

**POVERTY REDUCTION STRATEGY PAPER
THIRD QUARTER PROGRESS REPORT
FOR THE YEAR 2004-05**



June 2005

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

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Poverty Reduction Strategy Paper: Progress Report for the Third Quarter of 2004-05

1 Introduction

1.1 Pakistan's economy has made a remarkable turnaround in the last few years. Reforms, carried out during this period through liberalization, decentralization, privatization and restructuring in almost all sector of the economy are having a significant positive impact on the economic performance. Real GDP grew by 8.4% in FY05, surpassing the target of 6.6%. This is the fastest GDP growth in the last two decades and the fifth time in Pakistan's history that it exceeded 8% growth mark, Pakistan positioned itself as the second fastest growing economy after China in 2004-05.

1.2 The role of the public sector in the economy is reducing gradually and governance is improving. Political devolution with administrative and financial empowerment of local governments has laid a foundation for improving social service delivery. Pakistan is already on to the second generation of structural reform program. These reforms are concentrating on strengthening institutions, improving the competitiveness in industries and agriculture, facilitate expansion and increase role of private sector, building a robust financial system in an environment of global financial restructuring, further strengthening of tax administration, improving legal, police and judicial system, restructuring civil service compatible to meet the challenge of 21st century, promoting transparency in economic policy-making and strengthening the country's physical and human infrastructure needed to support high growth trajectory¹.

1.3 This report portrays the PRSP progress in third quarter of FY 2004-05 focusing on input (expenditures), intermediate and outcome indicators. Pakistan's Economic Survey 2004/05 has recently been released and it contains some results from The Pakistan Social and Living Standard Measurement (PSLM) Survey on health and education related indicators including enrolment, literacy rate, housing and safe drinking water. A separate section in this report provides information on education and health indicators from the PSLM survey. It is worth noting that this round of the PSLM is based on the CWIQ² methodology and gives data on social indicators representative at the district level. Its sample size is large, 76520 households (27144 urban and 49376 rural). The next annual report of the PRSP would discuss in detail the major findings of the PSLM survey.

1.4 This report is divided into 8 sections. The next section reviews the macro economic indicators, followed by a discussion on PRSP expenditures in section 3. Non-budgetary expenditures are discussed in section 4. Progress in the intermediate indicators is discussed in section 5. Section 6 discusses Khushal Pakistan Program-I. The PSLM results as given in the Economic Survey 2004/05 are presented in section 7. The last section concludes the report.

¹ Speech of the Prime Minister at the inaugural session of Pakistan Development Forum 2005, on 25-4-05.

² CWIQ stands for Core Welfare Indicators Questionnaire

2 An Overview of Macroeconomic Indicators³

2.1 Pakistan's economy extended its phenomenal economic performance for the third consecutive year in a row in FY05 at 8.4% real GDP growth. Sector-wise data show that Large Scale Manufacturing (LSM) grew by 15.4% against the target of 12.2%, agriculture grew by 7.5% against the target of 4.0% and services sector registered a growth of 7.9%, against the target of 6.2% (see table 1). This shows that growth was broad based. Per capita income in dollar term, stood at US\$736. Private sector investment remained buoyant during FY05. There was an unprecedented increase in credit to private sector for second year in a row during the outgoing fiscal year. During FY05, there was a sharp increase in the consumption of oil, gas, electricity and coal reflecting rising level of economic activity. There was a high double digit growth in exports and imports, Worker's remittances maintained their momentum, a continued accumulation of foreign exchange reserve and stability in exchange rate and a sharp decline in the public and external debt burden. Performance of the some sectors is discussed briefly in this section.

Table 1: Macro Economic Indicators FY05 (%)

	Original Target	Actual Growth
Real GDP (FC)	6.6	8.4
LSM	12.2	15.4
Agriculture	4.0	7.5
Services	6.2	7.9
CPI	5.0	9.3*

Source: Economic Survey 2004-05

*For July-April FY05

2.1 Agriculture

2.2 Accelerated growth of agriculture, especially high value agriculture is key element of the present government's overall strategy for poverty reduction. It is well established that agriculture growth contributes most to poverty reduction and employment generation, particularly in rural areas, where poverty is high. Through forward and backward linkages, agriculture also contributes to rural economy and creates livelihood for poor in the non-farm sector. In FY05, there was a record harvest of 14.6 million bales of cotton and 21.1 million tons of wheat. Wheat output is expected to go up further as harvest data are still coming up. Major crops grew by 17.3% during FY05. While increased water availability and favorable weather played key roles in this improved performance of the crop sub-sector, the impact of these was clearly supplemented by the easy access to farm credit. Credit disbursement during the first nine months of FY05 was 54% higher than the preceding year – record Rs 73.8 billion level against the full year target of Rs 85 billion. There was more than 60% increase in import of agriculture machinery in the first half of FY05, pointing to better prospects of the agriculture sector.

³ This section relies largely on the Economic Survey 2004-05, State of Pakistan's Economy Third Quarterly Report for FY05, State Bank of Pakistan, <http://www.sbp.org.pk/reports/quarterly/FY05/third/Prices.pdf> and Pakistan Economic Update (July-March 2005), Asian Development Bank, April 2005.

2.2 Large Scale Manufacturing

2.3 Sustained high demand continued to boost production in the LSM sector. Although LSM growth was somewhat less than last year, it is still substantially stronger than the average growth of 7.2% during FY01-FY03. Only in January 2005 did the monthly LSM growth fall below average for earlier years, falling to 8.2% (the lowest since November 2003). However, LSM growth bounced back again to above average in February 2005 to a robust 16.7%. As a result of continued strong growth in various industries, capacity utilization also witnessed a significant increase. The highest increase of 38.5 percentage points in the capacity utilization occurred in electronic industry during July-February FY05 on the back of strong credit led demand for home appliances. Automobile industry witnessed a sharp increase in capacity utilization (by 21 percentage points) mainly on account of higher capacity utilization by tractors and motorcycle/rickshaws. Moreover, capacity utilization in fertilizers, paper & board, industrial chemicals and steel industries is either exceeding or approaching 100% during July-February FY05. These industries therefore required expansion in their existing production capacity to meet the growing demand.

2.3 Services

2.4 Services sector surpassed the growth target by a wide margin on account of robust growth in telecom sector, stellar performance in banking, insurance and wholesale and retail trade. The high growth in telecommunication sector is likely to accelerate further, as companies given 193 licenses in 2004 for various types of telephone services start their operations. A 76.0% increase in cellular telephone connections to 8.8 million in February 2005 and 160,000 WLL connections given in the first eight months of the year show telecommunication services continued to expand at a rapid pace. The banking sector is also expected to register robust growth, as it has been strengthened through reforms and privatization and is expanding its lending operations in new areas. Most banks reported robust increase in their profits in the first half of the year. The large increase in imports boosted growth in wholesale and retail trade.

2.4 Prices and Monetary Situation

2.5 Consumer Price Index (CPI) inflation averaged 9.3% during July-April FY05, against the original target of 5% during FY05. Rising demand in the economy in the face of most industries operating at or near full capacity, shortage of essential food items like wheat, pulses, meat and sugar, rising house rents and high oil prices put pressure on general price level in the first 10 months of FY05. Money supply (M2) grew by 13.1% during July-March FY05. An important contributor to the jump to the aggregate demand during FY05 was the record growth in net credit to the private sector, which surged to Rs 362 billion by the third week of April 2005, even significantly higher than the Rs 325.2 billion for the whole of FY04.

2.6 Despite high inflation, the State Bank of Pakistan (SBP) pursued a generally accommodative monetary policy until March 2005. However, the SBP on April 11, 2005 increased its discount rate by one-and-a-half percentage points to 9%, after more than two years to fight inflation. It is anticipated that overall growth in money supply (M2) during FY05 is likely to be well below the expected growth in nominal GDP. While this is not expected to subdue inflationary pressures immediately, the tightening will ensure that core inflation will gradually be contained at significantly lower levels. The non-core

components of CPI inflation will need to be addressed more through administrative rather than monetary policy measures. The recent decision to import critical food commodities is a step in the right direction.

2.5 Fiscal Situation

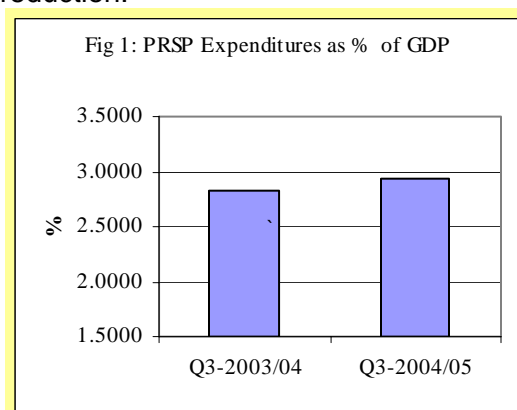
2.7 After six years of extensive efforts through the reform of the tax system and tax administration, Pakistan has succeeded in attaining fiscal stability. The fiscal deficit increased to 3.2% of GDP in FY05, compared to 2.3% of GDP in FY04, on account of substantial loss in revenue under Petroleum Development Levy (PDL). The primary balance (total revenue minus total non-interest expenditure) has remained in surplus for the last many years. Public debt burden has also registered a sharp decline in recent years and is fast moving towards a sustainable level.

2.6 Current Account Balance

2.8 The current account deficit, excluding official transfers stood at US\$1358 million (1.2% of GDP) during July-March FY05 against a surplus of US\$1505 million during the same period in FY04. Deterioration in current account emerges from a sharp rise in the trade and services account deficits during July-March FY05 mainly owing to a rise in imports (both oil and machinery) and other import related charges (e.g. shipment charges). In addition Saudi Oil facility, under which there was an inflow of US\$ 302 million in FY04, was no longer available. In the long term however, the rising investment in machinery and inputs should be reflected in higher export earnings as well as import substitution.

3 An Analysis of the Pro-Poor Budgetary Expenditures

3.1 Data on pro-poor budgetary expenditures for July-March FY05 is compared with the corresponding period of FY04 in Table 2 (for more detail, see data presented in Annex 1). Information on actual pro-poor expenditures during July-March FY05 period as percentage of the projected expenditure for FY05 is presented in Table 3. Figure 1 has linked the expenditure with GDP. PRSP budgetary expenditures during July-March FY05 stood at Rs 193 billion, which is 69% of the annual projected expenditures for FY05. These expenditures are 23% higher than the expenditures incurred during FY04 (Table 2). PRSP expenditures up to Q3 FY05 were 2.9% of GDP as compared to 2.8% during the same period in FY04 (Fig 1). This reflects continuing strong commitment of the Government to poverty reduction.



3.2 Sector-wise data on pro-poor expenditures is also presented in Table 2 and 3. Infrastructure is critical for poverty reduction. Expenditures on roads, highways and bridges (farm to market roads) increased by 95% during July-March FY05, compared to the same period in FY04, have surpassed the projected annual expenditures (Table 3) and are 0.25% of GDP. Agriculture growth contributes most to poverty reduction and employment generation and adequate irrigation plays a critical role in agricultural productivity, particularly in irrigated areas. PRSP expenditures on irrigation have increased by 76% during the first nine months of FY05, relative to the same period in FY04. Expenditures on irrigation constitute 66% of the projected expenditures for FY05. Expenditures on water supply and sanitation, education, health, social security & welfare, land reclamation, rural development, rural electrification, food support program, Tawana Pakistan⁴, administration of justice and law and order have also witnessed an increase during Q3 FY05, compared to the same period in FY04.

3.3 Heavy rains, snow and flash floods in early 2005 played havoc with life and property in many parts of the country, causing increase in expenditures incurred on natural calamities in Q3 FY05, which had shown a decline in Q2 FY05.

3.4 Sectors, which have witnessed a decline in expenditures in Q3 FY05 over Q3 FY04, are population planning, food subsidies and low cost housing. Punjab is the only province that has incurred some expenditure on low cost housing in FY05 as well as FY04 (see annex 1).

Table 2: PRSP budgetary expenditures Q3 FY2004/05 and Q3 FY2003/04

Sectors	(million Rs)		% Change	as % of GDP*	
	2003/04	2004/05		2003/04	2004/05
Roads, highways & bridges	8,529	16,614	94.8	0.15	0.25
Water supply and sanitation	3,000	3,375	12.5	0.05	0.05
Education	66,517	74,430	12.0	1.20	1.14
Health	17,104	19,312	12.9	0.31	0.29
Population Planning	2,707	2,516	-7.1	0.05	0.04
Social security & welfare	2,265	3,167	39.8	0.04	0.05
Natural Calamities	369	408	10.6	0.01	0.01
Irrigation	12,109	21,322	76.1	0.22	0.33
Land reclamation	1,312	1,688	28.7	0.02	0.03
Rural development	8,130	9,164	12.7	0.15	0.14
Rural electrification	-	2,055	-	-	0.03
Food subsidies	4,300	1,220	-71.6	0.08	0.02
Food support program	2,017	2,652	31.5	0.04	0.04
Tawana Pakistan	-	30	-	-	0.00
Low cost housing	414	243	-41.3	0.01	0.00
Administration of justice	1,732	2,148	24.0	0.03	0.03
Law and order	25,759	32,164	24.9	0.47	0.49
Total	156,227	192,508	23.2	2.82	2.94

* Note: GDP at market price for FY05 is 6,547,590 million Rs

⁴ Tawana Pakistan: a nutrition targeted program covering school girls in 5300 schools of the 29 poor districts across the country is underway. This involves serving of fresh meal, micronutrient supplementation and deworming and assessing their impact on the nutritional status of the girls. The program is under implementation since 2000. Feeding program has been started in 3679 schools by December 2004 against the target of covering 5300 schools. The implementation of the program is slow and incomplete as compared with the envisaged targets. *Source: Economic Survey 2004-05*

Table 3: PRSP Actual Budgetary Expenditures Up to Q3 as % of

Targeted Annual Expenditures (Million Rs)			Actual Expenditures Up to Q3 as % of annual projected Expenditures
	Target FY05	Up to Q3 FY05	
Roads, highways & bridges	16,580	16,614	100.21
Water supply and sanitation	4,880	3,375	69.16
Education	102,380	74,430	72.70
Health	36,080	19,312	53.53
Population Planning	4,880	2,516	51.56
Social security & welfare	3,900	3,167	81.21
Natural Calamities	490	408	83.27
Irrigation	32,370	21,322	65.87
Land reclamation	2,440	1,688	69.18
Rural development	7,230	9,164	126.75
Rural electrification	1,000	2,055	205.50
Food subsidies	14,630	1,220	8.34
Food support program	3,900	2,652	68.01
Tawana Pakistan	500	30	6.00
Low cost housing	0	243	-
Administration of justice	3,410	2,148	62.99
Law and order	43,390	32,164	74.13
Total	278,060	192,508	69.23

3.1 Expenditures by Province and Sectors

3.5 Provincial variations in PRSP expenditures are shown in Table 4. Highest growth in roads, highways and bridges up to Q3 FY05 over FY04 is witnessed in Sindh province, followed by NWFP, Punjab, Federal and Balochistan. Health, social security and welfare, food support program and law and order observe increase in expenditures in all provinces and Federal area during the same period. There is a nominal decline in Federal level education expenditures. However, all the four provinces witnessed an increase in education expenditures during the first nine months of FY05 over FY04. There has been an increase of 178% in expenditures incurred by Federal Government on irrigation in July-March FY05 over FY04. Water supply and sanitation sectors witnessed a minor decline in expenditures incurred by Punjab province during the same period. Punjab and Sindh provinces have experienced decline in natural calamities during the first nine months of FY05 relative to FY04. There has been slight decline in land reclamation expenditures in Sindh province during the same period. However, decline in rural development expenditures in Sindh province is substantial.

Table 4: Change (%) in expenditures up to Q3 of FY04/05 and FY03/04 by sector and Province

Sectors	Federal	Punjab	Sindh	NWFP	Balochistan	Pakistan
Roads, highways & bridges	33.15	89.68	393.42	97.06	28.87	94.79
Water supply and sanitation	50.00	-1.70	25.26	33.74	5.58	12.50
Education	-0.02	12.60	17.08	19.82	2.62	11.96

Health	3.94	7.69	12.25	53.54	25.87	12.91
Population Planning	-12.93	18.46	25.52	-96.64	14.29	-7.06
Social security & welfare	50.16	6.08	9.14	98.31	6.94	39.82
Natural Calamities	22.94	-48.57	-15.31	-	360.00	10.57
Irrigation	178.80	41.39	4.93	17.01	29.10	76.08
Land reclamation	152.38	21.74	-1.04	-	-	28.66
Rural development	169.82	28.54	-45.47	4.94	-19.97	12.72
Rural electrification	-	-	-	-	-	-
Food subsidies	-74.00	-100.00	-	-33.33	-	-71.63
Food support program	34.14	29.87	35.65	32.70	22.55	31.51
Tawana Pakistan	-	-	-	-	-	-
Low cost housing	-	-41.30	-	-	-	-41.30
Administration of justice	57.85	19.17	18.45	41.90	-3.90	24.02
Law and order	16.63	40.66	15.82	23.57	26.99	24.87
Total	32.50	19.67	22.05	26.37	14.90	23.22

3.2 PRSP Expenditures on Sub-sector of Education and Health

3.6 Human development is the basic right of everyone. Promoting quality education is the key feature of government's policy. There has been positive growth in all sectors of education, except technical education, which experienced a decline of 54% during July-March FY05 over FY04. Federal and three provinces namely, Punjab, Sindh and NWFP witnessed an increase in expenditures on primary education, secondary education and university/college education (Sindh province observed 101% increase) during the first nine months of FY05 relative to the same period in FY04. Federal, Punjab and NWFP observed substantial decline in expenditures incurred on technical education, whereas, Sindh and Balochistan provinces witnessed substantial increase in expenditure incurred in this sub-sector during Q3 FY05 over FY04. Balochistan observed large decline in expenditures incurred on primary and secondary education and small decline in university/college education expenditures during July-March FY05 over FY04. Punjab is the only province, which witnessed a decline in training expenditures during the same period.

Table 5: Percentage change in PRSP education expenditures up to Q3 FY2004/05 and Q3 FY2003/04 by province and sectors of education

Province/region	All sectors of education	Primary education	Secondary education	University/college education	Technical education	Training	Others
Federal	-0.02	1.71	26.62	9.27	-100.00	357.50	18.94
Punjab	12.60	9.42	17.75	22.00	-26.87	-10.62	44.95
Sindh	17.08	13.97	19.80	16.08	22.58	7.25	23.63
NWFP	19.82	24.96	23.89	100.96	-99.72	5.56	-52.45
Balochistan	2.62	-10.14	-9.11	-2.83	49.26	23.33	50.29
Total	11.96	10.99	18.37	18.39	-54.24	4.00	25.33

3.7 Distribution of education expenditures by sub-sectors is shown in Table 6. About 48% of total education expenditures are allocated on primary education, which clearly shows Government's commitment to promote primary level education to achieve the target of universal primary education by 2015. Education expenditures allocated for

secondary and university/college education are 27% and 14%, respectively. A small proportion of the total education expenditures are allocated for technical education and training (1.75% each). The largest part of the federal expenditure on education is allocated for university/college education (53%). However, in all the four provinces priority has been given to the primary education in terms of allocation of education expenditures. It is noteworthy that Punjab allocates more than 60% of the total education expenditure on primary education. This priority for primary education resulted in a substantial increase in public school enrolment in Punjab.

Table 6: Distribution of Education Expenditures Up to Q3 FY05

Province/region	All sectors	Primary education	Secondary education	University/college education	Technical education	Training	Others
Federal	100	10.25	17.16	52.53	0.00	1.85	18.21
Punjab	100	60.64	21.55	7.76	1.00	2.62	6.44
Sindh	100	44.88	34.48	8.70	4.99	0.50	6.45
NWFP	100	46.36	40.98	10.42	0.01	0.19	2.04
Balochistan	100	34.19	29.43	6.81	5.76	2.10	21.71
Total	100	47.64	26.51	14.21	1.75	1.75	8.14

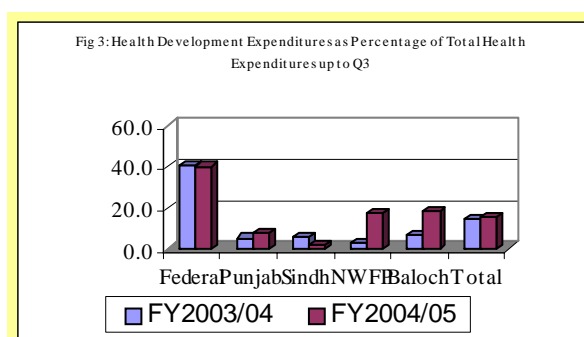
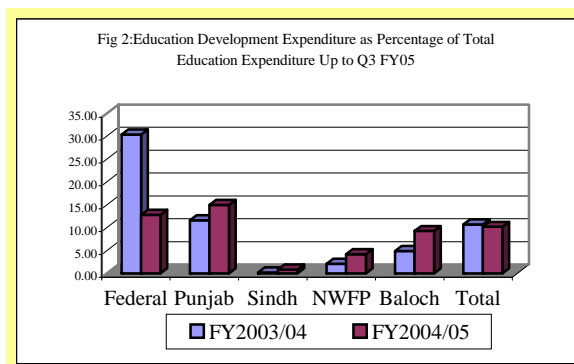
3.8 Largest proportion of health expenditures (73%) is allocated for general hospitals and clinics (Table 7). Only 14% of health expenditures are allocated for health facilities and preventive measures. Lowest priority is given to mother and child sub-sector in terms of allocation of health expenditures. However, a close at the data presented in Table 7 reveals that approximately half of the federal health expenditures are used for the preventive measures. This sector has also received considerable share in Balochistan as well. But in other provinces, particularly Punjab, little resources are used for the preventive measures.

Table 7: Distribution of Health Expenditures Up to Q3 FY05

Province	All sectors	General hospital and clinics	Mother and child health	Health facilities and preventive measures	Others
Federal	100	45.64	0.00	46.12	8.24
Punjab	100	85.83	0.45	1.07	12.65
Sindh	100	83.40	0.00	8.65	7.95
NWFP	100	79.79	0.39	5.12	14.70
Balochistan	100	41.47	0.09	22.88	35.57
Total	100	72.84	0.24	14.48	12.44

3.9 Development expenditures as percentage of total education and health expenditures are respectively presented in Figures 2 and 3. In the education sector, development expenditures as percentage of total education expenditure during Q3 FY05 are found highest (15%) in Punjab province and lowest (0.84%) in Sindh province (see fig 2). Development component may be increased to accommodate more teachers and children in the school. Health is a prerequisite for development and in fact is an entry point towards prosperity and progress. Health development expenditures as percentage of total health expenditures during July-March FY05 over FY04 are highest (40%) for

Federal areas and lowest (1.6%) for Sindh Province (see fig 3). The share of development expenditure in total expenditure seems to be reasonable in Punjab.



4 Non-Budgetary Expenditures

4.1 The government of Pakistan has initiated several programs targeting the poor. PRSP monitors the progress in zakat and micro-financing through three sources: PPAF, Khushali Bank, and Zari Taraqati Bank Limited (ZTBL). Non-budgetary expenditures under these programs are reported in Table 8. About 1.1 billion of Zakat is disbursed during Q3 FY05. Zakat funds allocated for Guzara Allowance are largest (79%), 10% Zakat is allocated on educational stipends and 6% on health care (see annex 2). There is a remarkable increase of 253% in micro-credit disbursement by PPAF to Rs 1.1 billion during Q3 FY05 over Q3 FY04. In PPAF number of male beneficiaries has increased 5.6 times and number of female beneficiaries has increased by 1.7 times during Q3 FY05 over Q3 FY04 (see Box 1 for PPAF). Khushali Bank disbursement increased by 50% in Q3 FY05 compared to Q3 FY04, to Rs 441 million. Number of male beneficiaries of Khushali bank has risen by 1.6 times and number of female beneficiaries has risen by 1.2 times. ZTBL disbursed Rs 9 million during Q3 FY05 to 389 beneficiaries.

Table: 8 Non-budgetary Transfers and Beneficiaries

Program	Disbursement/beneficiaries	January-March 2004	January-March 2005	% Change
Zakat*	-amount disbursed (million Rs)	-	1,095	-
	- Total beneficiaries	-	494,467	-
PPAF	-amount disbursed (million Rs)	298	1,054	253.33
	- No of districts	79	79	0.00
	- No of male beneficiaries	10,014	56,353	462.74
	- No of female beneficiaries	16,492	27,310	65.60
	- Total beneficiaries	26,506	83,663	215.64

Khushali Bank	-amount disbursed (million Rs)	294	441	50.09
	- No of districts	36	64	77.78
	- No of male beneficiaries	20,271	32,388	59.78
	- No of female beneficiaries	7,914	9,704	22.62
	- Total beneficiaries	28,185	42,092	49.34
ZTBL	-amount disbursed (million Rs)	19.783	9	-52.86
	- No of districts	-	75	
	- No of male beneficiaries	-	221	
	- No of female beneficiaries	-	168	
	- Total beneficiaries	828	389	-53.02
Total	-amount disbursed (million Rs)		2,599	
	- Total beneficiaries		620,611	
* The amount could not be disbursed in Balochistan due to non-formation of DZCs.				

Box 1: Overall Assessment of PPAF

Gallup Pakistan study showed that there is adequate evidence to suggest that on the average low income households who borrowed from PPAF are better off today than they would have been if they had not borrowed. On the average their income levels have risen, their consumption has increased, there is improvement in their personal and business assets, their lifestyle by way of housing facilities is better than before and their social status, particularly of the women borrowers has undergone a positive change. Admittedly the scale of change is limited, as is the scope and amount of the loan. But the direction of change is on the whole positive. The benefits of PPAF loan appear in terms of poverty alleviation and improvement in the basic life-style indicators of the borrowers. The direct impact of building business assets, generating employment or the effect on other development indicators does not appear to be very significant. However, the improvement in the basic lifestyle indicators of the micro-credit borrowers can possibly have a second order positive effect on development indicators.

5 Monitoring the PRSP Intermediate Indicators

5.1 Health Sector

5.1 TT-immunization coverage for pregnant women is reported in Table 9. TT-1 immunization coverage for Pakistan during January-March FY05 has improved by 3 percentage points to 39%, whereas, TT2+ coverage has improved by 4 percentage points to 42% over the same period in FY04, but the coverage is low and need ample increase. There is substantial improvement in immunization coverage in FATA, as immunization coverage for TT-1 as well as TT-2+ increased from 21% each to 49% and 60%, respectively. Immunization coverage has improved substantially in AJK and slightly in Punjab, Sindh and NWFP. Immunization coverage in Balochistan, FANA, ICT and CDA has deteriorated during the third half of FY05 relative to same period in FY04.

Table 9: TT- Immunization Coverage for Pregnant Women

Province/Region	January-March 2004			January-March 2005		
	Target Population (+4.1% Pop)	TT-Immunization		Target Population (+4.1% Pop)	TT-Immunization	
		TT-1	TT2+		TT-1	TT2+
		Cov%	Cov%		Cov%	Cov%
Punjab	867,627	41	43	886,713	44	45
Sindh	352,665	34	38	360,426	38	42
NWFP	220,515	30	26	225,366	36	37
FATA	33,855	21	21	34,602	49	60
Balochistan	82,428	20	21	84,240	14	27
AJK	35,235	38	37	36,012	50	48
Table continued						
FANA	10,305	19	24	10,533	0	0
ICT	3,210	50	39	3,279	34	28
CDA	9,051	15	57	9,252	0	0
Others	-	-	-	-	-	-
Pakistan	1,614,891	36	38	1,650,423	39	42

5.2 Governance

5.3 Judiciary is an important pillar of a state; the government fully respects courts and intends to leave no stone unturned to ensure dispensation of cheaper justice to people. Government would provide all facilities for augmentation of judicial system and its promotion so that people could get speedy justice. Although governance is related to all sectors of the economy, for the monitoring purpose, the PRSP has presently focused on the performance of judiciary in terms of number of cases instituted and disposed of during a given period of time. PRSP aims to monitor these indicators for the superior judiciary, Supreme Court of Pakistan and High Courts, and for subordinate judiciary including special courts. In the previous quarterly reports of the PRSP, data on the governance indicators was available only for Balochistan and NWFP provinces, which are again reported here for comparison. In this quarterly report governance data for Punjab province has been added.

5.4 Governance indicators of Punjab province are given in Table 10. Proportion of disposed cases in High Court Lahore shows a decline over the years from 60% in 2002 to 54% in 2004. However, number of cases disposed in session and civil cases show slight increase during this period.

5.5 The subordinate judiciary in Balochistan, which shows an increase in the number of instituted cases but a decrease in number of disposed of cases in absolute as well as percentage terms. A close look at the data presented in Table 10 indicates that the total capacity of subordinate judiciary in Balochistan is to dispose of 21-22 thousand cases annually. In percentage terms, the subordinate judiciary in Balochistan province was able in 2004 to dispose of three-quarters of the cases with these courts. The number of cases disposed of by the High Court of Balochistan decreased from 6000 in 2002 to less than 3000 in 2004. An increase in number of disposed of cases was observed in the Sibi Circuit Bench between 2002 and 2003 period, but a decline was observed between 2003 and 2004 period. The number of cases pending with the accountability Court-II Quetta decreased considerably during the 2001 and 2004 period (Table 10).

5.6 Table 10 shows that in the district courts of NWFP province percentage of disposed cases increased to 72 percent in 2004, from 66 percent in 2002. In the Peshawar High court, the percentage of disposed of cases declined to 54 percent in 2004, from 64 percent in 2002.

Table 10: Governance Indicators of Provinces

Governance Indicators of Punjab									
Year	High Court Lahore			Session Cases			Civil & Cri Cases		
	Total	Disposed	% of Disposed	Total	Disposed	% of Disposed	Total	Disposed	% of Disposed
2002	164,826	99,141	60	-	210,926	-	-	569,885	-
2003	141,105	79,743	57	405,598	330,510	81	1,778,970	873,309	49
2004	144,713	78,714	54	420,728	342,911	82	1,828,283	927,899	51
Governance Indicators of Balochistan									
	High Court of Balochistan			Sibi Circuit Bench			Subordinate Judiciary		
Year	Total	Disposed	% of disposed	Total	Disposed	% of disposed	Total	Disposed	% of disposed
2002	8733	6002	68.7	627	278	44.3	27354	22219	81.2
2003	6293	3974	63.1	838	580	69.2	26864	21259	79.1
2004	5227	2888	55.3	740	454	61.4	29206	21870	74.9
Accountability Court-II Quetta									
Year	Total	Disposed	% of disposed						
2001	33	30	90.9						
2002	23	21	91.3						
2003	16	12	75.0						
2004	9	5	55.6						
Governance Indicators of NWFP									
	Peshawar High Court			District Courts					
Year	Total	Disposed	% of disposed	Total	Disposed	% of disposed			
2002	30,510	19,631	64	467,682	307,400	65.7			
2003	24,541	14,638	60	518,245	359,196	69.3			
2004	23,012	12,432	54	555,304	401,773	72.4			

5.3 Land to Landless People

5.7 Land is a paramount asset in rural economy. During the third quarter of FY05, land was distributed only in Punjab province, where 108 acres of land was distributed to 11 beneficiaries.

Table 11: Allotment of state and resumed land (acres)

Province/Region	January-March 2004		January-March 2005	
	Total		Total	
	Land Distributed	No of Beneficiaries	Land Distributed	No of Beneficiaries
Punjab	3,998	459	108	11
Sindh	334	51	-	-
Total	4,332	510	108	11

6 Khushal Pakistan Program-I

6.1 Number of schemes approved under Khushal Pakistan Program-I (KPP-I) are given in table 12. Numbers of schemes approved have decreased from 1642 in Q3 FY04 to 1220 during Q3-FY05 over Q3 FY04. Approximately 60% of the approved schemes during the current fiscal are for rural electrification. Roads and water supply are the other priority sectors. Region wise approval of KPP-I schemes is given in Annex 3.

Table 12: Khushal Pakistan Program-I (KPP-I) Number of Schemes
Approved Under Each Category

	January- March 2004	Distribution of Schemes %	January- March 2005	Distribution of Schemes %
Road	618	37.6	240	19.7
Electrification	816	49.7	715	58.6
Gas	38	2.3	27	2.2
Telephone	5	0.3	2	0.2
Education	56	3.4	49	4.0
Health	8	0.5	22	1.8
Water Supply	13	0.8	122	10.0
Sanitation	87	5.3	36	3.0
Bulldozers	1	0.1	7	0.6
Total Schemes	1642	100.0	1220	100.0

6.2 Assistance to the poor through Pakistan Bait-ul-Mal

6.2 Pakistan Bait-ul-Mal (PBM) is making significant contribution towards poverty reduction by providing assistance to destitute, widow, orphan, invalid, infirm and other needy persons through its projects/schemes, namely, Food Support Program (FSP), Individual Financial Assistance (IFA), Institutional Rehabilitation, National Centre for Rehabilitation of Child Labor (NCsRCL) and Vocational Training Institutes/Dastkari Schools (VTIs). Number of beneficiaries and amount disbursed under these schemes of PBM are given in the Table 13. For FSP, an amount of Rs 599 million has been disbursed during Q3 FY05 to 499,526 beneficiaries. For IFA General, IFA Medical and IFA Education 20.9, 52.0 and 4.5 million Rs, respectively are disbursed during January-March FY05. For Rehabilitation program, Rs 5.3 million have been disbursed during the same period. During Q3 FY05, 11 NCsRCL have been established and an amount of Rs 22.286 million has been released. During July-March FY05, 17 NCsRCL (Punjab 10, Sindh 04, NWFP+FATA 02 and ICT/AJK & NA 01) have been established. The number of students enrolled is 1020 during the same period. Now the current total strength of NCsRCL is 100 where 109820 students are getting primary education. During July-March FY05, 7 VTIs have been established and an amount of Rs 13.0574 million has been released. During the same period 1560 students have been enrolled in these institutes. The current strength of schools is 53 (Punjab 22, Sindh 10, NWFP+FATA 9, Balochistan 5 & ICT/AJK/N. Areas 7).

Table 13: Pakistan Bait-ul-Mal: Number of Beneficiaries (B) and Disbursement (D) in Million Rs
January-March 2005

Provinces	Food Support Programme		IFA General		IFA Medical		IFA Education		Rehabilitation		Total	
	B ^a	D ^a	B ^a	D ^a	B ^a	D ^a	B ^a	D ^a	B ^a	D ^a	B ^a	D ^a
Punjab	194,686	233.6	1,613	12.7	872	33.5	259	2.7	278	4.3	197,708	286.8
Sindh	166,487	199.8	1,255	4.8	139	5.2	471	1.0	12	0.3	168,364	211.1
NWFP	108,151	129.8	315	1.2	191	9.3	40	0.3	34	0.5	108,731	141.1
Balochistan	14,171	17.0	447	1.2	2	0.7	67	0.2	11	0.2	14,698	19.3
Islamabad			123	1.0	82	3.2	46	0.3	10	0.1	261	4.6
ICT/AJK/N. Areas	16,031	19.2									16,031	19.2
Grand Total	499,526	599.4	3,753	20.9	1,286	52.0	883	4.5	345.0	5.3	505,793	682.1

a: B stands for 'beneficiaries' and D for 'disbursement'.

7 PRSP Outcome Indicators

7.1 The PSLM Survey is designed to provide social and economic indicators in the alternate years at provincial and district levels for the assessment of development program initiated by the Government under PRSP. As noted earlier, the first district level PSLM survey, following the CWIQ approach, with a sample size of 76520 households from 5348 sample areas, covering both rural and urban areas, has been conducted during 2004-05. The survey was started in September 2004 and the whole field operations were completed in March 2005. The provincial level PSLM based on PIHS methodology is in progress.

7.1 Education Outcome Indicators

7.2 The PSLM 2004-05 data some education indicators are given in the Table 13. Gross enrolment at primary level has increased by 14 percentage points to 86% in 2004-05 over 2000-01. Net enrolment at primary level increased to 52% in 2004-05 as compared to 42% in FY01. But more needs to be done to achieve 100% net primary enrolment by 2015. Net enrolment at middle level and at matric level also shows some improvement.

Table 13: Education Indicators (%)

	2000-01 PIHS	2004-05 PSLM
Population Ever Attended School	51	55
Gross Enrolment at Primary Level (5 to 9 Years)	72	86
Net Enrolment at Primary Level (5 to 9 Years)	42	52
Gross Enrolment at Middle Level (10 to 12 Years)	41	46
Net Enrolment at Middle Level (10 to 12 Years)	16	18
Gross Enrolment at Matric Level (13 to 14 Years)	42	44
Net Enrolment at Matric Level (13 to 14 Years)	9	11

Source: Economic Survey 2004/05

7.3 Literacy rate (aged 10 years and older) improved by 8 percentage points to 53% in 2004-05 compared to 2000-01. Both male and female literacy levels have improved, but the female literacy level is 25 percentage points lower than male literacy level. Literacy levels in urban areas are 27 percentage points higher than rural areas. Adult literacy (population 15 years and older) improved to 50% in 2004-05, compared to 43% in 2000-01. Adult literacy increased by 6 percentage points in both urban and rural areas

between the 2000/01 and 2004/05 period (Table 14). More efforts are needed to further accelerate the pace of improvement, particularly female literacy levels and literacy in rural areas (for more detail on Punjab see, Box 2).

Table 14: Literacy and Adult Literacy (%)		
Literacy Rate (Aged 10 Years and Older)	PIHS 2000-01	PSLM 2004-05
Overall	45	53
Male	58	65
Female	32	40
Urban Areas	64	71
Male	72	78
Female	56	62
Rural Areas	36	44
Male	51	58
Female	21	29
Adult Literacy (Population 15 Years and Older)		
Overall	43	50
Urban Areas	63	69
Rural Areas	34	40

Source: Economic Survey 2004/05

7.2 Health Indicators

7.4 The proportion of children aged 12-23 months immunized has increased to 77% in 2004-05 compared to 53% in 2000-01. This indicator has shown tremendous improvement in rural areas, as there has been an improvement of 26 percentage points to 72% in 2004-05 over 2000-01 (Table 15). The number of cases where a practitioner was consulted for treatment of diarrhea has recorded improvement overall as well as in rural as well as urban areas. Number of cases where ORS was given to child during diarrhea episode has shown great improvement.

Table 15: Treatment of Diarrhea in Children 5 Years and Under		
	PIHS 2000-01	PSLM 2004-05
Children Aged 12-23 Months Immunized		
Overall	53	77
Urban Areas	70	87
Rural Area	46	72
Treatment of Diarrhea in Children 5 Years and Under		
Cases where Practitioner was Consulted		
Overall	82.38	90.87
Urban Areas	87.27	92.21
Rural Areas	80.7	90.11
Cases where ORS was Given to Child		
Overall	53.56	77.75
Urban Areas	57.02	78.17
Rural Areas	52.37	77.51
Source: Economic Survey 2004/05		

Box 2: Literacy in Punjab: Findings of the Multiple Indicator Cluster Survey (MICS) 2003-04

Punjab Multiple Cluster Indicator Survey (MICS) 2003-04 has been recently released. It is a household based survey at provincial and district level on the social and economic information on households, children and women to enable rational district level planning in the devolution phase and base resource allocation on need. Population Census 1998 reported literacy rate (10 years and above) of 47% for Punjab, which has been increased to 54% in 2003-04. However, there are substantial variations between rural and urban areas. There are also variations within the urban areas being the literacy ratios highest in major-cities such as Lahore, Faisalabad and Rawalpindi. There is large variation in literacy rates across the districts. This shows that PRSP monitoring should be extended to district level.

8 Concluding Remarks

8.1 PRSP budgetary expenditures have substantially increased in Q3 FY05 compared to Q3 FY04. Data on all intermediate indicators are not available in this quarter. For those intermediate indicators whose data are available, there is room for improvement. Some results of PSLM survey 2004-05 are available in the Economic Survey 2004-05. Education and health indicators have shown large improvements in 2004-05 compared to 2000-01. The PSLM provincial report based on PIHS format is expected to be released late this year, whereas PSLM district reports based on CWIQ format are expected to be released very soon. Once these reports are released more information would be available on health and education intermediate and outcome indicators. In view of availability of data, it is right time for PRSP monitoring to extend its scope at the district level indicators.

PROVISIONAL													
ANNEX 1: PRSP Budgetary Expenditures (2003-04 / 2004-05)													
	(Rs. Millions)												
	Q3 2003-04						Q3 2004-05						
	Federal	Punjab	Sindh	NWFP	Balochst	TOTAL	Federal	Punjab	Sindh	NWFP	Balochst	TOTAL	
Roads highways, & Bridges	923	4,623	684	408	1,891	8,529	1,229	8,769	3,375	804	2,437	16,614	
Current	923	1,085	54	28	135	2,225	1,229	1,201	402	57	141	3,030	
Development	0	3,538	630	380	1,756	6,304	0	7,568	2,973	747	2,296	13,584	
Water Supply & Sanitation	194	589	483	246	1,488	3,000	291	579	605	329	1,571	3,375	
Current	94	32	175	225	396	922	93	53	171	253	453	1,023	
Development	100	557	308	21	1,092	2,078	198	526	434	76	1,118	2,352	
Education	9,896	32,252	12,544	8,354	3,434	66,480	9,894	36,315	14,687	10,010	3,524	74,430	
Current	6,891	28,505	12,518	8,176	3,265	59,355	8,626	30,867	14,564	9,590	3,197	66,844	
Development	3,005	3,747	26	178	169	7,125	1,268	5,448	123	420	327	7,586	
Primary Education	997	20,124	5,783	3,714	1,341	31,959	1,014	22,020	6,591	4,641	1,205	35,471	
Current	969	16,526	5,778	3,685	1,341	28,299	1,005	17,323	6,583	4,352	1,205	30,468	
Development	28	3,598	5	29	0	3,660	9	4,697	8	289	0	5,003	
Secondary Education	1,341	6,647	4,227	3,311	1,141	16,667	1,698	7,827	5,064	4,102	1,037	19,728	
Current	1,243	6,571	4,224	3,280	1,141	16,459	1,479	7,420	5,030	4,026	1,037	18,992	
Development	98	76	3	31	0	208	219	407	34	76	0	736	
General Universities, Colleges, & Institutes	4,756	2,309	1,101	519	247	8,932	5,197	2,817	1,278	1,043	240	10,575	
Current	2,561	2,306	1,095	518	247	6,727	4,867	2,625	1,278	1,007	240	10,017	
Development	2,195	3	6	1	0	2,205	330	192	0	36	0	558	
Professional & Technical Universities, Colleges & Institutes	1,247	495	598	363	136	2,839	0	362	733	1	203	1,299	
Current	1,127	460	586	345	136	2,654	0	355	687	0	203	1,245	
Development	120	35	12	18	0	185	0	7	46	1	0	54	
Teacher & Vocational Training	40	1,064	69	18	60	1,251	183	951	74	19	74	1,301	
Current	20	1,064	69	18	60	1,231	180	951	74	19	74	1,298	
Development	20	0	0	0	0	20	3	0	0	0	0	3	
Others	1,515	1,613	766	429	509	4,832	1,802	2,338	947	204	765	6,056	
Current	971	1,578	766	330	340	3,985	1,095	2,193	912	186	438	4,824	
Development	544	35	0	99	169	847	707	145	35	18	327	1,232	
Health	4,260	7,387	2,915	1,653	889	17,104	4,428	7,955	3,272	2,538	1,119	19,312	
Current	2,511	7,000	2,740	1,614	831	14,696	2,646	7,371	3,220	2,107	913	16,257	
Development	1,749	387	175	39	58	2,408	1,782	584	52	431	206	3,055	
General Hospitals & Clinics	1,964	6,342	2,481	1,400	320	12,507	2,021	6,828	2,729	2,025	464	14,067	
Current	1,844	5,973	2,345	1,386	320	11,868	1,869	6,284	2,709	1,769	464	13,095	
Development	120	369	136	14	0	639	152	544	20	256	0	972	
Mother & Child Health	1	30	0	9	3	43	0	36	0	10	1	47	
Current	1	30	0	9	3	43	0	36	0	10	1	47	

Development	0	0	0	0	0	0	0	0	0	0	0	0
Health Facilities & Preventive Measures	1,883	62	222	69	91	2,327	2,042	85	283	130	256	2,796
Current	371	45	197	63	54	730	483	84	252	91	50	960
Development	1,512	17	25	6	37	1,597	1,559	1	31	39	206	1,836
Others	412	953	212	175	475	2,227	365	1,006	260	373	398	2,402
Current	295	952	198	156	454	2,055	294	967	259	237	398	2,155
Development	117	1	14	19	21	172	71	39	1	136	0	247
Population Planning	1,817	390	290	119	91	2,707	1,582	462	364	4	104	2,516
Current	95	0	2	2	89	188	96	0	0	2	103	201
Development	1,722	390	288	117	2	2,519	1,486	462	364	2	1	2,315
Social Security & Social Welfare	1,597	362	175	59	72	2,265	2,398	384	191	117	77	3,167
Current	1,519	347	175	53	70	2,164	1,503	376	191	111	71	2,252
Development	78	15	0	6	2	101	895	8	0	6	6	915
Natural Calamities & Other Disasters	231	35	98	0	5	369	284	18	83	0	23	408
Irrigation	4,048	2,938	2,737	582	1,804	12,109	11,286	4,154	2,872	681	2,329	21,322
Current	46	2,240	1,387	496	1,296	5,465	123	2,534	1,560	558	1,695	6,470
Development	4,002	698	1,350	86	508	6,644	11,163	1,620	1,312	123	634	14,852
Land Reclamation	21	46	1,245	0	0	1,312	53	56	1,232	347	0	1,688
Justice and Courts	223	720	374	210	205	1,732	352	858	443	298	197	2,148
Current	223	720	374	191	199	1,707	330	858	443	251	157	2,039
Development	0	0	0	19	6	25	22	0	0	47	40	109
Law and Order	8,767	7,744	5,619	2,062	1,567	25,759	10,225	10,893	6,508	2,548	1,990	32,164
Current	8,748	7,744	5,619	2,062	1,535	25,708	9,999	10,893	6,508	2,530	1,923	31,853
Development	19	0	0	0	32	51	226	0	0	18	67	311
Low Cost Housing	0	414	0	0	0	414	0	243	0	0	0	243
Rural Development	285	4,649	1,533	1,012	651	8,130	769	5,976	836	1,062	521	9,164
Current	35	159	1,195	58	141	1,588	390	204	291	171	159	1,215
Development	250	4,490	338	954	510	6,542	379	5,772	545	891	362	7,949
Food Subsidies	2,000	2,000	0	300	0	4,300	520	0	500	200	0	1,220
Food Support Program	109	1,015	418	385	90	2,017	146	1,319	567	511	110	2,652
Village Electrification*							2,055					2,055
Tawana Pakistan							30					30
GRAND TOTAL	34,371	65,164	29,152	15,390	12,187	156,264	45,512	77,981	35,535	19,449	14,002	192,508

* Federal releases to Mo Water and Power and WAPDA,
In Balochistan, two districts of Uthal and Turbat not included

Annex 2
Zakat Disbursement During Q3 FY05

Head	Amount Disturbed (Rs Million)	Number of Beneficiaries	% of Total
Guzara Allowance	867.88	352603	79.36
Educational Stipend	109.30	77352	9.99
Stipend to the Students of Deeni Madaris	30.07	13405	2.75
Health Care	66.28	47588	6.06
Social Welfare Rehabilitation	8.17	2329	0.75
Marriage Assistance to Unmarried Women	11.90	1190	1.09
Total	1093.60	494467	100.00

* The amount could not be disbursed in Balochistan due to non-formation of DZCs.

Annex 3

Khushal Pakistan Program-I (KPP-I)

Number of Schemes Approved Under Each Category

1st January 2004 to 31 March 2004

Province	Road	Electrification	Gas	Telephone	Education	Health	Water Supply	Sanitation	Bulldozers	Total Schemes
Punjab	262	482	25	-	3	-	3	25	-	800
Sindh	75	144	4	5	48	-	3	11	-	290
NWFP	133	26	1	-	-	-	1	25	1	187
Balochistan	27	31	-	-	-	-	-	-	-	58
FATA	10	1	-	-	-	-	-	-	-	11
ICT	11	5	-	-	-	-	1	-	-	17
Minority	20	1	-	-	5	8	3	-	-	37
WRS	80	126	8	-	-	-	2	26	-	242
NA	-	-	-	-	-	-	-	-	-	-
AJK	-	-	-	-	-	-	-	-	-	-
Total	618	816	38	5	56	8	13	87	1	1642

Khushal Pakistan Program-I (KPP-I)

Number of Schemes Approved Under Each Category

1st January 2005 to 31 March 2005

Province	Road	Electrification	Gas	Telephone	Education	Health	Water Supply	Sanitation	Bulldozers	Total Schemes
Punjab	108	339	23	-	10	7	3	22	-	512
Sindh	30	126	3	1	20	5	3	6	-	194
NWFP	71	186	1	-	3	-	35	6	7	309
Balochistan	12	36	-	-	6	2	31	1	-	88
FATA	6	12	-	-	3	5	45	-	-	71
ICT	6	1	-	-	6	-	-	-	-	13
Minority	7	15	-	1	1	3	5	1	-	33
NA	-	-	-	-	-	-	-	-	-	-
AJK	-	-	-	-	-	-	-	-	-	-
Total	240	715	27	2	49	22	122	36	7	1220