.37	42.71	43.47	51.56
		Middle	59.55	73.12	71.36	86.68
		Total	38.31	45.26	45.81	54.51
	2006-07	Primary	35	41	42	53
		Middle	58	76	68	90
		Total	37	44	44	56

Islamabad	2004-05	Primary	93	92	95	93
		Middle	98	91	100	87
		Total	94	92	96	92
	2005-06	Primary	92.34	89.47	98.09	95.22
		Middle	96.3	85.19	100	94.44
		Total	93.16	88.59	98.48	95.06
	2006-07	Primary	90	89	98	96
		Middle	96	85	100	94
		Total	91	89	98	95

Note: Mosque schools are included in primary schools.

*Figures for the year 2006-07 are based on estimation.

Source: *Pakistan Education Statistics, 2005-06, NEMIS, Academy of Educational Planning and Management, Ministry of Education.*

6.2 Health sector

6.2.1 A Brief Review of Programs in Health Sector

6.12 The government views health sector interventions as part of a comprehensive poverty alleviation plan. A **National Health Policy Unit (NHPU)** has been established under the Ministry of Health to serve the strategic function of reviewing, refining and reformulating the national health policy with identification of cost effective pro-poor policy interventions. The unit will advise on strategy and resource allocation, it will monitor and evaluate strategies across the entire health centre, and ensure that national policies react quickly to the emerging data and evidence. Government has introduced several programs to provide better health facilities and health care coverage which ensures that the medical needs of the poor will not be overlooked. The project “**National Health Surveillance System**” is under approval of Government of Pakistan and will be launched soon.

6.13 The **National Maternal & Child Health (MCH) Program** has recently been launched in order to improve the accessibility of effective MNH services for all, particularly the poor and the disadvantaged. It will provide improved access to high quality MCH and FP services, induce 10,000 community skilled birth attendants, provide comprehensive EmONC services in 275 hospitals/ health facilities, provide basic EmONC services in 550 health facilities, provide family planning services in all health outlets, train 15,000 health facility staff on IMNCI, create a demand for MCH services (especially for the poor), innovate and test alternate management arrangements for strengthening provincial and district MCH programs, build strategic partnership to enhance the role of NGOs and private sector, and provide evidence-based program management and capacity building.

6.14 A **nutrition program** has been launched implementing interventions to address the issues of low birth-weight babies, maternal and child malnutrition, deficiency of micronutrients, and to promote breast feeding. The National Nutrition Program has been strengthened, especially in its components of breast-feeding, fortification, and provision of vitamin A, iron, and iodine. The last Nutrition Survey was accomplished in 2001. It is expected that Nutrition survey will be conducted in 2009 and its report will be available in 2010. This will fulfill a long felt need for updated information on a key sector like Nutrition which impinges on the health of infants and mothers alike.

6.15 The **TB-DOTS program** is integrated in district health systems. The LHWs, health staff, NGO workers and community volunteers undertake DOT. The DOTS expansion as of mid-2003 resulted in detection of 20 percent cases and a treatment success rate of 77 percent. Technical guidelines and training modules are in place. The TB coordinators will receive necessary training at different levels. The government is instituting a strategic plan that will include the expansion of the laboratory network, development of guidelines for quality assurance of sputum microscopy, and the establishment of a system of annual feedback from the districts, where TB-DOTS interventions are already showing visible results as (indicated by the recent reports of STOP-T.B. Coordination Board reviews).

6.2.2 Monitoring Health Indicators: Immunization

6.16 In the health sector, data on immunization and coverage of the lady health workers (LHWs) program are available. TT-1 and TT-2 immunization coverage of pregnant women in FY06 and FY07 is shown in Table 6.4. At the national level TT-1 immunization coverage decreased by 2 percentage points to 49% and TT-2 immunization coverage decreased by 3 percentage points to 51% in FY07 compared to FY06. AJK has the highest coverage of TT-1 immunization at 61% and Capital Development Authority (CDA) has the lowest coverage at 16% in FY07. Except for AJK and FANA all regions experienced a decrease in coverage of TT-1 immunization in FY07. During the same period FATA also has the largest coverage of TT-2 immunization at 68%, whereas Balochistan and ICT have lower coverage at 29% and 33%, respectively.

Table 6.4: TT- Immunization Coverage for Pregnant Women

Province / Region	2004-05			2005-06			2006-07		
	Target Population (+4.1% Pop)	TT- Immunization		Target Population (+4.1% Pop)	TT- Immunization		Target Population (+4.1% Pop)	TT- Immunization	
		TT-1 Cov %	TT2+ Cov%		TT-1 Cov %	TT2+ Cov%		TT-1 Cov%	TT2+ Cov %
Punjab	3,508,680	46	47	3,167,410	55	57	3,705,564	54	56
Sindh	1,426,182	43	48	1,328,073	52	58	1,531,062	47	49
NWFP	891,762	26	26	777,402	47	45	924,780	43	42
FATA	136,914	56	67	132,632	62	81	143,486	51	68
Balochistan	333,336	23	30	282,434	26	27	337,458	24	29
AJK	142,494	55	55	125,785	46	49	149,256	61	58
FANA	41,676	17	18	36,705	25	29	49,902	27	36
ICT	12,978	40	31	11,429	54	39	15,594	41	33
CDA	36,606	18	67	32,239	20	68	37,824	16	39
Others	-	-	-	-	-	-	-	-	-
Pakistan	6,530,628	42	44	5,894,109	51	55	6,894,924	49	51

Source: Federal EPI/CDD Cell, National Institute of Health

6.17 Data on the immunization of children for only Punjab, Sindh, NWFP and Balochistan is available. The coverage of DPT-3/OPV-3 immunization of children increased by 5 percentage points to 82% in FY 07 over FY06 (Table 6.5). The big increase in immunization coverage of DPT-3/OPV-3 took place in NWFP (10%) and decline in immunization coverage occurred in Balochistan (12%) in FY07 over FY06.

Table 6.5: DPT-3/OPV-3 Coverage of Children %

Region/Province	2004-05 (0-11 Months)	2005-06 (12-23 months)	2006-07 (12-23 months)
Punjab	70	82	88
Sindh	71	73	75
NWFP	75	69	79
FATA	70	-	-
Balochistan	51	70	58
AJK	92	-	-
FANA	39	-	-
ICT	56	-	-
CDA	38	-	-
Pakistan	70	77	82

6.2.3 Lady Health Workers

6.18 LHWs program was started in 1994 to provide basic health care services to the communities at their doorstep and to bridge the gap between communities and static health care services. It has proved to be a successful programme. LHWs at national level covered 52% of population and 66% of target population in FY07 (Table 6.6). About 32% of urban population and 54% of rural population was covered in FY07. LHWs at national level (National Programme and Rural Health Project) decreased by 1.6% to 91,355 in FY07 relative to FY06. During the same period, in urban areas LHWs decreased by 22% to 15,354 and in rural areas they increased by only 0.6% to 73,729 (Table 6.7). About 81% of total LHWs were deployed in rural areas and 17% in urban areas. Proportion of LHWs situated in Punjab, Sindh, NWFP and Balochistan stood at 51%, 22%, 15% and 6%, respectively.

Table 6.6: Coverage of Lady Health Workers (LHWs)

	Projected 2006	Population Covered by LHWs in 2006 (%)	Projected 2007	Population Covered by LHWs in 2007 (%)
Total Population	158,014,555	57.7	158,014,555	52
Urban Population	52,873,250	40.9	47,404,367	32
Rural Population	105,141,305	66.1	110,610,189	54
Target Population	121,003,280	75.3	124,831,498	66

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

Table 6.7: Number of Lady Health Workers*

Province	2004-05			2005-06			2006-07		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Punjab	7,384	37,950	45,334	9,760	38,552	48,312	7,701	39,054	46,755
Sindh	6,220	11,951	18,171	5,654	14,689	20,343	4,409	15,619	20,028
NWFP	1,536	10,358	11,894	1,548	12,093	13,641	1,437	11,975	13,412
Balochistan	745	4,420	5,165	880	4,769	5,649	1,476	4,448	5,924
AJK	176	2,253	2,429	175	2,115	2,290	173	2,294	2,467
FANA	184	1,063	1,247	172	801	973	124	918	1,042
FATA	0	1,414	1,414	1,362	0	1,362	0	1,436	1,436
ICT	51	237	288	39	240	279	34	257	291
Total	16,296	69,646	85,942	19,590	73,259	92,849	15,354	73,729	91,355

* Includes LHWs who are under training.

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

6.3 Land Distribution

6.19 The Government of Pakistan has designed a programme to distribute the state land among the rural landless households. State land distributed by number of beneficiaries during FY02 to FY07 is given in Table 6.8. In FY02, 49.98 thousand acres of land was distributed among 2,694 beneficiaries in all provinces, in the later years this activity slowed down as during FY05, only 384 acres of land was distributed among 51 beneficiaries in Punjab. In FY06, 2.48 thousand acres of land was distributed among 543 beneficiaries in Punjab and Sindh. 1,704 acres of land was distributed among 171 beneficiaries only in Punjab during the FY07. During the FY 06 and FY 07, 1466 *katchi abadies* were regularized in Punjab, Sindh and ICT.

Table 6.8: State Land Distribution by Number of Beneficiaries in Each Province

	Punjab	Sindh	NWFP	Balochistan	Total
2001-02					
Land (acres)	15,878	11,394	17619	5,089	49,980
Beneficiaries (number)	1,386	1,127	24	157	2,694
2002-03					
Land (acres)	3,260	4,241	0	0	7,501
Beneficiaries (number)	330	490	0	0	820
2003-04					
Land (acres)	3,452	0	0	0	3,452
Beneficiaries (number)	354	0	0	0	354
2004-05					
Land (acres)	384	0	0	0	384
Beneficiaries (number)	51	0	0	0	51
2005-06					
Land (acres)	1,010	1,465	0	0	2,475
Beneficiaries (number)	326	217	0	0	543
2006-07					
Land (acres)	1,704	0	0	0	1,704
Beneficiaries (number)	171	0	0	0	171

Source: Federal Land Commission

6.5 Employment

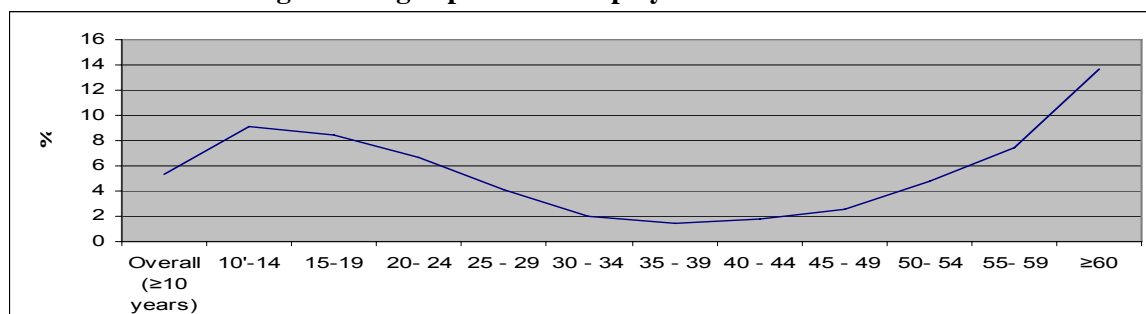
6.21 The relationship between poverty reduction and productive employment is well established. Growth is the main source for employment generation, although several schemes are in progress in the country to provide support to unemployed labour force for self-employment. PRSP monitors trends in unemployment, based on the Labour Force Survey (LFS)¹⁰ data.

¹⁰ Conducted by Federal Bureau of Statistics

6.22 The age specific unemployment rate shows a typical U-shaped pattern (figure 4); higher rate for younger and older groups and lower for the prime age persons¹¹ (Table 6.9). The interesting observation, however, is a visible fall in the unemployment rate in all age-groups in 2006-07 as compared to 2005-06 except for 10-14 and 60+ age bracket. The decline in unemployment in the younger age groups is the result of aggressive education campaign of the government. Increasing enrolment in schools is reducing not only the incidence of child labour but their unemployment as well. The goal of universal primary education along with achieving other *Millennium Development Goals (MDGs)* is expected to contribute significantly in the withdrawal of working children from the labour market, thus reducing unemployment.

6.23 The incidence of unemployment rate in older age group is significantly high. A number of facilities and social services are being extended for senior citizens; absence of an adequate institutional mechanism of social protection is greatly felt. Table 6.9 shows that unemployment rate starts declining from the age group of 15-19 years till the age group of 55-59 and again start rising from the age group of 60+. The highest unemployment rate is observed in the age group of 10-14 i.e. 9.10 percent mainly due to lack of employment opportunities available to young children.

Figure-4: Age Specific Unemployment Rate 2006-07



Source: Labour Force Survey 2006-07

Table 6.9: Age- Specific Unemployment Rate

Age groups years	LFS 2003-04			LFS 2005-06			LFS 2006-07		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Overall (≥10 years)	7.7	6.6	12.8	6.2	5.4	9.3	5.3	4.5	8.4
10'-14	12.8	13.6	10.4	7.9	8.8	5.71	9.1	10.7	5.7
15-19	13.2	12.8	14.9	10	10	9.9	8.4	8.4	8.4
20-24	10.3	9.3	15	7.4	6.9	9.4	6.7	6.0	9.4
25-29	7.1	6.1	12.5	4.9	4.3	7.3	4.1	3.4	6.8
30-34	4.5	3.8	7.4	2.8	2.4	4.3	2.0	1.6	3.3
35-39	2.9	2	7.2	2.4	1.7	4.9	1.5	1.2	2.5
40-44	2.9	2.5	4.8	2.7	2	5.4	1.8	1.0	4.5
45-49	3.5	2.3	9.5	2.9	2	6	2.6	2.0	5.2
50-54	5.1	3.5	12.2	6.3	4.5	14.5	4.8	3.0	12.4
55-59	7.1	4.5	20.7	8.3	5.9	19.5	7.4	4.6	19.7
≥60	12.8	8.9	36.1	11.6	7.2	34.1	13.7	9.6	34.6

Source: Labour Force Survey 2005-06 & 2006-07, Federal Bureau of Statistics

¹¹ Those who fall between 25-49 years

Table 6.10: Unemployment Rate by Gender and Rural-Urban Areas

Region	2001-02			2003-04			2005-06			2006-07		
	T*	M	F	T	M	F	T	M	F	T	M	F
Rural	7.6	6.1	14.2	6.7	5.7	10.9	5.4	4.6	7.7	4.7	4	7.1
Urban	9.8	7.9	24.2	9.7	8.4	19.8	8	6.9	15.8	6.7	5.6	14.6
All Areas	8.3	6.7	16.5	7.7	6.6	12.8	6.2	5.4	9.3	5.3	4.5	8.4

Source: Labour Force Survey 2003-04, 2005-06 & 2006-07

*T=Total M=Male F=Female

6.24 The overall unemployment rate has declined from 6.2% in 2005-06 to 5.3% in 2006-07. It is worth noting that in the beginning of the PRSP process (2001-02) overall unemployment rate was 8.3%. Thus during this process, unemployment rate has declined by 3 percentage points. This is the period when poverty also declined considerably in the country. It is encouraging to note that while unemployment between the 2001-02 and 2006-07 period declined primarily among females, the decline during the more recent period, 2005/06-2006/07, is among both sexes. Both male and female unemployment declined by only 0.9 percentage points. The unemployment rate in rural areas is lower than that of the urban areas. The urban unemployment rate has decreased by 3.14 percentage points during 2002-07 (Table 6.10). Female unemployment rate declined in rural as well as urban areas while for males a modest decline was observed in both rural as well as urban areas. The decline in female unemployment in rural and urban areas can be attributed to two reasons. Females were able to get job opportunities or they withdrew from the labour force mainly because of "*discourage phenomenon*". It thus appears that female unemployment reduced primarily due to expansion in job opportunities for females. Microfinance facilities focusing on women particularly in rural areas may be the major contributing factor in lower female unemployment rate.

7 Performance of the PRSP/MDG Indicators

7.1 PRSP progress reports have been regularly monitoring the performance of input, intermediate and outcome PRSP indicators primarily at the national level. In the previous report, for the year 2005-06, the Federal Bureau of Statistics (FBS) generated data through the PSLM 2004/05 household survey, representative at the district level.

7.2 One of the priorities in the PRSP is to help to improve these indicators while gradually increasing pro-poor expenditures. Improving social outcomes is as much an issue of increasing resources, as that of appropriately targeting and improving the efficacy of spending through improved governance. The focus here is on the literacy rate, primary and middle-level school enrolment, child immunization, pre-and post-natal consultation, tetanus toxoid injection, water supply and sanitation, housing and changes in economic situation (household perception).

7.1 Education Indicators

7.3 Literacy and primary school enrolment rates in Pakistan have shown improvement during last five years but they are still low compared with the countries of the region. A number of studies of the education system in Pakistan have revealed that the quality of education being provided by government primary schools is poor, with many schools lacking adequate teachers and resources. Basic objective of Government's Education Policy is to expand and improve the quality of publicly provided primary education. The PRSP strategy for the sector includes, improving the functioning, utilization of existing schools, improving the quality of education, increase enrolment, improving access to education and expanding the primary education system.

7.1.1 Primary Schooling

7.4 For primary-level schooling two measures are commonly used: Gross Enrolment Rate (GER) and Net Enrolment Rate (NER). The GER sometimes referred to as the participation rate and is presented in two different ways: excluding and including the *katchi* class and for different age groups.

7.5 At the national level, GER¹² at primary level for children 5-9 years old, excluding *katchi* class, was increased from 72% in 2001-02 to 91% in 2006-07, recording an increase of 19 percentage points. In urban areas GER increased from 91% in 2000-01 to 106% in 2006-07. Rural areas though have lower GER than urban areas, but it recorded an increase of 18 percentage points, from 66% in 2000-01 to 84% in 2006-07. Overall Punjab has the highest GER at 100%, followed by NWFP at 82%, Sindh at 79% and Balochistan at 72% in 2006-07 (Table 7.1).

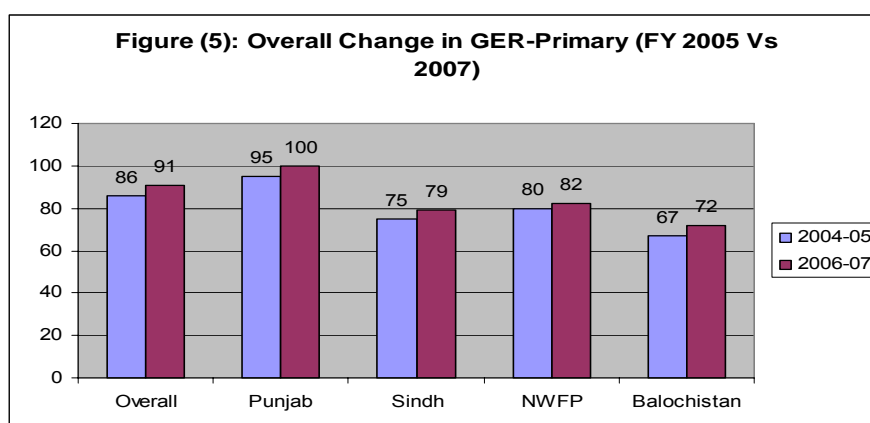
7.6 The efforts of the public and privates sectors have resulted in an increase in education expenditure during the last few years; at the same time primary-level enrolment

¹² Gross Enrolment Rate at primary level: Number of children attending primary level (classes 1-5) divided by number of children aged 5-9 years multiplied by 100.

rates have increased. In urban areas, GER is impressive in all provinces, ranging from 112% in Punjab to 103% in Balochistan. In rural areas, Punjab has made a marked progress particularly in female GER which increased from 61% in 2001-02 to 88% in 2006-07. This progress has been modest in NWFP; it has been slow in Balochistan as well as Sindh. In rural Balochistan, for example, female GER could increase only marginally from 41% in 2004-05 to 45% in 2006-07.

Region and Province	2004-05 PSLM			2005-06 PSLM			2006-07 PSLM		
	Male	Female	Both	Male	Female	Both	Male	Female	Both
Urban Areas	107	100	104	107	100	104	108	104	106
Punjab	111	108	110	112	107	110	113	111	112
Sindh	103	94	99	103	96	100	105	101	103
NWFP	100	84	92	98	84	91	98	89	94
Balochistan	101	86	94	100	83	92	104	78	92
Rural Areas	89	68	79	89	71	80	95	72	84
Punjab	96	82	89	93	83	88	103	88	96
Sindh	70	44	58	79	51	66	77	45	63
NWFP	92	62	78	93	67	81	96	63	80
Balochistan	79	41	61	72	41	57	85	45	67
Overall	94	77	86	94	80	87	99	81	91
Punjab	100	89	95	98	89	94	106	95	100
Sindh	84	65	75	88	71	80	88	68	79
NWFP	93	65	80	93	70	83	96	67	82
Balochistan	83	49	67	79	50	65	89	52	72

Source: PSLM 2006-07



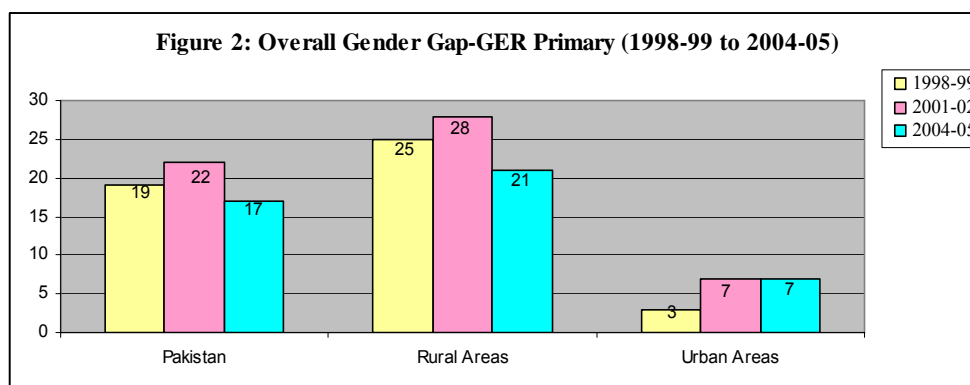
Source: PSLM 2006-07

7.7 The overall GER have changed to 88 percent when katchi is also included and the age group is expanded to 4-9 years old. Balochistan compared to other provinces has shown significant increase, particularly in urban areas.

7.8 Gender disparity¹³ in education is one of major challenges in Pakistan. Table 7.2 and graph 2 show an overall decline in gender gap in GER at the primary level; from 22% in 2001-02 to 17% in 2004-05. This decline was due to relatively greater increase in female GER than in male GER between the 2001-02 and 2004-05 period. Gender disparity in GER at primary level declined in all provinces except in Balochistan where it increased by one percentage point. Punjab province has the lowest gender disparity at 11% and Balochistan has the highest gender disparity at 34%. Gender disparity in urban areas remained the same at 7% during 2001-02 and 2004-05 because male and female GER increased by the same proportion (13%).

Region and Province	1998-99 PIHS	2001-02 PIHS	2004-05 PSLM
Urban Areas	3	7	7
Punjab	-6	2	3
Sindh	12	13	9
NWFP	14	14	16
Balochistan	22	23	15
Rural Areas	25	28	21
Punjab	21	19	14
Sindh	26	32	26
NWFP	33	44	30
Balochistan	35	35	38
Overall	19	22	17
Punjab	14	15	11
Sindh	21	25	19
NWFP	30	41	28
Balochistan	33	33	34

Source: PSLM 2004-05



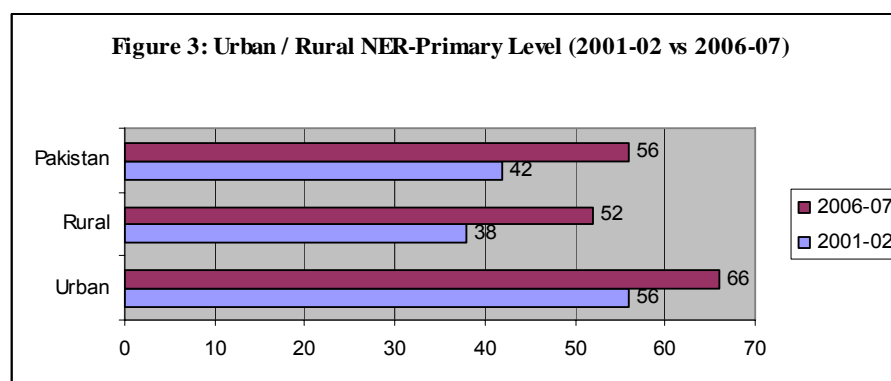
Source: PSLM 2004-05

¹³ Data on Gender Gap in education for the year 2005-06 and 2006-07 is not available.

7.9 The Pakistan MDG report 2004 has set the target of 100% NER by 2015. Pakistan seems to have made a sound progress in NER¹⁴ at the primary level (age 5-9), which increased by 14 percentage points from 42% in 2001-02 to 56% in 2006-07 (Table 7.3 and Figure 3). All the provinces have shown increase but there is more increase in rural areas as compared to urban areas. Again the performance of Punjab, particularly in female NER in rural areas, has been impressive. But this performance of Punjab has increased the regional disparities in NER. There is a need for designing education programs for rural areas of Sindh, NWFP and Balochistan to bring them at par with Punjab in primary school enrolment.

Region and Province	Baseline Year PRSP			2005-06 PSLM			2006-07 PSLM		
	2001-02 PIHS			Male	Female	Both	Male	Female	Both
	Male	Female	Both						
Urban Areas	57	54	56	66	64	65	67	65	66
Punjab	57	58	57	72	68	70	69	70	70
Sindh	56	50	53	62	63	62	67	61	64
NWFP	59	51	55	59	52	55	59	53	56
Balochistan	55	41	49	51	42	47	58	49	54
Rural Areas	43	33	38	53	42	47	57	46	52
Punjab	44	38	41	56	47	52	62	55	59
Sindh	41	25	33	48	34	42	49	31	41
NWFP	47	31	39	54	40	47	56	39	48
Balochistan	36	21	29	36	23	30	46	28	38
Overall	46	38	42	56	48	53	60	51	56
Punjab	47	43	45	60	53	57	64	59	62
Sindh	46	34	40	54	47	50	56	43	50
NWFP	48	33	41	54	42	49	56	41	49
Balochistan	39	24	32	39	27	34	49	32	41

Source: PSLM 2006-07



Source: PSLM 2006-07

¹⁴ Net Enrolment Rate at primary level: Number of children aged 5-9 years attending primary level (classes 1-5) divided by number of children aged 5-9 years multiplied by 100.

7.10 Gender gap¹⁵ in NER at the primary level remained unchanged at Pakistan level between 2001-02 and 2004-05. As gender gap in GER at the primary level declined during the same period this implies that the number of over age children attending primary school is quite substantial. Gender disparity in Punjab province is lowest at 5% in 2004-05 but it increased by one percentage point in 2004-05 relative to 2001-02. This increase was due to larger increase in NER for males (13%) and relatively low increase in female NER (12%) at primary level between 2001-02 and 2004-05. Gender gap in NER at primary level declined in Sindh and NWFP province and remained unchanged in Balochistan between 2001-02 and 2004-05.

7.11 Gender gap in NER at primary level is though quite low in urban areas but remained unchanged between 2001-02 and 2004-05. Gender disparity in urban Balochistan in NER has reduced by 8 percentage points and has come at par with the NWFP province at 6%. Gender gap increased by one percentage point in NER at primary level in rural areas between 2001-02 and 2004-05. In rural Balochistan gender gap in NER at primary level increased by two percentage points (Table 7.4).

Region and Province	1998-99 PIHS	2001-02 PIHS	2004-05 PSLM
Urban Areas	2	3	3
Punjab	-3	-1	1
Sindh	6	6	5
NWFP	10	8	6
Balochistan	7	14	6
Rural Areas	13	10	11
Punjab	9	6	7
Sindh	16	16	16
NWFP	18	16	15
Balochistan	17	15	17
Overall	10	8	8
Punjab	7	4	5
Sindh	12	12	11
NWFP	17	15	13
Balochistan	16	15	15

Source: PSLM 2004-05

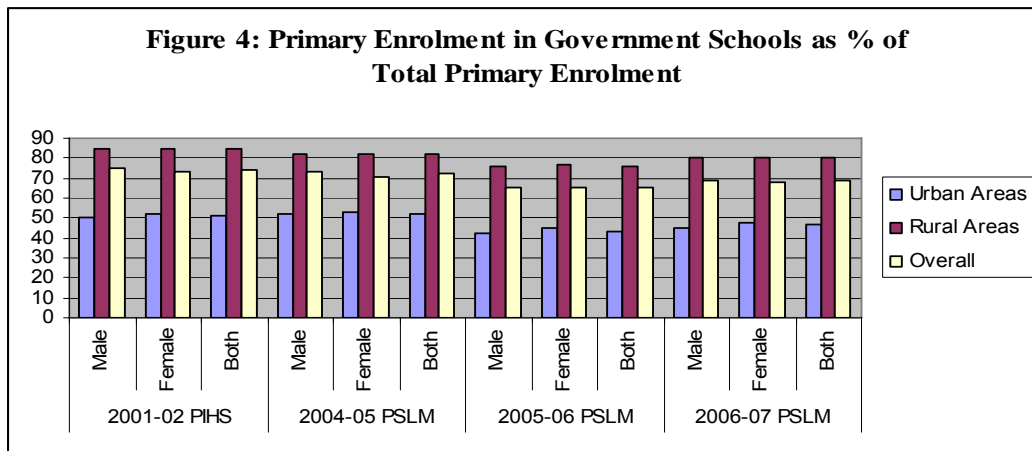
7.1.2 Increasing Role of Private Sector in Primary Education

7.12 The public sector is unable to fully meet the educational requirement of the whole school aged and illiterate population of the country. In this connection the role of private sector in education has increased over time. Out of the total primary level GER of 91% in 2006-07, the government school GER has been computed as 63%. In other words private school GER was 28% in 2006-07. The government school GER increased by 20% between 2001-02 and 2006-07. It suggests that new enrolment has taken place in both types of schools, public as well as private. On the other hand relatively greater increase in

¹⁵ This section has been taken from PRSP Annual Progress Report 2004-05, since PSLM 2005-06 & 2006-07 does not contain the data on Gender Gap in NER. Also, the data on Gender Gap in Literacy is not available in PSLM 2005-06 and 2006-07 therefore it is not being reported.

private school GER suggests some shifting of children from public to private schools. But the percentage of primary school students who are enrolled in government schools has also risen from 65 percent in 2005-06 to 69 percent in 2006-07.

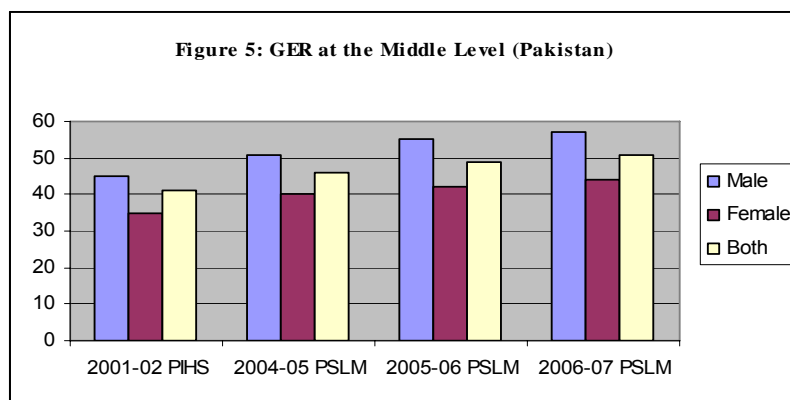
7.13 In urban areas approximately half of the total primary enrolment is currently in private schools. However, in rural areas where majority of the poor live, public schools remain the main source for primary education.



Source: PSLM 2006-07

7.1.3 Middle and Secondary education

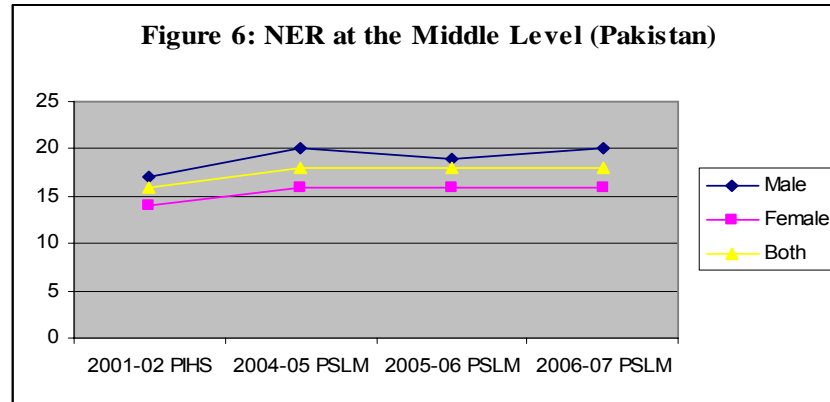
7.14 Overall, the middle-level GER¹⁶ for children aged 10-12 increased from 41% in 2001-02 to 51 in 2006-07 (Figure 5). The increase for males is 57% and for females it is 44%. There is a large gap between urban and rural areas in the middle-level GER - 69% and 43% respectively.



Source: PSLM 2006-07

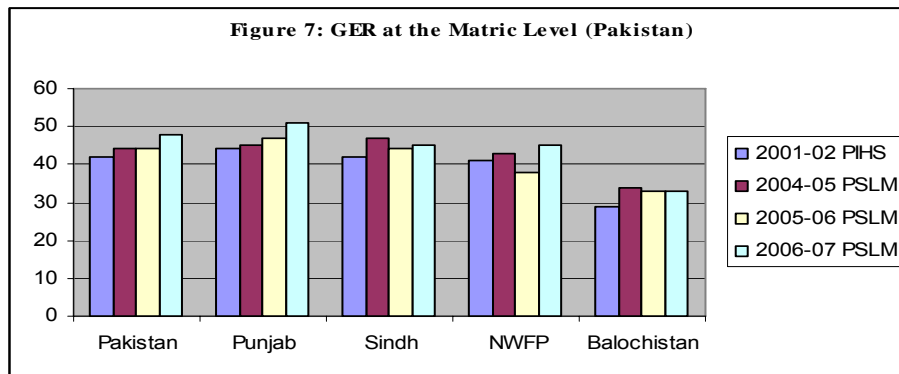
¹⁶ GER at middle level: Number of children attending middle level (classes 6-8) divided by number of children aged 10-12 years multiplied by 100.

7.15 Net enrolment rates at the middle-level are much lower than GER (Figure 6). This is due to the large number of overage children that are enrolled in these classes. The middle-level NER increased only marginally from 16% in 2001-02 to 18% in 2006-07. But it remained same between 2005-06 and 2006-07 i.e. 18%.

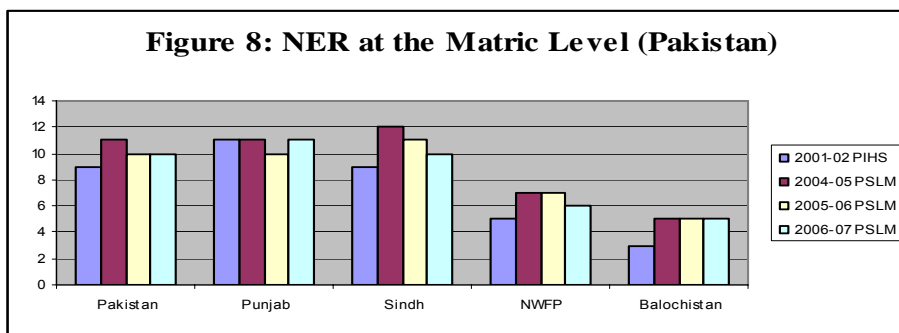


Source: PSLM 2006-07

7.16 At the matric level, GER show improvement from 44% in 2005-06 to 48% in 2006-07 however NER remained unchanged at 10% with a wide gender gap (Figures 7 and 8). Middle and matric-level enrolments can be enhanced by upgrading the existing primary- and middle-level schools to the next higher level. It would increase the school accessibility particularly for girls in low income households



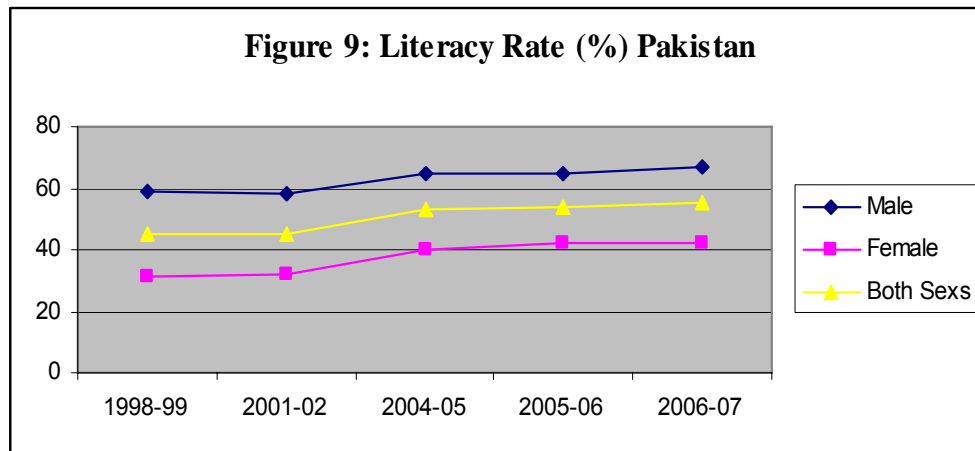
Source: PSLM 2006-07



Source: PSLM 2006-07

7.2 Literacy Rate

7.17 Literacy¹⁷ is an important indicator of education because its improvement is likely to have an impact, in the longer run, on other important indicators of welfare. At the national level, literacy rate¹⁸ of adult population aged 10 years and above has increased from 43.9% in 1998 to 55% in 2006-07 (Figure 9). Literacy rate stood at 67% for males and 42% for female, indicating a gender gap of 25% at the national level in 2006/07. The MDG target is to increase the literacy rate to 88% by 2015. Literacy remains much higher in urban areas than rural areas and much higher in men than women. The increase in literacy rate in case of Punjab and Balochistan provinces is significant.



Source: PSLM 2006-07

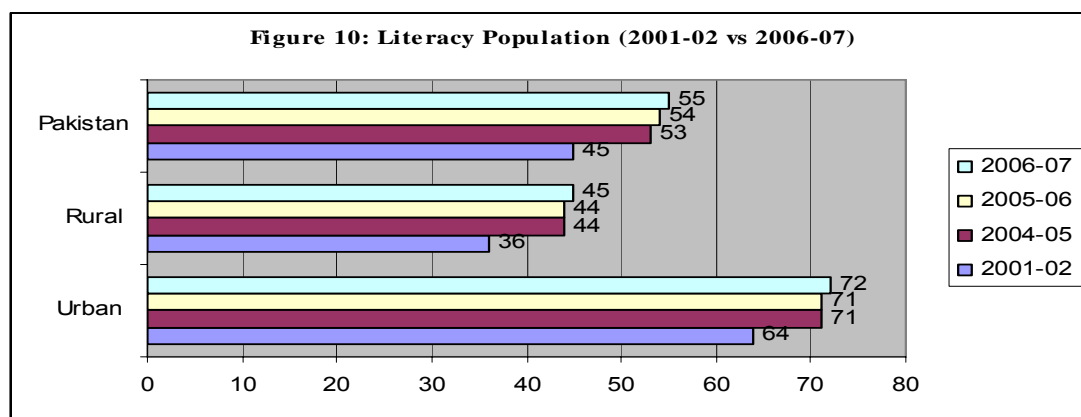
7.18 In the rural areas literacy increased from 36% in 2001-02 to 45% in 2006-07 whereas the corresponding increase in the urban areas was from 64% to 72% (Figure 10). Overall male literacy increased from 58% in 2001-02 to 67% in 2006-07 while the corresponding increase in female literacy was from 32% to 42%. Female literacy rates vary from only 22% in Balochistan to 48% in Punjab and during the 2004-05 and 2006-07 period, Balochistan and Sindh could increase it by only 3% and 1% respectively (Table 7.5). Female literacy should be the focus of social sector policy because it has a great potential to be a key factor in achieving MDG targets. Adult literacy rate for the population aged 15 and above has also increased from 50 percent in 2004-05 to 52 percent in 2006-07.

¹⁷ For all surveys, literacy is taken as the ability to read a newspaper and to write a simple letter (PSLM 2006-07).

¹⁸ Population aged 10 years and older that is literate expressed as percentage of population aged 10 years and older (PSLM 2006-07).

Region and Province	Percentage of Population 10 years and Older								
	2004-05 PSLM			2005-06 PSLM			2006-07 PSLM		
	Male	Female	Both	Male	Female	Both	Male	Female	Both
Urban Areas	78	62	71	79	64	71	79	65	72
Punjab	78	66	72	80	67	73	79	68	73
Sindh	80	62	72	80	65	72	80	65	73
NWFP	75	47	61	73	45	59	75	46	61
Balochistan	74	42	60	77	40	59	76	42	61
Rural Areas	58	29	44	57	31	44	60	30	45
Punjab	59	35	47	58	37	47	61	38	50
Sindh	56	18	38	54	17	37	52	16	36
NWFP	61	23	41	62	27	44	65	24	44
Balochistan	47	13	32	46	13	31	52	15	35
Overall	65	40	53	65	42	54	67	42	55
Punjab	65	44	55	66	47	56	67	48	58
Sindh	68	41	56	67	42	55	67	42	55
NWFP	64	26	45	64	30	46	67	28	47
Balochistan	52	19	37	54	20	38	58	22	42

Source: PSLM 2006-07



Source: PSLM 2006-07

7.19 It is worth reviewing here briefly the education policy of the government to see its relevance with the geographical variations in literacy. The government has instituted a number of programs that support education and literacy. ‘Education For All: National Plan of Action 2001-2015’ has specific goals for increased literacy such as: ensuring that the needs of all young people and adults are met through equitable access to appropriate learning, life skills and citizenship programs; improvement in levels of adult literacy by 2015, especially for women and equitable access to basic and continuing education for all adults; and improving all aspects of quality education and ensuring excellence of all so that recognized and measurable learning outcomes are achieved by all, especially in literacy, numeracy and essential life skills. To meet these goals, the government has instituted a broad-based Adult Literacy Plan that is to be implemented in phases up until the year 2015, by the end of which the Government hopes to achieve an overall literacy

rate of 86%. The enabling tool in this case is meant to be Literacy Centres. A total number of 270,000 centres are proposed. Districts with low literacy rates, like south Punjab have given a priority in the literacy program. Implementation of the Adult Literacy Plan will enable to achieve the literacy targets by monitoring geographical variations.

7.3 Health Indicators

6.20 The PSLM surveys 2005-06 and 2006-07 provide useful information on self-reported morbidity, use of health services, child immunization coverage, use of ORS during the diarrhea episode, pre- and post-natal care and drinking water supply and sanitation. Some of these indicators are discussed below.

7.3.1 Immunization

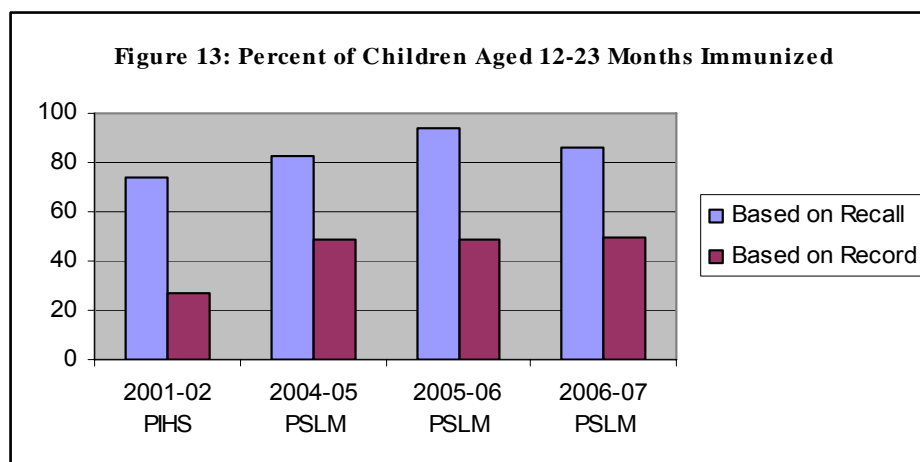
7.21 Immunization has a positive impact on reduction in child malnutrition as well as mortality. Full immunization of a child includes eight recommended vaccines – BCG, DPT1, DPT2, DPT3, Polio1, Polio2, Polio3 and measles. Percentage of children aged 12-23 months who have immunized¹⁹ based on recall and record (fully immunized) increased by 23 percentage points to 76% in 2006-07 as compared to 2000-01. In urban areas this percentage increased from 70% to 85% and in rural areas from 46% to 73% showing appreciable improvement. This indicator has highest value in Punjab at 83%, followed by NWFP at 76%, Sindh at 65% and Balochistan at 54% in 2006-07 (Table 7.6).

7.22 At least one immunization, based on ‘recall’ method, increased from 74% in 2001-02 to 86 % in 2006-07. Based on this method full immunization has increased from 53% in 2001-02 to 76% in 2006-07. The increase (in full immunization) is particularly impressive in rural areas, from 46% in 2001-02 to 73% in 2006-07 (Table 7.6 and Figure 13). Under the ‘record’ method, full immunization rate is quite low, 50% in 2006-07 compared to 76% under the ‘recall’ method. However, there has been an improvement in record-based immunization rate, from only 27% in 2001-02 to 50% in 2006-07.

7.23 Increase in the immunization coverage in Pakistan, particularly of children, seems to be a success story. By and large, all provinces have shown significant improvement in measures that includes recall and also in record except Sindh province. MDG target is more than 90% by 2015. Sustainability in the immunization programs as well as on-going awareness campaign can help achieve the MDG targets. It would result in reduction in child mortality as well as malnutrition.

¹⁹ Based on Recall: Children reported as having received at least one immunization expressed as percentage of all children aged 12-23 months.

Based on Record: Children who reported having received full immunization who also have an immunization card, expressed as percentage of all children aged 12-23 months. To be fully immunized a child must have received: BCG, DPT1, DPT2, DPT3, Polio1, Polio2, Polio3 and Measles.



Source: PSLM 2006-07

Table 7.6: Percent of Children Aged 12-23 Months Immunized Based on Recall and Record Method Fully Immunized

Region and Province	2001-02 PIHS			2005-06 PSLM			2006-07 PSLM		
	Male	Female	Both	Male	Female	Both	Male	Female	Both
Urban Areas	70	71	70	83	86	84	86	85	85
Punjab	72	80	76	84	91	87	87	86	87
Sindh	66	63	64	82	81	82	84	84	84
NWFP	81	57	70	77	79	78	88	86	87
Balochistan	34	37	36	69	70	69	68	72	70
Rural Areas	48	45	46	67	65	66	74	72	73
Punjab	52	50	51	71	71	71	82	81	82
Sindh	39	26	33	64	63	63	52	53	53
NWFP	52	57	55	63	59	61	77	71	74
Balochistan	22	21	22	50	37	41	53	46	49
Pakistan	53	52	53	72	71	71	77	75	76
Punjab	57	58	57	75	76	76	84	83	83
Sindh	49	40	45	70	71	71	65	65	65
NWFP	56	57	57	65	62	64	79	73	76
Balochistan	24	24	24	56	43	48	56	52	54

Source: PSLM 2006-07

7.3.2 Pre- and post-natal care

7.24 Quality pre-natal care can contribute to the prevention of maternal mortality by detecting and managing potential complications and risk factors, including pre-eclampsia, anaemia, and sexually transmitted diseases. Pre-natal care also provides opportunities for women to learn the danger signs of pregnancy and delivery, to be immunized against tetanus, to learn about infant care, and be treated for existing conditions, such as malaria and anaemia.

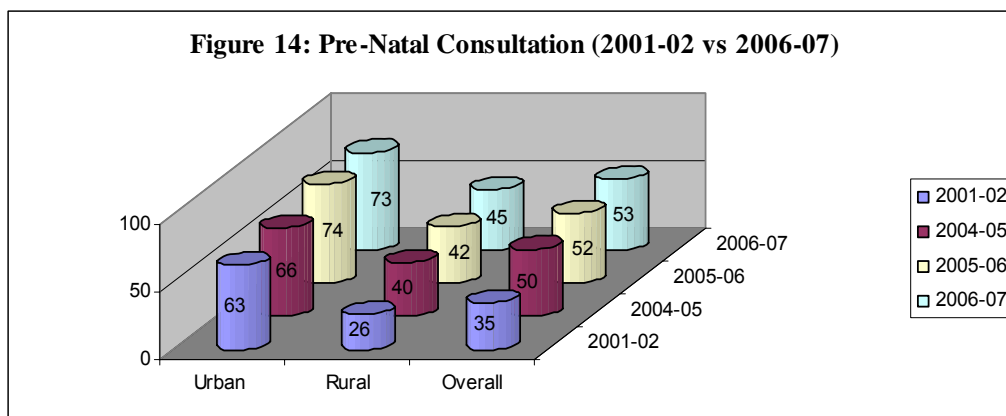
7.25 At the national level, pre-natal consultation²⁰ by pregnant women increased from 35% in 2000-01 to 53% in 2006-07, recording an increase of 18 percentage points. Punjab and Sindh provinces have highest rate of prenatal consultation at 56%, followed by NWFP at 46%, and Balochistan at 31% (Table 7.7 and Figure 14). The attendance rate was much higher in urban areas (73%) than in rural areas (45%). Compared to pre-natal, the post-natal consultation²¹ rate is low, 24% in 2006-07. However, considerable improvement has been witnessed during the last five years, from only 9% in 2001-02 to 24% in 2006-07. Urban areas have higher rates (38%) than the rural areas (18%). This indicator has highest value in Sindh at 31%, followed by Punjab and NWFP at 22% and Balochistan at 17% in 2006-07.

Region and Province	2001-02 PIHS			2005-06 PSLM			2006-07 PSLM		
	Urban	Rural	Overall	Urban	Rural	Overall	Urban	Rural	Overall
Pre-Natal Consultation									
Pakistan	63	26	35	74	42	52	73	45	53
Punjab	64	31	40	73	45	53	71	50	56
Sindh	68	22	38	82	38	56	82	37	56
NWFP	45	19	22	53	42	43	64	43	46
Balochistan	45	16	21	60	30	36	56	25	31
Post-natal consultation									
Pakistan	16	6	9	35	17	22	38	18	24
Punjab	15	8	10	31	17	21	33	18	22
Sindh	19	6	10	43	14	26	49	18	31
NWFP	8	4	4	22	21	21	29	20	22
Balochistan	16	5	7	25	9	12	31	14	17

Source: PSLM 2006-07

²⁰ Currently married women aged 15-49 years who had given birth in the last three years and who had attended at least one pre-natal consultation during the last pregnancy expressed as a percentage of all currently married women aged 15-19 years who had given birth in the last three years.

²¹ Currently married women aged 15-49 years who received post-natal checkup expressed as a percentage of all currently married women aged 15-49 years who gave birth in the last 3 years.



Source: PSLM 2006-07

7.3.3 Tetanus Toxoid Injection

7.26 Overall, percentage of pregnant women who received Tetanus Toxoid²² injection increased by 10 percentage points to 56% in 2006-07 as compared to 2000-01. Punjab has the highest value of this indicator at 64%, followed by Sindh at 47%, NWFP at 46%, and Balochistan at 25%.

7.3.4 Water Supply and Sanitation

7.27 Access to safe drinking water, an indicator of the PRSP and MDGs, is at the top of the Government's Policy Agenda. Hand pumps²³ and motor pumps²⁴ together provide 56 percent of households with drinking water in 2005-06, which decreased to 51 percent in 2006-07, whereas the percentage of households using tap water²⁵ has shown a slight increase. However, this change appears to be mainly a change in convenience since there seems to be a substitution from hand pumps and motor pumps. Moreover, the percentage of households is depending on lower water sources i.e. dug well and other is either increased or slightly decreased.

7.28 Tap water has increased from 34 percent in 2005-06 to 36 percent in 2006-07. Sindh has highest value of this indicator at 47% followed by NWFP at 44%, Balochistan at 37%, and Punjab at 29% in 2006-07. In 2000-01, 44% of households had access to hand pump in Pakistan, which declined to 30% in 2006-07, probably due to tap water availability to households. In 2000-01, 17% of households have access to motor pump, which increased to 21% in 2006-07 (Figure 15 and Table 7.8).

²² Currently married women aged 15-49 years who had a birth in the last 3 years and received a tetanus toxoid injection during the last pregnancy.

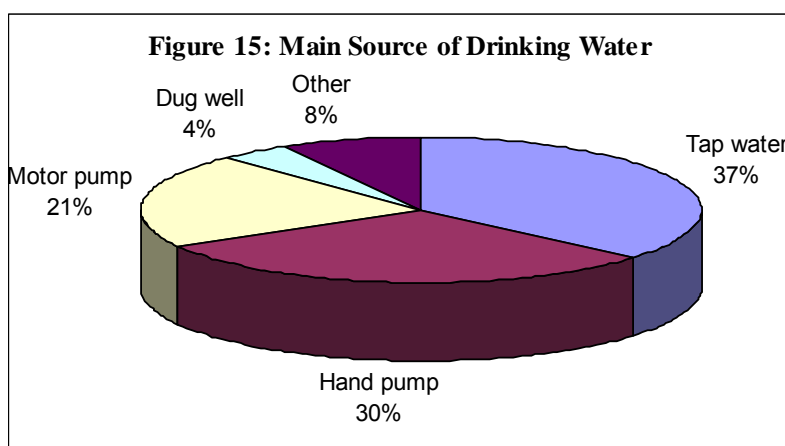
²³ Hand pump includes hand pumps both inside and outside house.

²⁴ Motor pump includes motor pump and tube well inside and outside the house.

²⁵ Tap water consists of both tap water inside and outside house.

Pakistan	2001-02 PIHS			2005-06 PSLM			2006-07 PSLM		
	Urban	Rural	Overall	Urban	Rural	Overall	Urban	Rural	Overall
Population with Access to Clean Drinking Water *	94	80	86	96	86	90	95	83	87
Tap water	58	10	25	59	21	34	62	22	36
Hand pump	14	56	44	12	42	32	9	41	30
Motor pump	22	14	17	25	23	24	24	20	21
Dug well	2	10	7	2	7	5	1	6	4
Other	3	10	7	3	8	6	4	10	8
Total	100	100	100	100	100	100	100	100	100

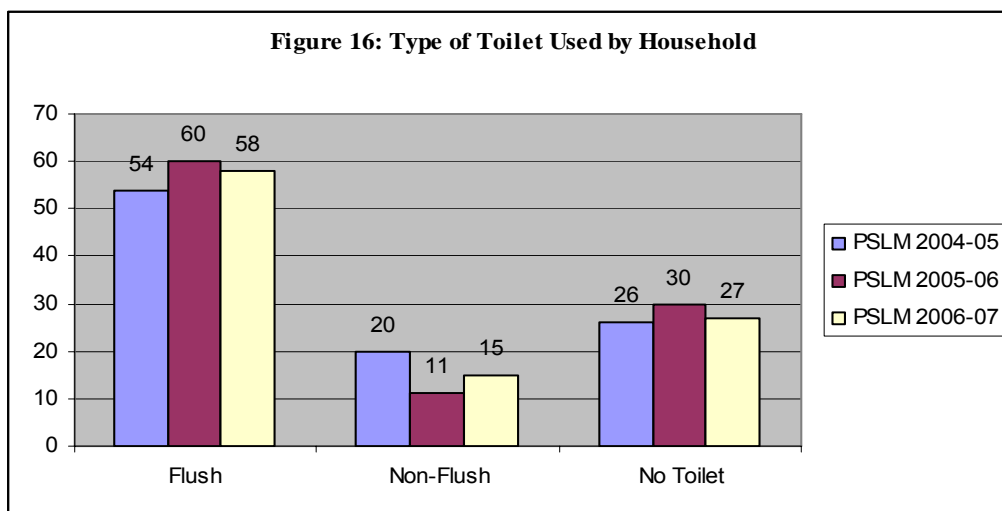
* Sum of tap water, hand pump and motor pump
Source: PSLM 2006-07



Source: PSLM 2006-07

7.29 The overall proportion of households with a flush toilet²⁶ facility increased by 14 percentage points to 58% in 2006-07 compared to 2001-02. The use of flush toilets is 92% for the urban households, Punjab with 93% is highest and Balochistan with 78% is the lowest. About 15% of households in 2006-07 have non-flush toilet and 27% do not have any toilet (Figure 16). This varies greatly between urban and rural areas i.e. 4% of urban households have no toilet compared to 39% of rural households. Proportion of households with a flush toilet in 2006-07 in Punjab, Sindh, NWFP and Balochistan stood at 64%, 55%, 52%, and 25%, respectively. Rural Punjab has the highest proportion of households reporting no toilet at all, at 44%. Rural Sindh has the lowest, at 27%.

²⁶ Flush consists of flush connected to public sewerage, flush connected to septic tank and flush connected to open drain.



Source: PSLM 2006-07

7.3.5 Utilization of Health Services

7.30 The PSLM survey provides information on the use of different types of health services during recent self-reported illness, diarrhea episode among children and pre-natal and post-natal consultation by married women who had given birth during the last three years.

7.31 PSLM 2006-07 shows that the largest proportion (69% overall, 74% urban areas and 66% rural areas) of sick people consulted a private doctor/dispensary/hospital. Around one-fifth of the sick population consulted a public dispensary/hospital in urban as well as rural areas. A very small proportion of the sick population consulted other health providers such as RHC/BHC, hakeem /herbalist and homeopath. However, in the NWFP province a relatively larger proportion of sick people consulted a chemist/pharmacy (Table 7.9).

7.32 Dehydration caused by diarrhea is a major cause of mortality among children. Childhood diarrhea has been a serious health problem in Pakistan. Preventing dehydration by increasing fluid intake is important strategy for managing diarrhea. In case of diarrhea among children, it is encouraging to see a considerable increase in the use of ORS, an effective way of preventing dehydration. This increase is more profound in rural areas than in urban areas. More than two-thirds of children suffering from diarrhea consulted private doctors/hospitals (Table 7.10). The use of public dispensary/hospital for diarrhea treatment has declined by 6% between 2005-06 and 2006-07. This decline was higher in the rural areas than in the urban areas. Only a small proportion of respondents reported the use of RHC/BHU, LHW, LHV/Nurse, chemist or hakeem / homeopath / herbalist for diarrhea treatment.

Region and Practitioner	Private/ Dispensary/ Hospital	Public Dispensary/ Hospital	RHC/BHU	Hakeem/ Herbalist	Homeopath	Chemist/ Pharmacy	Saina/ Saini	Other
Urban Areas	74	18	1	1	1	4	1	0
Punjab	72	18	1	2	1	5	1	0
Sindh	82	14	1	1	1	0	0	0
NWFP	51	34	1	1	1	11	1	0
Balochistan	60	37	1	0	1	1	0	0
Rural Areas	66	18	3	4	1	6	2	0
Punjab	71	15	2	5	1	4	2	0
Sindh	72	21	5	1	0	0	1	0
NWFP	50	21	4	3	1	21	1	0
Balochistan	38	39	11	3	0	2	7	0
Pakistan	69	18	2	3	1	5	1	0
Punjab	71	16	2	4	1	4	1	0
Sindh	78	17	2	1	0	0	1	0
NWFP	50	23	3	2	1	19	1	0
Balochistan	44	39	8	2	0	2	5	0

Source: PSLM 2006-07

Region and Practitioner	Percentage of Diarrhea Cases				
	1998-99 PIHS	2001-02 PIHS	2004-05 PSLM	2005-06 PSLM	2006-07 PSLM
Private Dispensary/Hospital	54	59	68	65	72
Government Hospital/Dispensary	24	21	15	19	13
RHC/BHC	3	3	5	4	6
LHW	0	1	1	0	1
LHV/Nurse	-	-	0	0	0
Chemist/Pharmacy	9	10	6	8	5
Hakeem/Homeopathic/Herbalist	6	4	3	3	2
Other	3	2	1	1	1

Source: PSLM 2006-07

7.33 The proportion of married women who attended at least one pre- and post-natal consultation has been reported earlier. The three most commonly consulted sources for pre-natal care were private hospital/clinic, government hospital/clinic and home trained birth attendants (TBA), see table 7.11.

Person/Facility Consulted	2001-02 PIHS			2005-06 PSLM			2006-07 PSLM		
	Urban	Rural	Both	Urban	Rural	Both	Urban	Rural	Both
Home TBA	3	5	4	4	6	5	7	15	12
Home LHW	1	4	3	2	4	3	3	9	7
Home LHV	1	4	3	2	3	3	3	6	5
Home Doctor	1	1	1	1	1	1	4	3	3
Govt Hospital /RHC/ BHC/BHU	41	42	42	34	39	37	25	25	25
Private Hospital/Clinic	49	37	43	55	43	48	57	40	47
Other	2	7	5	2	3	3	1	2	1
Total	100	100	100	100	100	100	100	100	100

Source: PSLM 2006-07

7.4 Satisfaction from Basic Services

7.34 The PSLM survey-CWIQ has generated information on the satisfaction from schooling, health facilities, family planning, veterinary hospital, agriculture and police. The percentage of people satisfied with schools in Pakistan stood at 61.23% in 2006-07 (Table 7.12). The highest level of satisfaction from schooling (67%) has been found in the NWFP while the lowest level of satisfaction (52%) is in Balochistan. The level of satisfaction from schooling is higher in urban areas (66%) compared to rural areas (58%), indicating better quality of schools in urban areas. The percentage of population satisfied with Basic Health Units stood at 35.31% in 2006-07, which is alarmingly low. The level of satisfaction from services of Basic Health Unit in NWFP is highest at 45%, followed by Sindh at 42.8%, Punjab at 30.5%, and Balochistan at 30%. The level of satisfaction in rural areas (37.89%) from the services of Basic Health Unit is higher than in urban areas (30.44%).

Region and Province	Facilities and Services Use in 2004-05		Facilities and Services Use in 2006-07	
	Basic Health unit	School	Basic Health unit	School
Urban Area	29.36	66.38	30.44	66.56
Punjab	20.47	67.63	20.72	69.62
Sindh	31.35	61.57	41.14	60.51
NWFP	58.78	72.98	52.79	73.06
Balochistan	36.67	66.71	37	67.9
Rural Areas	40.96	54.85	37.89	58.42
Punjab	38.89	59.11	35.19	60.47
Sindh	40.98	47.87	44.42	47.47
NWFP	48.76	64.7	43.31	66.65
Balochistan	36.62	40.89	27.94	47.73

Overall	35.94	59.84	35.31	61.23
Punjab	30.04	63.2	30.46	63.46
Sindh	36.33	54.49	42.78	53.98
NWFP	51.92	67.31	44.93	67.75
Balochistan	36.64	48.29	30.07	52.47

Source: PSLM 2006-07

7.5 Housing

7.35 There are 86% households in Pakistan who own a dwelling in 2006-07 (87% in 2005-06), while 7% of households have rented dwelling units and about 6.12% have rented free houses but a small number of 0.96% households have on subsidized housing units. At the provincial level, households which own dwelling stood at 86% in Punjab, NWFP and Balochistan, and 84% in Sindh. The percentage of houses owned in the rural areas (91%) is quite high than in the urban areas (76%) in 2006-07 (Table 7.13). The percentage of households which used RCC/RBC for roof stood at 32% in 2006-07. Majority of households used wood/bamboo for construction of roof. In the rural areas only 17% households used RCC/RBC for construction of roof where as in urban areas 61% roofs are made of RCC/RBC material. At the provincial level Sindh (40%) province has the highest percentage of houses with this roof material and Balochistan has the lowest percentage with roofs of RCC/BCC (12%). The situation is similar in the urban areas. However, in rural areas NWFP has the highest proportion (20%) of houses with this roof material followed by Punjab (18.6%), Sindh (12%) and again Balochistan has the lowest (3.6%) proportion of houses with roofs made of RCC/RBC.

7.36 According to the PSLM survey-CWIQ, there are 24.33% dwelling units with one room and 69% housing units with 2-4 rooms during 2006-07. 6.62% of households have five and more living rooms in their dwelling units. In rural areas the proportion of dwelling with one room (27%) are greater than in urban areas (19.5%).

7.37 Electricity has become a necessity of life. In Pakistan in 2006-07 there are 86.6% households who use electricity for lighting. At the provincial level NWFP province has the highest proportion of households (91%) and Balochistan has the lowest proportion of households (65%) which use electricity for lighting. In urban areas there are 97% households and in rural areas there are 81% households which use electricity for lighting the remaining households use gas/oil or candle for lighting.

Region and Province	Owned Households	RCC/RBC Used for Roof	Housing Units with One Room	% Households Using Electricity for Lighting
Urban Areas	75.67	60.77	19.47	97.58
Punjab	76.71	57.54	21.53	97.84
Sindh	75.49	68.6	17.24	97.05
NWFP	69.14	54.8	16.18	98.31
Balochistan	72.11	39.38	14.35	97.44

Rural Areas	91.28	16.98	26.89	80.82
Punjab	91.29	18.65	25.17	86.36
Sindh	92.35	12.34	40.82	61.53
NWFP	90.23	20.13	19.07	90.04
Balochistan	90.47	3.61	20.55	55.65
Pakistan	85.88	32.11	24.33	86.61
Punjab	86.52	31.36	23.98	90.11
Sindh	83.93	40.44	29.04	79.27
NWFP	86.62	26.07	18.57	91.46
Balochistan	86.18	12.02	19.09	65.47

Source: PSLM 2006-07

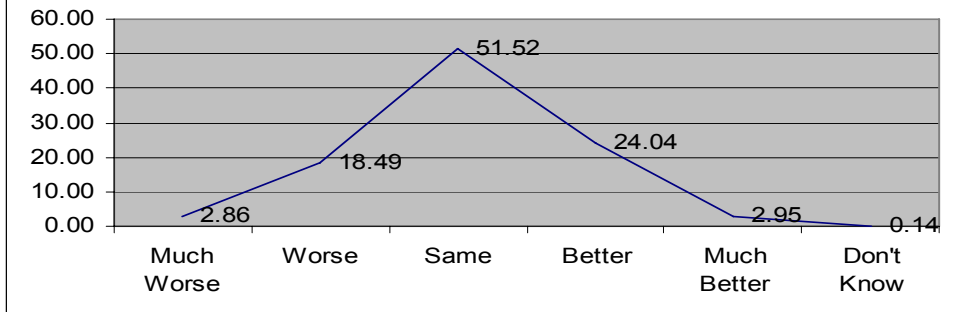
7.6 Changes in Economic Condition: Household Perception

7.38 This type of information has been collected for the first time in FBS household surveys. Since government is spending a lot to improve the economic situation of people and also investing considerable amount in providing different types of facilities/services, households were asked to compare their economic situation with last year. In response to this question 51.52% in 2006-07 reported no change, 21.35% reported worse or much worse and 27% reported better or much better. 28% of households in urban areas and 26.5% in rural areas reported an improvement in their economic situation compared to last year (Table 7.14 and Figure 17). Proportionately more households in Punjab and NWFP reported improvement in their well-being than households in the other two provinces, Sindh and Balochistan.

Region and Province	Economic Situation of the Household						Total
	Much Worse	Worse	Same	Better	Much Better	Don't Know	
Urban Area	2.69	18.12	51.06	24.16	3.79	0.18	100
Punjab	2.70	17.05	48.52	27.14	4.40	0.19	100
Sindh	2.70	21.13	55.12	18.08	2.78	0.18	100
NWFP	3.13	13.83	46.83	31.71	4.44	0.06	100
Balochistan	1.34	10.77	59.37	25.10	3.11	0.31	100
Rural Areas	2.95	18.68	51.76	23.98	2.51	0.12	100
Punjab	2.34	18.42	51.63	24.98	2.49	0.13	100
Sindh	3.70	20.16	58.69	16.24	1.16	0.15	100
NWFP	4.60	20.60	39.88	30.37	4.51	0.05	100
Balochistan	2.03	9.79	66.38	20.16	1.23	0.41	100
Overall	2.86	18.49	51.52	24.04	2.95	0.14	100
Punjab	2.46	17.97	50.61	25.69	3.12	0.15	100
Sindh	3.20	20.64	56.91	17.16	1.97	0.12	100
NWFP	4.35	19.44	41.07	30.60	4.50	0.05	100
Balochistan	1.87	10.02	64.73	21.32	1.67	0.38	100

Source: PSLM 2006-07

Figure 17: Percentage Household Perception of Economic Situation (PSLM 2006-07)



Source: PSLM 2006-07

8 Conclusion and the Way Forward

8.1 PRSP progress reports have been monitoring the performance of input, intermediate and outcome PRSP/MDG indicators primarily at the national and provincial levels. While national and provincial level performance of different socio-economic indicators, based on PSLM data has been discussed in detail in previous PRSP reports, district-level *analysis* of selected indicators was carried out for the first time, in last year's PRSP Annual Report (2005-06), based on the district report of PSLM, 2004/05 published by the Federal Bureau of Statistics (FBS). District-level differentials in selected PRSP/MDG indicators were illustrated through maps generated by the Geographical Information System (GIS). The main focus was on the literacy rate, primary and middle-level school enrolment, child immunization, pre-and post-natal consultation and water supply and sanitation. Gender gaps in literacy and enrolment were also discussed.

8.2 In the current Annual Progress Report (2006-07), an effort has been made to reveal, to the extent possible, *district-wise expenditure data*. The PRSP Secretariat has, from time to time, highlighted the intentions of the Ministry of Finance to publish input, that is, expenditure data that encompasses all three tiers of the Government - national, provincial and district. While data at the federal and provincial levels has been reported regularly, district data has not been available (for all provinces) through civil accounts. However, now with the change over from the Chart of Classification based upon the legacy system to the Chart of Accounts based upon the New Accounting Model, developed under the Project for Improvement of Financial Reporting and Auditing (PIFRA), it has now become possible, at selected sites, to separately account for district expenditures. This innovation in classification has been accompanied by the shift to districts of the operation of selected heads of expenditure, notably those pertaining to the sectors of education, health, water and sanitation, etc. In other words, some expenditure under these heads is now being accounted for by districts themselves.

8.3 With this increased fiscal autonomy being placed on the districts in terms of incurring current and part of development expenditures related to these sectors, there has also come increased responsibility in terms of timely preparation of Account IV (pertaining to district expenditures) and its submission to provincial Accountant General Offices for consolidation and further reporting. Different provinces have made varied progress in preparing these Accounts. In fact, part of the delay in the publication of this report has been due to the difficulties encountered by the districts in carrying out this exercise *de novo*. Gathering this data from Sindh took the longest time, followed by NWFP. Punjab and Balochistan have been regularly reporting Account IV both under the new and old systems of classification. It is hoped that the institutional capacities at the

district level would gradually be strengthened so that the new reporting system is able to take root and become a periodic and timely exercise.

8.1 NWFP Expenditure Tracking

8.4 In this year's Annual Report, NWFP has been chosen as a case study with regards to analysis of expenditure data incurred at the district level. It is hoped that the PRSP Secretariat would, at a future time, also be able to report national district-wise data. The following tables provide district wise data for NWFP for each head of account being operated at the district level in NWFP. This is followed by an analysis of the expenditure data.

Table 8.1: Break-up of District PRSP Expenditure* for NWFP FY 07 (Rs.)

S.#	District	Roads & Highways	Water Supply & Sanitation	Education	Health	Social Welfare	Rural Development	Natural Calamities & Disasters
1	Abbottabad	64279643	45423416	1068815813	153531008	25092115	8673898	0
2	Bunnair	82474	420999	415494642	58597487	3293015	3968713	0
3	Battagram	5951075	4608039	291703758	56261907	748774	26020052	0
4	Bannu	-5815563	58894171	792349820	88251440	15334089	595779556	0
5	Charsada	33792814	25088098	954029690	131557200	4597881	147679959	0
6	Chitral	41681494	12377766	303071058	96485079	5680336	29192874	0
7	Dir (Lower)	36295973	37705185	932782837	102435061	2445337	197209554	0
8	D. I. Khan	40698642	138210341	1088069667	112400304	3826808	231964408	0
9	Dir (Upper)	23414780	3821998	427494432	77046478	1018899	115350964	0
10	Hangu	18686081	7878825	194716795	37413052	1035631	50339688	0
11	Hari pur	81745266	38368158	627885502	90260021	1186434	119990820	0
12	Kohistan	17229157	12102379	294951418	37307933	1173327	129334016	0
13	Karak	27320338	78614732	382277211	83217109	4275819	66489792	0
14	Kohat	25337462	30930428	643551805	142697491	6678209	79452520	0
15	Lakki Marwat	37398867	65253369	656464745	89279799	1471057	64753086	0
16	Mansehra	29899871	28343308	1267971775	142815645	16701050	3871784	0
17	Malakand	33204957	20265995	558580068	111475997	2047445	46045300	0
18	Mardan	56534482	34286176	1422561463	214228074	5422792	13983397	0
19	Nowshera	89852864	41178549	792059784	128550330	3048426	108219393	0
20	Peshawar	38685286	40195395	1550370384	188631848	10992980	19290716	0
21	Shangla	25348494	1142139	335743175	50594816	621241	54765661	0
22	Swabi	45719616	14399120	998603231	108692709	2459886	348474700	0
23	Swat	45785046	75062042	1166351567	125811503	40179830	367600383	27756014
24	Tank	20319178	16630542	248661140	39439502	1131158	34154113	0
Total district expenditure in each sector		833448297	831201170	17414561780	2466981793	160462539	2862605347	27756014

* Includes both current and development expenditure

Source: Accountant General Office, NWFP.

Table 8.2: Percentage of District PRSP Expenditure as Compared to Total PRSP Expenditure in NWFP FY 07

	Roads & Highways	Water Supply & Sanitation	Education	Health	Social Welfare	Rural Development	Natural Calamities & Disasters
Total district expenditure in each sector (Rs. Million)	833	831	17415	2467	160	2862	28
Total NWFP Expenditure (Rs. Million)	4471	1065	19447	5979	1324	6320	991
District expenditure as % of total NWFP expenditure	18.63	78.03	89.55	41.26	12.08	45.28	2.83

Source: PRSP Secretariat, Finance Division, Islamabad

8.1.1 Analysis of the NWFP Expenditure Data

8.5 Total district expenditure in NWFP was Rs 23.09 billion. Maximum district expenditure was incurred on education (Rs 17.41 billion), which was 75.42% of the total district expenditure. The greatest amount of NWFP district expenditure on roads and highways was incurred in the district of Nowshera, followed by Abbottabad, whereas the largest amount of NWFP district expenditure on water supply and sanitation was incurred in district D. I. Khan, followed by Abbottabad. The greatest amount of district expenditure on education was spent in Peshawar, followed by Mansehra. The district of Mardan incurred the largest expenditure on health, followed by district Peshawar. The district of Swat incurred the greatest expenditure in social welfare, followed by Abbottabad, while the greatest amount of district expenditure on rural development was spent in Bannu, followed by Swat. Expenditure on natural calamities and disasters was only incurred in the district of Swat.

8.2 ‘Strengthening Poverty Reduction Strategy Monitoring’

8.6 Based on the lessons learned during the implementation of PRSP-I, there is a recognition of the need to strengthen the existing monitoring mechanism, upgrade institutional networks, improve coherence with sectoral management information systems, and reinforce evaluation systems at provincial and district levels. Realizing the significance of and need for consistent monitoring of government efforts, particularly those policies directly reaching out to the poor and vulnerable, the Ministry of Finance and UNDP have instituted a joint project titled ‘Strengthening PRS Monitoring’.

8.7 The new monitoring framework is envisaged to put in place a sustainable system to deliver timely and reliable data against a set of well-selected indicators, which feeds into the policy process and engages national and sub-national levels through participatory processes. Overall, this project will ensure improved institutional capacity that will

facilitate the PRSP Secretariat in improved pro-poor policy formulation and implementation, alongside efficient and effective spending aimed at poverty reduction and maintaining an integrated system which will enable precise comparison of past achievements with future objectives.

8.3 Moving Forward

8.8 Pakistan's Poverty Reduction Strategy involves a fully participative process, incorporating the views and suggestions of all stakeholders – government, donors, civil society and the poor communities. The Draft Summary of PRSP-II was launched at the Pakistan Development Forum during April, 2007 so as to further gain input from various stakeholders.

8.9 With a changed economic landscape characterized by globalization and a demographic transition through which the country is currently passing, PRSP-II aims to achieve the targets of high sustained growth and poverty reduction. Based on these new realities faced by the country, PRSP-II will have a new extensive monitoring framework. While this year's PRSP Annual Report will only reflect indicators identified in PRSP-I (2003-06), a final detailed account of the new indicators reflecting new developments in PRSP-II will be illustrated subsequent to the launch of PRSP-II.