

**POVERTY REDUCTION STRATEGY PAPER
PROGRESS REPORT
FOR THE YEAR 2003-04**



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POVERTY REDUCTION STRATEGY PAPER: PROGRSS REPORT FOR THE YEAR 2003-04

1 Introduction

1.1 Pakistan has completed the third year of its poverty reduction strategy, as institutionalized in the I-PRSP in 2001. Macro-economic policies and implementation on the poverty reduction agenda during this period have started yielding positive results in the form of high GDP growth and increase in per capita income. There are also indications that rising trends in poverty have been arrested. Consistency and continuity in policies have therefore set the stage for acceleration in economic growth, which will lead to improvements in living conditions of the people.

1.2 The main objective of this report is to review the progress of the PRSP in the financial year 2003-04 (FY04) in terms of poverty-related expenditures and intermediate as well as output indicators. To make this review comprehensive, an attempt has also been made to cover the whole three-year period (2001-2004) of the PRSP process. At the outset, it seems appropriate to report three events of the FY04 that are directly related to the PRSP process. First, the full PRSP that has incorporated the provincial PRSPs was completed in December 2003. It has outlined a well-structured strategy for poverty reduction, with four pillars addressing different aspects of poverty: high economic growth focusing on rural economy; governance and consolidating devolution; investing in human capital; and bringing the poor, vulnerable and backward regions into mainstream of development, and to make marked progress in reducing existing inequalities. The full PRSP has also adequately addressed the I-PRSP gaps by covering three important sectors, employment, gender and environment.

1.3 Second, the range of PRSP expenditures has been expanded to include spending on 'law and order', 'administration of justice', and 'rural electrification' because of their close nexus with the determinants of poverty. This extension in the PRSP sector has brought the government under obligation to protect PRSP expenditures at around 4.5 percent of the GDP.¹ Third, an attempt was also made during the FY04 to fill data gaps, at least partially, to monitor the progress in poverty reduction. For the purpose of the monitoring of intermediate indicators, PRSP relies primarily on the management information systems developed by the Ministry of Education and Ministry of Health and other concerned departments. For the outcome indicators, the main reliance was on household surveys including Pakistan Integrated Household Survey (PIHS) and Core Welfare Indicator Questionnaire (CWIQ). However, these sources have so far been unable to provide regular information required for the monitoring purpose. On the advice of the government, the Federal Bureau of Statistics (FBS) conducted a household survey in April-May 2004 with an aim to gauging the impact of the macroeconomic and social sectors on the living conditions of the people of Pakistan. The findings of this survey are encouraging. Not only the rising trends in poverty have been arrested but other social indicators as well as indicators that represent the living conditions of the people have also shown improvements.

1.4 PRSP Secretariat has developed a system to track budgetary as well as non-budgetary expenditures on various aspects of poverty based on the civil accounts by the offices of Accountant General and Provincial Accountants Generals on a quarterly basis with a lag of one and half months. These expenditures have now been updated by including data for three last years on the new expanded sectors - 'law and order', 'administration of justice', and 'rural electrification'. The tracking of expenditures is comprehensive because not only it covers all input indicators but for some indicators it also provides detail at the sub-sector levels covering all provinces and regions.

1.5 This report is divided into nine sections. An overview of macroeconomic indicators that are related to poverty reduction is discussed in section 2, followed by an analysis of budgetary

¹ This obligation is made in the Fiscal Responsibility Law, currently in the Parliament for approval.

and non-budgetary expenditures in sections 3 and 4. Progress in few intermediate indicators such as education and health is discussed in section 5. Recently few targeted programs have been evaluated; section 6 deals with these programs and provides information on the targeting of Zakat disbursement, Food Support Program and micro-credit interventions. Based on the household survey data carried out in FY04, incidence of poverty has been reported in section 7. Progress in the Millennium Development Goals is reported in the penultimate section, while gaps in monitoring the PRSP indicators are identified in the final section.

2 An Overview of Macroeconomic Indicators²

2.1 The elimination of absolute poverty in all forms requires strong combinations of both economic growth and distributive policies. The strategy outlined in the PRSP has combined these elements to achieve the goal of poverty alleviation. In this context, it seems important to review briefly the current economic situation in the country. This section reviews some poverty related sectors including GDP growth, investment, inflation, and remittances. Mention of the re-basing of the national accounts in FY04 is appropriate here. In 1988 the base year of national accounts estimates was changed from 1959-60 to 1980-81. Since then structural changes have taken place in production as well as in the relative prices of various products in the economy. To capture these changes, the national accounts series was re-based in FY04 from 1980-81 to 1999-2000. The size of the overall GDP in 1999-2000 increased by 19.5 percent, agriculture by 18.5 percent, industries by 18.0 percent and services by 20.8 percent over the old base. Similarly fixed investment showed an improvement of 34.3 percent in 1999-2000 mainly due to improved coverage (see Box 1).

GDP Growth

2.2 The growth performance in FY04 was impressive: the real GDP grew by 6.4 percent, which was higher than the targeted growth of 5.3 percent. It was also higher compared to last year's growth of 5.1 percent. This is the first time since 1996 that the GDP growth rate has crossed the 6 percent mark.³ The stage is now set for economic growth to accelerate to 7-8 percent per annum over the next decade or so, with the private sector playing the leading role.

2.3 The high growth rate during the FY04 was led mainly by manufacturing, construction and energy sectors. However, growth in the agriculture sector that has been identified as one of the leading sectors for poverty reduction was lower in FY04 than the target. Based on the achievement of agriculture sector growth of 4.1 percent in FY03, the target for FY04 was 4.2 percent, but agriculture sector grew by 2.6 percent. The weak performance of crop sector (major as well as minor crops) and fishing contributed largely to this slow growth in the agriculture sector. Major crops contribute by more than one-third in agriculture value added, and the growth in these crops was only 2.8 percent in FY04 as compared to 6.9 percent in FY03. Inadequate rain during the Rabi 2004 season adversely affected the wheat crop whereas the cotton crop suffered a pest attack in Southern Punjab. The decline in minor crops can be attributed to the continuing effects of drought in Balochistan and parts of Sindh. It appears that Pakistan's agriculture remains highly susceptible to drought and is heavily reliant on irrigation. Water availability is likely to be a big challenge for the FY05 as well since monsoon has been below normal and water reservoirs have not filled at their full capacity.

² This review relies heavily on data provided by 'Current Economic Situation (July-June 2003-04)', September 2004 and 'Pakistan Economic Survey 2003-04' June 2004, Government of Pakistan, Finance Division, Economic Adviser's Wing.

³ The 18.1 percent growth in the manufacturing sector in FY04 suggests that the real GDP growth may be even higher than 6.4 percent.

Box 1: Re-basing of National Accounts

National Accounts estimates were prepared for the first time in Pakistan in 1949. Since then it has become a regular feature to estimate national accounts at current and constant prices. It was in 1988 that the base year of national accounts estimates had been changes from 1959-60 to 1980-81. Attempts were made to change the base year first to 1990-91 and later to 1995-96. These attempts, however, failed for one reason or another. The results was that national accounts estimates based on the benchmark of 1980-81 became antiquated and could not capture the true structure and parameters of economic/technological changes which had occurred during the last twenty years. As such, a number of economic areas remained either uncovered or under-reported and underestimated. Twenty-three studies covering all sectors of the economy were commissioned to develop the methodology for re-basing of national accounts from 1980-81 to 1999-2000. The National Accounts Committee in its meeting held in December, 2003 finally approved the re-basing exercise and accordingly the national accounts were re-based from 1980-81 to 1999-2000. As a result of re-basing, coverage of data has engulfed a new range of products, enterprises and economic activities such as, courier services, travel agencies, mobile phones, etc. The coverage of manufacturing items has been increased from 91 to 128. The size of the overall GDP in 1999-2000 increased by 19.5 percent, agriculture by 18.5 percent, industries by 18.0 percent and services by 20.8 percent over the old base. Similarly fixed investment showed an improvement of 34.3 percent in 1999-2000 mainly due to improved coverage.

Source: 'National Accounts of Pakistan: Re-basing from 1980-81 to 1999-2000', Government of Pakistan, Statistics Division, Federal Bureau of Statistics, April, 2004; Pakistan Economic Survey 2003-04, Government of Pakistan, Finance Division, Economic Adviser's Wing, Islamabad, June 2004.

Note: More detailed discussion on re-basing can be found in Pakistan Economic Survey 2003-04.

2.4 The overall growth in the industry sector in FY04 was 13.4 percent. Growth in the large-scale manufacturing was 18.1 percent as compared to 7.2 percent in FY03. This growth in large-scale manufacturing was highest in last two decades. This growth is fairly broad based, with growth in textile from 3.6 percent in FY03 to 5.7 percent in FY04. A double-digit growth was recorded in seven industrial sectors – food, beverages and tobacco, leather production, pharmaceutical, chemicals, cements, electronics, and automobiles. The growth recorded for the automobiles was 50.3 percent, while it was 53.6 percent for electronics. The growth in basic metals and light engineering was also high. It is indicative of the emergence of non-traditional sectors in manufacturing. Sustainability will require building or enhancing the capacity of these industries to enter the export market.

2.4 PRSP has also identified the housing and construction sectors as the major drivers of growth and employment. Accordingly, some budgetary as well as non-budgetary measures have been taken to boost this sector, which has responded positively during FY04. The construction sector registered a growth rate of 7.9 percent against the target of 6.4 percent, and last year's growth of 3.1 percent. This growth in construction was possible through expansion in public sector development program, increasing private sector investment, easy availability of housing finance from banks along with fiscal incentives given in the FY04 budget. Electricity and gas distribution and water supply also exhibited marked improvement in their performance and grew by 22.5 percent in FY04.

Investment

2.5 Increase in total investment as well as fixed investment shows the macroeconomic stability. Total investment rose to 18.1 percent of GDP in FY04 against 16.7 in FY03. Importantly, gross fixed capital formation (GFCF) rose sharply to 16.4 percent of GDP against 14.8 percent last year. The upsurge in GFCF was more pronounced in the public sector, where it increased by 40 percent. GFCF in the private sector also increased considerably. This year's growth is overwhelmed by massive investment in large-scale manufacturing by the private sector, which grew by 25.4 percent during the year. Growth in

other two inter-related sectors, construction and ownership of dwellings, was impressive, implying heavy investment in the housing and construction sector. Foreign direct investment also registered a substantial increase for the third consecutive year in FY04. National savings as a percentage of GDP remained at around 20 percent.

Inflation

2.6 Poor spend a large proportion of their incomes on food. Thus, food inflation can adversely affect the consumption level of poor households. Data show that the inflation rate continues to be low by Pakistani historical standard, although there has been an increase in FY04. Overall consumer prices increased by 4.6 percent in FY04 against 3.1 percent in FY03. Food and non-food inflation averaged 6.0 percent and 3.6 percent respectively as against 2.9 percent and 3.2 percent during the FY03. Increase in food inflation in FY04 was due to both demand and supply factors resulting in an increase in the prices of wheat, wheat flour, rice, meat, edible oil and onions. The wheat price inflation has been particularly damaging to the economy of the poor households. The government is fully aware about this situation, and it has taken various measures to improve the supply of wheat including the import of 1.0 million tons of wheat.⁴

Foreign Remittances

2.7 The effect of foreign remittances on poverty reduction in the 1980s is well documented. Many poor families, which are able to send their members abroad for employment, escape from poverty, probably in a short period of time. During the FY04 the inflow of remittances was US\$ 3.9 billion as compared to US\$ 4.2 billion in FY03. One argument about the increase in the official remittances during the last few years is that the global situation has made it difficult to transfer money through informal sources. All money, which used to transfer through these sources, is now being remitted through the formal sources. According to indirect estimates, in the past an amount almost equal to the official remittances also found its way into Pakistan through informal channels (*hundi*). Following the steps taken globally after the September 11 event, the inflow of remittances through *hundi* system has largely been contained. However, there are some more facts, which need to be highlighted. Middle East has been the major source for employment of Pakistani workers as well as inflow of remittances. Between the 1976/77 and 1999/2000 period the share of Middle East in the total remittances has never been less than 65 percent. In 1982-83 this share was as high as 83 percent. Within the Middle East, Saudi Arabia had the largest share in remittances. However, the last two years has witnessed a sharp decline in the share of remittances came from the Middle East, particularly from Saudi Arabia. It is not correct to say that remittances from the Middle East have dropped sharply. Rather the fact is that remittances from the USA have increased remarkably during the last two years. During the last year, more than 30 percent the total remittance money were transferred from the USA. It is more realistic to say that after the September 11 event, several Pakistanis who held their savings in the USA decided to shift them Pakistan through official sources. Obviously, the recent inflow of remittances has positive impact on foreign reserves of the country.

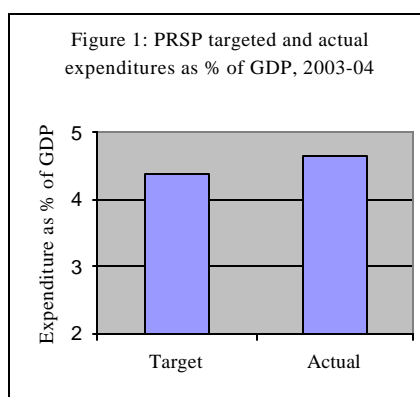
2.8 Is the current level of remittances sustainable? Interplay of several factors determines the level of total remittances. One recent positive development is that the placement of Pakistani workers in the Middle East market has increased sharply. Moreover, Pakistan has signed a MoU with Malaysia to export its labour at a large scale. This rise in emigration may give sustainability to the inflow of remittances.

⁴ The CPI inflation in July-August 2004 is reported as high as 9.3 percent because of push up in both commodity prices and international oil prices. Based on this recent inflation statistics, it has been argued that keeping CPI inflation in a single digit during the current FY05 seems to be difficult. But a close look at the present economic situation does not support this argument. Rather it suggests that with the import of wheat food prices will soon be stabilized, and oil prices may also start easing after some time.

2.9 Finally, the overall impressive performance of the economy has led to 12 percent increase in per capita income, counted as US\$ 652 in FY04. The recent revival in the economy is likely to have positive impact on the living conditions of the poor. However, the government is aware that it takes time to trickle down the benefits of growth to the poor. It has therefore taken several distributive measures. The strategy outlined in the PRSP has identified several sectors for budgetary as well as non-budgetary expenditures to benefit the poor directly. Review of these expenditures is presented in the next section.

3 PRSP Budgetary Expenditures (2001-2004)

3.1 As reported earlier, the range of PRSP expenditures has been expanded to include spending on ‘law and order’, ‘administration of justice’, and ‘rural electrification’ because of their close nexus with the determinants of poverty. This extension in the PRSP sector has brought the government under obligation to protect PRSP expenditures at around 4.5 percent of the GDP. This section examines the budgetary PRSP expenditures incurred during the last three years. In the FY04, PRSP expenditures by the federal and provincial governments stood at Rs. 254 billion, which are 21.8 percent higher than expenditures incurred during the FY03. This amount is higher than the PRSP target of Rs. 238 billion for the FY04. Overall, there was a continuous and considerable increase in the PRSP expenditure; from Rs. 167.3 billion in FY02 to Rs. 208.5 billion in FY03 and then to Rs. 254 billion in FY04. The share of PRSP expenditure in the total public expenditures also increased to about 25 percent in the FY04 as compared to 23 percent in FY03. PRSP Expenditures during the FY04 were approximately 4.7 percent of GDP as compared to 4.3 percent in FY03 and 3.8 percent in FY02. Figure 1 shows that the actual PRSP expenditures in FY04 as percent of GDP were higher than the target.⁵ It indicates the government’s commitment to implement its poverty reduction agenda, as articulated in the I-PRSP.



3.2 Sector-wise data on PRSP expenditures for the last three years is presented in Table 1, which also shows percent change over the three-year period as well as expenditures as percent of the GDP.⁶ An increase in expenditure between FY03 and FY04 was witnessed in all sectors except ‘food subsidies’ and ‘Tawana Pakistan’ programs. ‘Tawana Pakistan’ is the federal government program; the amount originally released for this program was Rs. 590 million, but Rs. 190 million were surrendered thus showing a decrease of about 50 percent between FY03 and FY04. Food subsidies could not be sustained at the FY03 level.

Table 1: Budgetary Poverty Related Expenditures by Sectors, 2001-2004

⁵ This section has used new/revised GDP numbers based on 1999-2000.

⁶ See also Appendix A, for more detail of the expenditure data

<u>GDP*</u> Sectors	<u>Expenditures (million Rs)</u>			<u>% change</u>		<u>Expenditures as % of</u>	
	2001- 2003-04	2002- 03	2003- 04	2001-02 /2002-03	2002-03 /2003-04	2001-02	2002-03
Roads, highways & building	6340 0.30	13145	16455	107.33	25.18	0.14	0.27
Water supply and sanitation	4644 0.08	3421	4176	-26.34	22.07	0.11	0.07
Education	66290 1.79	78447	97959	18.34	24.87	1.51	1.63
Health	19211 0.49	22368	26581	16.43	18.83	0.44	0.46
Population Planning	1331 0.09	3120	4913	134.41	57.47	0.03	0.06
Social security & welfare	3664 0.08	1301	4142	-64.49	218.37	0.08	0.03
Natural calamities	189 0.01	410	543	116.93	32.44	0.00	0.01
Irrigation	10133 0.42	15535	22938	53.31	47.65	0.23	0.32
Land reclamation	1838 0.04	1733	1997	-5.71	15.23	0.04	0.04
Rural development	12325 0.34	16883	18379	36.98	8.86	0.28	0.35
Rural electrification	0 0.04	0	1977	0.00	0.00	0.00	0.00
Food subsidies	5513 0.14	10859	7845	96.97	-27.76	0.13	0.23
Food support program	2017 0.05	2017	2804	0.00	39.02	0.05	0.04
Tawana Pakistan	800 0.01	800	400	0.00	-50.00	0.02	0.02
Low cost housing	0 0.01	0	423	0.00	0.00	0.00	0.00
Administration of justice	1981 0.04	2196	2444	10.85	11.29	0.05	0.05
Law and order	31004 0.73	36293	40000	17.06	10.21	0.70	0.75
Total	167280 4.65	208528	253976	24.66	21.79	3.80	4.33

* This table has used new/ revised GDP numbers based on 1999-2000.

3.3 Education expenditures increased by 25 percent, which is higher than overall increase of 21.8 percent in the PRSP expenditures. The share of education expenditures in GDP also increased from 1.6 percent in FY03 to 1.8 percent in FY04. An increase was also witnessed in the health sector expenditures, although it was slightly lower than the overall increase in PRSP expenditures. Population planning, irrigation, food support program and roads, highways and buildings were the other important sectors where sharp increases were recorded in expenditures between FY03 and FY04. A robust increase was also observed in expenditures on land reclamation, justice administration and law and order sectors.

3.4 PRSP has identified several intermediate indicators to be monitored regularly to see the impact of expenditures in short to medium term. These indicators are primarily related to education, health, population planning, water supply and sanitation, housing and rural development. Expenditure on these sectors, when taken together, stood at Rs 154.4 billion in FY04, 22.6 percent higher than the expenditures incurred during FY03. This increase was

larger than the increase in the overall PRSP expenditures. With these increased expenditures, an improvement in the PRSP intermediate indicators during the FY04 is expected.

3.5 Examination of the PRSP expenditure across the provinces shows several important dimensions. First, the increase in expenditure between FY03 and FY04 was much lower in Sindh and NWFP, only 6 percent, as compared to overall increase in the expenditure (Table 2). This increase in Punjab and Balochistan was 27 and 19 percent respectively while the highest increase was observed in the federal government poverty related expenditures, 37 percent. Second, the increase in education and health sector expenditure in NWFP between FY03 and FY04 was almost negligible (0.3 and 6 percent respectively) whereas in Sindh the increase in education and health expenditures was robust, 16 and 22 percent respectively. Punjab was able to increase education expenditures by 42 percent. Third, all provinces were able to increase their spending considerably on food support program and population planning. Irrigation sector has also witnessed an increase in expenditure at both the federal and provincial levels.

Table 2: Percent change in PRSP expenditures between 2002/03 and 2003/04 by sector and province

Sectors	% change between 2002-03/2003-04					
	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
Roads highways, & Bridges	52.39	39.19	-28.98	106.47	17.18	25.18
Water Supply & Sanitation	-6.83	42.09	90.53	25.44	-9.90	22.07
Education	18.14	41.84	15.83	0.34	23.99	24.87
Health	15.35	22.90	21.66	5.86	18.25	18.83
Population Planning	71.78	20.88	50.76	31.49	55.91	57.47
Social security & social welfare	856.71	9.75	23.20	30.49	-37.78	218.37
Natural calamities and disaster	124.00	100.00	-50.71	0.00	66.67	32.44
Irrigation	104.63	18.69	33.73	7.37	40.07	47.65
Land reclamation	0.00	4.76	14.01	0.00	0.00	15.23
Rural Development	-2.09	15.42	13.46	-18.71	9.49	8.86
Law and Order	15.96	7.34	5.55	3.66	16.28	10.21
Low cost housing	0.00	0.00	0.00	0.00	0.00	0.00
Justice administration	5.67	5.63	3.45	57.02	16.57	11.29
Food subsidies	20.27	-33.33	-84.36	-12.50	0.00	-27.76
Food support program	37.59	40.64	50.54	29.64	9.18	39.03
Tawana Pakistan	-50.00	0.00	0.00	0.00	0.00	-50.00
Village electrification	0.00	0.00	0.00	0.00	0.00	0.00
All	37.05	26.70	6.44	5.51	19.19	21.79

3.6 Spending on water supply and sanitation by the federal and Balochistan governments declined between FY03 and FY04. This is an important sector, which has lasting effect on the quality of life. There is a need to allocate sufficient resources for the sector so the people have access to safe drinking water and sanitation. A mechanism to monitor the intermediate indicators related to water supply and sanitation needs to be developed so that policy interventions can be timely made. At present the only source of monitoring, as identified in the PRSP, is the PIHS that is not regularly available at the annual basis.

Expenditures on Education and Health sectors

3.7 Pakistan's education policy as reflected in the Education Sector Reforms (ESR) focuses on the universal primary education and quality of education for all, reducing illiteracy with focus on reducing gender gap and technical and skill development programs. Government also fully acknowledges the importance of higher education in economic development. Moreover, the ESR is integrated with Millennium Development Goals (MDG) that aims at achieving the target of universal primary education by 2015, which plays a fundamental role in promoting literacy. The failure to ensure that all children are literate by class 5 represents a

significant waste of national resources. These policy dimensions suggest that over time more resources need be given to primary education, without ignoring the other important sectors of education.

3.8 Data presented in Table 3 show that spending on primary education has considerably increased over time. Overall, after a robust increase of 6.2 percent between FY02 and FY03, an increase of 31 percent was observed in primary education spending in the FY04. This increase shows the commitment of the government in achieving the primary education related targets set in PRSP, MDG and ESR. Expenditure in secondary education increased by 14 percent in FY04. A substantial increase has also been observed in spending on technical and vocational training and higher education.

3.9 Acceleration in expenditure on primary, secondary and technical education is welcome from the perspective of poverty reduction, as basic education indicators for the poor, who benefit the most from primary and secondary education provided by the public sector, are extremely low. This also ensures the protection of children's right to have access to elementary education. Technical education is likely to increase the employability of youth, which would be helpful in controlling the youth unemployment presently quite high in the country.

Table 3: Percent change in PRSP expenditures on different categories of education and health sectors by provinces

Sectors	Year*	Federal Pakistan	Punjab	Sindh	NWFP	Balochistan	
Education Sector							
Primary Education	02/03	-52.36	18.05	-4.85	26.49	-4.77	6.24
	03/04	1.00	49.16	10.99	8.37	15.35	31.36
Secondary Education	02/03	23.22	10.51	52.59	19.42	-3.53	21.17
	03/04	1.58	18.98	11.92	8.17	27.56	13.86
General universities/colleges	02/03	106.27	22.67	5.75	59.93	20.00	57.73
	03/04	28.73	3.10	17.78	0.00	0.27	18.47
Professional/technical universities	02/03	10.06	-20.75	6.50	17.74	47.52	6.07
	03/04	29.85	30.89	3.62	7.63	25.48	21.08
Teacher and vocational training	02/03	-69.99	-17.60	-43.66	26.32	54.27	-43.07
	03/04	-90.49	126.43	4.17	66.67	-36.81	25.22
Other educational institutions	02/03	265.03	50.23	-22.20	218.31	74.73	89.40
	03/04	22.02	122.93	88.29	-58.89	81.29	40.65
Health Sector							
General hospital and clinics	02/03	7.28	24.97	4.87	10.82	-8.72	14.53
	03/04	33.93	22.96	25.48	0.87	-3.05	21.08
Mother and child health	02/03	0.00	41.94	0.00	-8.33	-71.43	3.39
	03/04	0.00	20.45	0.00	9.09	-50.00	13.11
Health facilities and preventive	02/03	30.42	92.86	6.28	9.30	84.68	28.43
	03/04	4.43	125.93	-19.55	18.09	114.63	9.99
Other health facilities	02/03	43.91	15.32	-16.92	23.35	5.11	14.91
	03/04	-5.59	17.50	60.65	47.57	12.01	16.60

* 02/03 refers to % change between 2001-02 and 2002/03 while 03/04 shows % change between 2002/03 and 2003/04.

3.10 It seems necessary to examine provincial variations in education expenditure as well. One positive aspect, as revealed by the data presented in Table 3, is that federal as well as four provincial governments were able to increase their spending on primary education during the FY04 whereas in FY03 a decline was observed in spending of Federal, Sindh and Balochistan governments. However, this increase varies across the provinces; it was substantial in Punjab (49 percent), robust in Balochistan (15 percent) and low in Sindh and NWFP (11 and 8 percent respectively). Data show that NWFP focused during the FY04 relatively more on teachers' training. However, this focus should not be at the cost of primary

education. It is welcome news that provinces have made primary education compulsory; and poor children, boys and girls alike, have been particularly targeted for enrolment in school.

3.11 The percentage distribution of education expenditure data across different levels of education for the last three years, presented in Appendix B, shows another dimension of education expenditure. In FY02 one-third of the total education expenditures were used for primary education; and this ratio increased to 42 in FY03 and further to about 45 percent in FY04. This pattern was also observed in Punjab and NWFP. But in Sindh and Balochistan the share of primary education in total expenditure on education in fact has declined slightly over time.

3.12 The focus of the health policy is relatively more on preventive measures. However, large increase in expenditure on preventive health facilities during the FY03 could not be sustained during the FY04. Growth in expenditure on these facilities rather decelerated from 28 percent in FY03 to 10 percent in FY04 (Table 3). The provincial-level data show that Punjab and Balochistan were able to double their expenditures on preventive measures while in Sindh, in fact, a decline was observed. There was a robust increase in preventive health expenditures in NWFP.

3.13 Another important dimension of education and health expenditure is that in NWFP the share of development component was extremely low (Table 4). However, Punjab and Balochistan have made a considerable progress in increasing the development expenditures in the education sector. Sindh was able to increase the development share in the health sector only. There is a need to prioritize the allocation of resources within the education and health sectors in the guidance of education and health policies.

Table 4: Development Expenditures as % of total Expenditure in Education and Health Sectors

Province	<u>Education</u>			<u>Health</u>		
	2001/02	2002/03	2003/04	2001/02	2002/03	
2003/04						
Federal	38.3	40.0	40.5	43.0	51.6	42.3
Punjab	2.1	2.2	11.4	3.0	3.8	5.6
Sindh	2.1	2.5	2.1	5.5	5.2	11.8
NWFP	1.0	2.1	5.3	2.0	3.8	3.6
Balochistan	3.0	6.0	11.8	8.7	9.0	19.7
Pakistan	8.3	9.6	14.1	13.0	15.7	16.0

3.14 The forgoing analysis of the budgetary expenditures during the three-years of the PRSP process leads to three broad conclusions. First, the government was able to achieve the budgetary targets; in fact overall pro-poor expenditures were higher than the targets set in the I-PRSP. Second, the targets of sector-wise allocation of expenditures were also satisfactorily achieved. Third, it is commendable that spending on primary education has increased over time, although provincial variations exist. However, more attention in terms of allocation of resources need to be paid to preventive health facilities as well water supply and sanitation sectors to improve the health status of the poor.

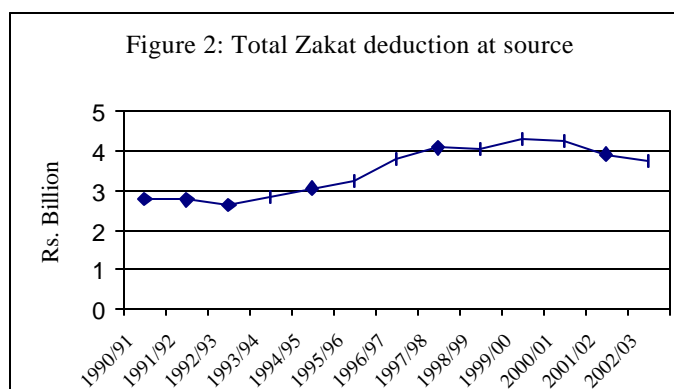
4 Non-Budgetary Transfers

4.1 The quarterly reports of the PRSP have been monitoring three types of non-budgetary transfers targeting the poor: Zakat, EOBI and micro-credit, being Zakat the largest program in monetary terms. Data on these three transfers are presented in Table 5. Disbursement of Zakat declined by 33 percent to Rs. 5.3 billion in FY04 as compared to more than Rs. 8 billion Zakat funds disbursed during the FY03. The high level of Zakat funding during the FY03 was possible because of the build-up of fund reserves in previous years. The annual collection of Zakat through banks is currently around Rs. 3.8 billion. The peak of this collection was in

1999-2000 when Rs. 4.3 billion were deducted at source for the Zakat fund. Since then it has declined continuously (Figure 2). Thus there is a serious issue of sustainability of the Zakat activity at its present level. When the reserves are exhausted, the Zakat funding in future is likely to decline further. So to sustain the current level of activity, there is a need to look at alternative sources of funding.

Table 5: Non-budgetary transfers and beneficiaries

Program/disbursement/ beneficiaries	Total disbursement/beneficiaries			% change	
	FY02 FY03/04	FY03	FY04	FY02/03	
Zakat - amount disbursed (million Rs)	5254	8009	5330	52.4	-33.4
- number of beneficiaries (000)	1710	1754	1639	2.6	-6.6
EOBI - amount disbursed (million Rs)	1366	1523	1744	11.5	14.5
- number of beneficiaries (000)	227	332	349	46.3	5.1
Credit - amount disbursed (million Rs.)	1049	2518	3034	140.0	20.5
- number of beneficiaries (000)	100	216	286	116.0	32.4
Total - amount disbursed (million Rs)	7669	12050	10108	57.1	-16.1
- number of beneficiaries (000)	2037	2302	2274	13.1	1.2

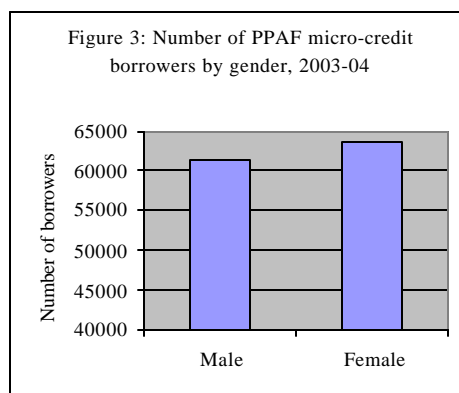


4.2 The question is who has been affected by the recent decline in Zakat fund? Zakat is disbursed under seven heads or sectors including Guzara allowance, education stipend, *deeni Madrasa*, health care, social welfare, marriage assistance and rehabilitation grants. Guzara allowance is of Rs 500 per month for the poorest of the poor identified by the local Zakat committee. Until the FY03, the largest use of zakat fund was under the Guzara allowance. But during the FY03 the major share of Zakat fund, 46 percent, was disbursed under the 'rehabilitation grant', a scheme designed to help the poor become self-reliant as an alternative to the Guzara allowance. Grants under the rehabilitation program are given to the deserving people to set up small business in one of the 44 approved economic activities. The level of grant varies according to the type of activity. The selection process for rehabilitation is the same as for the Guzara allowance. It is important to report that recipients of rehabilitation assistance can never receive Guzara allowance afterwards. It appears from the expenditure data presented in Table 6 that during the FY03 Zakat funds were raised to provide funds under the rehabilitation grant for the self-reliance of poor. Decline in zakat fund during the FY04 affected largely the 'rehabilitation' sector. Despite a decline of 33 percent in overall Zakat fund, disbursement of Zakat to the poorest of the poor through Guzara allowance declined only marginally, 7 percent. A close look at the number of Zakat beneficiaries also shows a decline of about 7 percent in beneficiaries of the Guzara allowance (Table 5). However, a further decline in Zakat fund can adversely affect these poor households as well.

Table 6: Change in zakat disbursement by sector

Sectors	Total Zakat disbursement (Rs million)			% change in disbursement	
	FY02	FY03	FY04	FY02	FY02/03
Guzara Allowance	2623.18	2083.089	1923.078	-20.59	-7.68
Education stipend	554.33	455.562	408.901	-17.82	-10.24
Deeni Madaras	81.49	154.423	174.313	89.50	12.88
Health care	108.45	179.064	153.275	65.11	-14.40
Social welfare	171.68	133.463	121.068	-22.26	-9.29
Marriage assistance	173.54	140.571	122.402	-19.00	-12.93
Rehabilitation grant	1541.41	4862.903	2427.383	215.48	-50.08
Total	5254.08	8009.075	5330.42	52.44	-33.45

4.3 PRSP also monitors the disbursement of micro-credit through Khushali Bank, Pakistan Poverty Alleviation Fund (PPAF), and Zarai Taraqati Bank Ltd (ZTBL). Data presented in Table 5 show an increase of about 21 percent in micro-credit disbursement between FY03 and FY04. More than Rs. 3 billion were disbursed in FY04 to 286 thousand persons. More than 50 percent of the total micro-credit disbursement was through the PPAF. More than 50 percent of borrowers in the PPAF disbursement were females (Figure 3). Despite a rise in disbursement of micro-credit by ZTBL, it remains the smallest of the three institutional sources of micro-credit. Disbursement through EOBI has also increased by about 15 percent during the FY03 and FY04 period.



4.4 In short, in terms of non-budgetary transfers, FY04 gives a mix message. A substantial decline has been observed in Zakat funding, although the provision of sufficient funds through the Guzara allowance has protected the poorest segment of population. Increase in allocation of money under the food support program, as discussed earlier, has also benefited the poor. There has been a large increase in the disbursement of institutional micro-credit in the last three years. It appears that that the real challenge regarding the programs targeting poor is the sustainability of Zakat funding at the present level of Rs. 5 billion.

5 Monitoring Progress in the Intermediate indicators

Education Sector

5.1 The major emphasis in the education sector reforms program is on the rehabilitation of existing public primary- and middle-level schools. The purpose of this rehabilitation program

is to make these schools functional, where students and teachers are present and learning takes place regularly. This is an important policy initiative, as these schools will create the necessary impetus for school enrolment. Government has allocated additional funds for the rehabilitation of existing schools and consequently the number of functioning schools and percent of functioning schools with facilities including water, latrine, electricity and boundary wall will increase over time. However, the analysis of the expenditure data carried out earlier in this report has shown that only a small proportion of education expenditures has been used for the development purpose.

5.2 In accordance with the major emphasis of the ESR, to see the impact of education expenditures, PRSP has identified five education sector intermediate indicators including 'number of functional primary and middle schools', 'percentage of trained teachers in these schools', 'absenteeism of teachers', 'percentage of sanctioned staff strength filled' and 'percentage of schools with basic facilities such as drinking water', 'sanitation, 'electricity and boundary wall'. Data on the 'teachers absenteeism' will be obtained through the CWIQ, which is likely to be available next year. For other indicators, it was planned that data would be reported on a six-monthly basis. However, the National Education Management Information System (NEMIS) has not yet managed to provide the all required data even at the annual basis. In fact this delay in necessary data reduces the effectiveness of all inputs made in the form of expenditure. Intermediate indicators were identified not only to monitor the progress but also to modify policies, if necessary. However, data on few intermediate indicators are available for the FY03. The estimated data for FY04 have also been provided. Although the estimated data may not be accurate, it has allowed gauging progress in some indicators.

5.3 Table 7 presents data on the intermediate indicators for three years including the base year data for the 2000-01 period, as reported in the PRSP. For comparison, the targets set for the year 2003-04 are also reported in this table. The number of functioning primary schools has gradually increased from 133 thousand in 2000-01 to 135 thousand in FY04. However, these schools are less than the target set for the FY04. In percentage terms the target was to increase the number of functional schools by 4 percent between 2000-01 and 2003-04 period, but the increase was about 2 percent. However, the target set for the number of functioning middle schools in FY04 has been achieved. The combined progress of increase primary and middle functioning schools is also below the target. It is likely that several primary functioning schools have been upgraded over time, and they are now counted as middle schools, where progress is satisfactory.

Table 7: Number of functional schools and their proportion with water and latrine facilities

Year of	No. of functional schools	Primary-level				Middle-level				
		% schools with the facility of water	latrine	electricity	wall	No. of functional schools	% of schools with facility of water	latrine	electricity	
2001-02*	132527	51	36	19	41	12529	72	46	53	47
2002-03	134027	48	46	NA	NA	13736	68	67	NA	NA
2003-04(E)	135365	50	47	27	46	13873	71	70	58	62
2003-04(T)	138147	53	39	20	43	13437	63	48	47	50

* Data for the base year, 2001 -02, is taken from the PRSP (Table 7.3C).

E shows the estimated data while T refers to targets.

5.4 With respect to increase in water, sanitation, electricity and boundary wall facilities within the school, aggregate targets have almost been achieved. However, a close look at the provincial data reveals that work on the provision of drinking water and sanitation in the existing primary schools needs to be done more rigorously in all provinces, particularly in Balochistan where only 10 percent of primary schools have the drinking water facility, and

the sanitation situation is bad as well. The situation of Sindh in terms of these two facilities is not satisfactory either (Appendix D).

5.5 Data on proportion of trained teachers in public primary and middle-level schools show the achievement of targets (Appendix E). Almost all teachers, male as well as female, in public primary and middle schools are trained. It appears from the data that usually trained teachers are recruited in all provinces and regions and/or they are given training during the job. FANA is the only area where proportion of trained teachers is quite low; 33 and 67 percent at the primary and middle level respectively. 'Percentage of sanctioned staff strength filled' is another intermediate indicator for the education sector. Data available is only for the base year, 2000-01, when 87 percent of the staff strength was filled. The target set for the year 2004-05 is 92 percent.

Health sector

5.6 As reported earlier, the focus of the health policy is on preventive measures, particularly in rural areas. Public sector health facilities are provided through hospital (located mainly in urban areas), dispensaries, basic health units, rural health centres and maternal and child health centres. In Pakistan utilization rates of these health facilities has been biased in favour of hospitals. In order to monitor the performance of health sector, eight intermediate indicators have been identified. These indicators are primarily preventive in nature and are basically related to the utilization of first level care facilities (FLCFs). In many cases data for the intermediate indicators are not readily available and reporting systems need to be tuned for quick and accurate reporting because in some quarters of the last year, deterioration was observed in few indicators. It may be entirely due to not reporting of the data accurately.

5.7 For the whole FY04, data are available only for few health indicators including Lady Health Workers (LHWs) and DP III. For other indicators, this report has relied on three quarters data, which has been compared with the last year performance in Table 8, being aware about the obvious limitations of this comparison. Performance of the health sector seems to be mixed. For example, in terms of utilization rate of FLCFs, there is no real change; it is likely to be at the same utilization rate of around 110, which is slightly lower than the rates reported for two early years, FY02 and FY03. The coverage of Lady Health Workers (LHWs) has increased (it has been discussed later in this section). Immunization coverage (DP III) in FY04 was not different from the previous year. A close look at the district level data reveals two facts: first, no immunization coverage has been reported for Balochistan for January-June 2004 period. Second, a decline in immunization was reported in different parts of Punjab. There was no real change in Sindh and NWFP in DP III coverage in FY04. Another important factor is that during the last two years, outbreaks of measles and neo-natal tetanus were reported from various parts of the country. To combat with this situation, besides the routine immunization coverage, the National EPI Programme implemented high-risk area approach in the high-risk districts against neo-natal tetanus. During the last two years more than 80 percent of the targeted women in child-bearing age were immunized. This shift may have affected the coverage of other programs.

5.8 No improvement could be witnessed in number of births attended by skilled birth attendants. Deterioration seems to be likely in experiencing stock-outs of key supplies at the FLCFs. The overall performance of health sector as shown by the intermediate indicators is not satisfactory. However, it may be partly due to the immaturity of the health monitoring system in reporting all activities correctly. Government is aware about this deficiency in the reporting system. Several efforts are underway to monitor properly the health indicators.

Table 8: PRSP health Intermediate Indicators

Indicators	2001/02	2002/03	2003/04
Utilization rate of FLCF/Day (Curative)**	113	115	110
LHWs coverage *	41	44	50
Immunization coverage* DP III	80	69	65

	TT II**	60	48	38
Births attended by skilled birth attendants (%)**		13	14	12
Number of skilled birth attendants**		96354	96354	NA
FLCFs not experiencing stock-out**		28	35	27
Number of FLCFs meeting staffing norms**		34	30	NA
Availability of contraceptives at FLCFs**		83	85	68

* Shows the data for all four quarters of FY04

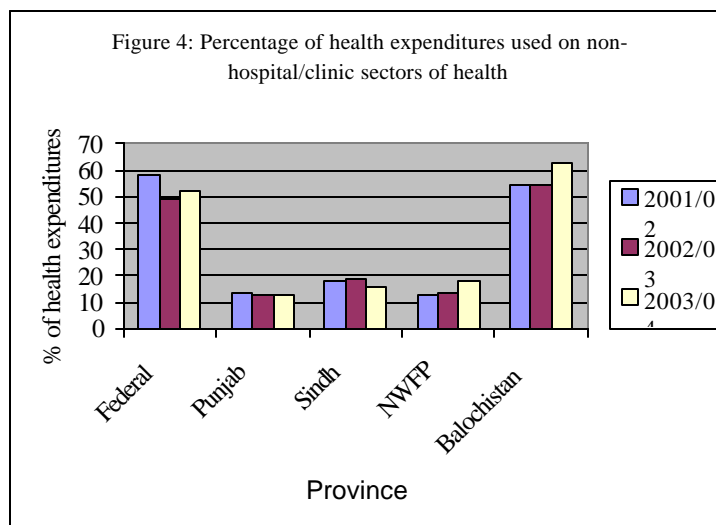
** Shows data for three quarters of FY04

5.9 There is a need to highlight one more point. There seems to be an element of mismatch between the health expenditure pattern and monitoring of the intermediate health indicators. These indicators are preventive in nature, linked with FLCFs. But the health expenditures have largely (more than 80 percent) been used in hospitals/clinics in Punjab, Sindh and NWFP. Only the Federal and Balochistan governments have spent considerable share of their health budget on non-hospital/clinic sectors (Figure 4). More resources may be made available for the preventive health facilities.

5.10 The federal government share in total health expenditures is around 23 percent (Appendix A). Spending of federal share on preventive measures has brought some positive improvement in the health sector. The success of LHWs is one good example. It was designed in the early 1990s with its objectives being provision of basic community services to all rural and poor urban areas in Pakistan. Its coverage has gradually increased to 50 percent, although it is still below the target (Table 8). A LHW registers approximately 200 households or 1000 individuals in her community to whom she offers a range of preventive services including family planning. There is evidence from the independent evaluation that the LHWs reach to most of the target population.⁷ In relation to poverty, this program appears either to be pro-poor or to be neutral i.e. no income group appears to benefit more than the others. The population served by the program was found to have substantially better health indicators than the control population. This was the case for the use of antenatal services, medical assistance at birth, the use of family planning, health knowledge, the use of preventive child health services and the treatment of childhood diseases. It is expected that as a result of the improved uptake of preventive services through LHW infant and child mortality will be reduced substantially in future.

5.11 However, it is the more remote and poorer rural areas where the LHW program has not yet reached. These areas are least likely to have a functional health facility and where it would be most difficult to recruit suitable educated women to work as a LHW. The LHW program needs to develop a targeted expansion strategy in rural areas if it is to counteract this problem and ensure that it serves the rural poor at least as much as it serves the rest of the rural population.

⁷ Lady Health Worker Programme: External Evaluation of the National Programme for Family Planning and Primary Health Care, Oxford Policy Management, 2002.



6 Monitoring and Evaluation of the Targeted Programs

6.1 Poverty targeting is defined as the use of policy instrument to channel resources to a target group identified below the national poverty line. All governments in Asia, including Pakistan, use poverty targeting in a form or another. Targeting came into prominence in the debates of the 1980s, when universal schemes were strongly criticized for their leakage and their budgetary implications. The government of Pakistan has made several targeted interventions to address poverty and generate income and employment opportunities through micro-credit schemes, development of small and medium enterprises and cash transfers through Zakat and food support program. However, the main disadvantage of these types of interventions lies in its targeting inefficiency because of leakage of their benefits to non-poor sections of the society. Improvement in targeting efficiency is possible through effective implementation, proper monitoring and evaluation. Some evidence on Zakat, food support program, micro-credit and land reclamation are discussed below to see whether benefits are reaching to the poor.

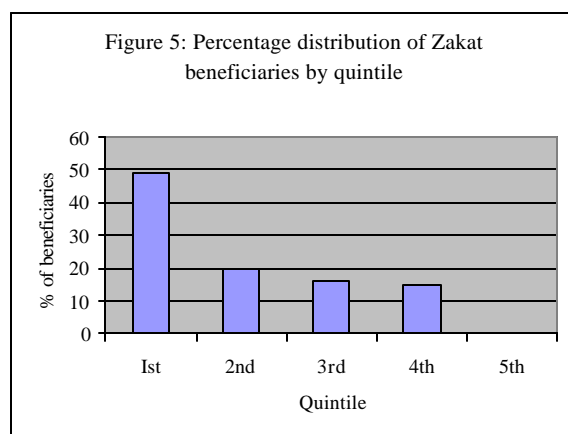
Zakat

6.2 Two commonly reported critical issues in respect of Zakat are its sustainability and credibility. The issue of sustainability has already been discussed. The credibility of the Zakat system is usually referred to its targeting performance. There is a widespread perception that both corruption and favouritism are endemic and that benefits are not being targeted at the poorest. Rather the money was going to the better-off with connection to Zakat committees. It is also suggested that 40 percent of Zakat money accrue to the top 40 percent of households, only slightly less than what went to the 40 percent at the bottom. Therefore the targeting performance is not considered to be impressive.

6.3 However, one major problem with all these empirical findings is that they are based on the Pakistan Integrated Household Surveys (PIHS or HIES), which do not distinguish between receipts of public and private Zakat. These surveys also do not distinguish between different types of Zakat disbursement. Private Zakat is included with the official Zakat, and the different types of official Zakat are amalgamated in the survey. For example, payments for medical services are lumped in with individual financial assistance. This is important, as the amounts of Zakat mentioned in the survey seem to suggest that the leakage to higher income groups is greatest in the medical area where the highest amounts of money are involved. This requires a thorough investigation, and the World Bank has designed a Zakat study to be based

on rural household survey. Results of the study would probably clarify many critical issues concerning the Zakat disbursement.

6.4 The Pakistan Socio-economic Survey (PSES) carried out in 2000-01 by Pakistan Institute of Development Economics first time collected information on public and private Zakat receipts separately. This survey has also asked few additional questions regarding the Zakat targeting and leakage of funds. Results of the survey show that approximately 70 percent of public Zakat beneficiaries were in two bottom quintiles, which mostly represent people below the poverty line (Figure 5). No beneficiary was found in the top quintile. However, there was a leakage of Zakat to middle income groups. The main problem identified by the survey was that more than one-third of public Zakat beneficiaries did not receive the full amount of Zakat. It suggests that despite the efforts of government to distribute Zakat through banks, leakage exists.



Source: Presentation made during the Asian Development Bank Seminar on Targeting the Poor held in Islamabad in July 2004.

6.5 The study carried out by the Social Policy and Development Centre (SPDC) in 2002-03 in selected districts provides the more recent evidence on Zakat targeting.⁸ Results show that beneficiaries are poor; a substantial proportion of households, 33 per cent (urban) and 48 per cent (rural), had no earning member in the family, and the characteristics of Zakat receiving households were consistent with a considerable degree of poverty. The average per capita household expenditure of these households was approximately Rs 600 per month. More than 90 per cent of the rural beneficiaries were landless, and 93 per cent (rural) and 57 per cent (urban) had *katcha* floor construction. The Zakat recipients were undoubtedly poor.

6.6 On the basis of the available evidence about the disbursement of official Zakat, it can be concluded that it seems likely most Zakat goes to the poor but these poor may not be receiving the full amount of Zakat, suggesting the element of leakage in Zakat disbursement. Moreover, there is a leakage of Zakat funds to people outside the target group. Because of the large pool of poor, many poor households have not included in the list of *mustahiqeen*. Zakat disbursement may be made more transparent by encouraging the Zakat committees to improve the targeting efficiency. It should be ensured that poor receive the full amount of Zakat. Third party validation of the Zakat disbursement may also be carried out.

⁸ Toor, Imran Ashraf and Abu Nasar (2003); 'Zakat as a Social Safety Net: Exploring the Impact', Research Report No. 53, Social Policy Development Centre, Karachi.

Food Support Program

6.7 The other most important income support scheme is the Food Support Program (FSP). Under this program Rs. 2.8 billion were provided to 1.1 million beneficiaries in FY04. The increase in the amount of assistance given under this program was 25 percent: from Rs. 2.2 billion in FY03 to Rs. 2.8 billion FY04. Table 9 shows that in terms of number of beneficiaries the target set for FY04 has been achieved. These beneficiaries receive at present Rs. 2400 per year in two six-monthly installments.⁹ The aim of the FSP was to compensate the poorest families for a reduction in the wheat subsidy. The assistance for food is targeted to poorest of the poor having no source of income or whose income (household) is not more than Rs. 2000 per month. It gives priority to individuals with major ailments/disability, widows with dependent children, invalid with dependent children, infirm (senior citizens above 65), orphans, destitute and victims of unpredictable circumstances. Government employees and their family members and beneficiaries of other social welfare programs, such as Zakat, are not eligible for the FSP. The launch of the program demonstrates clear recognition by the government of the need to provide basic security to poor households. For most poor households, wheat flour is the staple food and the primary source of calories. A rise in the price of this food item therefore has a major impact on the cost of living. The cash subsidy of Rs. 2400 per year is expected to act as a compensatory mechanism, since from this small amount a poor family consisting of six members can buy wheat sufficient for their four months need.

Table 9: Food Support Program: number of beneficiaries by province and total disbursement, 2001-04

Province/ Region	2001/02	2002/03	2003/04	
			actual	target
Punjab	544868	563508	565418	563508
Sindh	239454	232907	239014	232907
NWFP	22753	215245	217012	215245
Balochistan	45475	44816	42507	44816
ICT/NA/AJK	58048	60796	60619	60796
Pakistan	1115598	1117272	1124570	1117272
Total disbursement (Million Rs)	2231.20	2234.55	2803.718	-

6.8 Like Zakat, the FSP is also considered prone to leakage and corruption. The FSP is among few targeted programs that have been evaluated by an independent institution, the Sociology Department of Punjab University in 2003.¹⁰ This evaluation was based on a large survey of more than 9000 beneficiaries (male as well as female) of the program selected randomly from more than 600 localities in all provinces and regions of the country including AJK and Northern Areas. This selection was based on the list of FSP beneficiaries obtained from the program officials.

6.9 This evaluation shows that only 11 percent of the given addresses were defective and researchers could not trace these beneficiaries. In other words, they were able to find about 90 percent of FSP beneficiaries at the given location. However, there were regional variations. In Sindh, more than one-fourth of the beneficiaries could not be traced due to fake names or incomplete addresses. The survey also looked at the extent of corruption in the distribution of funds. The main reported corruption problem was that post office staff withheld part of the payment or refused to process the payment unless given a “tip”. However, data show that 92 percent of beneficiaries received full amount from the staff, a percentage much higher than

⁹ Earlier this amount was Rs. 2000 per annum.

¹⁰ Hafeez, Muhammad (2003); Program and Management Audit of Food Support Program (FSP) Pakistan Bait-ul-mal, Government of Pakistan, Department of Sociology University of Punjab, Lahore.

reported for Zakat payment earlier. There were strong regional differences in corruption levels, with the greatest problems being in Sindh, because a quarter of the beneficiaries could not receive the full amount of Rs. 1000.

Table 9: Percentage of the sampled beneficiaries who could not be found at the given address and the amount received under the food support program

Province /region	% of the sampled beneficiaries who could not be found at the given address	% of the sampled beneficiaries who received		
		Full amount (Rs1000)*	Not full amount (< Rs 1000)*	No amount at all
Punjab	92.3	98.9	0.1	0.9
Sindh	72.6	76.1	23.1	0.8
NWFP	98.4	87.1	12.2	0.7
Balochistan	91.1	96.6	2.9	0.2
AJK/NA	91.1	98.9	1.0	0.2
Pakistan	89.0	92.0	7.3	0.7

Source: Hafeez, Muhammad (2003); Program and Management Audit of Food Support Program (FSP) Pakistan Bait-ul-mal, Government of Pakistan, Department of Sociology University of Punjab, Lahore.

* This amount refers to one installment that was Rs. 1000 at the time of survey. It has now increased to Rs. 1200 or Rs. 2400 per annum.

6.10 Regarding the targeting issue, the main findings of the evaluation show that the FSP has targeted the deserving people: about one quarter of the beneficiaries were widows; 90 percent had no education at all; about a quarter were incapacitated or elderly; more than half had *Kutch* houses; one-fifth had no income; only 7 percent reported monthly incomes of more than Rs. 2000; and generally possession were consistent with a high degree of poverty. The major use of the money was household expenses on food and other items. The other major use of the money was towards buying medicines. The qualitative information, however, suggests that beneficiaries were sometimes selected through political links. The beneficiaries, in general, deserved the FSP, but many others from the opposite political camp were not recruited. Such findings about political influence on the selection of beneficiaries were noted in many areas of the survey communities.

6.11 All the beneficiaries reported the FSP as useful, but the money had little rehabilitative effect on the beneficiaries. People were dependent on the FSP money for their day-to-day needs and did not play any role to improve their financial status in the long run. The evaluation of the FSP gives an overall reasonable degree of confidence that it overwhelmingly benefits the poor. However, it is silent about the non-beneficiaries who are poor. Were there poorer people outside the scheme than those who got in and were the priorities set out in the policy manual followed? Answers to these questions will require further investigation. The rules of both Zakat and Bait-ul-Mal require that a person assisted by one cannot get assistance from the other, so that the checking is required prior to grant of a benefit. It is not clear how consistently this crosschecking is performed.

Micro-credit

6.12 As stated earlier, in terms of micro-credit disbursement, PRSP includes in its monitoring framework three important institutions: ZTBL, PPAF and Khushali Bank. Their performance in loan disbursement and number of beneficiaries has shown in Table 5 while discussing the non-budgetary expenditure components of the PRSP. Since micro-credit is an important initiative to enhance economic status of the poor, it deserves some more discussion. As in the case of cash transfers through Zakat and Food Support Program, targeting is also a critical issue in the disbursement of micro-credit. Unfortunately, despite some major initiatives in micro-credit, no credible representative studies have so far been carried out to see its impact on poverty reduction though few survey-based studies are in progress to see the performance

of PPAF and Khushali Bank. One such major initiative has been taken by the Asian Development Bank Institute about the Khushali Bank. Results would be available by next year.

6.13 Available information shows that considerable progress has been made in terms of micro-credit coverage. The coverage of Khushali Bank has increased from 26 districts in FY02 to 42 districts in FY04. Micro-credit through PPAF covers about 75 districts (Table 10). Recently focus of the PPAF has been on more extensive coverage within the districts. It appears that despite all this good progress a large population of the country is still out of the coverage of these institutions. Efforts may be made to increase the coverage so that the poor can have access to micro-credit.

6.14 With respect to targeting and other related issues a study carried out in Sindh by the Rural Support Program Network (RSPN) in 2004 shows that Sindh Rural Support Organization has targeted poor villages.¹¹ Sixty percent of households do not own agriculture land; fewer than 16 percent have piped water supply; and 64 percent were in debt at the time of survey. Perceptions of men and women about problems they face at the household and village levels reveal the poor drainage, inadequate health facilities and low income (poverty) as the three most important problems. These findings at least suggest that rural support programs funded by the PPAF have focused on poor communities of the country.

Table 10: Number of districts covered by ZTBP, PPAF and Khushali Bank for micro-credit disbursement

Program	FY02	FY03	FY04
ZTBP	61	65	68
PPAF	68	72	75
Khushali Bank	26	37	42

6.15 Gallup Pakistan (2003) evaluated the functioning of PPAF through a survey of 1700 borrowers and non-borrower households in 140 community organizations of 17 districts in all four provinces of Pakistan.¹² This study found that borrowing households were better off than those that had not borrowed. On the average their incomes and consumption had increased and there was an improvement in their personal and business assets, housing facilities and other amenities/services and in their social status (especially for women borrowers). Borrowers were not able to obtain as much credit as they wanted, however. In the survey sample, the mean value of loans received by the borrower group was Rs 9138, 54 percent of their desired amount (Rs. 17136). According to study, the mean return on investment for loans was approximately 30% per annum.

Land Distribution

6.16 Government has designed a program to distribute the state land among the rural landless households to improve their livelihood. An estimated 2.7 million acres of state land is available for distribution. Data presented in Table 11 shows that in FY04 the land distribution took place only in Punjab where about three thousand and five hundred acres of land was distributed among the three hundred and fifty four beneficiaries. In FY02 about fifty thousand acres of land was distributed in all four provinces whereas in FY03 over seven thousand and five hundred acres of available land was distributed among over eight hundred beneficiaries

¹¹ Khan, Mahmood Hasan (2004); Method of Assessment of Rural Poverty, Projects and Programme Impact: A handbook for Practitioners in Rural Support Programmes, Rural Support Programme Network, Islamabad

¹² Gallup Pakistan (2004); PPAF Micro Credit Financing: Assessment of Outcome, Pakistan Poverty Alleviation Fund, Islamabad.

in Punjab and NWFP. It demonstrates that the major activity of land distribution was carried out in FY02. Agriculture is the major source of livelihood in rural areas, where more than fifty percent of households are landless. A large majority of farmers owns only a small piece of land, less than five acres. It appears from the data that on average government distributes ten acres of land to each beneficiary. This amount of land is sufficient to bring a family out of poverty if the family has access to credit to arrange timely the agriculture inputs such as water, seed and fertilizer. The current level of land distribution is unlikely to cover landless households at a large scale. However, a transparent, targeted and coordinated re-distributive initiative would have important implications for many poor households who benefit from the land distribution program.

Table 11: State land distribution by number of beneficiaries in each province

Province	2001/02		2002/03		2003/04	
	land (acres)	beneficiaries (number)	land (acres)	beneficiaries (number)	land (acres)	beneficiaries (number)
Punjab	15878	1386	3260	330	3452	354
Sindh	11394	1127	4241	490	0	0
NWFP	17619	24	0	0		
Balochistan	5089	157	0	0	0	0
Total	49980	2694	7501	820	3452	354

6.17 It can be concluded that government has designed some affective programs targeting the poor. These programs have been in general beneficial for the poor. However, coverage of these programs needs to be enhanced. There is also a need to improve their targeting efficiency so benefits should go to only deserving people.

7 Some Evidence on Output Indicators

Output Indicators and Data Issues

7.1 The list of PRSP output indicators includes, among others, the ‘poverty head count ratio’, ‘children enrolment in school’, ‘student dropout rate’, ‘literacy rate’, ‘infant and child mortality’, ‘total fertility rate’, ‘household consumption’, and ‘access to water supply and sanitation’. This list of indicators matches perfectly with the input (expenditure) and intermediate indicators. The main data source for the output indicators is the PIHS. The last PIHS was conducted in 2001-02, the year when the PRSP was started. It therefore has not been possible to monitor the output indicators. FBS has launched the CWIQ to be completed by early next year. Pakistan Social and Living Standard Measurement Survey has also been launched. It will be completed in one-year time. With the availability of these datasets, it would be possible to monitor output indicators at the three levels as proposed in the PRSP: federal, provincial and district.

7.2 As noted in section 1 of this report that to see the impact of economic and social policies on poverty, on the advice of the government, FBS conducted the Household Consumption Expenditure Survey (HCES) in April-May 2004 from 5064 rural and urban households. The HCES is a nationally representative survey. However, it is substantially small in terms of its sample size, about one-third of the PIHS.¹³ The other major difference is that HCES was completed during a very short period of time; only 19 days. The regular household income and expenditure surveys are completed in 12 months by dividing the sample equally across the four quarters to avoid any seasonality effect on consumption behaviour of households. However, to make the results of the HCES comparable with the 2000-01 PIHS, a sub-sample of the latter completed in corresponding dates of April-May 2001 was used. Even then there is

¹³ It is worth noting that the sample size of the 1991 PIHS was also small; and it has been widely used to examine different dimensions of poverty.

no claim that the HCES is the alternate of the PIHS. However, it provides evidence on poverty incidence and other output indicators for FY04.

Incidence of Poverty

7.3 The HCES shows a decline in poverty, from 27.3 percent in 2000-01 to 23.1 percent in 2004. The decline in urban poverty was high, from 23.1 percent in 2000-01 to 13.6 percent in 2004. The corresponding decline in rural areas was relatively small, from 30.6 percent in 2000-01 to 28.35 percent in 2004. It is welcome news that the rise in poverty has been arrested, and a substantial decline has also been witnessed in the HCES.

Table 12: Incidence of Poverty

Region	1998-99	2000-01		2004
		Actual	Adjusted	
National	30.6	32.1	27.30	23.10
Urban	20.9	NA	23.10	13.60
Rural	34.7	NA	30.60	28.35

7.4 The question is how can we explain this achievement in poverty reduction, particularly in the presence of high open unemployment. First take the sharp reduction in urban poverty, from 27.3 percent in 2000-01 to 23.1 percent in 2004. Understanding the urban economy is a complex phenomenon. This complexity increases when it is linked with poverty in urban areas. One obvious factor contributing in reduction in urban poverty is the high growth in manufacturing sector. Major industries that registered positive growth include; sugar, cement, petroleum products, cooking oil, jeeps and cars, cotton yarn and motorcycles. Most of these industrial units are located in urban areas benefiting directly the urban population through employment and other job-related benefits. But in urban areas, the role of informal sector in terms of employment has been substantial. Growth in large-scale industries is likely to have positively affected activities in the informal sector. As discussed earlier, impact of remittances on poverty reduction is well documented. During the last three years, about one-third of remittances came from the USA. Most of the families who benefited directly from the USA remittances are likely to be located in urban areas. Uses of these remittances may have indirectly benefited many other families in urban areas. Development of IT sector in urban areas may have some impact on poverty reduction through providing jobs to young educated persons. Rising activities in the construction sector may also have helped in poverty reduction through employment and increase in wages.

7.5 Poverty reduction in rural areas is only one and half percent. One argument is that although agriculture growth was slow last year, prices of major crops were better than some early years. These high prices may have greatly compensated the farmers for smaller growth in output. Rural-urban migration and job opportunities in small towns in service, trade, transport and manufacturing sector may have helped rural population to work in the non-agriculture sector, where growth has been higher than the growth in agriculture sector. The role of targeted programs including Zakat, food support program and credit disbursement on rural poverty reduction could be substantial. Despite all limitations of these programs, they are in general beneficial for the poor.

Other Social Indicators

7.6 Primary education is the main focus of the education policy. It has been shown earlier that expenditures on primary education have increased over time. The role of private sector in primary education particularly in urban and semi-urban areas has also been substantial. The HCES data show a significant improvement in gross as well as net primary school enrolment. Improvements have also been witnessed in the middle- and matric-level enrolments. These findings are very encouraging, but still in terms of number many children in school age are not in the school. Several recent initiatives in the public sector including the education

program of National Commission for Human Development are likely to enhance further the school enrolment rates. The HCES has also shown improvement in other social indicators such as increase in proportion of households living in two and more room houses and access to safe drinking water and sanitation.

8 Aligning PRSP with Millennium Development Goals (MDGs)

8.1 The government has endorsed the MDGs and is committed to their achievement. These goals have been aligned with the PRSP. However, it is worth noting again that Pakistan Integrated Household Survey (PIHS) is considered as the main data source for monitoring several MDG indicators. With the availability of new datasets by next year it would be possible to examine the progress in MDG targets and also to update the PRSP indicators.

8.2 The first MDG target is to halve poverty by 2015. Can this target be achieved in Pakistan? The concerted efforts outlined in the PRSP over the coming years may result in lowering poverty. However, it has been argued by many critics that it may be hard to lower it to half of what it was in 1990/91 in the next decade. Since the main focus of the PRSP is on high economic growth, in the past higher economic growth has not always led to a reduction in poverty. But, the government has adopted a mixture of growth enhancing and direct poverty alleviation policies to achieve a maximum reduction in poverty in future. The overall spending under the PRSP umbrella has increased over time. This reflects that the pace of pro-poor expenditures is picking up. It is therefore expected that the poverty would be halved to around 16 percent by 2015. Similarly targets set for the hunger, improvement in child nutritional status and increase in the availability of average calories per capita is likely to be achieved.

8.3 Goal 2 aims at ensuring that by 2015 children everywhere, boys and girls alike would be able to complete a full course of primary schooling. Pakistan has set a target of universal primary education in the ESR. Gross and net primary school enrolments have increased over time. The primary school completion rates in Pakistan are lower than estimates for countries at similar level of development. However, it is performing more closely to the pattern of lower middle-income countries rather than low-income countries. ESR has expressed government's willingness to develop partnership with the private sector and NGOs at primary as well as other levels of education. More funds have also been allocated for the education sector. However, there is a need to monitor the education indicators regularly so that the targets can be achieved on time.

8.4 The goal 3 aims to eliminate gender disparity in primary and secondary education preferably by 2005 and to all levels of education no later than 2015. To achieve this goal, the indicators for Pakistan are: 1) the ratio of girls to boys in primary, secondary and tertiary levels, 2) the ratio of literate females to males of 15-24 years old, 3) the share of women in employment, as a proxy indicator for share of women in wage employment in non-agricultural sector, and 4) the proportion of seats held by women in the parliament. The proportion of girls to boys in primary and secondary education has improved over time. Pakistan has made a significant progress in enhancing the participation of women in parliament. In 1990-91, only 1 of the national assembly seats was held by women. At present, women occupy 21 percent of these seats. The first National Policy for Development and Empowerment of Women announced in 2002 encompasses all critical areas pertaining to women and contains key guidelines and policy directions for ensuring women's participation in socio-economic and political empowerment and forms the basis of all women development programs. Implementation of all these policies would reduce gender gap in education and economic activities resulting an improvement in women status.

8.5 The goal 4 of the MDGs targets a reduction in child mortality by two-thirds between 1990 and 2015. The situation with regard to infant and child mortality between 1990-91 and 2001-02 period shows they have declined over time. Child mortality declined from 128 per 1000 live births in 1990/91 to 105 per 1000 live birth in 2001-02, with a target of further

decline to 80 per 1000 live births by 2005-06. Similarly infant mortality rate declined from 120 per 1000 live birth in 1990-91 to 77 in 2001-02, with a target of further decline to 63 per 1000 live birth by 2005-06. Although the pace of reduction in both infant and child mortality is low, a two-thirds reduction by 2015, or 40 per 1000 live births, appears to be achievable.

8.6 Goal 5 aims to reduce maternal mortality rate by three quarters between 1990-2015. The success of this goal is measured in Pakistan through four indicators: maternal mortality ratio, proportion of births attended by skilled health personnel, coverage of Lady Health Workers (LHWs) and total fertility rate (TFR). The overall maternal mortality rates have shown a modest decline from 550 per 100,000 live births in 1990-91 to 450 per 100,000 live births in 2001-02. The proportion of births attended by skilled health also increased modestly from 18 percent in 1990-91 to 20 percent during 2000-01. The availability and access to female health care providers (including LHWs) has also increased in recent years. It appears that the target of reduction in maternal mortality by three-quarter will be achieved. Government has set realistic and achievable targets for the other goals (6 and 7) as well, including HIV/AIDS, malaria, tuberculosis and environmental sustainability. There is a need that line ministries and departments must develop their plans to achieve MDGs within the specified time frame.

9 Filling Gaps in Monitoring the PRSP Indicators

9.1 Data gaps have already been identified in the relevant sections. PRSP aims to monitor the progress of both intermediate and outcome indicators at the province as well as district levels. It is not an easy task. No real progress has so far been made in developing the monitoring and evaluation mechanism at the district level. Effective monitoring of indicators at the district level will certainly lead to better monitoring at both the provincial and federal levels. Steps have been taken in this direction. It is expected that the first CWIQ survey would provide the baseline information for the 2004-05 period at all three levels: federal, provincial and district. But, there is a need to enhance the planning and implementation capacity of the provincial PRSP Secretariats to monitor and analyze the progress of indicators at the district level and also to make necessary adjustment in their development priorities.

9.2 Finally, PRSP has rightly reported that monitoring should not become an end itself. The real issue is effective follow-up and implementing remedial measures and reinforcement of accountability for results. This mechanism requires that results of intermediate and outcome indicators may be disseminated among stakeholders in order to have regular feedback to policy makers for appropriate adjustment in policies. The quarterly reports of the PRSP have created a mechanism for the dissemination of results. Now, the National Steering Committee will review the progress in the PRSP indicators to suggest appropriate adjustment in policies.

Appendix A: PRSP Expenditures 2002-03 and 2003-04 (Rs.in billion)

	2003-04 (Provisional)						2002-03 (Provisional)					
	Federal	Punjab	Sindh	NWFP	Balochist.*	TOTAL	Federal	Punjab	Sindh	NWFP	Balochist.	TOTAL
Roads highways, & Bridges	1,559	7,192	2,152	2,203	3,349	16,455	1,023	5,167	3,030	1,067	2,858	13,145
Current	1,559	3,066	180	122	230	5,157	1,023	2,491	898	96	301	4,809
Development	0	4,126	1,972	2,081	3,119	11,298	0	2,676	2,132	971	2,557	8,336
Water Supply & Sanitation	491	763	1,288	424	1,210	4,176	527	537	676	338	1,343	3,421
Current	150	57	477	304	691	1,679	151	90	389	306	649	1,585
Development	341	706	811	120	519	2,497	376	447	287	32	694	1,836
Education	17,484	44,979	18,142	11,969	5,385	97,959	14,800	31,712	15,663	11,929	4,343	78,447
Current	10,400	39,842	17,761	11,370	4,749	84,122	8,874	31,025	15,270	11,684	4,083	70,936
Development	7,084	5,137	381	599	636	13,837	5,926	687	393	245	260	7,511
Primary Education	1,314	27,218	7,948	5,372	1,841	43,693	1,301	18,248	7,161	4,957	1,596	33,263
Current	1,239	22,723	7,913	5,042	1,841	38,758	1,192	17,937	7,058	4,868	1,596	32,651
Development	75	4,495	35	330	0	4,935	109	311	103	89	0	612
Secondary Education	1,795	9,157	5,926	4,610	1,569	23,057	1,767	7,696	5,295	4,262	1,230	20,250
Current	1,653	8,823	5,802	4,499	1,569	22,346	1,438	7,609	5,188	4,254	1,230	19,719
Development	142	334	124	111	0	711	329	87	107	8	0	531
General Universities, Colleges, & Institutes	9,023	3,263	1,537	854	367	15,044	7,009	3,165	1,305	854	366	12,699
Current	4,120	3,139	1,489	804	367	9,919	3,285	2,892	1,289	789	366	8,621
Development	4,903	124	48	50	0	5,125	3,724	273	16	65	0	4,078
Professional & Technical Universities, Colleges & Institutes	2,401	695	917	550	261	4,824	1,849	531	885	511	208	3,984
Current	1,831	660	834	510	261	4,096	1,245	524	745	460	208	3,182

Development	570	35	83	40	0	728	604	7	140	51	0	802
Teacher & Vocational Training	47	1,739	125	40	194	2,145	494	768	120	24	307	1,713
Current	24	1,739	104	31	194	2,092	487	761	108	24	307	1,687
Development	23	0	21	9	0	53	7	7	12	0	0	26
Others	2,904	2,907	1,689	543	1,153	9,196	2,380	1,304	897	1,321	636	6,538
Current	1,533	2,758	1,619	484	517	6,911	1,227	1,302	882	1,289	376	5,076
Development	1,371	149	70	59	636	2,285	1,153	2	15	32	260	1,462
Health	6,133	11,535	4,633	2,401	1,879	26,581	5,317	9,386	3,808	2,268	1,589	22,368
Current	3,539	10,889	4,085	2,315	1,509	22,337	2,575	9,034	3,609	2,183	1,446	18,847
Development	2,594	646	548	86	370	4,244	2,742	352	199	85	143	3,521
General Hospitals & Clinics	2,921	10,051	3,891	1,974	700	19,537	2,181	8,174	3,101	1,957	722	16,135
Current	2,678	9,439	3,516	1,933	700	18,266	2,012	7,830	3,024	1,892	722	15,480
Development	243	612	375	41	0	1,271	169	344	77	65	0	655
Mother & Child Health	2	53	0	12	2	69	2	44	0	11	4	61
Current	2	49	0	12	2	65	2	44	0	11	4	61
Development	0	4	0	0	0	4	0	0	0	0	0	0
Health Facilities & Preventive Measures	2,619	122	395	111	440	3,687	2,508	54	491	94	205	3,352
Current	454	103	283	86	92	1,018	141	48	377	83	76	725
Development	2,165	19	112	25	348	2,669	2,367	6	114	11	129	2,627
Others	591	1,309	347	304	737	3,288	626	1,114	216	206	658	2,820
Current	405	1,298	286	284	715	2,988	420	1,112	208	197	644	2,581
Development	186	11	61	20	22	300	206	2	8	9	14	239
Population Planning	3,348	689	493	238	145	4,913	1,949	570	327	181	93	3,120
Current	123	0	0	4	142	269	44	0	0	3	85	132
Development	3,225	689	493	234	3	4,644	1,905	570	327	178	8	2,988

Social Security & Social Welfare	3,138	518	239	107	140	4,142	328	472	194	82	225	1,301
Current	2,975	481	238	82	106	3,882	230	459	193	65	219	1,166
Development	163	37	1	25	34	260	98	13	1	17	6	135
Natural Calamities & Other Disasters	392	42	104	0	5	543	175	21	211	0	3	410
Irrigation	8,494	5,435	4,377	1,035	3,597	22,938	4,151	4,579	3,273	964	2,568	15,535
Current	101	3,770	2,207	782	2,400	9,260	81	3,495	2,012	769	1,855	8,212
Development	8,393	1,665	2,170	253	1,197	13,678	4,070	1,084	1,261	195	713	7,323
Land Reclamation	27	66	1,904	0	0	1,997	0	63	1,670	0	0	1,733
Rural Development*	515	11,562	2,908	2,137	1,257	18,379	526	10,017	2,563	2,629	1,148	16,883
Current	48	4,482	2,333	172	226	7,261	45	2,702	2,031	136	331	5,245
Development	467	7,080	575	1,965	1,031	11,118	481	7,315	532	2,493	817	11,638
Law and Order	14,644	11,719	8,233	2,861	2,543	40,000	12,628	10,918	7,800	2,760	2,187	36,293
Low Cost Housing	0	423	0	0	0	423	0	0	0	0	0	0
Justice Admn	298	1,051	540	358	197	2,444	282	995	522	228	169	2,196
Food Subsidies	4,645	2,000	500	700	0	7,845	3,862	3,000	3,197	800	0	10,859
Food Support Program	150	1,428	629	499	98	2,804	109	1,015	418	385	90	2,017
Tawana Pakistan^	400					400	800					800
Village Electrification^^	1,977					1,977						
GRAND TOTAL	63,695	99,402	46,142	24,932	19,805	253,976	46,477	78,452	43,352	23,631	16,616	208,528

* In Balochistan, Expenditure from Gawadar, Turbat and Uthal For May and June not received

* In case of Punjab, includes DERA and TMAs, While in case of Sindh it includes DERA

^ Data upto March 2003

^^ Federal Releases to Mo Water & Power and WAPDA upto March 2004

Appendix B: Percentage Distribution of Education Expenditure by Province and Level of Education, 2001-04

Education level	Federal	Punjab	Sindh	NWFP	Balochistan	Total
2001/02						
Primary	9.09	56.41	46.62	35.52	36.75	32.65
Secondary	10.78	24.90	32.25	32.32	28.32	28.51
Colleges/university	49.16	9.75	9.34	6.78	8.43	19.94
Professional/tech	14.24	2.68	5.73	7.17	4.79	7.10
Teacher/vocational training	3.61	2.48	0.70	0.33	7.07	2.83
Others	13.12	3.77	5.37	17.88	14.64	8.97
Total	100.00	100.00	100.00	100.00	100.00	100.00
2002/03						
Primary	8.79	57.54	45.72	41.55	36.75	42.40
Secondary	11.94	24.27	33.81	35.73	28.32	25.81
Colleges/university	47.36	9.98	8.33	7.16	8.43	16.19
Professional/technical	12.49	1.67	5.65	4.28	4.79	5.08
Teacher/vocational training	3.34	2.42	0.77	0.20	7.07	2.18
Others	16.08	4.11	5.73	11.07	14.64	8.33
Total	100.00	100.00	100.00	100.00	100.00	100.00
2003/04						
Primary	7.52	60.51	43.81	44.88	34.19	44.60
Secondary	10.27	20.36	32.66	38.52	29.14	23.54
Colleges/university	51.61	7.25	8.47	7.14	6.82	15.36
Professional/tech	13.73	1.55	5.05	4.60	4.85	4.92
Teacher/vocational training	0.27	3.87	0.69	0.33	3.60	2.19
Others	16.61	6.46	9.31	4.54	21.41	9.39
Total	100.00	100.00	100.00	100.00	100.00	100.00

Appendix C: Percentage Distribution of Education Expenditure by Province and Level of Education, 2001-04

Education level	Federal	Punjab	Sindh	NWFP	Balochistan	Total
2001/02						
General Hospitals/clinics	41.9	86.6	81.9	87.5	45.4	71.8
Mother & child health	0.04	0.45	0.00	0.44	0.25	0.25
Health facility and preventive measures	48.0	0.6	10.0	3.2	12.9	15.0
Others	10.1	12.3	8.1	8.8	41.4	13.0
All	100.0	100.0	100.0	100.0	100.0	100.0
2002/03						
General Hospitals/clinics	41.0	87.1	81.4	86.3	45.4	72.1
Mother & child health	0.04	0.47	0.00	0.49	0.25	0.27
Health facility and preventive measures	47.2	0.6	12.9	4.1	12.9	15.0
Others	11.8	11.9	5.7	9.1	41.4	12.6
All	100.0	100.0	100.0	100.0	100.0	100.0
2003/04						
General Hospitals/clinics	47.6	87.1	84.0	82.2	37.3	73.5
Mother & child health	0.03	0.46	0.00	0.50	0.11	0.26
Health facility and preventive measures	42.7	1.1	8.5	4.6	23.4	13.9
Others	9.6	11.3	7.5	12.7	39.2	12.4
All	100.0	100.0	100.0	100.0	100.0	100.0

Appendix D: Number of functional schools and their proportion with water and latrine facilities

Province/ region	No. of functional schools	Primary-level		No. of functional schools	Middle-level	
		% schools with water for drinking	% schools with latrine facility		% schools with water for drinking	% schools with latrine facility
Pakistan						
2001-02	132527	51	36	12529	72	46
2002-03	134027	48	46	13736	68	67
2003-04(E)	135367	49	47	13873	71	70
2003-04(T)	138147	53	39	13437	63	48
Punjab						
2002-03	51995	68	57	6875	88	75
2003-04(E)	52515	70	59	6944	91	78
Sindh						
2002-03	40121	39	36	2373	45	49
2003-04(E)	40522	40	37	2397	47	51
NWFP						
2002-03	21992	43	54	2055	56	76
2003-04(E)	22212	45	55	2076	58	79
Balochistan						
2002-03	9893	10	16	764	33	46
2003-04(E)	9992	11	17	772	34	48
AJK						
2002-03	4376	34	29	989	49	66
2003-04(E)	4420	35	30	999	51	69
FANA						
2002-03	1231	22	10	221	6	32
2003-04(E)	1243	23	10	223	39	33
FATA						
2002-03	4202	29	43	407	57	66
2003-04(E)	4244	30	44	411	59	68
Islamabad						
2002-03	217	84	78	52	87	79
2003-04(E)	219	87	80	53	90	80

Note: E= estimated: for the year 2003-04, the figures shown in this Table are estimated.

T= Target as set the PRSP (see 7.3 C, page 114)

Appendix E: Percentage of trained teachers in public schools at primary- and middle-levels by gender

Province/ region	Primary-level			Middle-level		
	Male	Female	Total	Male	Female	Total
Pakistan						
2002-03	98	98	98	99	99	99
2003-04	98	98	98	99	99	99
Punjab						
2002-03	100	100	100	100	100	100
2003-04	100	100	100	100	100	100
Sindh						
2002-03	97	96	96	95	97	96
2003-04	97	96	96	95	97	96
NWFP						
2002-03	100	100	100	100	100	100
2003-04	100	100	100	100	100	100
Balochistan						
2002-03	99	97	99	100	100	100
2003-04	99	97	99	100	100	100
AJK						
2002-03	97	88	93	96	92	94
2003-04	97	88	93	96	92	94
FANA						
2002-03	42	19	33	70	54	67
2003-04	42	19	33	70	54	67
FATA						
2002-03	99	98	98	97	95	96
2003-04	99	98	98	97	95	96
Islamabad						
2002-03	100	100	100	100	100	100
2003-04	100	100	100	100	100	100