

POVERTY REDUCTION STRATEGY PAPER

FY 2011/12

MID YEAR PROGRESS REPORT

**PRSP Secretariat - Finance Division
Government of Pakistan**

MID YEAR PROGRESS REPORT
FY 2011/12

Foreword

The PRSP Secretariat has been authorized with the overall lead in the implementation of the Poverty Reduction Strategy Paper (PRSP). The initiative focuses on reporting progress on anti-poverty public expenditures, intermediate social indicators, and final outcomes, on a regular basis. PRSP, in essence, reflects the government's institutional mechanism for poverty monitoring, reporting progress on antipoverty public expenditures, intermediate social indicators and final outcomes. Through this exercise, the government seeks to improve the efficiency of scarce public resources allocated for the poor. The real test of public expenditures in pro-poor sectors lies in their impact. Hence, the policies in PRSP-II were linked with the achievement of key social and human development goals.

PRSP Secretariat regularly reports budgetary and non-budgetary expenditures in pro-poor sectors followed by monitoring of outcome and output indicators on quarterly and annual basis. The purpose of these reports is to keep track of the progress made in poverty reduction initiatives. The reports also aim to identify the gaps prevailing in the implementation of the PRSP-II, so that the strategy can be further enhanced.

The PRSP Secretariat has been sharing these reports regularly with key stakeholders. This Mid-Year Progress Report for FY 2011/12 is another effort made by the Strengthening PRS Monitoring unit and PRSP Secretariat to analyze the performance of macroeconomic indicators, pro-poor budgetary expenditures, and social protection and safety nets. I would like to extend my appreciation and gratitude to the researchers and experts at SPRSMP and PRSP Secretariat for their vigorous efforts in the compilation of this Mid-Year Progress Report for FY2011/12.

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List of Acronyms

AJ & K	Azad Jammu & Kashmir
BOP	Balance of Payment
BISP	Benazir Income Support Programme
CDA	Capital Development Authority
CCAC	Cotton Crop Assessment Committee
CSF	Coalition Support Fund
CFY	Current Fiscal Year
CPI	Consumer Price Index
CSP	Child Support Programme
CSW	Civil Society Wing
EOBI	Employee Old Age Benefit Institutions
EU	European Union
EDT	Enterprise Development Training
FDI	Foreign Direct investment
FATA	Federal Administrative Tribal Areas
FANA	Federal Administrative Northern Areas
FBR	Federal Board of Revenue
FSP	Food Support Program
FY	Fiscal Year
GOP	Government of Pakistan
GDP	Gross Domestic Product
GLP	Gross Loan Portfolio
H 1	Half Year One
ICT	Islamabad Capital Territory
IFA	Individual Financial Assistance
KP	Khyber Pakhtunkhwa
LSM	Large Scale Manufacturing
MFBs	Micro Finance Banks
MNA	Member National Assembly
MOM	Month-on-Month
MFIs	Micro Finance Institutions
NCRCL	National Centre for Rehabilitation of Child Labor
NFC	National Finance Commission
NGO	Non-Governmental Organization
PKR	Pak Rupee
PSEs	Public Sector Enterprises
PSC	Poverty Score Card
PBM	Pakistan Bait-ul-Mal
PFY	Previous Fiscal Year
PMN	Pakistan Microfinance Network
PPPs	Public Private Partnerships
PSDP	Public Sector Development Program
PRSP	Poverty Reduction Strategy Paper
PSLM	Pakistan Social and Living Standard Measurement Survey
PWP-I	Peoples Works Programme-I
PWP-II	Peoples Works Programme-II
RSPs	Rural Support Programmes
SBP	State Bank of Pakistan
SPI	Sensitive Price Indicator
TT-1	Tetanus Toxoid-1
TT-2+	Tetanus Toxoid-2+
US	United States
USDA	United States Department of Agriculture
WPI	Wholesale Price Index
WWF	Workers Welfare Fund
YoY	Year-on-Year

1.0 Introduction

1.1 This Poverty Reduction Strategy Paper (PRSP) Midyear Progress Report for FY 2011/12 is the 27th report, since the monitoring of pro-poor budgetary and non-budgetary expenditures began in 2001. It is 11th of the quarterly reports since the PRSP-II was finalized in December, 2008. The PRSP has been a successful strategy as sound progress has been made in all pro-poor sectors. PRSP-I focused on four pillars, i.e. (i) Accelerating Economic Growth; (ii) Improving Governance; (iii) Investing in Human Capital; and (iv) Targeting the Poor and the Vulnerable. Taking into account recent socio-economic developments, both domestic and international, the PRSP-II has been based on the government's economic reform-poverty reduction agenda encompassing the following nine pillars, (i) Macroeconomic Stability and Real Sector Growth; (ii) Protecting the Poor and the Vulnerable; (iii) Increasing Productivity and Value Addition in Agriculture; (iv) Integrated Energy Development Programme; (v) Making Industry Internationally Competitive; (vi) Human Development for the 21st Century; (vii) Removing Infrastructure Bottlenecks through Public Private Partnerships (PPPs); (viii) Capital and Finance for Development; and (ix) Governance for a Just and Fair System.

1.2 The half yearly data of FY2011/12 depicts an improvement in overall macroeconomic activity. Stable weather conditions have resulted in a better yield of rice and cotton crops. Services sector has also registered an increase due to growth in trade and profitability of banking sector. The risks to macroeconomic activity during the first half of FY2011/12 mainly stemmed from the external sector and fiscal imbalances. The Budget deficit was limited to 2.5 percent of GDP during H1- FY 2011/12 – lower than the 2.7 percent deficit registered in H1-FY 2010/11. Nevertheless, strict fiscal discipline is required to achieve the targeted deficit during the latter half of FY 2011/12.

1.3 The Pro-poor expenditures substantially increased till the second quarter of FY 2011/12. Overall YoY increase of 90.46 percent was recorded, from Rs. 482,815 million in H1-FY 2010/11 to Rs. 919,564 in H1-FY 2011/12. Significant increases in expenditure have been observed in all the sectors including Market Access and Community Services, Human Development, Rural Development and Governance. The maximum YoY increase was witnessed in Peoples' Works Programme II. There was reduction in expenditures in Benazir Income Support Program (BISP), Pakistan Bait-ul-Mal (PBM) and Natural Calamities and Disasters. The remarkable growths in Subsidies however lead to an overall positive growth in Social Safety Nets. On the provincial level, all the provinces depicted an increase in PRSP expenditures, except Sindh owing to decrease in education expenditures.

1.4 The composition of expenditures changed during the period under review. The percentage share of development expenditures increased by 3.03 percentage points during

the first half of FY2011/12 against the same period in FY2010/11. The expenditures in Education sector showed a minor growth as compared to previous trends. This obviously is a matter of concern since the education expenditures are already limited. However, the Health sector expenditures increased substantially.

1.5 Overall transfers for protecting the poor and vulnerable registered a negative growth of 13.7 percent in grants and 21.4 percent in beneficiaries during H1 of FY 2011/12 when compared with the same period last year. During H1 of FY2011/12, Rs. 24.96 billion (78 percent) of the grants were of the budgetary mode and Rs 6.84 billion (22 percent) were of the non-budgetary mode against 86 percent and 14 percent respectively during the same period of PFY. During H1 of FY 2011/12 a large proportion of the amount, i.e. 52 percent was disbursed through BISP, followed by 23 percent through Social Security and Social Welfare, 17 percent through EOBI, 5 percent through WWF, and 4 percent through PBM. These disbursements were made to 4.51 million beneficiaries which is 21 percent less than the beneficiaries of the same period last year. During H1 of FY 2011/12 a total of Rs.12.85 billion i.e. 608,080 loans under the micro-credit were disbursed which was 32 percent more against Rs. 9.71 billion i.e. 581,352 loans during the same period last year.

1.6 This Mid Year Progress Report covers the status of the poverty reduction efforts during H1 of FY 2011/12 (July – December). Part one of the report gives a brief introduction of PRSP. Part two focuses on an overview of Pakistan's economy along with a brief discussion on key macroeconomic indicators. Part three gives an analysis of the budgetary expenditures of 17 pro-poor sectors in general and education and health sectors in particular. Part four highlights both budgetary and non-budgetary modes of providing social protection to the poor and vulnerable and also illustrates expenditure details of the non-budgetary programmes. Part five briefly discusses monitoring of PRSP output (intermediate) indicators.

2.0 Trends in Macroeconomic Indicators

2.1 The mid-year data for the FY 2011/12 indicates an improvement in macroeconomic activity. Conducive weather conditions have allowed the agriculture sector to enhance its productivity. Services sector has also registered an increase due to growth in trade and profitability of banking sector. A better yield of rice and cotton crops has resulted in a decline in inflationary pressures.

2.2 Table 2.1 gives the growth rates of selected macroeconomic indicators for the first half of FY10, FY11 and FY12. In the LSM sector a positive growth rate of 0.8 percent was observed during H1-FY11 against the negative growth of -0.8 percent and -2.0 percent in H1-FY10 and H1-FY11, respectively. Exports depicted a growth rate of 3.9 percent against 18.9 percent last year and Imports registered a growth of 18.9 percent against 19.4 percent last year. This depicts the overall weakening of the current account balance. Remittances have increased but net foreign investment has declined during the period under review. Current account deficit and trade deficit has increased during H1-FY12. Fiscal deficit has comparatively declined from 2.7 percent in H1-FY11 to 2.5 percent in H1-FY12. This was due to the increase in growth rate of tax revenues from 13.7 percent in H1-FY11 to 27.1 percent in FY12.

<i>Growth rate (percent)</i>		FY10	FY11	FY12
LSM	Jul-Dec	-0.8	-2.0	0.8
Exports (fob)	Jul-Dec	-4.0	18.9	3.9
Imports (cif)	Jul-Dec	-16.3	19.4	18.9
Tax revenue (FBR)	Jul-Dec	5.1	13.7	27.1
Tax Non Revenue	Jul-Dec	18.3	-0.5	-14.0
CPI (period average) ¹	Jul-Dec	8.7	14.3	10.9
Private Sector Credit	Jul-Dec	4.3	5.4	6.2
Money Supply (M2)	Jul-Dec	6.6	9.0	5.7
<i>Billion US dollars</i>				
Total liquid reserves ²	31st Dec	15.0	17.2	17.0
Home remittances	Jul-Dec	4.5	5.3	6.3
Net Foreign Investment	Jul-Dec	1.1	1.0	0.4
<i>percent of GDP³</i>				
Fiscal Deficit	Jul-Dec	2.7	2.7	2.5
Trade Deficit	Jul-Dec	3.3	2.7	3.3
Current a/c Deficit	Jul-Dec	1.4	0.0	0.9
¹ Base year- FY 2007/08				
² With SBP & Commercial Banks				
³ Based on full year GDP in the denominator				
Source: State Bank of Pakistan				

2.3 Although the overall picture of the economy improved, there were still areas of potential concern which might cause an imbalance in macroeconomic indicators. A reduction in financial and capital inflows exerted pressure on SBP's foreign exchange reserves. This also resulted in depreciation of Pakistani Rupee. The industrial activity was continuously plagued with energy shortages.

2.1 .1 Real Sector

2.4 Over the first half of the FY 2011/12 the risks to macroeconomic activity mainly stemmed from the external sector and fiscal imbalances. Although it is premature to determine the trend of aggregate demand, it can be concluded that there are indications of its improvement. Higher production of consumer goods and renewed interest in auto-finance has increased the consumption demand. This improvement in domestic demand is supported by growth in workers' remittances, stable corporate profits and lower taxes. Farm income which had been one of the major drivers of rural demand in the past remained under pressure. The upturn in investment demand was reflected in higher imports of capital goods and Foreign Direct Investment (FDI) inflow in selected industries as well as a modest revival in construction activities. Moreover, some foreign-funded public sector construction projects also supported economic activity.

2.5 The government has taken positive measures in terms of tax cuts on consumer durables and the cement industry, which support private demand. Lastly, the energy supply, particularly thermal electricity generation improved due the proactive role of government in managing the liquidity situation in the power sector.

2.1.1. Agriculture:

2.6 Kharif crops are likely to achieve their targeted growth for FY 2011/12. Preliminary estimates depict strong performance by these crops. Major kharif crops like cotton, rice and sugarcane have already been harvested. This improved performance is admirable given that farmers faced numerous challenges during the crop sowing season, including floods in the summer, sharp fall in prices of agri-produce and increase in input costs. However on the brighter side, flood improved the soil moisture and fertility. This better availability of water and improvement in soil texture supported crop yield for sugarcane, rice and cotton.

Table 2.2 Growth in Agriculture (in percent)			
	Share in agriculture	Growth in FY11	Target for FY12
Agriculture		1.2	3.4
Major Crops	31.0	-4.0	3.0
Minor Crops	11.0	4.8	2.0
Livestock	55.0	3.7	4.0
Fishing		1.9	2.0
Forestry		-4.0	-1.0
Source: Planning Commission, Annual Plan 2011-12			

2.7 According to the Cotton Crop Assessment Committee (CCAC), the estimated crop size is 12.6 million bales against the target of 12.8 million bales and last year's 11.6 million bales. In case of cotton, attractive crop prices in the previous season also encouraged farmers particularly in Punjab to increase area under cultivation. Fortunately, flood-related damages to the cotton crop in Sindh have been more than offset by gains in Punjab. Due to the use of high quality cotton seeds, improved availability of water and the increase in area under cultivation the overall productivity of crops increased.

2.8 However, the benefits of productivity gains to farmers are being eroded by the dwindling prices of their produce. This, along with the increased cost of inputs (especially that of fertilizer), has squeezed margins for farmers. Accordingly, farm income is expected to be lower than it was last year.

2.9 The production estimates for rice vary in the range of 6.2–7.2 million tons, hovering around this year's official target of 6.6 million MT and significantly above the 4.8 million tons produced last year.

2.10 Sugar cane crop is an important cash crop of Pakistan and is grown on area of more than one million hectares. It provides raw material to 77 sugar factories besides indigenous "brown Sugar" cottage industry.

2.1.2. Large Scale Manufacturing

2.11 Half-way into FY 2011/12, the industrial sector has been showing some improvement over the previous year. However, this performance must be qualified, as part of the growth in Q1 of FY 2011/12 reflects the effect of a low base. As this base effect faded out, large-scale manufacturing (with a share of 52.3 percent in overall industry) posted decline in October and November 2011, before finally picking up in December.

2.12 Large-scale manufacturing growth decelerated, from 2.8 percent YoY in Q1-FY 2011/12 to -1.0 percent in Q2-FY 2011/12. It was anticipated that the drivers of Q1 growth – export demand and favorable post-flood base effect – would not help. However, further

deterioration occurred on account of continuing gas shortages during the peak winter months, which constrained production in fertilizer, cotton weaving and steel re-rolling. As a result, only 46 percent of LSM subsectors showed positive YoY growth in Q2-FY 2011/12 compared to 57 percent in Q1. On a cumulative basis, H1-FY 2011/12 growth stands at 0.8 percent, which is below this year's growth target of 2.0 percent

2.13 Nevertheless, there are some reasons to be optimistic. Private consumption demand has gained traction in H1-FY 2011/12, as reflected in higher production of consumer goods. Demand has improved on the back of growth in workers' remittances, stability in corporate incomes and renewed interest in auto financing by the banking sector.

2.14 There are some indications that investment demand is recovering. For example, although overall foreign direct investment is showing a slowdown, investment in some industries – construction, chemical and beverages – has increased in FY 2011/12. Similarly, imports of capital goods have also increased.

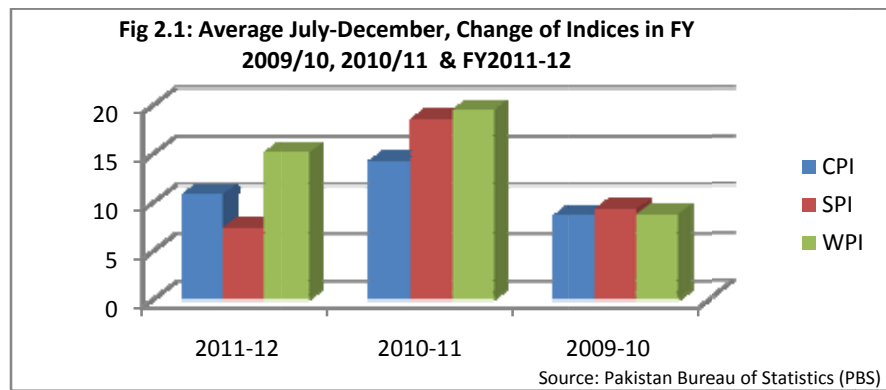
2.2 Inflation

2.15 According to figures given in table 2.3 Consumer Price Index (CPI) has declined by 3.45 percentage points over the first half of FY 2011/12 from 14.32 percent in July-Dec FY 2010/11 to 10.87 percent during July-Dec FY 2011/12 (see table 2.3).

Table 2.3: Average July–December over same period of previous year			
Index	2011-12	2010-11	2009-10
	Change of indices in %		
CPI	10.87	14.32	8.67
SPI	7.42	18.56	9.35
WPI	15.14	19.47	8.80

Source: Pakistan Bureau of Statistics

2.16 Similarly a substantial decline of 11.14 percent was witnessed in the Sensitive Price Index (SPI) during the same period. The Wholesale Price Index (WPI) also declined by 4.33 percent during July-Dec 2011/12 in comparison to July-Dec 2009/10.



2.17 Inflationary pressures in the food group during H1- FY12 have declined due to improvement in the production of minor crops and the ample availability of key staple crops. This was primarily responsible for bringing YoY CPI inflation down to single digits (9.7 percent) in December 2011 – at that level for the first time since October 2009. However, the declining trend in headline inflation may not persist.

2.18 **Core inflation** measured by non-food non-energy CPI (Core NFNE) increased by 10.1% in December 2011 as compared to 10.4% in November 2011 (YoY) and by 9.8 % in December 2010. This stubbornness in core inflation is attributed to a host of factors including: (1) the periodic upward revision in administered prices, especially that of petroleum products; (2) depreciation of the domestic currency, particularly during the second quarter of the year; and (3) the revival of inflationary expectations with the government borrowing from SBP since November 2011.

2.19 **SPI inflation** on YoY basis increased by 3.0% in December 2011 compared with 3.8% a month earlier and 21.1% in December 2010. On MoM basis, it decreased by 2.0% in December 2011 as compared to increase by 0.7% a month earlier and a decrease of 1.3% in December 2010.

2.20 **WPI inflation** on YoY basis increased to 8.3% in December 2011 compared with 12.0% a month earlier and 22.5% in December 2010. WPI inflation on MoM basis decreased by 1.3% in December 2011 as compared to a decrease of 0.5% a month earlier and an increase of 2.0% in December 2010.

2.3 Fiscal Balance

2.21 The **Budget deficit** was confined to 2.5 percent of GDP during H1- FY 2011/12 – lower than 2.7 percent deficit in H1-FY 2010/11. Stringent fiscal measures are still required to achieve a lower deficit during the latter half of FY 2011/12 (see table 2.4).

Table 2.4 : Summary of Public Finance (Rs. Billion)				
	H1			
	BE FY12	FY11	FY12	Growth (%)
Total revenue	2,870.5	989.6	1135.3	14.7
Tax revenue	2,151.2	721.6	904.6	25.4
Non tax receipts	719.3	268.0	230.6	-14.0
o/w SBP profit	200.0	80.0	104.0	30.0
Defense	118.7	66.9	4.6	-93.1
Total expenditure	3,721.2	1,480.0	1,667.8	12.7
Current	2,976.3	1,226.8	1,399.2	14.1
Dev and net lending	744.9	207.8	231.0	11.1
Unidentified		45.4	37.6	-17.1
Overall deficit	850.6	490.4	532.5	8.6
<i>Financing through</i>				
External resources	134.5	47.0	34.0	-27.7
Internal resources	716.1	443.4	498.5	12.4
Banking system	303.5	286.0	302.0	5.6
Non-bank	412.6	157.4	196.5	24.8
<i>As Percentage of GDP (%)</i>				
Overall fiscal deficit	4.0	2.7	2.5	
Revenue deficit		1.3	1.3	
Primary deficit		1.1	1.9	
Source: State Bank of Pakistan				

2.22 The government needs to be overly cautious during the second half of the year because in depth analysis of the trend in deficit within a year show that it is relatively higher in the second half. To compensate for the loss in economic growth during the last two years, the government is likely to spend more than the budgeted PSDP amount. This coupled with robust inflows for project-based external loans will increase the pressure on fiscal resources. Moreover, the government had to takeover PSEs' debt of Rs 391.0 billion in November, 2011. Although this amount will not appear in current year's budget, it has adverse implications for the long-run fiscal sustainability.

2.23 The **total revenues** collected by FBR during H1-FY 2011/12 amounted to Rs 840.7 billion, depicting an encouraging growth of 27.1 percent over the same period last year. Uncertainty still prevails in **Non-tax revenue collection** over Coalition Support Fund (CSF) proceeds. On the positive side, SBP profit, which was expected to decline due to the reduction in interest rate, is likely to reach the budgeted target of Rs 200 billion owing to the exchange rate depreciation and increased borrowing requirements of the government from SBP.

2.24 In **total expenditures** a growth of 12.7 percent was observed during H1-FY 2011/12. Current expenditures grew by 14 percent while development expenditure grew by 11 percent. The much required increase in development spending stimulates investments and will result in economic growth.

2.25 During the second quarter of the fiscal year, the **government borrowed** Rs 227.9 billion from SBP while retiring Rs 45.0 billion to the commercial banks in the same period. This is exactly opposite of what occurred in the first quarter when there was a net retirement of Rs 103.5 billion to SBP while borrowing from commercial banks was recorded at Rs 223.0 billion.

2.26 The dearth of **external financing** is likely to further aggravate the burden of borrowing on domestic sources. The government envisaged a net amount of Rs 134.5 billion in terms of net external borrowing during FY 2011/12 but has so far received only Rs 34.0 billion.

2.27 The ability of the provinces to show surpluses as envisaged under the seventh NFC Award seems unlikely. In the presence of above mentioned challenges, even the revised budget deficit target is likely to be missed. This will be the fourth consecutive year of high budget deficit, which has adverse implications for growth and macroeconomic stability. Fiscal consolidation is thus not possible without an effective tax system and restraining unproductive expenses, particularly those related to PSEs and subsidies.

2.4 External Account

2.28 In comparison to the deficit of US\$ 1.8 billion in external account during H1-FY 2011/12, the country had posted a surplus of almost US\$ 1.0 billion in H1-FY 2010/11 (see, table 2.5). The worsening in external account was caused by both the Current account and the trouble in financial balance. In the current account, the problem arose because of the widening of the trade deficit as exports growth during H1-FY 2011/12 decelerated to 9.1 percent from 19.3 percent last year.

Table 2.5 Summary of External Accounts		
	H1-FY11	H1-FY12
	Billion US dollars	
<i>A: C/A balance</i>	0.0	-2.3
i) Trade balance	-5.8	-7.8
Exports	11.1	12.1
Imports	16.9	19.9
ii) Services account balance	-0.3	-1.3
iii) Income account balance	-1.5	-1.6
iv) Current transfers	7.6	8.4
Remittances	5.3	6.3

<i>B: Financial/Capital balance</i>	1.0	0.4
i) FDI	0.8	0.5
ii) FPI	0.2	-0.1
iii) Others	0.0	0.0
<i>C: Errors and omissions</i>	0.0	0.1
<i>D: Overall balance</i>	1.0	1.8
Foreign reserves (31st Dec)	17.2	16.9
Exchange rate (31st Dec)	85.7	89.9
Source: State Bank of Pakistan		

2.29 Imports growth step up to 17.8 percent as compared to 11.2 percent last year. More than 60 percent of this increase was due to rise in the imports of the petroleum products and fertilizer, which showed 37.2 and 18.7 percent increase in their unit values, respectively.

2.30 The fall in export was largely due to decline in quantum particularly textiles. Though textile exports may also have suffered from slowdown in demand in its main markets (EU and US); across the board increase in unit values of value added textiles indicates that domestic issues particularly energy shortages may have been the main reason for slowdown in the country's exports.

2.31 As against the current account, the pace of deterioration in the financial and capital account accelerated in Q2 of FY2011/12. Financial and capital account, which posted a surplus of US\$ 0.6 billion during Q1- FY 2011/12, posted a deficit of US\$ 0.2 billion in Q2-FY 2011/12. While fresh inflows remained constrained, a large retirement of trade-financing loans by importers fearing depreciation of rupee caused the financial account to post deficit in Q2. Accordingly, the financial and capital account surplus declined to US\$ 0.4 billion in H1-FY 2011/12 against a surplus of US\$1.0 billion in the corresponding period of FY 2010/11.

2.32 The combined deterioration of current and financial accounts during H1-FY 2011/12 brought pressures on SBP reserves and exchange rate. During H1-FY 2011/12, Pakistan's liquid foreign exchange reserves declined by US\$ 1.4 billion, while the exchange rate depreciated by 4.4 percent. The pressure on the country's reserves and exchange rate could increase in H2-FY 2011/12 with a further widening of the trade deficit and external debt servicing. In this scenario, it is important for the government to have a clear and credible strategy for shoring up the external position to avoid undue speculative pressures.

3.0 Pro-Poor Budgetary Expenditures

3.1 Expenditures in the pro-poor sectors were analyzed on aggregate basis. The cross sectoral pattern was scrutinized along with examining the spending across the provinces and at the federal level. The current and development expenditures are considered separately to decipher the relative weight-age given to either category in different sectors and to comprehend the reasons behind the spending patterns.

3.2 This chapter gives the year on year trend of aggregate pro-poor budgetary expenditures incurred on seventeen sectors of PRSP-II till second quarter of FY 2011/12. The chapter is organized as follows; the first section (3.1) describes the trends at aggregate and sector specific level as well as the relative contribution of various pro-poor sectors to overall expenditures; second section (3.2) examines the behavior of current and development expenditures; the third (3.3) and the fourth (3.4) sections thoroughly examine the two major sectors i.e. Education and Health respectively, to analyze the variations in spending pattern and to observe the priorities and policies.

3.1. Trends in Expenditure – H1 FY2011/12:

3.3 Cumulative PRSP sectoral budgetary expenditure in seventeen pro-poor sectors (Table 3.1) displayed a substantial growth of 95.81 percent by increasing to Rs. 945,408 million in H1 of FY 2011-12 from Rs.482815 million in H1 of PFY. A significant growth in expenditures has been observed in all the sub sectors. In the broad categories of sectors, the largest increase in PRSP budgetary expenditures in H1 of FY 2011/12 was witnessed in Safety Nets (276.17 percent) on account of heavy subsidies granted for petrol, wheat and fertilizers. Besides this, the other categories also show positive growth of 55.7 percent in Market Access and Community Services, 51.51 percent in Rural Development and 19.31 percent in Governance. Human Development category showed an increase of 16.06 percent only.

Sector	Expenditure (Rs. millions)		Percentage Change
	H1 FY 2010-11	H1 FY 2011-12	
Market Access and Community Services	27,761	43,225	55.70
Roads, Highways, & Bridges	21,121	31,432	48.82
Environment/Water Supply & Sanitation	6,640	11,793	77.61
Human Development	196,725	228,319	16.06
Education	153,582	176,164	14.70
Health	40,898	49,908	22.03
Population Planning	2,245	2,247	0.09
Rural Development	42,037	63,691	51.51

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Agriculture	35,357	44,227	25.09
Land Reclamation	980	1,616	64.90
Rural Development	4,838	12,724	163.00
People's Works Programme-I	662	2,222	235.65
People's Works Programme-II	200	2,902	1,351.00
Safety Nets	137,086	515,675	276.17
Subsidies	74,458	463,091	521.95
Social Security & Welfare	3,731	7,324	96.30
Benazir Income Support Programme	17,274	16,382	-5.16
Pakistan Bait-ul-Maal	1,601	1,267	-20.86
Natural Calamities & Other Disasters	39,955	27,510	-31.15
Low Cost Housing	67	101	50.75
Governance	79,206	94,498	19.31
Justice Admin	6,284	7,151	13.80
Law and Order	72,922	87,347	19.78
GRAND TOTAL	482,815	945,408	95.81

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

3.4 Maximum expenditure outlays were witnessed in PWP-II i.e. growth of 1351 percent, followed by 521.95 percent growth in Subsidies, 235.65 percent growth in PWP-I and 163 percent growth in Rural Development. This phenomenal increase clearly indicates the government's commitment to attend to the needs of the poor by providing them immediate relief from the inflationary pressures. In safety net category, expenditures in three sectors (subsidies, social security & welfare and low cost housing) expanded significantly in first half of FY 2011/12 when compared with corresponding period of PFY. The reason for this high spending is that government gave hefty subsidies on petroleum products, fertilizers (agriculture input), wheat (agriculture output) and on utility stores especially in ghee and edible oil.

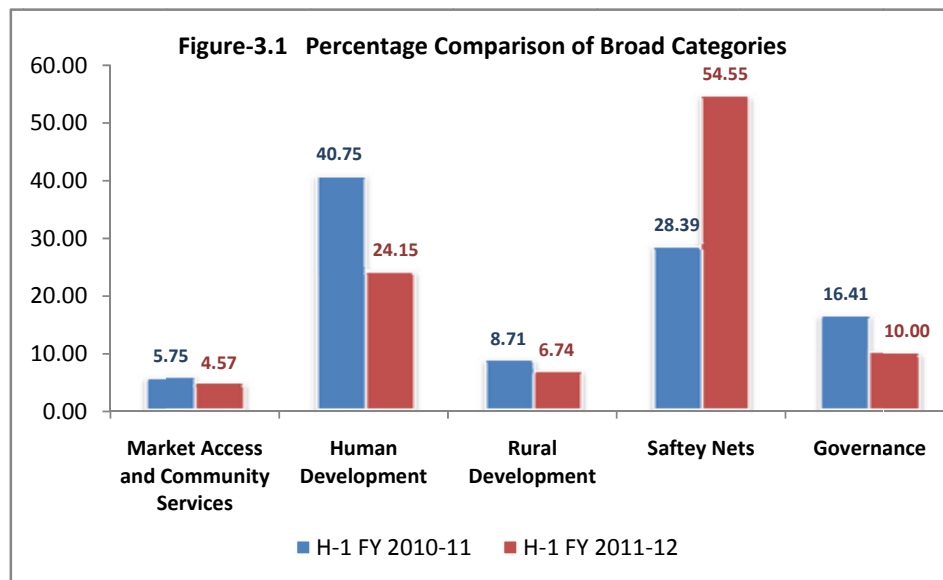
3.5 The positive expenditures growth in the category of Governance is the combined effect of positive growth in Justice Admin and Law & Order. Expenditures in these two categories observed a growth of 13.80 percent and 19.78 percent respectively during the first two quarters of the FY 2011/12. This encouraging growth reveals the government's constructive intentions to improve governance and security situation in the country.

3.6 The Rural Development and Market Access and Community Services also witnessed positive trends in their spending during the two quarters under review. There has been positive increase in all the sub categories. Unlike the previous trend, the Human Development showed a relatively minor increase. Growth in expenditures observed under education, health and population planning sectors were 14.7 percent, 22.03 percent and 0.09 percent respectively. The increase in expenditures incurred on Population Planning was negligible because the previous federal-to-provincial vertical distribution under this sector

has changed in terms of giving more resources to provinces over distribution and has influenced the expenditures on different programmes.

3.7 As compared to the PFY the largest decline (31.15%) in expenditures was observed in Natural Calamities & Other Disasters, fortunately, because of no critical disaster related activities in this period. Pakistan Bait-ul-Mal and Benazir Income Support Programme also underwent sizeable decline (-20.86 percent and -5.16 percent respectively) in the given period probably due to the amounts being disbursed in installments on the basis of usage and need.

3.8 Figurative representation of proportional contribution of the above mentioned five broad categories (Fig 3.1) illustrated a noticeable change in H1 of FY 2011/12 as compared to the same period of PFY. Safety Nets had the largest share of 54.6 percent, followed by Human Development with 24.2, Governance with 10.0, Rural Development with 6.7 and Market Access and Community Services with 4.6 percent share categorically. Share of Safety Nets increased mostly because of increased subsidies. Conversely, the Human Development share reduced as compared to the previous year because of less expenditure in the Population Planning and Education sector.



3.1.1. Distribution of Expenditures:

3.9 Proportional shares of PRSP sectors in budgetary expenditures in first half of FY 2010/11 and FY 2011/12 (Table 3.2) depict significant shifts between the two years. In H1 of the FY 2010/11, Education held highest share (31.81 percent) of the total expenditure followed by Subsidies with 15.42 percent of total PRSP outlays. However, in H1 of the FY

2011/12, share of Education declined considerably (18.6 percent) while share of Subsidies in aggregate PRSP expenditures increased by 33.6 percentage points and stood at 48.98 percent of the total pro-poor expenditures. This high growth in the share of Subsidies was because of high food, fertilizers and petroleum subsidies.

3.10 Since a considerable portion was given under Subsidies, the remaining pro-poor sectors held lesser share as compared to PFY. The share of expenditure incurred on Law and Order relative to total PRSP budgetary expenditures decreased by 5.9 percentage points, nonetheless, held a significant 9.2 percent share in total expenditures in H1 of the FY 2011/12. Natural Calamities & Other Disasters and Benazir Income Support Programme have also shown decrease in their shares in total expenditures in the given period of analysis 5.4 and 1.8 percentage points respectively.

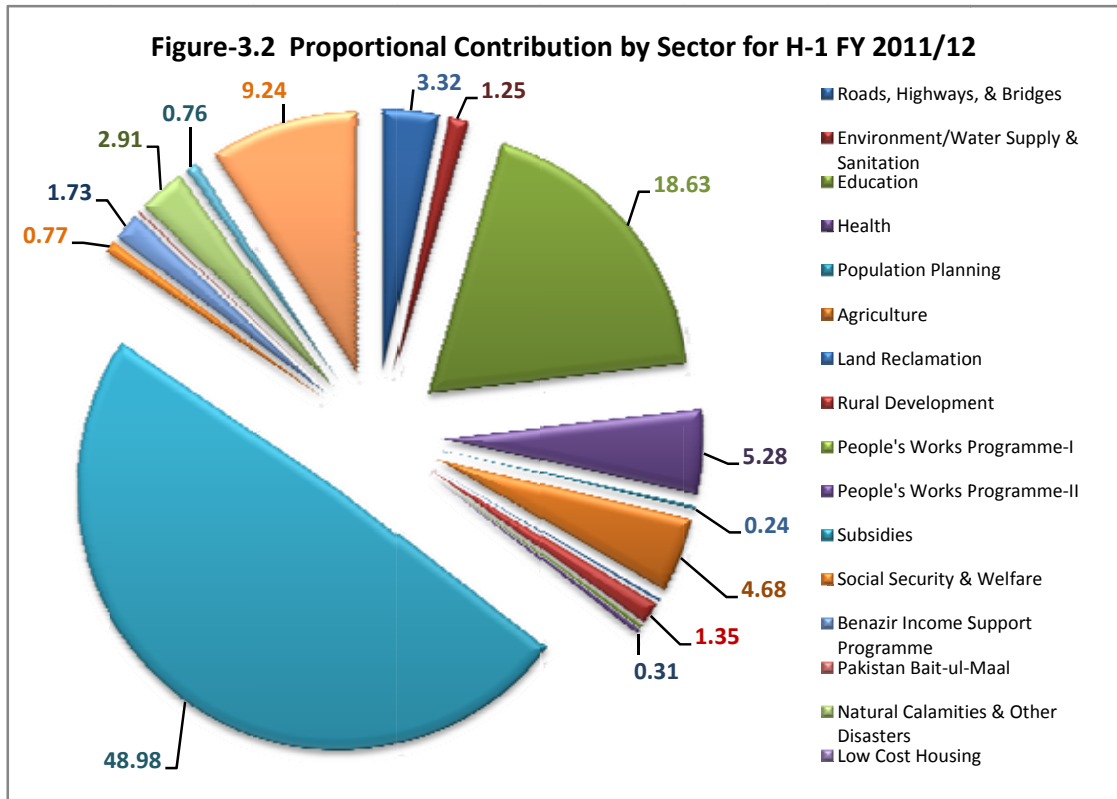
Table 3.2 Comparison of Proportional Contribution by Sector in PRSP Expenditures Between H-1 FY 2010/11 and H-1 FY 2011/12				
Sector	H-1 FY 2010-11	Percentage Share	H-1 FY 2011-12	Percentage Share
Roads, Highways, & Bridges	21,121	4.37	31,432	3.32
Environment/Water Supply & Sanitation	6,640	1.38	11,793	1.25
Education	153,582	31.81	176,164	18.63
Health	40,898	8.47	49,908	5.28
Population Planning	2,245	0.46	2,247	0.24
Agriculture	35,357	7.32	44,227	4.68
Land Reclamation	980	0.20	1,616	0.17
Rural Development	4,838	1.00	12,724	1.35
People's Works Programme-I	662	0.14	2,222	0.24
People's Works Programme-II	200	0.04	2,902	0.31
Subsidies	74,458	15.42	463,091	48.98
Social Security & Welfare	3,731	0.77	7,324	0.77
Benazir Income Support Programme	17,274	3.58	16,382	1.73
Pakistan Bait-ul-Maal	1,601	0.33	1,267	0.13
Natural Calamities & Other Disasters	39,955	8.28	27,510	2.91
Low Cost Housing	67	0.01	101	0.01
Justice Admn	6,284	1.30	7,151	0.76
Law and Order	72,922	15.10	87,347	9.24
TOTAL	482,815	100.00	945,408	100.00

Source: Strengthening PRS Monitoring, Finance Division, Islamabad.

3.11 All the sectors pertaining to Human Development, (Education, Health and Population Planning) have observed a decrease in their proportional shares of total expenditure in H1 of the FY 2011/12 when compared with PFY (18.6 percent, 5.3 percent and 0.2 percent

respectively). The share of Education in aggregate expenditures relative to FY 2010/11 declined by 13.18 percentage points. Share of Roads, Highways, & Bridges and Agriculture have also decreased in FY 2011/12 by 1.1 and 2.6 percentage points respectively relative to FY 2010/11.

3.12 In the remaining sectors, the trend and magnitude has remained nearly constant between CFY and PFY with negligible increase/decrease in their contribution towards PRSP expenditures.



3.1.2. PRSP Budgetary Expenditures by Province and Sectors

3.13 Table 3.3 shows the variations in PRSP budgetary expenditures at federal and provincial level by sectors and their specific contribution to overall change in expenditures. At federal level, there is a huge increase of 215.7 percent in pro-poor budgetary expenditures. Largest increase in provincial PRSP budgetary expenditures is observed in Balochistan, i.e. 35.2 percent, followed by Punjab with 25.4 percent. Sindh registered an increase in overall expenditure of 22.8 percent. The expenditures incurred in KP (22.3 percent) were the lowest which can be traced to negative expenditures in four sectors: Education; Social Security & Welfare; Roads, Highways, & Bridges; and Health.

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

Sector	Federal	Punjab	Sindh	KP	Balochistan	Pakistan
Roads, Highways, & Bridges	-24.96	91.86	7.28	30.97	69.84	48.82
Environment/Water Supply & Sanitation	42.86	55.49	79.37	148.29	125.60	77.61
Education	2.36	21.06	7.65	24.49	28.73	14.70
Health	-45.63	40.97	22.05	42.05	29.52	22.03
Population Planning	-95.86	29.46	77.32	-9.02	147.45	0.09
Agriculture	-3.41	27.12	43.25	35.70	54.48	25.09
Land Reclamation	-	6.67	73.02	-	-	64.90
Rural Development	927.32	1100.37	25.22	81.83	23.90	163.00
People's Works Programme-I	235.65	-	-	-	-	235.65
People's Works Programme-II	1351.00	-	-	-	-	1351.00
Subsidies	559.92	62.58	N/A*	24.38	-	521.95
Social Security & Welfare	624.70	25.75	-14.82	136.19	15.34	96.30
Benazir Income Support Programme	-5.16	-	-	-	-	-5.16
Pakistan Bait-ul-Maal	-20.86	-	-	-	-	-20.86
Natural Calamities & Other Disasters	-39.97	-78.20	71.02	-90.67	-94.35	-31.15
Low Cost Housing	-	55.00	14.29	-	-	50.75
Justice Admin	37.21	-1.27	27.14	5.94	59.95	13.80
Law and Order	18.62	13.20	25.49	32.56	24.88	19.78
GRAND TOTAL	215.72	25.37	22.83	22.30	35.18	95.81

Source: PRSP Secretariat, Finance Division, Islamabad.

*N/A: Not Applicable

3.14 There has been an overall increase in expenditures at country level in seven sectors including 'Environment/Water Supply & Sanitation', 'Education', 'Land Reclamation', 'Rural Development', 'Subsidies', 'Low Cost Housing' and 'Law & Order'. Programmes under Federal administration i.e. PWP-I and PWP-II witnessed significant increase in expenditure.

3.15 In Rural Development, the expenditures of Punjab increased enormously from 267 million in PFY to 3205 million in CFY (Annex: PRSP Budgetary Expenditures Sheet) owing to enormous increase in development expenditures. In Population Planning sector, there has been a general increase in expenditures in the provinces with a minor decrease in KP, however, at Federal level, the expenditures decreased by 95 percent. This clearly reflects the transfer of this subject from Federal to Provincial level. Contrary to it, in Subsidies and Social Security & Welfare expenditures increased at federal level i.e. 559.9 and 624.7 percent respectively. Natural calamities & other disasters is the only category where federation and all provinces have observed a decline in expenditures, except in Sindh because of rehabilitation activities carried out in the aftermath of floods.

3.2. Current and Development Expenditures:

3.16 This section deals with the analysis of aggregate current and development expenditures during the first half of FY 2010/11. An increase was observed in both categories (Table 3.4). The development expenditure increased substantially as compared to the current expenditures. This increase was 140.3 percent while current expenditure rose by 89.8 percent in the period under comparison. Although current expenditures have a major proportion of aggregate expenditures in both the quarters, however, the change in expenditures is encouraging. As compared to PFY, share of development expenditures have increased around 2.7 percentage points.

	Expenditures (Rs. Millions)			Percentage Share	
	Current	Development	Total	Current	Development
H-1 FY 2010-11	425,352	57,463	482,815	88.10	11.90
H-1 FY 2011-12	807,299	138,109	945,408	85.39	14.61
Percentage change	89.80	140.34	95.81		

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

3.17 Table 3.5 depicts the trends in PRSP current and development expenditures at provincial and federal levels. Relatively stable conditions in the economy caused development spending. The table illustrates an encouraging growth picture of development expenditures in federation and all provinces, especially when compared to current expenditures.

Province	H-1 FY 2010-11 (Rs. millions)		H-1 FY 2011-12 (Rs. millions)		Percentage change	
	Current	Development	Current	Development	Current	Development
Federal	161,293	18,169	497,550	69,051	208.48	280.05
Punjab	132,594	12,796	150,814	31,456	13.74	145.83
Sindh	81,336	11,108	101,051	12,494	24.24	12.48
KP	32,522	10,611	35,989	16,968	10.66	59.91
Balochistan	17,607	3,232	21,895	8,140	24.35	151.86
Pakistan	425,352	57,463	807,299	138,109	89.80	140.34

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

3.18 In Punjab and Balochistan, the development spending increased at around 1.5 times the previous year from Rs. 12,796 million to Rs. 31,456 million in Punjab and from 3,323 million to Rs. 8,140 million in Balochistan. KP also followed the same trend with 10.66 percent rise in current expenditures and 59.91 percent increase in development expenditures. In the province of Sindh, current spending increased more than the

development spending. At Federal level there was a significant growth in overall expenditures with 280.05 percent and 208.48 percent rises in the categories of development and current expenditures respectively.

3.19 Sectoral rates of change in Table 3.6 show declining trends in development spending in only Population Planning and Social Security & Welfare. Remaining sectors witnessed highly encouraging trends in development expenditure with the maximum YoY increase recorded in PWP-II and Subsidies. In current expenditure, all but three sectors have witnessed YoY decrease i.e. Natural Calamities & Other Disasters, BISP and PBM. The trends for all these sectors are in accordance with the factors already discussed in the previous sections.

Table-3.6 Percentage Change in PRSP Current and Development Expenditures by Sector for H-1 of FY 2010/11 and 2011/12			
Sector	Current	Development	Total
Roads, Highways, & Bridges	17.34	61.46	48.82
Environment/Water Supply & Sanitation	59.73	100.90	77.61
Education	12.80	33.75	14.70
Health	23.67	11.36	22.03
Population Planning	104.27	-8.12	0.09
Social Security & Welfare	288.59	-9.34	96.30
Natural Calamities & Other Disasters	-32.66	187.23	-31.15
Agriculture	8.03	73.23	25.09
Land Reclamation	64.90	-	64.90
Rural Development	414.03	137.76	163.00
Law and Order	19.36	201.19	19.78
Low Cost Housing	11.94	-	50.75
Justice Admn	4.88	88.24	13.80
Subsidies	461.59	562,275.00	521.95
People's Works Programme-I	-	235.65	235.65
People's Works Programme-II	-	1,351.00	1,351.00
Benazir Income Support Programme	-5.16	-	-5.16
Pakistan Bait-ul-Maal	-20.86	-	-20.86
GRAND TOTAL	89.80	140.34	95.81

Source: PRSP Secretariat, Finance Division, Islamabad.

3.3. PRSP Expenditures in Education and Health:

3.20 Human Development is divided into three subsections of Education, Health and Population Planning. Out of these three, Education and Health are important for the capacity building of the economy. The detailed analysis of these two sectors is given to show the government spending trend.

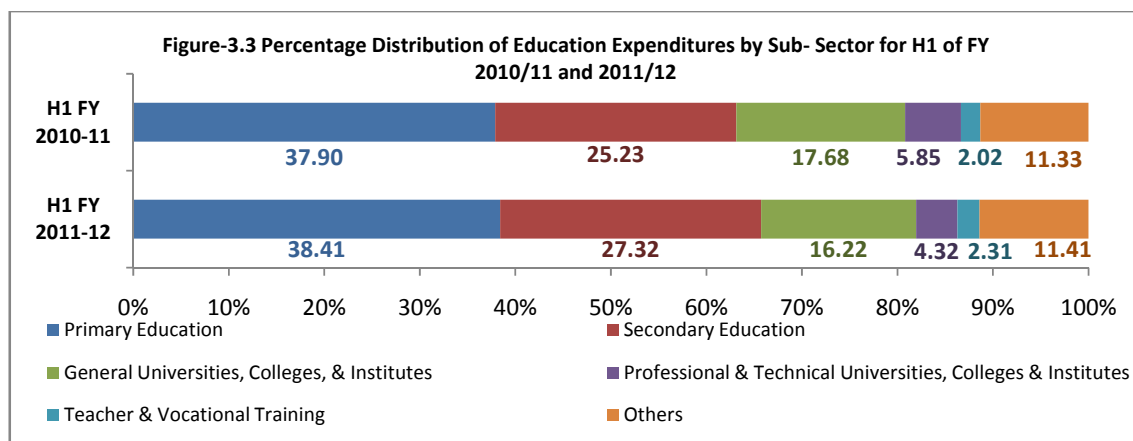
3.3.1. PRSP Expenditures in Education:

3.21 Aggregate PRSP expenditures in Education sector exhibited a scant growth of 14.7 percent from Rs. 153,582 million in H1 FY 2010/11 to Rs. 176,164 million in H1-FY 2011/12 (Annex). Expenditure growth at federal level shows a slight increase of 2.36 percent in overall education sector with major decrease in expenditures for Professional & Technical Universities, Colleges and Institutions. At provincial level, maximum expenditures growth is observed in Balochistan i.e. 28.7 percent followed by KP and Punjab with 24.5 percent and 21.1 percent respectively. In Sindh, there was a minor increase of 7.6 percent in total education spending due to more attention towards Natural Calamities & Disaster for flood rehabilitation activities.

Education sub-sector	Federal	Punjab	Sindh	KP	Balochistan	Total
Primary Education	14.74	14.19	16.28	37.77	3.44	16.25
Secondary Education	24.45	40.71	3.92	13.78	38.70	24.23
General Universities, Colleges, & Institutes	0.45	7.85	21.44	1.67	53.50	5.25
Professional & Technical Universities, Colleges & Institutes	-11.84	31.66	-60.84	36.57	115.79	-15.15
Teacher & Vocational Training	-4.00	32.69	14.18	-	31.01	31.48
Others	0.23	11.80	21.92	75.59	32.18	15.51
Total	2.36	21.06	7.65	24.49	28.73	14.70

Source: PRSP Secretariat, Finance Division, Islamabad.

3.22 Percentage distribution of aggregate Education expenditures in its subsectors (Figure-3.3 & Table-3.8) continued the existing pattern with Primary and Secondary Education holding the largest share of 38.4 percent and 27.3 percent respectively in H-1 FY 2011/12 (from 37.9 and 25.2 percent respectively in H-1 FY 2010/11). Teacher & Vocational Training holds the least share in both the halves under review.



3.23 The percentage distribution of overall expenditures exhibited almost similar trend in provinces and federation. In provinces the highest spending was in Primary education sub-

sector, whereas at federal level, 58.7 percent of contribution was of General Universities, Colleges, and Institutes. In Balochistan, the share of Primary education decreased considerably with a slight improvement in Professional and Technical Universities, Colleges and Institutes spending. The proportion spent on Secondary Education by KP and Balochistan was more or less same with slightly lesser contribution of other provinces.

Table-3.8 Percentage Distribution of Education Expenditures for H-1 of FY 2010/11 and 2011/12						
	Federal	Punjab	Sindh	KP	Balochistan	Total
H-1 FY 2011-12						
Primary Education	8.74	42.46	53.07	35.08	27.72	38.41
Secondary Education	12.11	29.91	28.01	34.78	34.96	27.32
General Universities, Colleges, & Institutes	58.66	8.00	6.72	12.32	10.49	16.22
Professional & Technical Universities, Colleges & Institutes	11.00	0.99	2.73	12.47	5.01	4.32
Teacher & Vocational Training	0.09	4.83	0.35	0.00	1.88	2.31
Others	9.40	13.82	9.11	5.35	19.94	11.41
Total	100.00	100.00	100.00	100.00	100.00	100.00
H-1 FY 2010-11						
Primary Education	7.80	45.01	49.13	31.70	34.50	37.90
Secondary Education	9.96	25.73	29.02	38.05	32.45	25.23
General Universities, Colleges, & Institutes	59.77	8.97	5.95	15.09	8.80	17.68
Professional & Technical Universities, Colleges & Institutes	12.78	0.91	7.52	11.36	2.99	5.85
Teacher & Vocational Training	0.09	4.41	0.33	0.00	1.84	2.02
Others	9.60	14.96	8.04	3.79	19.42	11.33
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

3.24 At provincial level, Balochistan held the largest share in Secondary Education (34.96 percent) and Others (19.9 percent); KP for General Universities, Colleges and Institutes (12.3 percent), and Professional and Technical Universities, Colleges and Institutes (12.3 percent); Sindh for primary education (53.1 percent), and Punjab for Teacher & Vocational Training (4.83 percent).

3.25 At Federal level, share of Primary and Secondary education slightly increased by 0.94 and 2.15 percentage points whereas share of General Universities, Colleges, and Institutes, Professional & Technical Universities, Colleges and Institutes and Others declined by 1.11, 1.77 and 0.2 percentage points respectively up to Q-2 of FY 2011/12. Teacher & vocational training amounted to almost the same share of expenditure in both halves under review.

3.3.2. PRSP Expenditures in Health:

3.26 Percentage change in expenditures, reflect sub-sectors of Health at Federal or Provincial level up to Q-2 FY 2011/12 as compared to Q-2 FY 2010/11 (see, Table 3.9).

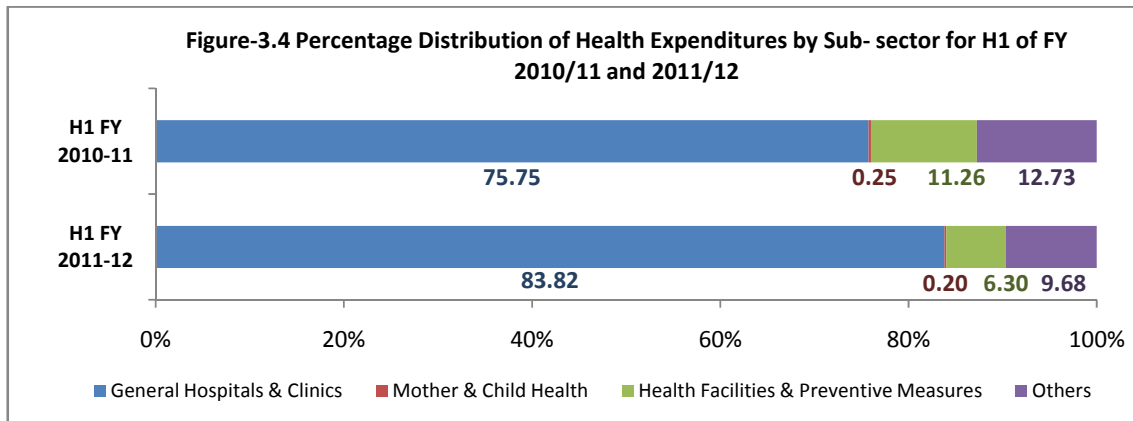
Overall expenditure in Health grew by 22.03 percent. At Provincial level, all provinces observed increase in expenditures with 40.97 percent in Punjab, followed by 42.05 percent in KP, 29.52 percent in Balochistan and 22.05 percent in Sindh. On the contrary, there was reduction in Federal expenditures on Health by 45.63 percent due to more concentration on other sectors as explained above.

Table-3.9 Percentage Change in PRSP Health Expenditures for Q1 of FY 2010/11 and 2011/12						
Health sub-sector	Federal	Punjab	Sindh	KP	Balochistan	Total
<i>General Hospitals & Clinics</i>	-6.00	46.99	24.18	41.84	50.50	35.02
<i>Mother & Child Health</i>	-66.67	4.55	-	12.50	-100.00	0.00
<i>Health Facilities & Preventive Measures</i>	-89.89	-5.58	41.28	850.00	32.86	-31.80
<i>Others</i>	-34.48	9.87	-5.45	-54.00	-25.65	-7.20
Total	-45.63	40.97	22.05	42.05	29.52	22.03

Source: PRSP Secretariat, Finance Division, Islamabad.

3.27 At the sub-sectoral level, only General Hospitals & Clinics showed growth of 27.32 percent, with no change in Mother & Child Health and severe reduction in Health Facilities & Preventive Measures and Others. Although there was 850 percent increase in expenditure over Health Facilities & Preventive Measures in KP, yet cutback at Federal and Sindh level nullified the impact. Only in Balochistan there was 100 percent decline in spending over Mother & Child Health. At the Federal level, a decline in spending in all the subsectors was observed in the period under analysis.

3.28 The proportionate share of spending in sub-sectors in overall Health expenditure (Figure-3.4 & Table-3.10) reflects a similar pattern in all four provinces in both FY 2010/11 and FY 2009/10. General Hospitals held the maximum share (84.8 percent) followed by expenditure in Others (9.7 percent). Spending in Mother & Child Health has kept the least of the expenditure share in both the periods (0.25 percent in H-1 FY2011 and 0.2 percent in H-1 FY2012).



3.29 The share of expenditures in Health Facilities and Preventive measures has decreased around 50 percent due to major reduction in spending at Federal level. On the contrary, the expenditures in General Hospitals & Clinics have increased remarkably owing to 36.91 and 10.17 percentage point increase in Federal and Balochistan expenditures. This reflects relatively more attention towards current spending in hospital and clinics than development spending on facilities in H-1 FY2012 as compared to PFY. Mother and Child expenditures remained low with no share in Sindh and Balochistan.

Table-3.10 Percentage Distribution of Health Expenditures for H-1 of FY 2010/11 and 2011/12						
Health sub-sector	Federal	Punjab	Sindh	KP	Balochistan	Pakistan
H-1 FY 2011-12						
General Hospitals & Clinics	87.54	87.97	77.94	82.58	72.91	83.82
Mother & Child Health	0.03	0.37	0.00	0.16	0.00	0.20
Health Facilities & Preventive Measures	8.57	0.82	11.90	12.32	13.12	6.30
Others	3.85	10.84	10.16	4.94	13.96	9.68
Total	100.00	100.00	100.00	100.00	100.00	100.00
H-1 FY 2010-11						
General Hospitals & Clinics	50.64	84.36	76.61	82.70	62.75	75.75
Mother & Child Health	0.05	0.50	0.00	0.20	0.14	0.25
Health Facilities & Preventive Measures	46.12	1.23	10.28	1.84	12.79	11.26
Others	3.20	13.91	13.12	15.26	24.32	12.73
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: PRSP Secretariat, Finance Division, Islamabad.

3.30 At provincial level, Punjab held the largest share for General Hospital & Clinics (87.97 percent) and Mother & Child Health (0.37 percent); and Balochistan for Health Facilities & Preventive Measures (13.12 percent) and Others (13.96 percent). At Federal level, the swap was between General Hospitals & Clinics and Health Facilities & Preventive Measures and besides that, the trend in Health expenditures has remained similar to PFY.

4.0 Protecting the Poor and the Vulnerable

4.1 The Government of Pakistan (GOP) realizes that social protection has a major role to play in eliminating poverty and reducing the gaps between the rich and the poor. Safety Nets in the form of direct cash transfers, both budgetary and non budgetary include Zakat, Pakistan Bait-ul-Mal (PBM), Employees Old Age Benefit Institutions (EOBI), Workers Welfare Fund (WWF), Benazir Income Support Programme (BISP), and Microfinance. Expenditures on PBM, BISP, and Social Security and Social Welfare have been included in the budgetary part of pro-poor expenditures. Expenditures on Zakat, EOBI and WWF constitute the non budgetary part of pro-poor expenditures. Micro credit lending has been discussed separately as pro poor support. The performance of these safety nets and other programs during the H1 FY 2011/12 has been compared with H1 FY 2010/11.

4.2 Disbursement and beneficiaries of all programmes including microcredit are given in Table 4.1. Overall transfers through protecting the poor and vulnerable programs registered a negative growth of 13.7 percent in grants and 21.4 percent in beneficiaries during H1 of FY 2011/12 as compared to the same period last year. During H1 of FY 2011/12, 78 percent i.e. Rs. 24.96 billion of the grants were of the budgetary mode and 22 percent i.e. Rs 6.84 billion were of the non budgetary mode against 86 percent and 14 percent respectively during the same period last year. During H1 FY 2011/12, a large proportion of the amount, about 52 percent, was disbursed through BISP, followed by 23 percent through Social Security and Social Welfare 17 percent through EOBI, 5 percent through WWF and 4 percent through PBM. These disbursements were made to 4.51 million beneficiaries, 21 percent less than the comparable period last year. A total of Rs.12.85 billion 32 percent more under the micro-credit was disbursed in terms of 608,080 loans during H1 FY 2011/12 against Rs. 9.71 billion and 581,352 loans compared to the same period last year.

Table 4.1: Direct Transfers and Beneficiaries			
Programme	Disbursement / Beneficiaries	H1 FY 2010/11	H 1 FY 2011/12
Budgetary Transfers			
Pakistan Bait-ul-Mal	Amount disbursed (Rs. billions)	1.6	1.3
	Total beneficiaries (Rs. million)	1.39	0.4
BISP	Amount disbursed (Rs. billion)	26.2	16.4
	Total beneficiaries (Rs. million)	3.7	3.4
Social Security & Social Welfare	Amount disbursed (Rs. billion)	3.73	7.29
1. Sub Total: Budgetary Transfers	Amount disbursed (Rs. billion)	31.53	24.96
	Total beneficiaries (Rs. millions)	5.09	3.8
Non – Budgetary Transfers			

Zakat*	Amount disbursed (Rs. billions)	N.A	N.A
	Total beneficiaries (Rs. millions)	N.A	N.A
EOBI	Amount disbursed (Rs. billions)	4.28	5.28
	Total beneficiaries (Rs. millions)	0.63	0.68
Workers Welfare Fund (WWF)*	Amount disbursed (Rs. billions)	1.02	1.56
	Total beneficiaries (Rs. millions)	0.02	0.03
2. Sub Total: Non budgetary transfers	Amount disbursed (Rs. billions)	5.3	6.84
	Total beneficiaries (Rs. millions)	0.65	0.71
Total: 1+2	Amount disbursed (Rs. In billions)	36.83	31.80
	Total beneficiaries (Rs. millions)	5.74	4.51
Micro Finance (micro credit only)	Amount disbursed (Rs. billions)	9.71	12.85
	Total Loans	581,352	608,080

Source: Pakistan Bait-ul-Mal, BISP, WWF and PMFN

4.1 Pakistan Bait-ul-Mal

4.3 Pakistan Bait-ul-Mal (PBM) disbursed a total of Rs. 1,266.825 million in H1 FY 2011/12 in comparison to Rs. 1,601.294 million during the same period previous year and observed a decreasing trend of 21 percent ,while in terms of beneficiaries a decline of 71 percent was registered (from 1,395,973 to 400,762) (see table 4.2). PBM makes its disbursement through several programs that helps in fulfilling the needs of the poor. During H1 of CFY 2011/12, downward trend was noticed in both disbursements and beneficiaries. Under Individual Financial Assistance (IFA) program, disbursement decreased by 28 percent (from Rs. 1217.146 million to Rs. 877.683 million) and also decline of 44 percent was noticed in beneficiaries (from 28,739 to 16,168), while rest of the programs of PBM in terms of both disbursements and beneficiaries showed an increasing trend. Disbursements and beneficiaries under National Centre for Rehabilitation of Child Labor program increased by 3 percent (from Rs. 165.47 million to Rs. 170.141 million), whereas beneficiaries also increased by 49 percent (from 167,369 to 249,220).

4.4 In Child Support Programme, total amount disbursed shows a positive trend of 99 percent. While an increase of 57 percent from 12,587 to 19,716 was registered in terms of beneficiaries. Under Civil Society Wing (NGOs), disbursements increased by 11 percent (from Rs. 12.916 million to Rs. 14.317 million), while beneficiaries also increased by 91 percent (from 4,975 to 9,507). Under Pakistan Sweet Homes (Orphanages) program, disbursement increased by 31.4 percent (from Rs. 74.517 million to Rs. 97.989 million), Beneficiaries increased by 87 percent (from 2,553 to 4,780). Under Vocational/ Dastkari training centers, nominal upward trend found in disbursement of 7 percent. No disbursements were reported under Lunger Program in FY 2011/12. Food support program

ended in FY 2008/09 with the launching of Benazir Income Support Program (BISP).

Table 4.2 : Programmes of Pakistan Bait-ul-Mal (PBM) For H-1 FY 2011/12				
Grant Nature	H1 FY 2010-11		H1 FY 2011/12	
	Beneficiaries	Disbursement (Rs. millions)	Beneficiaries	Disbursement (Rs. millions)
Food Support Program	-	-	-	-
Child Support Programme	12,587	20.171	19,716	40.057
Individual Financial Assistance	28,739	1217.146	16,168	877.683
Civil Society Wing (NGOs)	4,975	12.916	9,507	14.317
National Centre for Rehabilitation of Child Labour	167,369	165.47	249,220	170.141
Vocational / Dastkari Schools	100,967	62.252	101,371	66.638
Pakistan Sweet Homes (Orphanages)	2,553	74.517	4,780	97.989
Langer Program	1,078,783	48.822	-	-
Total Disbursement and Beneficiaries under all sub programmes	1,395,973	1,601.29	400,762	1,266.83

Source: Pakistan Bait-ul-Mal programme

4.2 Zakat

4.5 After the approval of the 18th constitutional amendment, some of the ministries/subjects have been transferred to the provinces. Ministry of Zakat is one of many other ministries transferred to the provinces. Data/information in relation to the period H1 of FY 2010/11 and H1 of the FY 2011/12 was received from three provinces (Sindh, Balochistan and Khyber Pakhtunkhwa) which was incomplete hence no analysis was made.

4.3 Programs of Employees' Old Age Benefit Institution (EOBI)

4.6 Disbursements and beneficiaries under different programs of Employees' Old Age Benefits Institution (EOBI) during first half of Current Fiscal Year (CFY) 2011/12 compared to the same period of Previous Fiscal Year have been given in Table 4.3. Under aggregate EOBI programmes, a significant increase of 23.4 percent was found in disbursements (from Rs. 4,280 million in PFY to Rs. 5,283 million in CFY). Beneficiaries also depicted a sufficient growth of 8 percent (from 634,449 to 683,017) in PFY 2010/11 in comparison with CFY.

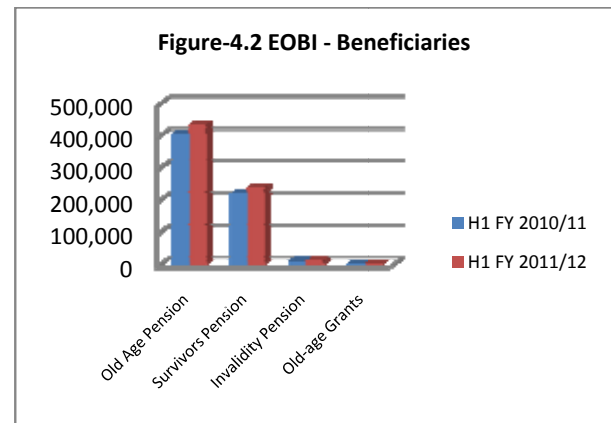
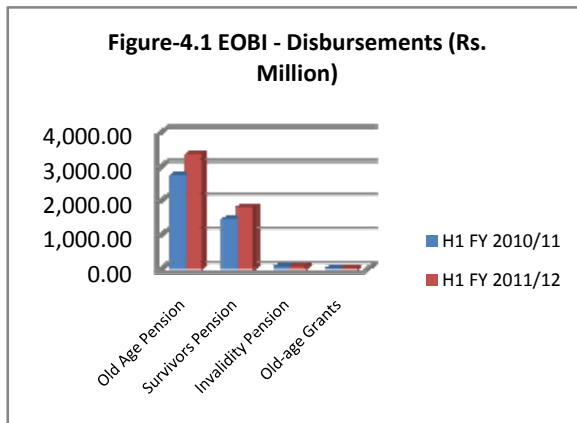
4.7 Under the Old Age Grants, the flagship programme of EOBI, disbursements increased by 82 percent from Rs.14.405 million in H1 FY 2010/11 to Rs. 26.25 million in H1 FY 2011/12. Disbursements under Survivors Pension, Old Age Pension and Invalidity Pension Programs recorded a growth of 24 percent (from Rs.1457.79 million to Rs. 1811.733 million), 23 percent (from Rs, 2,740.30 million to Rs. 3,362.567 million), and 22

percent (from Rs.67.621 million to Rs. 82.726 million) respectively in H1 FY 2011/12 in comparison with H1 FY 2010/11 .

4.8 Beneficiaries under all programs of EOBI observed a positive increase. In provision of Old Age pension grants, increase of 25 percent was recorded (from 904 to 1132). Survivors Pension increased by 9 percent (from 218,722 to 238,284), and increase of 7 percent was recorded in both Invalidity Pension Program and Old-age Pension Program.

Table 4.3: Programs of Employees' Old Age Benefit Institution				
Programs	H1 FY 2010/11		H1 FY 2011/12	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Old Age Pension	404,765	2,740.3	432,860	3,362.567
Survivors Pension	218,722	1457.790	238,284	1811.733
Invalidity Pension	10,058	67.621	10,732	82.726
Old-age Grants	904	14.405	1132	26.25
Total	634,449	4,280.00	683,017	5,283.28

Source: Employees' Old Age Benefits Institution (EOBI)



4.4 Benazir Income Support Program (BISP)

4.9 In response to the financial, food and fuel crisis of 2008, the Government of Pakistan introduced a new nationwide safety net initiative: the Benazir Income Support Program (BISP). The Objective was to provide income support to the poor in the short term, with a longer-term view to establish a national safety net platform that would support the poor and the vulnerable in moving out of poverty. To date, the BISP has disbursed more than Rs. 98.4 billion in cash grants of Rs. 1000 (US\$ 12) per month to 3.4 million beneficiary families in all regions and areas of the country, thus benefitting more than 20 million people directly. The program is aimed at covering almost 15 percent of the entire population, which includes 40 percent of the population living under the poverty line. A monthly payment of Rs. 1000 per family raises the income of a family earning Rs. 5000 by 20 %.

4.10 The identification of beneficiaries is being done through Proxy Means Test based targeting instrument Poverty Score Card (PSC) that has been rolled out through a door to door national census, which has to date collected information on more than 27 million households in Pakistan and resulted in qualifying around 6 million families as program beneficiaries. The information collected through poverty scorecard is validated by National Identity Database. In addition, BISP is also developing other options for the 'graduation' of its beneficiaries out of poverty, including life insurance, catastrophic health insurance and skill development. Previously, cash was also disbursed through Member National Assembly and senators but now, the emphasis has been put on shifting all the payments completely through PSC to ensure transparency and accountability.

4.11 BISP is making considerable efforts to enhance financial capacities of the poor population and their dependent family members by establishing an effective and credible safety net mechanism. Besides providing income support for consumption, smoothing the same mechanism offers a foundation for provision of an integrated and coordinated support to the poor to promote over long run human development of the target population and to enable them to access economic opportunities.

4.12 In order to prevent any leakages, establish transparency, and offer easy access to the cash transfer amount; BISP for the first in the history of Pakistan introduced a number of technological innovations in social assistance payment system by using smart cards and mobile banking. The cash amount is being disbursed through three major modes of payment which are; through post offices, through smart cards and through mobile banking. There is a need to update the Management Information System (MIS) of the program and BISP also

needs to do continuous course correction to address institutional challenges regarding corporate management and long term sustainability

4.13 **Cash Grant Program:** The total amount disbursed during H1 FY 2011/12 was 16.4 billion to 3.4 million beneficiaries as compared to the same period in FY 2010/11 where Rs. 26.2 billion were disbursed to 3.7 million. This shows a decline of 37 percent in disbursements and 8 percent in beneficiaries since last year. The reason for decline in the disbursements and beneficiaries was mainly due to the complete shift from MNA/Senator system to Poverty Score Card mechanism of payment.

Table 4.4: Benazir Income Support Programme (BISP) HI FY 2010/11 and H1 FY 2011/12		
	H1 2010/11	H1 2011/12
Amount disbursed (Rs. billion)	26.2	16.4
Total beneficiaries (million)	3.7	3.4

Source: BISP, Islamabad.

4.14 BISP has also initiated three graduation programmes i.e. Waseela-e-Haq (microfinance for entrepreneurship development), Waseela-e-Rozgar (vocational training for improved livelihoods) and Waseela-e-Sehat (Life, accident and health insurance). The description of each program along with the various components is given below:

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

4.16 The total loans under Waseela-e-Haq for H1 FY 2011/12 were 1770 and the total amount disbursed under these loans was Rs. 266.25 million. Of the total disbursements, 61.8 percent disbursed in Punjab, followed by 18.5 percent in KP, 16.5 percent disbursed in Sindh, 2.2 percent in Baluchistan and 1.5 percent disbursed in AJK respectively. Out of the total loans disbursed, 61.7 percent were given to Punjab, 16.1 percent in Sindh, KP received 18.5 percent of the loans, 2.2 percent disbursed in Baluchistan while AJK received 1.5 percent. None of the loans were given to Capital, Gilgit Baltistan and Federally Administered Tribal Areas (FATA) during the first half of FY 2011/12. Of the total disbursements, the highest disbursements were made in livestock sector i.e. Rs. 131.7 million (48.78 percent), followed by Rs. 80.1 million in grossary/general stores (29.67 percent), and Rs. 54.45 million for small enterprises (20.17 percent) as given in Table 4.5.

Table: 4.5 Waseela-e-Haq H1 FY 2011/12 (July 1st 2011-Dec 31st 2011)	
Total no of loans disbursed	1,770
Total amount disbursed (in millions)	266.20 million
Enterprise wise total amount disbursed (Rs)	
a) for livestock	131,700,000
no. of loans	878
b) for grocery/general stores	80,100,000
no. of loans	529
c) for other enterprises	54,450,000
no. of loans	363
No of beneficiaries received 10 days enterprise development training (EDT) Oct-Dec 2011	1,321

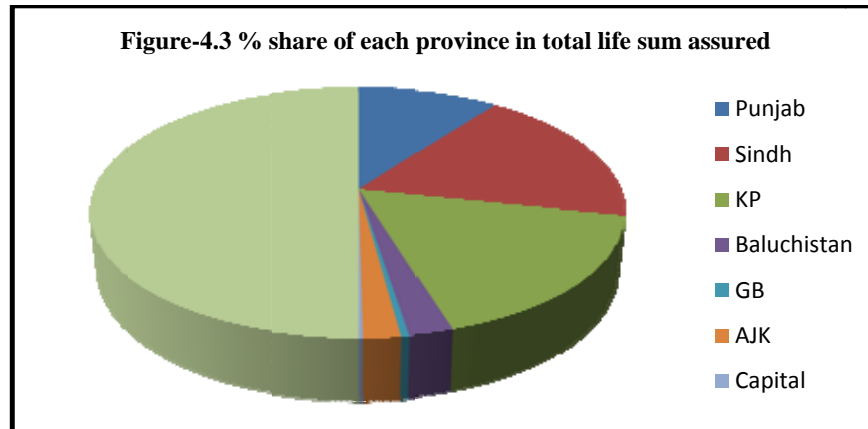
4.17 As a policy, those who qualify to be the beneficiary of Waseela-e-Haq are also given a 10 day enterprise development training to make them well equipped for setting up a business. In Q2 of FY 2011/12 (Oct 2011-Dec 2011) a total of 1,321 beneficiaries received Enterprise Development Training (EDT) to run their enterprises more effectively. Out of the total trainings 518 were given in livestock, 398 in general stores and the remaining 405 were given in small enterprises.

4.18 **Waseela-e-Rozgar:** It provides free of cost vocational training to every beneficiary woman or her nominee from her own family. This initiative envisages empowering the female beneficiary or her nominee to become economically independent through acquiring demand-driven vocational skill and technical education. Waseela-e-Rozgar leads towards capacity building and professional development. BISP has planned to provide a complete economic rehabilitation mechanism to these families through vocational training. Duration of offered trainings is 3-12 months. The total number of applicants (potential trainees) were 40,648 out of which 28,175 (69 percent) qualified to be the beneficiaries of Waseela-e-Rozgar.

4.19 Out of the total beneficiaries approximately 51.9% who qualified were in Punjab, 15.5% in Sindh, 13.9% in KP, 2.9% in Balochistan, 5.9% in GB and 9.9% in AJK. None of the beneficiaries belonged to ICT or FATA territory. A total of Rs. 9.7 million were paid in stipend as an incentive to the trainees in the H1 FY 2011/12. A total of Rs.14.3 million as training cost was paid to both private and public institutions where the beneficiaries received training.

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

100,000 to the bread-earners of each beneficiary family. During H1 FY 2011/12 the total premium was paid Rs. 217 million. Province wise, Sindh had the highest share in the total life sum assured at 37 percent, followed by KP at 34 percent, then Punjab at 20 percent, Balochistan and AJK at 4.4 percent and 4 percent respectively. GB had a share of 0.8 percent, ICT 0.4 percent and FATA had 0.01% share in the total life sum assured.



4.5 Workers Welfare Fund (WWF)

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

- Financing of housing projects for the workers;
- Financing of other welfare measures such as education, training, re-skilling, apprenticeship, marriage and death grants and post matric scholarships for the welfare of workers

4.22 A standard eligibility criterion has been developed to obtain access to the benefits of the WWF projects/schemes details of which are given under:

- The industrial worker must fulfill the definition given in the Workers Welfare Fund Ordinance 1971;
- The industrial worker under the Industrial Relations Act (IRA), 2009 fulfils the definition of the labourer;
- The worker must be registered either with EOBI or with Social Security Institution; and
- The minimal employment period should not be less than 3 years (in case of death grant, this condition is not applicable)

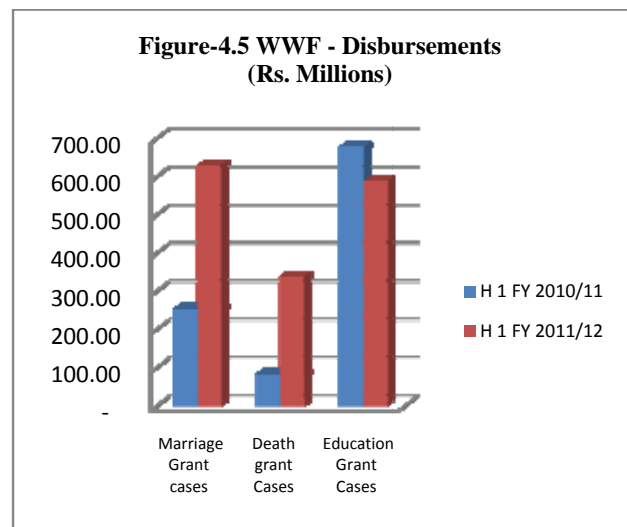
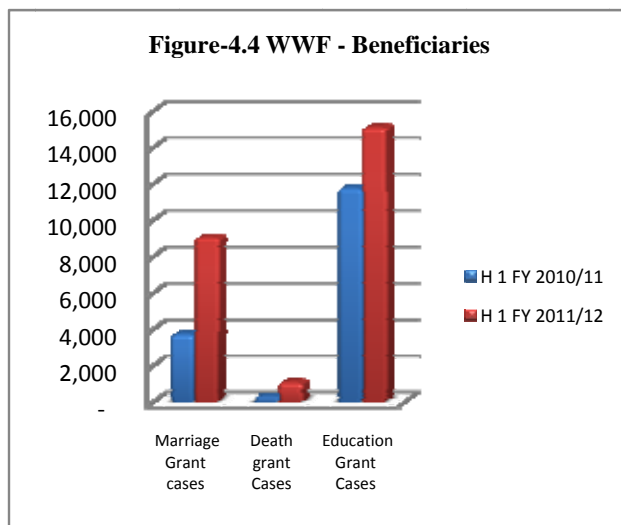
4.23 Workers Welfare Fund (WWF) disbursements and beneficiaries in H1 of CFY as

compared to the same period in PFY are given in Table 4.6. A positive growth of 53 percent was found in disbursements under aggregate WWF programmes, from Rs. 1,014.89 million to Rs. 1,555.35 million. Similarly, the beneficiaries of WWF programs, increased by 60 percent from 15,749 to 25,180. Disbursements and beneficiaries under death grant cases increased by 306 percent, from Rs. 83.39 million to Rs. 338.4 million and 269 percent, from Rs. 290 million to Rs. 1,071 million respectively in H1 CFY when compared with H1 of PFY.

4.24 In provision of Marriage grants, disbursements and beneficiaries also increased by almost 147 percent in disbursement, from Rs. 254.16 million to R.s 628.96 million and 143 percent in beneficiaries, from 3,716 to 9,023. Regarding educational grant cases, disbursements declined slightly by 13 percent from Rs. 677.34 million to Rs.587.99 million. Beneficiaries registered a positive growth of 28.4 percent from 11,743 to 15,086 during H1 CFY with comparison to H1 PFY.

Table 4.6 Workers Welfare Fund				
Programs	H 1 FY 2010/11		H 1 FY 2011/12	
	No. of Beneficiaries	Disbursement (Rs. Millions)	No. of Beneficiaries	Disbursement (Rs. Millions)
Marriage Grant cases	3,716.00	254.16	9,023.00	628.96
Death grant Cases	290.00	83.39	1,071.00	338.4
Education Grant Cases	11,743.00	677.34	15,086	587.99
Total Disbursement under all Programmes	15,749	1,014.89	25,180	1,555.35

Source: Workers Welfare Fund (WWF).



4.6 Micro Finance

4.25 Micro finance services have played a vital role in bringing the new energy and enthusiasm to the poor people of Pakistan. Micro finance includes micro credit, micro savings, and micro insurance. Microfinance services provided to poor as micro credit, micro savings and micro-insurance are given in Table 4.7. In active borrowers, nominal increase of 0.59 percent was observed from 2,059,536 to 2,071,720 during H1 of CFY as compared to PFY. Active savers recorded an increase from 3,295,701 to 3,933,496 reflecting a change of 19 percent as compared to previous number of active savers, while in value terms micro savings grew by 31 percent from Rs.11,863 million to Rs.15,507 million. Micro-Insurance registered a decline of 14 percent in policy holders from 3,030,563 to 2,603,461 in H1 of CFY. Sum Insured category also showed a decline, as it fell from Rs. 38,265 million last FY to Rs. 30,135 million in H1 of CFY and registering a negative growth of 21 percent.

Table No 4.7 Microfinance Analysis						
Details	Microcredit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (PKR Millions)	Active Savers	Value (PKR Million)	Policy Holders	Sum insured (PKR Million)
H1 FY 2011/12	2,071,720	28,831	3,933,496	15,507	2,603,461	30,135
H1 FY 2010/11	2,059,536	25,494	3,295,701	11,863	3,030,563	38,265

Source: PMFN, Pakistan

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

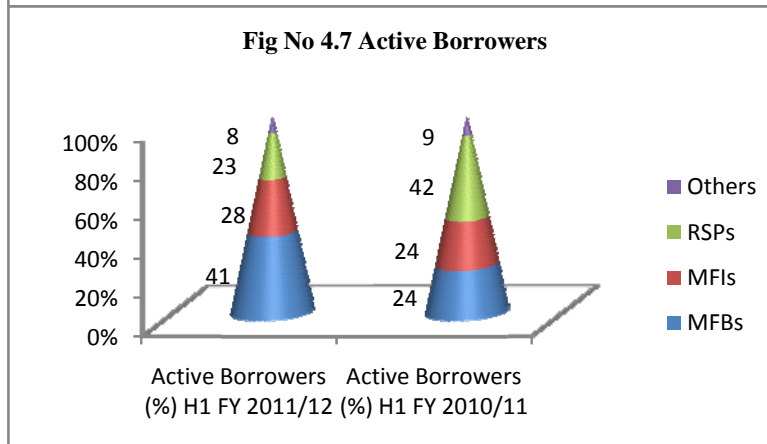
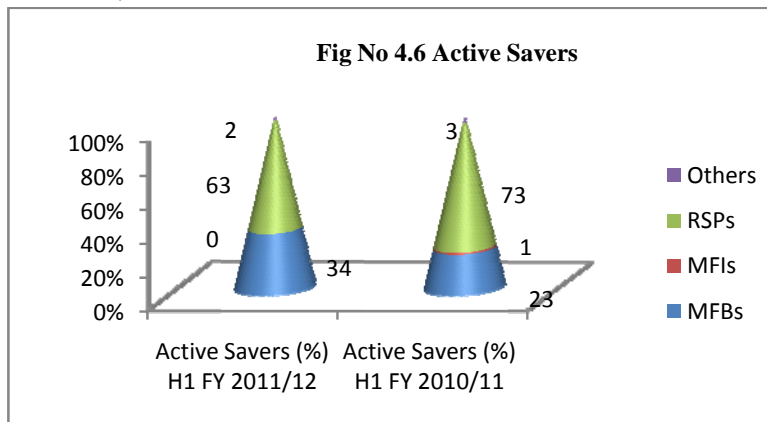
4.26 The percentage share of all top groups of microfinance services are given in Table 4.8. In terms of peer groups, proportion of active borrowers for Micro Finance Banks (MFBs) continued to rise by 17 percent points from 24 percent to 41 percent and Micro Finance Institutions (MFIs) by 4 percent points from 24 percent to 28 percent while Rural Support Programs (RSPs) and "Others" depicted a negative trend with a decrease of 19 percent and 1 percent respectively.

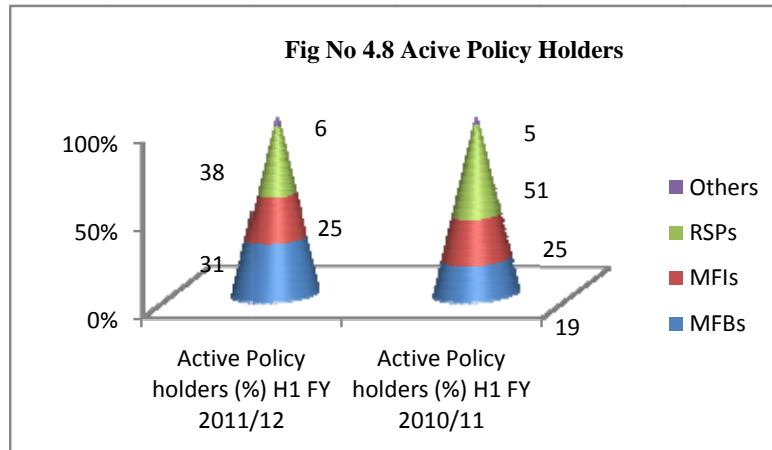
2.27 Under the saving program i.e. active savors, MFB's continued to rise by 11 percent, while the two peer groups of active savers declined by 1 percent in case of both MFI's and "Others". RSP's witnessed a maximum decline of 10 percentage points from 73 percent to 63 percent in active savers.

In terms of Active Policy holders, MFBs observed an increase of 12 percentage points from 19 percent to 31 percent. Negative trend was observed in RSPs by 13 percentage points from 51 percent to 38 percent.

Details	Peer Groups in (%)			
	MFBs	MFIs	RSPs	Others
Active Borrowers H1 FY 2011/12	41	28	23	8
Active Borrowers H1 FY 2010/11	24	24	42	9
Active Savers H1 FY 2011/12	34	0	63	2
Active Savers H1 FY 2010/11	23	1	73	3
Active Policy holders H1 FY 2011/12	31	25	38	6
Active Policy holders H1 FY 2010/11	19	25	51	5

Source: PMFN, Pakistan





4.6.2 Summary of Microcredit Indicators

4.28 Summary of microcredit indicators given in table 4.9 covers data for H1 CFY and its comparison with the same period H1 PFY. The micro finance services showed a positive trend as all micro finance indicators showed improvement. The industry expanded its outreach with a positive growth in terms of more branches, higher gross loan portfolio, higher average loan balance, higher number of loans, higher overall credit disbursements and higher average loan size. The number of branches that showed growth in all micro-credit providers increased for MFIs, MFBs and Others. However, the credit disbursement and number of loans disbursed, declined under RSPs. A total number of 1,738 branches/units provided micro credit services to the poor up to H1 CFY as compared to 1,657 in H1 of PFY registering an increase of 5 percent. RSPs have the highest no of branches i.e. 690, followed by MFI's, MFBs and "Others".

4.29 The loans disbursed to the poor depicted a positive trend as they increased from 581,352 to 608,080. Under the comparison period, average loan size for micro credit registered an increase of 15 percent in H1 of CFY as compared to the H1 of PFY.

4.30 During H1 CFY, the overall credit disbursement has registered a positive growth of 32 percent (from Rs.9,714 million to Rs. 12,848 million). This is the combined impact of increased credit disbursements by all the peer groups except in RSPs. Credit disbursements increased by 114 percent (from Rs. 392,50 million to Rs. 841,01 million) for Others, followed by 85 percent (from Rs. 1,418 million to Rs. 2,620 million) for MFIs, MFBs by 76 percent (from Rs. 3,903 million to Rs. 6,871 million), except RSPs which observed a negative growth of 37 percent (from Rs. 4,002 million to Rs. 2,517 million).

4.31 Gross Loan Portfolio (GLP) has also registered a positive growth in H1 FY 2011/12 as it increased by 13 percent (from Rs. 25, 494 million to 28,831 million). MFBs and MFIs

are the only peer groups which witnessed an increase of 47 percent (from 10,528 million to 15,434 million) and 2.4 percent (from 6,138 million to 6,290 million), respectively.

Table 4.9 Summary of Microcredit Provision			
Peer Group		H1 FY 2010/11	H1 FY 2011/12
MFBs	Number of branches/Units	405	441
	Gross Loan Portfolio (Rs. millions)	10,528	15,434
	Average Loan Balance (Rs.)	14,680	18,223
	Number of Loans disbursed	227,060	295,307
	Credit Disbursements (Rs. millions)	3,902	6,871
	Average Loan Size (Rs.)	20,151	23,268
MFIs	Number of branches/Units	408	456
	Gross Loan Portfolio (Rs. millions)	6,138	6,290
	Average Loan Balance (Rs.)	10,325	10,707
	Number of Loans disbursed	84,736	125,941
	Credit Disbursements (Rs. millions)	1,418	2,620
	Average Loan Size (Rs.)	17,236	20,804
RSPs	Number of branches/Units	695	690
	Gross Loan Portfolio (Rs. millions)	6,517	5,328
	Average Loan Balance (Rs.)	10,723	11,177
	Number of Loans disbursed	244,236	143,695
	Credit Disbursements (Rs. millions)	4,001	2,516
	Average Loan Size (Rs.)	17,590	20,804
Others	Number of branches/Units	149	150
	Gross Loan Portfolio (Rs. millions)	2,311	1,778
	Average Loan Balance (Rs.)	16,486	11,082
	Number of Loans disbursed	25,320	43,137
	Credit Disbursements (Rs. millions)	392	841
	Average Loan Size (Rs.)	26,715	19,496
Total	Number of branches/Units	1,657	1,738
	Gross Loan Portfolio (Rs. millions)	25,494	28,831
	Average Loan Balance (Rs.)	12,378	13,917
	Number of Loans disbursed	581,352	608,080
	Credit Disbursements (Rs. millions)	9,714	12,848
	Average Loan Size (Rs.)	18,385	21,130

Source: PMFN, Pakistan

5.0 Performance of Intermediate (Output) Indicators

5.1 This section of the report examines the performance of the PRSP output intermediate) indicators for H1 FY 2011/12 with the corresponding period PFY. Performance of health sector has been covered in relation to immunization coverage. Progress observed in schemes approved under People's Works Programme-I, is also a part of this section.

5.1 Immunization:

5.2 Data related to TT-Immunization Coverage for Pregnant Women is given in table 5.1 for the period of H1 CFY and H1 PFY. The table clearly reflects that the targeted population for the immunization coverage of pregnant women increased by 1.45 percent from 2,987,521 to 3,030,987 under the comparison period. TT-1 immunization coverage rested at 69 percent, while TT-2 immunization coverage recorded at 68 percent for H1 CFY from 72 percent and 74 percent respectively for PFY. TT-1 and TT-2 immunization coverage has shown a downfall over the period as the percentage change has depicted a decrease of 4.1 and 8.1 percent respectively in H1 of CFY when compared with H1 of PFY.

5.3 Largest positive percentage change in TT-1 immunization coverage was noticed in FANA, followed by ICT and CDA as immunization coverage ratio increased by 58,20 and 21 percent respectively, while in the rest of the regions FATA, AJK, Punjab and KP observed great decreases of 36, 1, 6 and 4 percent respectively. Similarly, in Sindh TT-1 immunization coverage registered the same 60 percent during H1 FY 2011/12 when compared with H1 of FY2010/11. Overall TT-2 immunization coverage diminished by 8 percent. Only FANA and ICT regions demonstrated a commendable improvement in TT-2 immunization coverage for pregnant women by 7 and 11 percent respectively during the same period. However, CDA, FATA, AJK, Punjab, Sindh, KP and Balochistan have shown a negative trend in TT-2 immunization coverage by 67 percent, 26 percent, 3 percent, 10 percent, 2 percent, 3 percent and 7 percent respectively during H1 CFY when compared with H1 of PFY.

Table 5.1: Comparison of TT- Immunization Coverage for Pregnant Women Programme Cumulative up to H1 FY2010/11 with H1 FY2011/12						
Province/Region	H1FY 2010/11			H1 FY 2011/12		
	TT-Immunization					
	Target Population	TT-1	TT2+	Target Population	TT-1	TT2+
	(+4.1% Pop)	Cov %	Cov %	(+4.1% Pop)	Cov %	Cov %
Punjab	1,589,360	81	84	1,612,484	76	76
Sindh	678,167	60	61	688034	60	60
Khyber Pakhtoon Khawa	397,340	67	60	403121	64	58

FATA	65,726	90	95	66682	58	70
Balochistan	143,401	39	44	145488	38	41
AJK	62,738	98	101	63651	97	98
FANA	26,888	33	44	27279	52	47
ICT	8,194	44	37	8313	53	41
CDA	15,707	34	48	15935	41	16
Others	-	-	-	-	-	-
Pakistan	2,987,521	72	74	3,030,987	69	68

Source: National Program of Immunization, Pakistan

5.2 Peoples Works Programme-I (PWP-I)

5.4 The total number of schemes approved under Peoples Works Programme (PWP-I) in H1 of CFY and PFY are given in Table 5.2. As evident from the table, the total number of schemes under PWP-I have significantly increased from 517 schemes to 1,723 schemes during the comparison period, reflecting an increase of 233 percent. The development schemes focus on roads, electrification, gas, telephone, education, health, water supply, sanitation, and bulldozers. Altogether 823 schemes were approved for roads, 398 for electrification, 36 for Education, 343 for water supply and 80 for sanitation, 10 for gas, 30 for bulldozer and 3 for health during H1 CFY. Before that in H1 PFY, 240 were approved for roads, 114 for electrification, 8 for education, 81 for water supply, 61 for sanitation, 6 for gas, 2 for bulldozer, and 5 for health. All the figures show remarkable increases in all the schemes from H1 PFY.

5.5 During the year, major emphasis was placed on developing roads, water supply and providing electricity in all provinces. However, Punjab has displayed the highest growth in almost all the developing schemes. It managed to initiate 828 schemes during H1 of CFY, from which 507 were in roads, 170 in electrification, 71 in water supply and 55 in sanitation. After Punjab, KP showed sufficient growth as 158, 126, 91 and 11 schemes were initiated for roads, electrification, water supply and sanitation respectively. All this sums up to 390 schemes. In Sindh following number of schemes were noticed: roads (86), electricity (61), water supply (21) and bulldozers (30). While in Balochistan, 36 for roads, 28 for electricity, 57 for water supply and 7 for sanitation schemes, were registered. In FATA, 152 schemes were approved followed by 21 in ICT in the corresponding period of CFY.

Table 5.2: PWP-I Number of Schemes approved under each category

H 1 FY 2010/11										
Province	Road	Electrification	Gas	Telephone	Education	Health	Water Supply	Sanitation	Bulldozers hours	Total Schemes
Punjab	122	54	4	-	5	1	6	32	-	224
Sindh	8	38	1	-	-	-	3	-	-	50
KP	47	21	1	-	3	-	25	28	-	125
Balochistan	13	-	-	-	-	4	26	1	2	46
FATA	50	-	-	-	-	-	21	-	-	71
ICT	-	1	-	-	-	-	-	-	-	1
Total	240	114	6	-	8	5	81	61	2	517
H1 FY 2011/12										
Province	Road	Electrification	Gas	Telephone	Education	Health	Water Supply	Sanitation	Bulldozers hours	Total Schemes
Punjab	507	170	2	0	22	1	71	55	-	828
Sindh	68	61	5	0	3	1	21	6	30	195
KP	158	126	2	0	2	0	91	11	-	390
Balochistan	36	28	-	0	8	1	57	7	-	137
FATA	49	1	-	0	0	0	102	0	-	152
ICT	5	12	1	0	1	0	1	1	-	21
Total	823	398	10	0	36	3	343	80	30	1723

Annex : PRSP Budgetary Expenditures up to Q-2 (July to December) of FY 2010-11 and FY 2011-12 (PROVISIONAL)												
(Rs. Millions)												
Sectors	Q-2 FY 2011-12						Q-2 FY 2010-11					
	Federal	Punjab	Sindh	KP	Balochistan	Total	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
Roads, Highways, & Bridges	1,699	16,454	5,219	3,836	4,224	31,432	2,264	8,576	4,865	2,929	2,487	21,121
Current	1,699	3,860	1,089	452	0	7,100	2,254	2,115	1,195	473	14	6,051
Development	0	12,594	4,130	3,384	4,224	24,332	10	6,461	3,670	2,456	2,473	15,070
Environment/Water Supply & Sanitation	240	6,030	1,948	1,892	1,683	11,793	168	3,878	1,086	762	746	6,640
Current	210	2,971	1,012	649	1,159	6,001	168	2,366	323	482	418	3,757
Development	30	3,059	936	1,243	524	5,792	0	1,512	763	280	328	2,883
Education	27,874	76,946	45,538	16,805	9,001	176,164	27,231	63,559	42,301	13,499	6,992	153,582
Current	18,620	71,328	44,072	15,013	8,486	157,519	18,503	61,817	40,929	11,530	6,863	139,642
Development	9,254	5,618	1,466	1,792	515	18,645	8,728	1,742	1,372	1,969	129	13,940
<i>Primary Education</i>	2,437	32,670	24,167	5,895	2,495	67,664	2,124	28,610	20,783	4,279	2,412	58,208
Current	2,417	32,557	24,093	5,560	2,435	67,062	2,122	28,441	20,755	3,989	2,412	57,719
Development	20	113	74	335	60	602	2	169	28	290	0	489
<i>Secondary Education</i>	3,375	23,012	12,757	5,845	3,147	48,136	2,712	16,354	12,276	5,137	2,269	38,748
Current	3,367	20,070	12,738	5,256	3,087	44,518	2,710	16,065	12,229	4,615	2,269	37,888
Development	8	2,942	19	589	60	3,618	2	289	47	522	0	860
<i>General Universities, Colleges, & Institutes</i>	16,351	6,152	3,059	2,071	944	28,577	16,277	5,704	2,519	2,037	615	27,152
Current	7,477	5,379	2,851	1,524	606	17,837	7,779	5,016	2,307	1,199	615	16,916
Development	8,874	773	208	547	338	10,740	8,498	688	212	838	0	10,236
<i>Professional & Technical Universities, Colleges & Institutes</i>	3,067	761	1,245	2,095	451	7,619	3,479	578	3,179	1,534	209	8,979
Current	3,067	758	1,244	1,803	451	7,323	3,477	571	3,007	1,248	209	8,512

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	Q2 FY 2011-12						Q2 FY 2010-11					
	Federal	Punjab	Sindh	KP	Balochistan	Total	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
Development	0	3	1	292	0	296	2	7	172	286	0	467
<i>Teacher & Vocational Training</i>	24	3,718	161	0	169	4,072	25	2,802	141	0	129	3,097
Current	23	2,706	161	0	169	3,059	24	2,302	135	0	129	2,590
Development	1	1,012	0	0	0	1,013	1	500	6	0	0	507
<i>Others</i>	2,620	10,633	4,149	899	1,795	20,096	2,614	9,511	3,403	512	1,358	17,398
Current	2,269	9,858	2,985	870	1,738	17,720	2,391	9,422	2,496	479	1,229	16,017
Development	351	775	1,164	29	57	2,376	223	89	907	33	129	1,381
Health	3,452	24,738	13,147	5,706	2,865	49,908	6,349	17,548	10,772	4,017	2,212	40,898
Current	3,264	21,554	12,389	4,024	2,609	43,840	3,422	16,491	10,070	3,361	2,105	35,449
Development	188	3,184	758	1,682	256	6,068	2,927	1,057	702	656	107	5,449
<i>General Hospitals & Clinics</i>	3,022	21,761	10,247	4,712	2,089	41,831	3,215	14,804	8,252	3,322	1,388	30,981
Current	2,926	18,814	9,491	3,648	2,089	36,968	3,055	14,061	7,550	2,740	1,388	28,794
Development	96	2,947	756	1,064	0	4,863	160	743	702	582	0	2,187
<i>Mother & Child Health</i>	1	92	0	9	0	102	3	88	0	8	3	102
Current	1	66	0	9	0	76	2	55	0	8	3	68
Development	0	26	0	0	0	26	1	33	0	0	0	34
<i>Health Facilities & Preventive Measures</i>	296	203	1,564	703	376	3,142	2,928	215	1,107	74	283	4,607
Current	225	119	1,564	85	120	2,113	203	111	1,107	0	176	1,597
Development	71	84	0	618	256	1,029	2,725	104	0	74	107	3,010
<i>Others</i>	133	2,682	1,336	282	400	4,833	203	2,441	1,413	613	538	5,208
Current	112	2,555	1,334	282	400	4,683	162	2,264	1,413	613	538	4,990
Development	21	127	2	0	0	150	41	177	0	0	0	218
Population Planning	30	958	688	232	339	2,247	725	740	388	255	137	2,245

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	Q-2 FY 2011-12						Q-2 FY 2010-11					
	Federal	Punjab	Sindh	KP	Balochistan	Total	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
Current	0	23	101	202	9	335	141	14	4	5	0	164
Development	30	935	587	30	330	1,912	584	726	384	250	137	2,081
Social Security & Welfare	4,254	547	2,057	248	218	7,324	587	435	2,415	105	189	3,731
Current	4,244	518	125	113	141	5,141	505	412	161	83	162	1,323
Development	10	29	1,932	135	77	2,183	82	23	2,254	22	27	2,408
Natural Calamities & Other Disasters	10,813	1,638	14,545	455	59	27,510	18,014	7,513	8,505	4,879	1,044	39,955
Current	10,701	1,023	14,539	402	58	26,723	18,014	7,412	8,500	4,711	1,044	39,681
Development	112	615	6	53	1	787	0	101	5	168	0	274
Agriculture	9,742	14,471	9,886	4,797	5,331	44,227	10,086	11,384	6,901	3,535	3,451	35,357
Current	1,144	12,143	7,860	2,660	4,393	28,200	5,436	10,337	5,379	2,174	2,779	26,105
Development	8,598	2,328	2,026	2,137	938	16,027	4,650	1,047	1,522	1,361	672	9,252
Land Reclamation	0	128	1,488	0	0	1,616	0	120	860	0	0	980
Current	0	128	1,488	0	0	1,616	0	120	860	0	0	980
Development	0	0	0	0	0	0	0	0	0	0	0	0
Rural Development	2,106	3,205	144	6,284	985	12,724	205	267	115	3,456	795	4,838
Current	1,699	163	144	88	178	2,272	21	148	115	70	88	442
Development	407	3,042	0	6,196	807	10,452	184	119	0	3,386	707	4,396
Law and Order	29,171	27,365	16,329	9,739	4,743	87,347	24,591	24,174	13,012	7,347	3,798	72,922
Current	28,961	27,365	16,329	9,629	4,557	86,841	24,467	24,174	13,012	7,303	3,798	72,754
Development	210	0	0	110	186	506	124	0	0	44	0	168
Low Cost Housing	0	93	8	0	0	101	0	60	7	0	0	67
Current	0	67	8	0	0	75	0	60	7	0	0	67
Development	0	26	0	0	0	26	0	0	0	0	0	0
Justice Admin	1,110	2,945	1,546	963	587	7,151	809	2,983	1,216	909	367	6,284

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	Q-2 FY 2011-12						Q-2 FY 2010-11					
	Federal	Punjab	Sindh	KP	Balochistan	Total	Federal	Punjab	Sindh	KP	Balochistan	TOTAL
Current	1,003	2,928	893	757	305	5,886	791	2,983	780	722	336	5,612
Development	107	17	653	206	282	1,265	18	0	436	187	31	672
Subsidies*	453,337	6,752	1,002	2,000	0	463,091	68,696	4,153	1	1,608	0	74,458
Current	408,356	6,743	1,002	2,000	0	418,101	68,696	4,145	1	1,608	0	74,450
Development	44,981	9	0	0	0	44,990	0	8	0	0	0	8
People's Works Programme-I	2,222					2,222	662					662
People's Works Programme-II	2,902					2,902	200					200
Benazir Income Support Programme	16,382					16,382	17,274					17,274
Pakistan Bait-ul-Maal	1,267					1,267	1,601					1,601
GRAND TOTAL	566,601	182,270	113,545	52,957	30,035	945,408	179,462	145,390	92,444	43,301	22,218	482,815

*Food subsidies from Khyber Pakhtunkhwa (of A/c-2) up to Q2 FY 2011/12 are not yet provided.