Annual Plan 2019-20

Government of Pakistan
Planning Commission
Ministry of Planning, Development and Reform

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ANNUAL PLAN
2019-20

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FOREWORD

The Annual Plan 2019-20 of 12th Five Year Plan (2018-23) is very challenging. It is first year of the present government which is committed to put Pakistan on sustainable and inclusive economic growth trajectory. In pursuance of its agenda, the government has already taken various urgent Fiscal and External sectors measures to stabilize the economy. In addition, Extended Financing Facility (EFF) with the IMF has already been concluded for providing support to the reform program and seek assistance from WB and ADB to build fundamentals of the economy.

As a result of fiscal consolidation and external sector corrective measures, inflationary pressures will be passed out. However, during outgoing fiscal year the current account deficit has shrunk, growing foreign exchange reserves have reassured local businesses as well as the international markets, and above all improvement in energy governance augers well for growth prospects. In the real sector likewise, the urgent measures have contributed to the resumption of growth in key sectors.

The economy has shown resilience by quickly responding to corrective measures in the past. However, quantum of adjustments required in the current and fiscal accounts is enormous and may take some time to recover. The effectiveness of income support program and social protection is enhanced to shield the poor from adverse implications of the massive adjustment.

The Annual Plan 2019-20 reinforces continuity of stabilization efforts that started in December 2017 and accelerated in August 2018. At heart of the problems is the looming debt repayments which necessitates record repayments in the years down the line. The recovery in economic growth will be gradual after restoration in business confidence.

The GDP growth is targeted at 4% with agriculture (3.5%), industry (2.2%) and services (4.8%). Inflation is projected at 8.5% for 2019-20 in view of the higher administrative prices, and monetary overhang of the past. The current account will be hovering around 3 percent of GDP.

The size of National Development Outlay (2019-20) has been set at Rs. 1837 billion including foreign aid of Rs. 237 billion. The development outlay comprises Rs. 675 billion as federal PSDP including foreign assistance of Rs.127 billion and Rs. 912 billion as provincial ADPs including Rs. 110 billion foreign assistances.

The Government's ambition to pursue development agenda at rapid pace is constrained by limited fiscal space. However, strength of the government's resolve has realigned focus of Government efforts in meeting its development agenda of accelerating growth and creating job opportunities for the youth of Pakistan. While the Government intends the private sector to be the main engine of growth for the economy, it recognizes that for complementing private sector efforts, it is essential that Government steps in to remove the bottlenecks in infrastructure provision that impede private sector investment and growth.

Preparation of Annual Plan in the light of vision of incumbent government has been carried out by the officers of all sections of the Ministry of PD&R. Hence, I would like to acknowledge the professionalism and hard work of the staff of Ministry of Planning, Development & Reform in preparing this important national document.

Makhdum Khusro Bakhtyar
Minister for Planning, Development and Reform /
Deputy Chairman, Planning Commission

Islamabad, May 29, 2019

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Executive Summary

Economic Framework - Growth, Investment and Savings

In the backdrop of highest ever macroeconomic imbalances and resultant adjustment drive the economic growth was anticipated to decelerate in the current year. The economic growth decelerated from 5.5 percent in 2017-18 to 3.3 percent in 2018-19. Two important commodity producing sectors agriculture and manufacturing sectors witnessed negative growth.

Agriculture faced long dry spell during the last almost two years which have serious repercussions for output of the crop sector which registered only 0.8 percent growth on average during the past five years. Agriculture registered a growth of 0.85 percent, considerably below its target. Major Kharif crops of cotton, rice and sugarcane registered a decline in production whereas Wheat crop also barely registered positive growth.

Industrial sector registered a growth of 1.4 percent during 2018-19 as against the target of 7.6 percent. The growth stayed muted with manufacturing, construction and mining and quarrying showing a decline in growth with only electricity and gas distribution posted 40.5 percent growth. Large scale manufacturing (LSM) registered a decline of 2.9 percent.

Services sector was affected by the decline in commodity producing sectors and registered growth of 4.7 percent. General government services and other private sector services contributed to services by surpassing the targets and registering growth of 7.9 percent and 7 percent respectively.

Per capita income has increased from Rs.181,480 last year to Rs.200,693 in the current year which reflect 10.6 percent increase. However, in dollar terms it has contracted by 8.2 percent from $ 1652 to $1516.

Savings and Investment: The investment-to-GDP ratio has declined from 16.7 percent in 2017-18 to 15.4 percent in 2018-19. Both domestic and foreign direct investment (FDI) contributed to this downslide. Other contributing factors include peculiar security environment and structural rigidities surrounding governance and regulatory environment. The downward sliding investment has detrimental effects on future productive capacity of the economy and growth prospects. Public sector investment has declined to 4 percent of GDP from 4.8 percent last year, while private sector investment declined from 10.3 percent of GDP in 2017-18 to 9.8 percent in 2018-19. Recently, the private sector has shown some appetite for working capital but it is not translated into generating additional investment.

National Savings have slightly adjusted upward to 10.8 percent of GDP in 2018-19 from 10.4 percent in 2017-18. Pakistan's reliance on foreign savings has decreased as investment has fallen to converge towards lower savings level.

GDP is expected to grow at 4.0 percent during 2019-20 with contributions from Agriculture (3.5 percent), Industry (2.3 percent) and Services (4.8 percent). The growth targets are subject to risks of extreme weather fluctuations, interruption in envisaged reforms and non-aligned monetary and fiscal policies. However, the targets are attainable with revived agriculture sector, growth in industrial sector, pick up in private sector credit and expected completion and spill over effects of projects under CPEC.

Balance of Payments

Current account deficit is estimated to be contained at 4.7 percent of GDP in 2018-19 from 6.4 percent of GDP in 2017-18. Exports are likely to dip by 0.5 percent while imports are expected to decline by 5.9 percent. Considerable growth of 9.3 percent in remittances is expected in 2018-19 while FDI may plunge by 51.2 percent. In the coming year, exports are targeted to increase by 6.2 percent while imports are projected to marginally increase by 0.8 percent. During 2019-20, workers' remittances are targeted to reach the level of US$ 24.0 billion while current account deficit is projected to be contained at 3.0 percent of GDP.

Fiscal, Monetary and Capital Market Development

During July-March 2018-19, fiscal deficit stood at 5 percent of GDP as compared to 4.3 percent during the corresponding period of last year. During 2019-20, the government will initiate various reforms for fiscal consolidation. The State Bank of Pakistan started tight monetary policy during FY18 and continued this stance during FY19. The Bank raised policy rate from 6.50 percent at the beginning of FY19 to 12.25 percent in May 2019. The policy rate was increased to meet the challenges of external sector vulnerabilities, escalated aggregate demand, high fiscal deficit, and risks to financial system due to overall macroeconomic stress. Credit to private sector registered a healthy growth, despite monetary tightening. Average CPI, during July-April FY19, stood at 7 percent as compared to 3.8 percent during the same period last year. Average CPI inflation during 2019-20 is projected at around 8.5 percent. Capital market is expected to remain vibrant during 2019-20 as a result of the measures to be adopted by the Securities & Exchange Commission of Pakistan.

Public Sector Development Programme (PSDP)

PSDP is considered to be the most effective policy tool of fiscal policy which helps the government to achieve its objectives on fiscal side of the economy. In September 2018, due to fiscal constraints PSDP for the year 2018-19 was revised by the new Government from Rs.800 billion including Rs.162 billion as foreign aid to Rs.675 billion including Rs.144 billion as foreign aid. Progress of the PSDP 2018-19 was reviewed two times during the year. Total releases against the allocation as of mid-May 2019 had been 86 percent.

PSDP 2019-20 has been proposed for Rs.675 billion including foreign aid of Rs.127 billion. The proposed PSDP has been prepared in consultation with all the stakeholders and following sectoral strategy for allocation of funds to individual projects. During 2019-20, the Government has undertaken new initiatives such as district equalization programme, interventions in the agriculture sector to ensure food security, prioritization of construction of mega dams for water conservancy, interventions in the field of knowledge economy and skill development on the youth. Similarly, interventions in the conservancy of environment and improvement in environment through clean- green Pakistan and 10 billion Tree Tsunami programmes have been initiated.

Food Security and Agriculture Development

During the year 2018-19, agriculture sector recorded a modest growth rate of 0.85 percent. There is dire need to enhance agricultural productivity and to introduce high value crops including horticulture, livestock, poultry and fisheries to enhance income of the farmer, reduce imports and expand export base of the country. The National Agriculture Emergency Programme intends to spend Rs.290 billion in the next five years to boost the sector. The programme will be executed with the coordination of all provinces to enhance productivity of major crops i.e. wheat, sugarcane, cotton, rice, oilseed crops, improvement of water use efficiency, promoting high value fish farming. The programme also includes calf saving, calf fattening and promoting backyard poultry.

Manufacturing, Commerce and Mineral Development

Four development projects of Petroleum Division / Geological Survey of Pakistan in PSDP 2018-19 were allocated Rs.463.2 million. The GSP will undertake geological mapping of about 13,000 sq. km. area in various parts of the country. Mineral exploration and geological mapping projects include iron ore, coal, copper, gold in Punjab and Balochistan; Lead-Zinc-Barite investigations in Balochistan, Khyber Pakhtunkhwa & Sindh; limestone, iron occurrences, salt, phosphate, bio stratigraphic studies in Sindh; and copper-gold prospects in Balochistan, KPK, Punjab, Sindh. Similarly, environmental, geotechnical, urban and hydro-geological studies will be carried out for Azad Jammu & Kashmir, Gilgit Baltistan, and other parts of the country.

Information and Communications Technology

During 2018-19, performance of information technology sector was encouraging as cellular teledensity reached 75 percent, broadband subscribers touched 67 million, and Information Technology & Information Technology Enabled Services (IT&ITeS) exports crossed USD 3 billion.

Annual Plan 2019-20 aims to improve the capacity of IT sector by enhancing infrastructure facilities, improving skill quality of human resource and accelerating implementation of public e-services for citizens. Some of the important initiatives for 2019-20 include projects for national satellite and space programme, cross-border optical fiber cable system for alternative route for international internet connectivity, encouraging companies to attain CMMI and ISO 27001/ 20000 international standards certification to boost exports of software and IT services.

Population

The hitherto uncontrollable increase in population is a major drag on Pakistan's economic development which require drastic and serious steps to cope. The plan for 2019-20 will build upon efforts being made in the current year (2018-19). In the upcoming year special emphasis will be made towards a robust advocacy and awareness campaign for adoption of family planning services, demand-centered policies, increasing family planning services outreach and encouraging financing of population sector projects from multiple sources.

School and College Education

The Federal Government will implement the PSDP-funded projects during 2019-20 to improve the educational indicators that are geared to have long term impact on the socio-economic development of the country. The government will bridge implementation gaps by improving the governance in education sector with adequate funding. The improvement in access, equity and quality of education will be materialized during the upcoming year.

Higher Education

The review of Annual Plan 2018-19 indicates that Pakistan has improved its ranking for Global Competitive Index (GCI) from 115 to 107, however, still lags behind many countries in the region and at global level. Major focus during 2018-19 remained on enhancing access of higher education, improving quality of higher education and establishing relevance of academics and research to national needs. Number of universities increased from 188 to 195 in plan period, while Higher Education Commission has reported university enrolment touching 1.6 million against projected 1.9 million. Nine Pakistani Higher Education Institutions (HEIs) were ranked within top 1000 universities in Times Higher Education World university ranking and 7 in Quacquarelli Symonds (QS) World University ranking during 2019. The research publications by Pakistan which were 14,000 in 2017 grew to 18000 in 2018. The government has approved Four (04) National Centers in emerging fields of technologies including: Cyber Security, Artificial Intelligence, Big Data & Cloud Computing, and Robotics& Automation.

An amount of Rs.25,777.706 million for 136 ongoing development projects was allocated to HEC. An amount of Rs.15.1 billion (49 percent of the total allocation) was released to HEC / public sector Universities by 3rd quarter of PSDP 2018-19. In addition to PSDP budget, an amount of Rs.0.503 billion was also released to Afghan Scholarship project through Technical Supplementary Grant.

HEC will start working on tiered system of universities in 2019-20. This system will result in three tiered education system. Tier-1 will comprise of 10 to 15 High Quality Local Universities to become World Class Institutions through greater autonomy and additional financial support. Remaining universities will form Tier-2 while affiliated colleges will be part of Tier-3. HEC will fund entrepreneurial and innovative ideas of researchers by technology development fund. The activities of already established National Centers will be in full swing while new National Centers of GIS & Space Applications and Nanotechnology will be established. The activities of higher education sector will be supplemented by specific innervations suggested by Task Force on "Technology Driven Knowledge Development". Higher Education Commission has been allocated an amount of Rs.28,646.882 million for the ongoing and new schemes in PSDP 2019-20. Allocation for the projects proposed by "Task Force on Technology Driven Knowledge Development" will be in addition to regular HEC Development Budget.

Science and Technology

During FY 2018-19, PCSIR established a Gems & Mineral Cutting and Polishing Centre at Skardu, which is now working in full swing and making steady progress. Establishment of Precision Systems Training Centre (PSTC) and PCSIR Laboratories at Gwadar, Balochistan is also underway. During last year PCSIR obtained 79 patents, developed 292 technologies, leased-out 84 technologies, provided 61777 testing/ calibration services to 22069 clients, prepared 328 technical reports and provided 711 consultancy services. In Health Sector, MoST implemented the project for medical devices and developed full-fledged stent manufacturing system. Ministry of Science & Technology had an allocation of Rs.1487.073 million for 20 ongoing projects in 2018-19. It has been reported by ministry that so far Rs.506.936 million have been released and the same have been fully utilized.

In 2019-20, Ministry of Science & Technology will arrange preferably two but at least one meeting of National Commission for Science & Technology (NCST) to advance a consequential national agenda and performance reporting for STI at the very highest level of the government. R&D organizations will be expected to have a close liaison with industry, academia and private sector for focused research that can translate into products and processes for demonstration at pilot level and subsequent commercialization. A national framework for civilian spillover of defence technologies will be framed and finalized after consultation with all stakeholders. The initiatives suggested by Task Force on Technology driven Knowledge development will have many areas of innovation related to Science & Technology. Ministry of Science & Technology has been allocated an amount of Rs.6,231.471 million for FY 2019-20. This includes Rs.921.281 million for ongoing and Rs.5,310.190 million for new projects. The funds allocated for new projects recommended Task Force on Knowledge Economy are Rs.1650 million.

Health

Government approaches health care in a holistically way by taking supply side of healthcare comprising of market process for non-poor segments of society and thus strengthen regulatory environment but at the same time plans inclusive healthcare for less privileged segments. Effective governance will improve the efficiency of the public health spending.

To know the disease burden and monitor and evaluate the plans to address the burden, government has strengthened Health Information System and plans to initiate Civil Registration and Vital Statistics (CRVS).

Key initiatives to widen the coverage of healthcare spending and achieve health targets include; increase in the number of paramedical staff, expansion of the Lady Health Worker programme to target poor female patients; efforts to bring fertility rates to the levels consistent with maternal health; strengthening of primary care with backup of skilled personnel including women medical officers in BHUs/RHCs; establishment of health emergency surveillance and response system; implementation of a national plan for vaccinations and establishing a Health information and Disease Surveillance System. Micro health insurance schemes would be made part of existing social safety nets to extend health coverage to vulnerable segment of the society.

Community awareness campaigns regarding disease prevention will help lower incidence and prevalence of preventable diseases. Hepatitis and cancer will be key therapeutic areas for capacity enhancement.

Nutrition

Good nutrition in the first 1000 days of life (starting from conception up to 2 years of life) is critical to avoid long-lasting and irreversible consequences of malnutrition on growth, brain development and productive life.

Nutritional awareness, supplementation, food fortification and bio-diversifications are the most cost effective and sustainable solutions to overcome malnutrition. The informed decision making would be based upon the nutrition information management system to mitigate data gaps and track national progress. The Inter-provincial coordination and collaboration would provide synergies to the efforts of combating malnutrition in Pakistan.

Labor, Employment and Skill Development

The unemployment rate of 5.94 percent in 2014-15 has decreased to 5.79 percent in 2017-18 primarily because of decrease in participation rate. The planned initiatives for employment and skill development would help in alleviating unemployment in the country. The Plan focuses to provide and promote technical and vocational training by extending geographical access through the public-private partnership in market demand trades.

Mass Media, Culture and National Heritage

An allocation of Rs.516.126 million have been allocated in PSDP 2019-20 for digitalization of production and transmission infrastructure of Pakistan Television Corporation (PTVC) with thrust on reaching out to far flung areas of the country and broadcasting services of Radio Pakistan. The services of PBC will be expanded/ strengthened to uncovered areas (including Gwadar, Muzaffarabad and Mirpur). Projects for strengthening of existing facilities at Pakistan National Council of Arts (PNCA) and Lok Virsa will also be undertaken. Similarly, for conservation and promotion of rich and diverse cultural heritage of Pakistan, an amount of Rs.128.016 million has been allocated in PSDP 2019-20. The milestone targets of the sector include digitalization of terrestrial network of Pakistan Television Corporation (PTVC) and expansion of cable TV network to rural and far flung areas, Direct to Home Television (DTH) and Over the Top (OTT) Media platforms which delivers film and TV content through the Internet.

Energy

The overall energy supply situation in the country has been improved through addition of 2652 MW generation capacity to the national grid by June, 2019. Further, 2611 MW generation capacity and 1.26 billion cubic feet gas per day (BCFD) through import of LNG and local Gas is expected to be added in the national grid and Sui systems respectively by June, 2020. For evacuation of additional power generation, the NTDC transmission system is upgraded by adding 1500 MVA and 2250 MVA on 500 kV and 220 kV network, respectively. Further 1650 MVA and 6273 MVA is expected to be added next year on 500 kV and 220 kV systems, respectively. All DISCOs are implementing projects to reduce losses, increase efficiency and electrify un-electrified villages. To overcome the load of oil transportation on roads, implementation of White Oil Pipeline project envisaging 427 Km pipeline from Sheikhupura to Peshawar has been initiated. Under the public-private partnership joint venture project between Government of Sindh and Engro Group, the SECMC/Engro Power will be achieved the target by June 2019 with open-pit coal mine and 660 megawatts coal-based power generation project in Tharparkar district. The project will consume 12,000 tons coal per day from Thar block-II at full capacity. Sui Northern and Sui Southern Gas Companies will add their transmission and distribution capacity 12100 Km and 1499 Km, respectively.

Water Resources Development

Inefficient irrigation system and practices, over-exploitation of groundwater, inadequate storage capacity and water pollution have collectively led to loss of quantity and quality of water. The Annual Plan 2019-20 centers on the guiding principles set under National Water Policy and 12th Five Year Plan. The annual strategy to achieve the targets comprises of water augmentation, water conservation, groundwater management and protection of infrastructure.

In order to minimize huge losses, system modernization will be continued along with other conservation measures. Efforts will be made to maintain overall water availability at farm gate at the level of 130 MAF during 2019-20. During this period, out of total 66 on-going water sector projects, about 17 are expected to be completed.

Since construction of large dams would take substantial time, quick alternatives will be adopted like construction of medium/small dams. Out of total water sector's development budget amounting to Rs.71.9 billion, an amount of about Rs.56.5 billion (Rs.37 billion for large dam & Rs.18.37 billion for medium and small dams) has been proposed for system augmentation for next FY 2019-20.

Transport and Logistics

Investments in integrated and efficient transport systems are also being supported through foreign funding envisaged in China Pakistan Economic Corridor (CPEC) program, the Central Asia Regional Economic Cooperation (CAREC) program and other foreign-assisted initiatives. To lessen the burden on Public Sector Development Programme (PSDP), financially viable transport sector projects will be initiated on PPPs (BOTs) basis. The annual plan has been prepared in line with the approved National Transport Policy and targets set in 12th Five Year Plan 2018-23. The plan also focuses on improving the connectivity in the less developed areas of the country.

The PSDP for 2018-19 provided an outlay of Rs. 250.9 billion for the federal programme under T&L sector. Against this, expenditure of Rs. 304.8 billion is expected to be incurred by the end of the financial year (2018-19), giving an overall financial progress of 121.4 percent.

An allocation of Rs. 237.3 billion has been made for the development programme of the sector.

Physical Planning and Housing

During 2019-20, the federal government will support provincial and local governments to prepare and implement urban & regional development strategies and programmes to cope with growing urban problems.

An amount of Rs.21.0 billion has been earmarked to implement important initiatives including Urban & Regional Planning Framework; Smart City Plans; Integrated Strategic Development Plans; Affordable Housing including Prime Minister's Naya Pakistan Housing Programme & Slum Up-gradation Programme; Government Buildings; and programmes to ensure availability as well as sustainable management of Water & Sanitation for All.

Poverty Alleviation and achieving Sustainable Development Goals

The government has launched a vibrant Poverty Alleviation programme with the name of *Ehsas* which is a comprehensive and multidimensional programme. The government has established a new Poverty Alleviation and Social Safety Division to deal with the matters pertaining to poverty alleviation and social protection. This division is mandated to devise pro-poor policies and programmes and consolidate the existing policies and programmes. *Ehsas* envisages launching and aligning initiatives to help poor to graduate out of poverty It also suggest measures to enhance coverage of social insurance and labor welfare and expanding coverage of existing social protection in Pakistan.

The SDGs are now the national development agenda. To accelerate progress towards achieving of SDGs, in-depth review of national policies and developing a national M&E framework is underway. Pakistan is submitting its first Voluntary National Review (VNR) to the UN this year.

Social Welfare – Inclusion of Vulnerable Groups

The focuses on institutional care, wellbeing and rehabilitation of vulnerable, marginalized and socially excluded segment of the society to enhance their capabilities and to mitigate vulnerability. The Plan also focuses on providing an enabling environment and tangible opportunities through policies, plans, programmes, guidelines and projects for target groups' i.e. Persons with Disabilities, elderly, women, children, destitute, minorities and transgender community. Annual plan envisages mainstreaming of the marginalized and vulnerable through regulatory framework, institutional mechanisms necessary for care, rehabilitation, protection of human rights and inculcating the entrepreneurial skills to make them self-sustained.

Gender and Women Empowerment

The plan focuses on equitable development of women, gender mainstreaming, and integration of gender dimensions in all sectors of economy. The Plan focusing on strong collaboration between the public and private sector to address issues faced by the poor, needy, vulnerable and marginalized women living in rural and urban areas through the specially designed programmes, income support, awareness, opportunities, protection of women rights, and packages for women empowerment.

Religious Pluralism and Interfaith Harmony

To achieve the religious pluralism and promote interfaith harmony an equitable framework and national guidelines for identical development of all communities will be developed in consultation with stakeholders. Tolerance among different segments of society would be enhanced by promoting peace and harmony. The intervention for protection and welfare of minority's communities is planned in plan period.

Institutional Reforms and Governance

Government has taken number of initiatives to improve governance indicators and making government open, transparent, accountable, and responsive to citizens. During 2018-19, an amount of Rs.6.95 billion including foreign aid of Rs.2.26 billion was allocated and an amount of Rs.5.9 billion have been spent in the governance sector.

An amount of Rs.5.0 billion including foreign aid of Rs.2.4 billion have been allocated for the governance sector in PSDP 2019-20.

Capacity of public sector will be enhanced for improved public service delivery. Performance Contracting System introducing of Citizen Client Charter, Public Financial Management, Public-Private Partnership, revenue mobilization, Electoral Reform and Civil Service Reform and implementation of National Security Policy would be the priority areas in 2019-20.

Balanced Development-Focus on Less Developed Regions

An amount of Rs.72.1 billion was allocated for uplift of special areas; out of which Rs.68.2 billion were utilized during 2018-19. For 2019-20 proposes block allocation of Rs.63.5 billion is made for Special areas (Merged districts of KP, AJK & GB). Further a special allocation for Rs.75 billion would be provided for equitable Regional Development in order to accelerate development of less developed areas and Rs.22.0 billion are set aside for 10 year development plan of merged districts of KP.

Various federally funded projects have been proposed for the development of less developed regions, focusing on timely achievement of developmental targets. These programmes/projects includes; construction of Dams, micro hydel power projects, drinking water supply & sanitation schemes, establishment of schools, colleges & hospitals, construction/up gradation of roads & bridges and energy sector projects. These would bring a considerable improvement in provision of existing facilities to the people of less developed regions.

Climate Change and Environment

Climate change is perceived as one of the major challenges to humanity due to its imminence as well as devastating effects on human lives, economic growth and prosperity. The Intergovernmental Panel on Climate Change (IPCC), a United Nations agency, warned the world the planet has 12 years, or until 2030, to reverse global warming. Large population of Pakistan lives under marginal environments like mountains, desert and coastal areas. They suffer from food security issues, malnutrition and social deprivations.

There will be significant increase in Green House Gas (GHG) emissions, degradation of natural resources, uncertainty in crop production, food insecurity, malnutrition and loss of biodiversity which will have negative impact on Pakistan.

The next five-year plan has been carefully formulated to create a synergistic effect for implementing adaptation and mitigation activities. Main areas of focus will be: i) Scaling up Glacial Lake Outburst Flood (GLOF-II) risk reduction in northern Pakistan; ii) transformation to climate smart agriculture of most vulnerable agricultural zones of Pakistan; iii) integrated floodplains management; iv) Greening buildings; v) Livelihood Improvement for coastal communities of Baluchistan; vi) conservation and restoration of mangroves ecosystem; vii) rain water harvesting. Ministry of Climate Change is in process of formulating an investment Plan for INDC which will attract investment for reduction of GHG emissions in the country.

The PSDP allocation for the Climate Change Sector has been kept at Rs.1,102.2 million for the year 2019-20. The main focus is on Ten billion tree tsunami programme, Phase-I, formulated to create a green Pakistan with a bigger and better carbon sink. Rapidly depleting water resources have created a dire need to work on water reservoirs. Enhancement of water storage & construction of water reservoirs will recharge the ground water and fulfil the future requirements. Pakistan has 19 sites designated as Wetlands of International Importance (Ramsar Sites), with a surface area of 1.3 million ha.

Abbreviations and Acronyms

ADP	Annual Development Programme
AEDB	Alternative Energy Development Board
AMCs	Asset Management Companies
APCC	Annual Plan Coordination Committee
BISP	Benazir Income Support Programme
BPD	Barrels Per Day
CAMB	Centre for Applied Molecular Biology
CCI	Council of Common Interests
CDWP	Central Development Working Party
CCP	Competition Commission of Pakistan
CGT	Capital Gains Tax
CSF	Coalition Support Fund
CWHR	Council for Works and Housing Research
DEMP	Directorate of Electronic Media and Publications
ECO	Economic Cooperation Organization
ELTR	English Language Teaching Reforms
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FDI	Foreign Direct Investment
FEG	Framework for Economic Growth
FRDL	Fiscal Responsibility and Debt Limitation
FP&RH	Family Planning and Reproductive Health
GAIN	Global Alliance for Improved Nutrition
GCI	General Cognitive Index
GDP	Gross Domestic Product
GNP	Gross National Product
GPI	Gender Parity Index
GSP	Geological Survey of Pakistan
ICT	Islamabad Capital Territory
HEC	Higher Education Commission
HIES	Household Intergraded Household Survey
ICT	Information and Communication Technology/Islamabad Capital Territory
IMF	International Monetary Fund
MoPD&R	Ministry of Planning, Development and Reform
MoIPC	Ministry of Inter-Provincial Coordination
MDGs	Millennium Development Goals
NAVTTC	National Vocational and Technical Training Commission
NAG	National Art Gallery
NDA	Net Domestic Assets

NEC	National Economic Council
NIE	National Institute of Electronics
NHSR&C	Ministry of National Health Services, Regulations and Coordination
NEPRA	National Electric Power Regulatory Authority
PAEC	Pakistan Atomic Energy Commission
PARC	Pakistan Agriculture Research Council
PBC	Pakistan Bureau of Statistics
PBC	Pakistan Broadcasting Corporation
PEMRA	Pakistan Electronic Media Regulatory Authority
PCRET	Pakistan Council for Renewable Energy Technologies
PCRWR	Pakistan Council of Research in Water Resources
PCSIR	Pakistan Council for Scientific and Industrial Research
PDHS	Pakistan Demographic and Health Survey
PDL	Petroleum Development Levy
PMD	Pakistan Meteorological Department
PNAC	Pakistan National Accreditation Council
PNCA	Pakistan National Council of Arts
PNRA	Pakistan Nuclear Regulatory Authority
PRI	Pakistan Remittance Initiative
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises
PSF	Pakistan Science Foundation
PSLM	Pakistan Social and Living Standard Measurement Survey
PSQCA	Pakistan Standards and Quality Control Authority
PTVC	Pakistan Television Corporation
PTA	Pakistan Telecommunication Authority
OGRA	Oil and Gas Regulatory Authority
SAFTA	South Asian Free Trade Agreement
SDGs	Sustainable Development Goals
SROs	Statutory Regulatory Orders
SSGCL	Sui Southern Gas Company Limited
SNGPL	Sui Northern Gas Company Limited
SECP	Securities and Exchange Commission of Pakistan
SMEs	Small and Medium Enterprises
STFP	Strategic Trade Policy Framework
SECMC	Sindh Engro Coal Mining Company
TDS	Tariff Differential Subsidy
TDPs	Temporarily Dislocated Persons
WTO	World Trade Organisation

PART-I

ECONOMIC RECOVERY TO INCLUSIVE AND SUSTAINABLE GROWTH

Chapter 1 | ECONOMIC FRAMEWORK-GROWTH, INVESTMENT AND SAVINGS

In the backdrop of highest ever macroeconomic imbalances and resultant adjustment drive the economic growth was anticipated to decelerate in the current year. The economic activity slowed notably especially in agriculture and manufacturing sectors reflecting a confluence of factors affecting economic growth to decelerate from 5.5 percent in 2017-18 to 3.3 percent in 2018-19. The economy faced challenges on external and domestic front like surging global oil and commodity prices, surging inflation, higher external and fiscal account, inordinate depreciation of PKR, higher debt servicing costs and depleting foreign exchange reserves. The conscious effort to shave-off aggregate demand using demand management policies to prevent overheating because of weak fundamentals resulted in slowdown of industrial growth. Real sector growth was further pulled down by minimal growth in agriculture whereas services sector also took a hit with slow-down in commodity producing sectors. Therefore, overall GDP growth was muted amid efforts to regain macroeconomic stabilisation as two important commodity producing sectors agriculture and large-scale manufacturing witnessed negative growth.

Review of Annual Plan 2018-19

The Annual Plan for 2018-19 targeted real GDP growth of 6.2 percent based upon sectoral growth projections for agriculture, industry and services sectors at 3.8 percent, 7.6 percent and 6.5 percent, respectively. The GDP growth was envisaged to come from high agriculture sector, consistent growth in industrial sector and large scale manufacturing sector, pick up in private sector credit and spillover of completed CPEC projects amid steady energy supply and investment friendly environment. The growth was ambitious even at the time of the Plan with optimistic assumptions without taking care of ballooning macroeconomic imbalances in the economy. The large-scale manufacturing started contraction even in the last quarter of the 2017-18 and the prolonged dry spell was taking its toll even before start of the fiscal year. The election related uncertainties only added to the triggers supporting growth slowdown.

On the global front, two years ago, 75 percent of the global economy experienced an upswing. For this year, 70 percent of the global economy is expected to experience a slowdown in growth largely because of rising trade tensions and financial tightening in the second half of 2018. On the domestic side, widening fiscal and current accounts deficits, burgeoning inflationary pressures, lower production of major crops and dismal LSM growth were collectively dragging the economic growth to lower trajectory. Macroeconomic imbalances of inordinate nature in collaboration with deepening structural imbalances triggered the urgency to pursue comprehensive adjustment path to reinvigorate long-term potential of the economy by building fundamentals. The adjustment by definition is growth retarding. The contractionary fiscal policy and tightening on the monetary front to shave off aggregate demand in an overheating economy were also contributory factors to slowdown in economic growth. Resultantly, GDP growth was registered at 3.3 percent in 2018-19 as against 5.5 percent achieved last year. Around 86 percent of this growth is contributed by the services sector which is higher than its average contribution of around 70% growth for the last few years [See Table-1].

Table-1: Sectoral Point Contributions to GDP Growth (%)

	2014-15	2015-16	2016-17	2017-18	2018-19
Agriculture	0.4	0.0	0.4	0.8	0.2
Large-Scale Manu	0.4	0.3	0.6	0.6	-0.2
Other Comm. Producing	0.7	0.9	0.3	0.5	0.5
Services	2.5	3.4	3.8	3.7	2.8
GDP Growth (%)	4.1	4.6	5.2	5.5	3.3

Source: *PBS & Planning Commission*

Agriculture

Agriculture sector contributes 19.3 percent towards GDP growth and provides employment to 38[1] percent of the employed labour force. Pakistan has enormous potential to enhance economic contribution of agriculture sector through improved productivity and value addition. However, Pakistan lags behind its regional comparators in terms of yield in many important crops.

During 2018-19, agriculture sector was targeted to grow by 3.8 percent on the basis of expected growth of important crops (3.0 percent), other crops (3.5 percent), cotton ginned (8.9 percent), livestock (3.8 percent), fishery (1.8 percent) and forestry (8.5 percent). Agriculture sector fell short of its targeted growth as important crops declined by 6.5 percent while other crops registered growth of 1.9 percent. Livestock, fishing and forestry achieved growth of 4 percent, 0.8 percent and 6.5 percent, respectively.

Major Kharif crops of cotton, rice and sugar cane registered a decline in production with fall of 17.4 percent in cotton, 3.3 percent in rice and 19.4 percent in sugarcane. Wheat production registered paltry growth of 0.5 percent in production with 0.6 percent reduction in sown area, primarily in Sindh due to water scarcity. Punjab and Sindh faced shortage of irrigation water supply by 8.06 and 2.00 percent, respectively. Though widespread rains compensated for low irrigation water and favored wheat crop growth in barani areas, rainfall also increased the risk of wheat diseases, such as rust and smut which affected the overall yield per acre of wheat crop.

[1] *Labour Force Survey 2017-18*

Similarly cotton crop registered less than expected growth in 2018-19 with a decline of 17.4 percent in its production and 12.1 percent reduction in area. This decline came from shortage of irrigation water, use of low quality inputs such as inferior seed and fertilizers, and reduction in sown area and at the early stage of the crop. Other crops, however, showed better growth than major crops as pulses and oil seeds grew by 18.5 and 5 percent respectively.

Moreover, during Rabi 2018- 19, total irrigation water supply declined by 5.83 percent compared to last year (20.14 MAF against 21.38 MAF in last Rabi season). Thus, due to the overall decrease in important crops along with slow growth in others crops, agriculture sector registered minimal growth of 0.8 percent.

Industry

Industrial sector plays a significant role in the economic development of a country. It contributes 21 percent to GDP and employs 24 percent of total employed labour force. However, the industrial sector growth remained muted in 2018-19 and it grew by 1.4 compared with 4.9 percent in 2017-18. Manufacturing sector acted as drag on the overall growth of the industrial sector with decline in LSM. Despite improved energy supply and better security situation, the increase in input prices and rising policy rate increased the cost of production amid uncertainty about policy of newly formed government.

Value added in the manufacturing sector contracted by 0.3 percent compared to the target of 7.6 percent expansion during 2018-19 and growth of 5.4 percent in 2017-18. The overall output of large scale manufacturing industries (LSM) contracted by 2.1 percent against the target of 8.1 percent. The LSM dominates the overall industrial sector, accounting for 50 percent of the sectoral share. A decline of 2 percent in LSM with most subsectors showing discouraging performance negatively impacted the overall manufacturing sector and pulled down industrial growth, altogether.

Few subsectors such as electronics (34.6 percent percent), wood products (17 percent), engineering products (8.4 percent), fertilizers (4 percent) showed positive growth while the remaining subsectors, such as textile (-0.2 percent) iron and steel (-10.2 percent), food and beverages (-1.5 percent), registered decline in growth.

Mining and quarrying sector also witnessed contraction of 2 percent compared to target of 3.6 percent for 2018-19. Small and household manufacturing maintained its historical growth of 8.2 percent. Value addition in Electricity & gas generation and distribution grew by 40 percent against the targeted growth of 7.5 percent. Construction sector also registered negative growth of 7.6 showed percent against the target of 10 percent primarily due to slashing of development expenditure by the government and ban on non-filers to buy property also negatively impacted the activities in the construction sector.

Services

Services sector is by far the biggest sector in the economy from production side and employs 38 percent of total labour force in the country. Growth in the services sector implies the growth in other major sectors of the economy such as agriculture and industry, as service sector is the lever between the two commodity producing sectors. Services growth was adversely affected by the slowdown in agriculture and industry and recorded growth of 4.7 percent against the target of 6.5 in 2018-19. The minimal agriculture growth and decline in industry slowed down growth in Services subsectors. Only general government services and other private services surpassed its target and grew by 7.9 and 7 percent, respectively. Finance and insurance grew by 5.1 percent followed by transport and communication (3.3 percent) and Wholesale & retail trade (3.1).

Investment and Savings

Political transition and challenging macroeconomic conditions affected overall investment. Total investment for 2018-19 was recorded at 15.4 percent of GDP, lower than the target of 17.2 percent and also 16.7 percent in 2017-18. Fixed investment to GDP ratio was registered at 13.8 percent in 2018-19, lower than last year's 15.1 percent. The improvement has been derived from public and private investment. Though private investment marked growth of 9.8 percent in 2018-19, it has potential to grow more.

Table-1: Structure of Savings and Investment (As Percent of GDP)

Description	2014-15	2015-16	2016-17	2017-18	2018-19
Total Investment	***15.7***	***15.7***	***16.2***	***16.7***	***15.4***
Changes in Stock	1.6	1.6	1.6	1.6	1.6
Gross Fixed Investment	***14.1***	***14.1***	***14.6***	***15.1***	***13.8***
- Public Investment	3.7	3.8	4.5	4.8	4.0
- Private Investment	10.4	10.3	10.1	10.3	9.8
Foreign Savings	***1.0***	***1.7***	***4.1***	***6.3***	***4.7***
National Savings	***14.7***	***13.9***	***12.0***	***10.4***	***10.8***
Domestic Savings	8.6	7.8	6.5	5.1	4.3

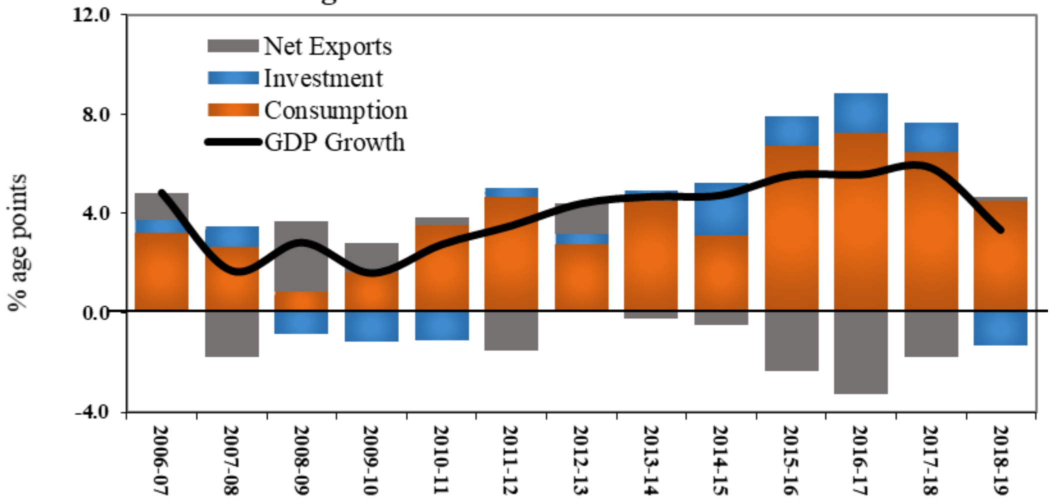
P: Provisional
Source: *Planning Commission estimates & PBS*

National Savings was 10.8 percent of GDP as against the target of 13.1 percent. Increased consumption led to subpar growth of savings, given the inverse relationship between the two. Sustainable investment in commodity producing sectors is crucial for consistent growth. However, saving rate has been persistently lower than the required level which prevented investment to reach the level required to accelerate growth further. The lack of national savings leads to increased reliance on external financial sources for investment. This may transpire as increase in capital and current account deficits which may eventually become burdensome for the economy.

Contribution to Economic Growth from Demand-Side

From demand side the major contributor to economic growth remained consumption which contributed more than 100 percent of economic growth which is one of the highest contributor in the region [See Fig-1]. This is fourth year in a row when consumption contributed more than 100 percent to economic growth and two other contributors especially net exports remained major drag on the economic growth. This represents serious structural problem with economic growth for the last four years and also shows that the crisis was in the making for the last three years and only aggravated to unsustainable level in the fourth year.

Fig-1: Contribution to GDP Growth



Outlook 2018-19

The overall GDP growth is expected to pick up in 2019-20 while macroeconomic stabilization is achieved through curtailing domestic demand. Fiscal consolidation along with regulatory measures are aimed to ease the growing pressures on the external front. The contractionary monetary and fiscal measures will decelerate growth initially. Inflation is expected to remain on a higher trajectory, though the spikes will be contained through monetary contraction.

Investment climate is expected to improve by reducing cost and enhancing ease of doing business in Pakistan. Industrial sector is expected to rebound with introducing policy measures that address governance issues along with re-hauling of Public Sector Enterprises. Effective implementation of reforms in Public Sector Enterprises will provide much needed fiscal space for investing in other ventures. Timely releases of Public Sector Development Programme funds and further improvement in implementation and monitoring of projects will add to overall economic development. Similarly, projects aiming at inclusive development, such as social housing scheme and generation of 10 million jobs can potentially drive sustainable growth over coming years. Therefore, policies aiming to improve agriculture growth, improve governance in all sectors, cut losses in Public Sector Enterprises and encourage export-oriented private sector will augment growth in 2019-20.

The policy interventions will aim to revive growth in agriculture and industry. The improvement in commodity producing sectors, in turn, will cause the services sector to expand. Government would focus on enhancing productivity in agriculture through several measures such as technology and innovation in farm and non-farm sectors, supply of subsidised quality seeds and enhancing water storage capacity.

The manufacturing base of the economy is expected to be revitalised through steady energy supplies, establishment of special economic/industrial zones under CPEC. Industrial inventions will aim to broaden the industrial base by investing in new and non-traditional ventures, rationalising energy tariffs and arrest distribution losses. The growth pace will eventually pick up by regaining macroeconomic stability, managing fiscal and current account deficits, bridging employment and skill mismatch and improving productivity and governance across all sectors.

Therefore, Growth of GDP for 2019-20 is targeted at 4.0 percent with contributions from Agriculture (3.5 percent), Industry (2.3 percent) and Services (4.8 percent). The growth targets are subject to risks of extreme weather fluctuations, interruption in envisaged reforms and non-aligned monetary and fiscal policies.

Agriculture

Agriculture sector is targeted to grow by 3.5 percent on the basis of expected contributions of Important Crops (3.5 percent), Other Crops (3.1 percent), Cotton Ginned (2.5 percent), Livestock (3.7 percent), Fishery (4 percent) and Forestry (2 percent) [Annexure–I]. The production targets for Important Crops such as wheat and cotton are expected to be attained given that the quality and quantity of agriculture inputs is ensured. This includes consistent availability of water, certified seeds, fertilisers, pesticides and agriculture credit facilities.

Industry

Industrial sector is targeted to grow by 2.3 percent during 2019-20. Manufacturing sector is targeted to grow by 2.5 percent with LSM growth rate of 1.3 percent, Small Scale & Household Manufacturing 8.2 percent, Construction and Electricity Generation & Gas Distribution by 1.5 percent each. Mining and Quarrying sector is projected to grow by 2.0 percent. Industry is expected to pick up pace in 2019-20 with the implementation of envisaged policy measures. The private sector investment in industrial sector is expected to rise in 2019-20. Private sector will be encouraged to take lead in spurring economic activity while public sector provides the necessary policy and regulatory support.

Similarly, construction in housing sector as envisaged in the government's housing scheme and allied infrastructure projects are expected to reinvigorate production in cement, iron and steel. Overall, it is expected that improved business conditions and consistent policies will contribute towards achieving the target of industrial sector growth for 2019-20.

Services

Service sector is set to grow at 4.8 in 2019-20. Wholesale & Retail trade along with transport, storage and communication, two biggest sub-sectors of the services, are set to grow at 3.9 and 3.5 percent respectively. Finance and Insurance has potential to grow in 2019-20 by 6.5 percent. General government services, other private services, and housing services are expected to grow at 5.7 percent, 7.1 percent and 4 percent respectively.

Investment and Savings

Investment target for the year 2019-20 is kept at 15.8 percent of GDP in order to achieve sustained and inclusive growth. Fixed Investment is expected to grow to 14.2 percent of GDP in 2019-20. National Savings as percentage of GDP are targeted at 12.8 percent. The focus is to replace consumption led growth by investment led growth. Monetary policy contraction aimed to contain the twin deficits by curtailing the aggregate demand will smoothen consumption as the high interest rate will create incentives for savings and enhance resource availability for growth. Numerous measures to improve ease of doing business (such as tax holiday to special economic zones, withdrawal on constricting taxes on banking transactions) are expected to boost capital formation and attract both domestic and foreign investment.

Annex-I

Gross Domestic Product
(2005-06 Prices)

Items	% Change			
	2017-18	2018-19		2019-20
	Revised	Target	Prov.	Target
1. Commodity Prod. Sectors	**4.4**	**5.8**	**1.1**	**2.9**
A) Agriculture	3.9	3.8	0.8	3.5
Important Crops	3.5	3.0	-6.5	3.5
Other Crops	6.1	3.5	1.9	3.1
Cotton Ginned	8.8	8.9	-12.7	2.5
Livestock	3.6	3.8	4.0	3.7
Forestry	2.6	8.5	6.5	2.0
Fishery	1.6	1.8	0.8	4.0
B) Industry	4.9	7.6	1.4	2.3
Mining & Quarrying	7.7	3.6	-1.9	2.0
Manufacturing (I+II+III)	5.4	7.8	-0.3	2.5
I) Large-Scale Manufacturing	5.1	8.1	-2.0	1.3
II) Small & Household	8.1	8.2	8.2	8.2
III) Slaughtering	3.5	3.8	3.5	3.4
Electricity Generation & Gas Distribution	-9.0	7.5	40.5	1.5
Construction	8.2	10	-7.6	1.5
2) Services	**6.2**	**6.5**	**4.7**	**4.8**
Wholesale & Retail Trade	6.5	7.8	3.1	3.9
Transport, Storage & Communications	2.1	4.9	3.3	3.5
Finance and Insurance	7.0	7.5	5.1	6.5
Housing Services	4.0	4.0	4.0	4.0
General Government Services	11.8	7.2	7.9	5.7
Other Private Services	8.1	6.8	7.0	7.1
GDP (bp)	5.5	6.2	3.3	4.0

Source: *Pakistan Bureau of Statistics; Planning Commission*

Annex-II

Macroeconomic Framework
(Current Market Prices)

Items	2017-18 Revised	2018-19 Prov.	2019-20 Target	2017-18 / 2016-17	2018-19 / 2017-18	2019-20 / 2018-19
				Growth (%)		
GDP (bp)	32,391	35,952	40,588	8.0	10.9	12.9
Indirect Taxes (Net)	2,233	2,606	2,997	14.8	16.7	15.0
GDP (mp)	34,624	38,559	43,585	8.5	11.4	13.0
Net Factor Income from Abroad	1,846	2,513	3,213	5.9	36.1	27.9
GNP (mp)	36,470	41,072	46,798	8.3	12.6	13.9
External Resources Inflow (net)	2,186	1,794	1,288	65.4	-17.9	-28.2
Total Resources/ Uses	38,656	42,865	48,087	10.5	10.9	12.2
Total Consumption	32,861	36,908	41,204	10.2	12.3	11.6
Total Investment	5,795	5,957	6,883	12.4	2.8	15.5
Fixed Investment	5,241	5,340	6,186	12.8	1.9	15.8
Public incl. General Govt.	1,677	1,544	1,802	16.8	-7.9	16.7
Private	3,564	3,796	4,384	11.0	6.5	15.5
Changes in Stocks	554	617	697	8.5	11.4	13.0
National Savings	3,609	4,163	5,595	-5.9	15.3	34.4

	% of GDP		
Total Investment	16.7	15.4	15.8
Fixed Investment	15.1	13.8	14.2
Public incl. General Govt.	4.8	4.0	4.1
Private	10.3	9.8	10.1
National Savings	10.4	10.8	12.8
External Resources Inflow (net)	6.3	4.7	3.0
Memo Items			
Inflation	2.4	7.5	8.5
GNP (mp) Per Capita (Rs.)	181,480	200,693	223,989

Source: *Pakistan Bureau of Statistics; Planning Commission*

Chapter 2 | BALANCE OF PAYMENTS

The current account deficit has significantly narrowed down during Jul-Apr 2018-19 but still posing considerable challenges. The exports witnessed marginal dip of 1.9 percent due to decline in LSM and important crops. The imports recorded decline of 4.9 percent because of depreciation of rupee, imposition of regulatory duties and low spending of Public Sector Development Programme (PSDP). Resultantly, the trade deficit showed a contraction of 7.3 percent. Similarly, the balance on trade in services showed considerable improvement of 36.2 percent primarily amid huge contraction in services imports and marginal increase in exports. Workers' remittances during the period under review witnessed robust growth. The current account deficit therefore recorded significant decline of 27.0 percent. Major items of financial account like foreign direct and portfolio investment, general government disbursements witnessed decline whereas amortization witnessed rise. These developments in external sector have resulted into depletion of SBP's liquid foreign exchange reserves notwithstanding considerable support from bilateral sources during the period under review.

Performance Review 2018-19

Annual Plan 2018-19 envisaged exports of US$ 27,996 million higher than US$ 24,768 million recorded during 2017-18. Imports were targeted at US$ 56,887 million against US$ 56,592 million during 2017-18. Trade deficit was projected to be restricted around US$ 28,891 million as compared to US$ 31,824 million in 2017-18. Current account deficit was targeted to be US$ 13,300 million in 2018-19 (4% of GDP) which stood at US$ 19,897 million (6.4% of GDP) in 2017-18. Workers' Remittances and Foreign Direct Investment (net) were projected to be US$ 21,209 million and US$ 4,145 million, respectively. The actual performance against these targets is appraised in subsequent paragraphs.

Balance on Trade in Goods

The trade deficit narrowed down by 7.3 percent and stood at US$ 23,934 million during Jul-Apr 2018-19 as compared to US$ 25,813 million recorded in the same period last year. This was mainly driven by decline in imports though exports witnessed decline. In view of these developments, it is expected that trade deficit for 2018-19 is likely to remain below the target of Annual Plan 2018-19. Details of overall balance of payments are given in table-1.

Table-1: Balance of Payments

(US$ million)

	Revised	Jul-Apr		Percent
	2017-18	2017-18	2018-19	Change
Current Account Balance	-19,897	-15,864	-11,586	27.0
Balance on Trade in Goods	-31,824	-25,813	-23,934	7.3
Exports	24,768	20,489	20,099	-1.9
Imports	56,592	46,302	44,033	-4.9
Balance on Trade in Services	-6,068	-5,041	-3,217	36.2
Balance on Primary Income	-5,484	-4,229	-4,458	-5.4
Balance on Secondary Income	23,479	20,023	19,219	4.2
Workers' Remittances	19,914	16,482	17,875	8.5
Financial Account	-14,300	-11,350	-11,322	-0.2
of which:				
Direct Investment (Net)	-3,461	-2,839	-1,369	-51.8
General Government	4,894	4,018	3,990	-0.7
Disbursement	8,507	6,857	5,995	-12.6
Amortization	4,107	2,833	4,005	41.4
Reserves & Related Items	-6,141	-4,588	-366	---

Source: *State Bank of Pakistan*

Exports

The performance on exports front witnessed decline of 1.9 percent and stood at US$ 20,099 million during Jul-Apr 2018-19 compared to US$ 20,489 million in the same period last year. Exports for 2018-19 are estimated to be around US$ 24,656 million against the target of US$ 27,996 million **(Annexure-I)**. The contribution of various groups in exports is given in table-2.

Table-2: Contribution of Various Groups in Exports

(US$ million)

Commodities	Jul-Apr		Absolute Change	Percent Change	Point Contribution to Change
	2017-18	2018-19			
A. Food Group	**3,899**	**3,708**	**-191.9**	**-4.9**	**-0.9**
Rice	1,616	1,719	103.1	6.4	0.5
B. Textile Group	**11,107**	**11,353**	**245.9**	**2.2**	**1.2**
Cotton Yarn	1,021	1,002	-19.4	-1.9	-0.1
cotton cloth	1,801	1,838	36.6	2.0	0.2
Knitwear	2,162	2,394	232.1	10.7	1.1
Bed Wear	1,953	1,975	22.2	1.1	0.1
Readymade Garments	2,074	2,118	44.4	2.1	0.2
C. Petroleum Group & Coal	**447**	**549**	**102.3**	**22.9**	**0.5**
D. Other Manufactures	**3,462**	**3,158**	**-304.6**	**-8.8**	**-1.5**

Commodities	Jul-Apr		Absolute Change	Percent Change	Point Contribution to Change
	2017-18	2018-19			
Surgical Goods & Medical Instruments	361	361	-0.2	-0.1	0.0
Chemicals and Pharma. Pro.	1,206	1,022	-183.9	-15.2	-0.9
E. All Other Items	**1,573**	**1,332**	**-241.0**	**-15.3**	**-1.2**
Total Exports	**20,489**	**20,099**	**-389.8**	**-1.9**	**-1.9**

Source: *State Bank of Pakistan*

There is improvement in exports receipts in certain major groups like; textile and petroleum while decline in food, other manufacture group and all other items exports offset the positive gains and overall exports declined. Slowdown in economic activities at our certain export destinations has also affected demand side of exports. On supply side, the Large Scale manufacturing (LSM) has dipped by over 2.93 percent during Jul-Mar 2018-19 as well as cotton production showed lacklustre performance.

Government has taken various initiatives to bolster exports like rationalisation of energy prices for five zero-rated industries – textile, leather, sports, surgical and carpet to make exports competitive; duty on raw material used for exportable goods has been slashed; greater market access under recently concluded FTA-II with China; through Finance Supplementary (Second Amendment) Act, 2019,a mechanism to pay refunds to exporters through sales tax refund bonds has been launched to ameliorate liquidity constraints. The impact of the said measures along with the depreciation of rupee is likely to become visible in upcoming months.

Imports

Imports declined from US$ 46,302 million in Jul-Apr 2017-18 to US$ 44,033 million in Jul-Apr 2018-19 thus showing a decrease of 4.9 percent. Imports are estimated to be curtailed at US$ 53,248 million against the target of US$ 56,887 million envisaged in Annual Plan 2018-19 **(Annex-I).** The contribution of various groups in imports is given in table-3.

Table-3: Contribution of Various Groups in Imports

(US$ million)

Commodities	Jul-Apr		Absolute Change	Percent Change	Point Contribution to Change
	2017-18	2018-19			
A. Food Group	**4,542**	**3,994**	**-548**	**-12.1**	**-1.2**
Edible Oil (Soya & Palm)	1,686	1,500	-186	-11.0	-0.4
B. Machinery Group	**7,283**	**5,579**	**-1,703**	**-23.4**	**-3.7**
Power Generating	1,389	567	-822	-59.2	-1.8
Telecom	1,161	967	-193	-16.7	-0.4

Commodities	Jul-Apr 2017-18	Jul-Apr 2018-19	Absolute Change	Percent Change	Point Contribution to Change
C. Transport Group	**2,490**	**1,997**	**-493**	**-19.8**	**-1.1**
Road Motor Vehicles	1,821	1,653	-168	-9.2	-0.4
D. Petroleum Group	**11,023**	**11,859**	**836**	**7.6**	**1.8**
Petroleum Products	5,914	5,102	-812	-13.7	-1.8
Petroleum Crude	3,364	3,994	630	18.7	1.4
Natural Gas, Liquified	1,606	2,664	1,058	65.9	2.3
E. Textile Group	**3,330**	**3,267**	**-63**	**-1.9**	**-0.1**
F. Agri Chemicals Group	**6,719**	**7,105**	**386**	**5.7**	**0.8**
Plastic Material	1,892	1,900	9	0.5	0.0
Fertilizer	580	702	122	21.1	0.3
G. Metal Group	**3,904**	**3,306**	**-598**	**-15.3**	**-1.3**
Iron & Steel Scrap	1,079	976	-104	-9.6	-0.2
Iron & Steel	2,103	1,698	-405	-19.3	-0.9
H. Miscellaneous Group	**1,059**	**893**	**-167**	**-15.7**	**-0.4**
I. All Others	**5,953**	**6,033**	**80**	**1.3**	**0.2**
Total Imports	**46,302**	**44,033**	**-2,269**	**-4.9**	**-4.9**

Source: *State Bank of Pakistan*

The import bill of machinery, miscellaneous, textile, transport, food and metal groups declined while agri. & other chemical and petroleum groups witnessed rise. The import bill of these two groups ballooned because of rise in import of fertilizer and chemicals for agriculture and petroleum crude and liquefied natural gas (LNG) under petroleum group. The petroleum group imports registered an increase of 7.6 percent due to substantial rise of 18.7 percent in petroleum crude and 65.9 percent in liquefied natural gas (LNG). Thus, petroleum group share in the imports surged to 26.9 percent during Jul-Apr 2018-19 compared to 23.8 percent in the same period of last year. The global crude oil price during the period under review stood at 66.2 $/bbl compared to 58.9 $/bbl thus registering an increase of 12.4 percent.

However, the import bill of other major groups witnessed decline, which led towards overall contraction in the import bill. The major commodities showed mixed trend in terms of price and quantum affect during the period under review (Table-4).

Table-4: Price & Quantum Effects of Selected Import Items (Jul – Apr)

(US$ million)

Commodities	Percent Change: Unit price	Percent Change: Quantity	Total Effect: Price Effect	Total Effect: Quantum Effect	Total Effect: Total Effect
Tea (000 MT)	-15.0	18.4	-87.5	90.5	3.0
Palm oil (000 MT)	-18.2	8.8	-341.6	151.5	-190.0
Pulses (000 MT)	-24.7	29.8	-141.9	131.7	-10.2

Commodities	Percent Change Unit price	Percent Change Quantity	Total Effect Price Effect	Total Effect Quantum Effect	Total Effect Total Effect
Petroleum Products (000 MT)	25.5	-31.8	1,043.8	-1,907.7	-863.9
Petroleum Crude (000 MT)	32.7	-13.9	939.5	-462.3	477.2
Raw Cotton (000 MT)	3.8	-26.3	20.9	-196.8	-175.9
Fertilizer Manufactured (000 MT)	10.2	9.1	68.8	56.6	125.5
Plastic Materials (000 MT)	-8.4	4.4	-168.9	84.6	-84.3
Iron and Steel Scrap (000 MT)	6.1	-11.7	70.0	-152.3	-82.4
Iron and Steel (000 MT)	5.1	-15.4	88.9	-317.0	-228.1

Source: *Pakistan Bureau of Statistics*

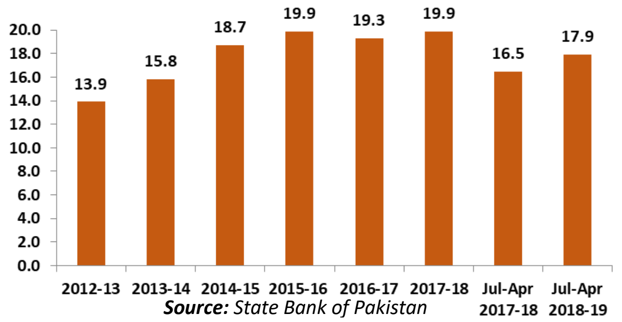
Balance on Trade in Services

The balance on trade in services improved by 36.2 percent from US$ -5,041 million in Jul-Apr 2017-18 to US$ -3,217 million in Jul-Apr 2018-19. The improvement is primarily driven by sizeable reduction of 18.6 percent in services imports whereas services exports grew by 1.7 percent. There is decline in the import of transport, personal travel, construction, financial, personal, cultural and recreational and other business services.

Workers' Remittances

Over the years, workers' remittances have remained mainstay of our external sector. During the first ten months of ongoing fiscal year, it showed resilience and recorded considerable growth. The inflow of workers' remittances during Jul-Apr FY 2018-19 have increased and recorded at US$ 17,875 million against US$ 16,482 million in the same period of last fiscal year, thus showing a growth of 8.45 percent. The country specific remittances source analysis gives mixed trends. During Jul-Apr 2018-19 Saudi Arabia remained the largest contributor with 23.4 percent share followed by UAE (21.2%), USA (15.6%), UK (15.4%) and other GCC countries (9.6%). A more robust inflow of remittances is expected in coming months with the continuation of present trend and further surge on the eve of Ramadhan & Eid-ul-Fitr. Given this backdrop, remittances are estimated to be US$ 21,766 million by the end of 2018-19.

Flows of Workers' Remittances (US$ Billion)



Source: *State Bank of Pakistan*

Current Account Balance

The current account deficit during Jul-Apr 2018-19 stood at US$ 11,586 million as compared to US$ 15,864 million in the same period of last fiscal year, thus showing a significant decline of 27.0 percent **(Annex-I)**. Annual Plan 2018-19 envisaged current account deficit of US$ 13,300 million (4.0% of GDP) while deficit of US$ 19,897 million (6.4% of GDP) was actually recorded during 2017-18. With estimated trade deficit of US$ 28,592 million and remittances of US$ 21,766 million and improvement in the balance on trade in services by the end of 2018-19, the current account deficit is estimated to remain below the target i.e. US$ 13,179 million (4.7% of GDP). A comparison of regional countries balance of payments position is reflected in **Box-I**.

Box-I: Regional Comparison of Balance of Payments (2017)

(US$ Billion)

Indicators	Country			
	Pakistan	India	Bangladesh	Sri Lanka
Current account Balance	**-12.6**	**-38.2**	**-6.4**	**-2.3**
Export of Goods	22.0	304.1	35.3	11.4
Import of Goods	48.7	452.2	47.6	21.0
Balance on trade in goods	**-26.7**	**-148.1**	**-12.3**	**-9.6**
Export of Services	5.6	185.3	3.9	7.8
Import of Services	9.9	109.4	9.3	4.4
Balance on trade in services	**-4.3**	**75.9**	**-5.4**	**3.3**
Balance on secondary income	**23.4**	**60.5**	**14.0**	**6.3**
Foreign Direct investment Inflows	**2.7**	**40.0**	**2.2**	**1.4**
Reserves and related items	**-1.9**	**37.1**	**0.6**	**2.6**
Current account balance (as % of GDP) 2017*	**-4.1**	**-1.9**	**-0.5**	**-2.6**

Source: *IMF and State Bank of Pakistan, *As per ADB Outlook 2019*

Capital and Financial Account

Under the capital and financial account, inflows of US$ 11,498 million are received during Jul-Apr 2018-19 as against US$ 11,655 million recorded during corresponding period of last fiscal year (**Annex-I).** Foreign direct investment (net) decreased to US$ 1,369 million in Jul-Apr 2018-19 as compared to US$ 2,839 million during last year. Foreign portfolio investment (net) has recorded outflow of US$ 1,270 million during Jul-Apr 2018-19 compared to inflow of US$ 2,352 million in the same period of last year. Recently, government launched a dollar-denominated Diaspora bond “Pakistan Banao Certificate” to tap into the international savings of overseas Pakistanis for investment. The liabilities of the Central Bank increased to US$ 4,995 million during Jul-Apr 2018-19 against only US$ 5 million in corresponding period last year. The liabilities of Central Bank ballooned in the backdrop of inflows received from Saudi Arabia, UAE and China under bilateral arrangements to support the falling reserves of the SBP. The amortization payments increased to US$ 4,005 million from US$ 2,833 million whereas disbursements decreased from US$ 6,857 million to US$ 5,995 million during the period under review. The disbursements decreased due to lesser inflows under long-term and short-term loans.

Reserves & Related Items

Decline in FDI and outflow of FPI alongwith higher amortization have resulted into almost stagnant financial account despite substantial inflows under general government and Central Bank liabilities during the period under review. Slightly higher current deficit of US$ 11,586 million compared to Financial/Capital account inflows of US$ 11,498 million have resulted into depletion of US$ 366 million in SBP's liquid foreign exchange reserves during Jul-Apr 2018-19 against depletion of US$ 4,588 million in the same period last year.

Exchange Rate

Real Effective Exchange Rate (REER) appreciation erodes competitiveness. As in past few years, REER appreciated significantly depicting that the rupee remained overvalued. However, Real Effective Exchange Rate (REER) declined to 104.4 (Base 2010 = 100) in March 2019 while it was 111.7 in March 2018, showing decline of 6.9 percent. The Average monthly exchange rate during Jul-Apr 2018-19 is Rs. 133.2, which was Rs. 108.4 during the corresponding period of last year, depreciating rupee by 18.6% whereas on YOY basis it stood at Rs 141.2 in April 2019 compared to Rs 115.4 in April 2018.

Outlook for 2019-20

Trade Account: The Plan envisages higher growth in exports sector in the backdrop of positive global outlook, improved domestic infrastructure, low cost energy supply to exports sector and competitiveness gained due to depreciation of the rupee. The exports are projected to reach at US$ 26,187 million in 2019-20 from US$ 24,656 million estimated for 2018-19. On account of higher growth trajectory, imports are expected to marginally increase by 0.8 percent and reach the level of US$ 53,664 million in 2019-20 from an estimated total of US$ 53,248 million for 2018-19, implying trade deficit of US$ 27,476 million in 2019-20 **(Annex-I).**

Current Account Balance: The higher expected increase in exports coupled with buoyant remittances and further improvement in balance on trade in services will help in curtailing the current account deficit. The current account deficit is projected to be contained at US$ 8,312 million (3% of GDP) during 2019-20 as against estimated deficit of US$ 13,179 million (4.7% of GDP) by the end of outgoing fiscal year **(Annex-I)**.

Capital and Financial Account: Capital inflows are projected to decrease from estimated US$ 374 million in 2018-19 to US$ 350 million in 2019-20. General government disbursements during 2019-20 are expected to remain at the level of US$ 10,493 million against US$ 8,240 million estimated for 2018-19 whereas amortization is projected at US$ 10,533 million for 2019-20 against US$ 7,007 million estimated for

2018-19. Foreign direct investment (net) is targeted at US$ 4,340 million for 2019-20 against estimated US$ 1,690 million by the end of 2018-19 **(Annex-I)**.

Policies and Strategies for External Sector in 2019-20

In order to strengthen the external sector of the economy effective policy measures are planned to bolster exports, curbing unnecessary imports, enhancing remittances and FDI inflows. Strategic Trade Policy Framework (STPF) 2018-23 for enhancing the exports and Trade related investment Policy framework (TRIPF) to attract FDI in export-oriented sectors is being devised in synchronization with other policies so that targets become achievable. Moreover, issues pertaining to trade licensing, dispute resolutions and advance taxes will be addressed. For making the tariff structure a true reflection of trade policy priorities and removing anomalies in the tariff structure, which is causing distortions between sectors, draft National Tariff Policy (NTP) will be approved.

Real effective exchange rate (REER) remained overvalued during past few years, which eroded the competitiveness of our exports in international market. However, depreciation in Pak rupee since December 2017 resulted into positive impact on REER. The flexible exchange rate regime will be followed during the plan period.

A more robust inflow of remittances is expected in the backdrop of incentives announced under Home Remittance Account (HRA) by State Bank of Pakistan (SBP), effective implementation of Pakistan Remittance initiative (PRI) scheme, labor market diversification measures and strict compliance of anti-money laundering (AML) laws/rules to comply with FATF by the government. Qatar has offered to provide 0.1 million jobs to Pakistani workers and negotiations are underway to finalize the agreement; once the agreement is materialized it will contribute further in enhancement of remittances. Ministry of Overseas Pakistanis & HRD will finalize National Emigration and Welfare Policy for Overseas Pakistanis. Committee for Skills Up-gradation and Overseas Employment Promotion will proactively assess manpower demand abroad in various sectors on regular basis and will arrange skilled manpower accordingly.

Foreign direct investment (FDI), being source of non-debt generating financial inflows, is very important to finance the current account deficit and for technology transfers. Pakistan jumped up 11 notches on the Word Bank's Ease of Doing Business Index and ranked at 136th position in 2018-19 due to reforms introduced by federal and provincial governments. The World Economic Forum (WEF) ranked Pakistan at 107 among 140 countries on the Global Competitiveness Index (GCI) in October 2018. Board of Investment (BoI) with the help of relevant stakeholders will keep on providing conducive business environment and will make further efforts in order to improve ease of doing business and Global Competitiveness Index rankings. CPEC initiatives of infrastructure development and industrial co-operation are likely to attract FDI inflows. Pakistan recently signed seven memorandums of understanding (MoUs) worth US$ 21,000 million with Saudi Arabia. The short-term investment will start to materialize during the plan period. Furthermore, UAE, Russia and Malaysia also planning to invest in Pakistan and government-to-government negotiations are underway in this respect.

Annex-I

Balance of Payments

(US$ million)

Items	2017-18	Jul-Apr		2018-19		2019-20
		2017-18	2018-19	Proj.	Estimate	Proj.
Current Account Balance	-19,897	-15,864	-11,586	-13,300	-13,179	-8,312
Balance on Trade in Goods	-31,824	-25,813	-23,934	-28,891	-28,592	-27,476
Exports (FOB)	24,768	20,489	20,099	27,996	24,656	26,187
Imports (FOB)	56,592	46,302	44,033	56,887	53,248	53,664
Balance on Trade in Services	-6,068	-5,041	-3,217	-4,880	-3,668	-2,154
Balance on Primary Income	-5,484	-4,229	-4,458	-4,913	-5,464	-5,554
Balance on Goods, Services and Primary Income	-31,091	-35,083	-31,609	-38,685	-37,724	-35,184
Balance on Secondary Income	23,479	20,023	19,219	25,384	24,545	26,872
Workers' Remittances	19,914	16,482	17,875	21,209	21,766	24,030
Capital Inflows	376	305	176	720	374	350
Financial Inflows	-14,300	-11,350	-11,322	-14,066	-10,635	-8,966
Direct Investment (Net)	-3,461	-2,839	-1,369	-4,145	-1,690	-4,340
Portfolio Investment (Net)	-2,257	-2,352	1,270	-4,670	1,500	-2,250
General Government	4,894	4,018	3,990	2,763	3,233	-40
Disbursements	8,507	6,857	5,995	9,363	8240	10,493
Amortization	4,107	2,833	4,005	6,600	7,007	10,533
Memorandum Items						
Current Account Balance (percent of GDP)	-6.4	-6.0	-4.8	-4.0	-4.7	-3
Exports FOB (growth rate percent)	12.6	12.9	-1.9	12.5	-0.5	6.2
Imports FOB (growth rate percent)	16.2	19.0	-4.9	4.8	-5.9	0.8

Source: *SBP & Planning Commission Estimates*

Annex-II

Major Exports

(US$ million)

Commodity	2017-18	Jul-Apr 2017-18	Jul-Apr 2018-19	2018-19 Estimate	2019-20 Proj.
A. **Food Group**	**4,818**	**3,899**	**3,708**	**4,725**	**5,037**
Rice	1,933	1,616	1,719	2,066	2,208
Others	2,885	2,284	1,989	2,659	2,830
B. **Textile Group**	**13,377**	**11,107**	**11,353**	**13,738**	**14,689**
Cotton Yarn	1,249	1,021	1,002	1,225	1,311
Cotton Cloth	2,176	1,801	1,838	2,220	2,364
Knitwear	2,615	2,162	2,394	2,931	3,165
Bed Wear	2,346	1,953	1,975	2,391	2,560
Readymade Garments	2,477	2,074	2,118	2,535	2,738
Others	2,514	2,096	2,026	2,436	2,550
C. **Other Manufacture**	**4,134**	**3,462**	**3,158**	**3,773**	**3,974**
Sports Goods	551	454	426	518	551
Leather Tanned	355	289	222	273	287
Leather Manufactures	615	503	421	515	541
Chemical and Pharmaceutical Products	1,390	1,206	1,022	1,178	1,237
Cement	224	188	250	297	327
Others	999	822	816	993	1,032
D. **All Others**	**2,440**	**2,020**	**1,881**	**2,420**	**2,487**
Exports (FOB)	**24,768**	**20,489**	**20,099**	**24,656**	**26,187**

Source: *SBP & Planning Commission Estimates*

Annex-III

Major Imports

(US$ million)

Commodity	2017-18	Jul-Apr 2017-18	Jul-Apr 2018-19	2018-19 Estimate	2019-20 Proj.
A. **Food Group**	**5,502**	**4,542**	**3,994**	**4,769**	**4,708**
Tea	577	465	430	534	528
Palm Oil	1,908	1,585	1,417	1,670	1,662
Others	3,016	2,491	2,146	2,565	2,518
B. **Machinery Group**	**8,785**	**7,283**	**5,579**	**6,654**	**6,344**
Power Generating Machinery	1,577	1,389	567	644	515
Electrical Machinery & Apparatus	1,801	1,509	1,096	1,267	1,255
Telecom	1,397	1,161	967	1,164	1,048
Agricultural Machinery & Implement	100	81	91	112	121
Others	3,911	3,143	2,859	3,467	3,406
C. **Transport Group**	**3,207**	**2,490**	**1,997**	**2,313**	**2,132**
Road Motor Vehicles	2,182	1,821	1,653	1,805	1,643
Others	1,024	668	344	508	490
D. **Petroleum Group**	**13,263**	**11,023**	**11,859**	**14,439**	**15,300**
Petroleum Products	6,768	5,914	5,102	5,839	5,874
Petroleum Crude	4,310	3,364	3,994	5,117	5,476
Natural Gas, Liquified	2,036	1,606	2,664	3,377	3,850
Others	149	139	99	106	101
E. **Textile Group**	**4,091**	**3,330**	**3,267**	**4,038**	**4,157**
F. **Agri. & Other Chemical**	**8,315**	**6,719**	**7,105**	**8,562**	**8,827**
Fertilizer Manufactured	788	580	702	954	1,059
Plastic Materials	2,312	1,892	1,900	2,270	2,282
Others	5,215	4,248	4,503	5,337	5,486
G. **Metal Group**	**4,762**	**3,904**	**3,306**	**3,947**	**3,957**
Iron and Steel Scrap	1,332	1,079	976	1,180	1,192
Iron and Steel	2,523	2,103	1,698	1,972	1,992
Others	906	721	633	795	774
H. **All others**	**8,668**	**7,012**	**6,926**	**8,526**	**8,239**
Imports (FOB)	**56,592**	**46,302**	**44,033**	**53,248**	**53,664**

Source: *SBP & Planning Commission Estimates*

Chapter 3 | FISCAL, MONETARY AND CAPITAL MARKET DEVELOPMENT

The economy of Pakistan has experienced sharp deceleration of growth rate and worsening of other economic and fiscal indicators during 2018-19. In order to revive the economy, the government will initiate wide-ranging reforms under its fiscal policy during 2019-20. The monetary policy will be in line with the fiscal policy to achieve the objectives of price stability, financial sector development and expansion of private sector credit. Capital market development plan will be focused on promoting investor-friendly environment.

Review of Fiscal Developments 2018-19

Fiscal performance remained off the track during July-March 2018-19 as fiscal deficit widened due to shortfall in tax revenue, decline in non-tax revenue and higher growth of current expenditure. A summary of consolidated fiscal operations during July-March 2018-19 is given at Table-1 whereas their details are at Annex-1.

Table-1: Consolidated Fiscal Operations (July-March 2018-19)

(Rs. billion)

Item	July-March 2017-18	July-March 2018-19	Percent Change	As Percent of GDP	
				July-March 2017-18	July-March 2018-19
Total Revenue	**3,582.4**	**3,583.7**	**0.04**	**10.3**	**9.3**
a. Tax Revenue	3,076.2	3,162.1	2.8	8.9	8.2
- FBR Tax Revenue	2,627.6	2,704.5	2.9	7.6	7.0
b. Non-Tax Revenue	506.2	421.6	-16.7	1.5	1.1
Total Expenditure	**5,063.3**	**5,506.2**	**8.7**	**14.6**	**14.3**
a. Current	4,075.4	4,798.4	17.7	11.8	12.4
b. Development	993.3	655.9	-34.0	2.9	1.7
Fiscal Deficit	**1,480.9**	**1,922.5**	**29.8**	**4.3**	**5.0**
GDP (Current Market Prices)	**34,619**	**38,559(P)**			

Source: *Finance Division*

Total revenue during July-March 2018-19 stood at Rs.3,584 billion, registering a marginal growth of 0.04 percent over the corresponding period of last year. Tax revenue (Rs.3,162 billion) grew by 2.8 percent with matching growths in both federal and provincial tax revenues. The FBR's tax collection (Rs.2,705 billion) recorded a growth of 2.9 percent. Collection of direct taxes fell by 1.2 percent whereas that of indirect taxes grew by 5.5 percent. Within indirect taxes, customs duties registered a growth of 18 percent followed by 8.8 percent growth in federal excise duty whereas collection of sales tax dropped by 0.1 percent.

The fall in collection of direct taxes was mainly on account of slowdown of economic activities, substantial decrease in PSDP funds utilization impacting withholding taxes from contracts, suspension of taxes on mobile phone top-ups, downward revision of one percent in corporate tax rate and lower tax collection from salaries as a result of enhancement of taxable limit. In case of sales tax collection, the decline is attributed to slowdown in economic activities, reduction in tax rates of several petroleum products and restriction on registration of new vehicles for non-filers. Provincial tax revenue also registered a low growth of 2.8 percent on account of decline in collection of sales tax on services.

Non-tax revenue (Rs.421.6 billion) recorded a decline of 16.7 percent. Federal non-tax revenue dropped by 6.1 percent mainly due to decrease in mark-up (PSEs and others), dividend and SBP profits. Provincial non-tax revenue fell by 48.4 percent mainly due to decline in mark-up and profits from hydroelectricity.

Total expenditure stood at Rs.5,506 billion with a growth of 8.7 percent. Current expenditure grew by 17.7 percent with a higher growth of 19.9 percent in federal current expenditure on account of higher interest payments and defence expenditure. Interest payments on external debt increased mainly due to depreciation of rupee whereas interest payments on domestic debt went up due to increase in policy rate. Provincial current expenditure grew by 13.7 percent. Total development expenditure contracted by 34 percent. Expenditure under PSDP fell by 37.9 percent with decrease in both federal PSDP and provincial ADP expenditures by 14.5 percent and 52.2 percent, respectively. Other development expenditure (non-PSDP) grew by 25 percent.

Fiscal deficit during the period under review stood at Rs.1,922 billion (5 percent of GDP) as compared to Rs.1,481 billion (4.3 percent of GDP) during the corresponding period of last year. For financing of fiscal deficit, the government relied more on domestic than external resources.

Gross public debt as on March 31, 2019 stood at Rs.28,607 billion (74.2 percent of GDP), registering a growth of 14.6 percent over its stock of Rs.24,953 billion (72.1 percent of GDP) as on June 30, 2018. Domestic and external debts grew by 10.7 percent and 22.3 percent, respectively. Total debt of the government stood at Rs.26,368 billion (68.4 percent of GDP) at the end of March 2019, posting a growth of 14.5 percent over its stock of Rs.23,024 billion (66.5 percent of GDP) at the end of June 2018.

Fiscal Outlook 2019-20

Fiscal policy during 2019-20 will be aligned with the government's agenda for economic stabilization. The separation of tax policy and tax administration functions will lead to formulation of a better tax policy based on sound analysis. In order to broaden the tax net, the enforcement capabilities of the Federal Board of Revenue (FBR) will be strengthened through staff training and intensive use of information technology / automation. In this regard, there will be a track-and-trace system and risk-based tax audits. Similarly, the Provincial Revenue Authorities will be strengthened with strict enforcement system.

The system of tax refunds will be streamlined to reduce time lags in refunds and to ensure no build-up of arrears. The valuation and taxation of real estate sector will be improved to tap the huge revenue potential of this sector without discouraging investment. Tax exemptions will be reduced / eliminated and an efficient expenditure management policy will be pursued through rationalization of expenditures and subsidies.

The ninth National Finance Commission (NFC) will devise new formula for revenue sharing between the federal and provincial governments and among provinces. Moreover, fiscal coordination between the federal and provincial governments will be improved to ensure greater fiscal discipline and achievement of common economic goals.

The efficiency of public expenditure will be improved. In this regard, Task Force on Civil Service Reforms and Task Force on Austerity and Restructuring of the Government have already been constituted. The privatization programme will be strengthened and the structural weaknesses of Public Sector Enterprises (PSEs) will be removed to improve their efficiency. In this regard, the government has established Sarmaya-e-Pakistan Limited (SPL), a holding company to turn around PSEs by eliminating their losses.

Review of Monetary Developments and Inflation 2018-19

Monetary tightening by the central bank started during FY18 continued in FY19. Monetary Policy Committee (MPC) of the SBP continuously increased the policy rate in its bi-monthly meetings that reached from 6.50 percent at start FY19 to 12.25 percent in May 2019. As stabilization efforts, the policy rate was increased to meet the challenges of external sector vulnerabilities, escalated aggregate demand, high fiscal deficit, and risks to financial system due to overall macroeconomic stress. The impact of stabilization measures was visible when MPC met in May 2019. However, MPC concluded that further policy measures were required to address the aforementioned challenges, particularly underlying inflationary pressures. Accordingly, MPC decided to increase policy rate by 150 bps to 12.25 percent effective from 21st May 2019.

Money supply as measured by broad money (M2) expanded by Rs. 749 billion (4.68 percent) during 1st July 2018 to 10th May 2019 as compared to its expansion of Rs. 758 billion (5.20 percent) during the same period last year (Table-2). Liquidity in the banking system was basically generated by increase in Net Domestic Assets (NDA) of the banking system as there was a drastic contraction in Net Foreign Assets (NFA). NDA of the banking system increased by Rs. 1,620 billion (10 percent) as compared to an increase of Rs. 1,308 billion (9.36 percent) during the corresponding period of last year. On the other hand, NFA of the banking system contracted by Rs. 871 billion (-418.06 percent) as compared to contraction of Rs. 550 billion (-91.35 percent) during last year.

Table-2: Monetary Aggregates

(Rs. billion)

Factors Affecting Broad Money (M2) Growth	Stocks at End Jun-18	Monetary Impact from 1st July to	
		10-May-19	11-May-18
A. Net Foreign Assets of the Banking System	**-208.4**	**-871.3**	**-550.0**
Growth		*-418.06%*	*-91.35%*
B. Net Domestic Assets of the Banking System (1+2+3)	**16,205.6**	**1,619.9**	**1,308.5**
Growth		*10.00%*	*9.36%*
1. Net Government Sector Borrowing (a+b+c)	**10,199.7**	**1,077.6**	**872.5**
a. Borrowings for Budgetary Support	9,393.0	1,221.1	864.1
i. From SBP	3,613.4	4,967.8	2,020.7
ii. From Scheduled Banks	5,779.6	-3,746.7	-1,156.6
b. Commodity Operations	819.7	-145.1	4.0
c. Others	-13.0	1.6	4.5
2. Credit to Non-Government Sector (a+b+c+d)	**7,033.6**	**860.1**	**695.9**
a. Credit to Private Sector	5,973.0	563.0	517.6
b. Credit to Public Sector Enterprises (PSEs)	1,068.2	295.3	177.4
c. PSE Special Account-Debt Repayment with SBP	-24.2	0	0
d. Credit to Non-Banking Financial Institutions (NBFIs)	16.7	1.8	0.94
3. Other Items (Net)	**-1,027.7**	**-317.8**	**-260.0**
Broad Money (M2) (A+B)	**15,997.2**	**748.6**	**758.5**
Growth		*4.68%*	*5.20%*

Source: *State Bank of Pakistan*

For budgetary support, net government sector borrowings from the banking system stood at Rs. 1,221 billion. For the purpose, the government borrowed Rs. 4,968 billion from the central bank and retired Rs. 3,747 billion to commercial banks. The government adopted the same strategy last year when it borrowed Rs. 2,021 billion from SBP and retired Rs. 1,157 billion to commercial banks. Under commodity operations, the government retired Rs. 145 billion (net) to the banking system (retirement for wheat and borrowing for sugar & fertilizer) as compared to last year's net borrowing of Rs. 4 billion.

Healthy growth in credit to private sector was observed during 1st July 2018 to 10th May 2019; it touched Rs. 563 billion higher than last year's expansion of Rs. 518 billion. Despite monetary tightening, increase in input prices, capacity expansion in power and construction allied industries, and existence of solid domestic demand are the main reasons for this growth. Supply side also improved due to retirement of government borrowing from commercial banks. During the period, credit to PSEs increased by Rs. 295 billion as compared to last year's increase of Rs. 177 billion. Credit to Non-Banking Financial Institutions (NBFIs) expanded by Rs. 1.8 billion as compared to expansion of Rs. 0.94 billion last year.

Average headline CPI inflation stood at 7 percent during July-April FY19 as compared to 3.8 percent during the same period last year mainly due to relatively high value of core inflation, upward adjustment in electricity and gas prices, input costs, and impact of exchange rate movements (Table-3). Core inflation, as measured by non-food non-energy component of CPI basket, averaged at 8.1 percent during July-April FY19 as compared to 5.6 percent during the corresponding period last year. Considerably higher value of core inflation is reflecting the underlying demand pressures in the economy. It is expected that inflation will be around 7.5 percent in FY19. Average WPI increased by 11.7 percent during July-April FY19 as compared to increase of 2.8 percent during the same period last year. During this period, average SPI (for all income groups combined) registered an increase of 6.7 percent as compared to last year increase of 1.4 percent.

Table-3: Average Price Indices (percent)
(Base year: 2007-08)

Index	July-April	
	2017-18	2018-19
Consumer Price Index (CPI)	**3.8**	**7.0**
- Food	1.8	3.8
- Non-food	5.2	9.2
- Core (non-food non-energy)	5.6	8.1
Wholesale Price Index (WPI)	**2.8**	**11.7**
Sensitive Price Indicator (SPI)*	**1.4**	**6.7**

*SPI for all income groups combined
Source: *Pakistan Bureau of Statistics*

Monetary and Inflation Outlook 2019-20

Expansion in money supply during 2019-20 will be consistent with the projected GDP growth and inflation. Monetary expansion is expected to remain moderate originated by private sector credit, government borrowings from the banking system, level of aggregate demand, and external sector developments. An effective and prudent monetary policy aimed at inclusive and sustainable economic growth without compromising the objective of price stability will be pursued. For the purpose, government borrowing from the SBP will be limited through regular meetings of Monetary and Fiscal Policies Coordination Board.

In order to implement Flexible Inflation Targeting (FIT) regime, State Bank of Pakistan intends to strengthen its analytical capacity in forecasting inflation. The Bank is also focusing on developing more models capturing the underlying structure of the economy for forecasting and scenario analysis. Unlimited recourse of the government to central bank borrowing undermines central bank's efforts to control inflation. Under FIT framework, coordination among the stakeholders would be required for effective transmission of monetary policy.

Monetary authority has been taking stabilization measures during FY19 to control inflation. Lagged impact of increase in policy rates and likely deceleration in global food and oil prices are expected to play a positive role in curbing inflation. Despite these positives, exchange rate depreciation, upward adjustments in gas and electricity tariffs, and higher government borrowings from SBP may cause inflationary pressures. In this context, average inflation is expected to remain at around 8.5 percent during 2019-20.

Review of Capital Market Developments 2018-19

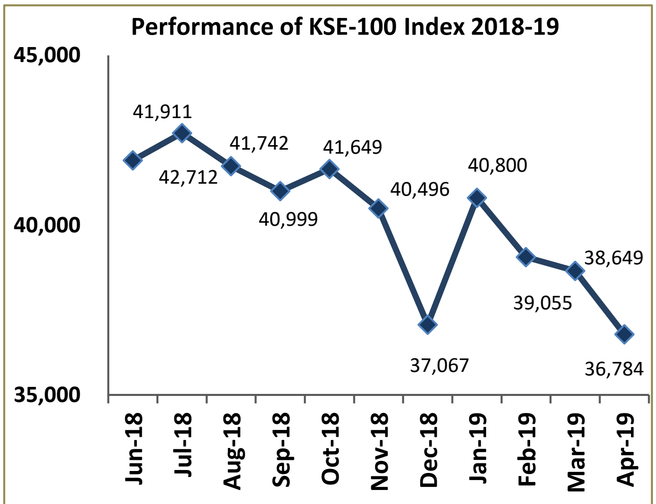
During 2018-19, the Securities & Exchange Commission of Pakistan (SECP) initiated a multipronged strategy targeting various structural, legal and fiscal reforms aimed to improve ease of doing business for investors, uplift liquidity in commodity futures market, provide additional investment avenues, facilitate issuers of debt securities improving governance and transparency that is in line with its objectives to strengthen the process of capital market development in Pakistan. Some of the key initiatives of the SECP during 2018-19 include:

- Simplification of filing and submission of financial report and other documents by enabling electronic mode of report submission
- Introduction of Electronic IPO (e-IPO) facility for investors to aid in submitting applications for publicly offered securities via internet, ATMs or mobile phones
- Introducing concept of single license for brokerage industry
- Framing of new regulations under the Futures Market Act, 2016 for licensing and operations of future brokers, which include AML requirements, protection and segregation of investors' assets, etc.
- Strengthening the eligibility criteria for obtaining license as securities and futures broker to combat money laundering and financing of terrorism
- Announcing reforms in claim handling and settlement process

- Introducing futures contracts in agriculture, equity and metals categories to diversify commodity futures markets.
- Established a 'Centralized Cash Dividend Register' for shareholders
- Notified certain persons under section 66 of the Companies Act, 2017 to whom privately placed debt securities can be issued.

Performance of Pakistan Stock Exchange

Pakistan Stock Exchange recorded an overall bearish trend during June 2018 to April 2019. The benchmark KSE-100 Index witnessed a major dip in April 2019 by closing at 36,784.44 points, losing 4.83 percent as compared to the previous month. Market capitalization was Rs. 8,619 billion on July 2, 2018 and stood at Rs. 7,200 billion on May 23, 2019. Foreign portfolio investment exhibited a net outflow of US$408.1 million during July-April 2018-19 as compared to net outflow of US$136.2 million during the same period of last year.



Source: *Pakistan Stock Exchange*

Most of the world stock market indices exhibited high gains at the bourse with NASDAQ 100 outperforming others with 15.0 percent gain, followed by SENSEX 30-BSE (10.2 percent), DOW JONES (9.6 percent) and S&P 500 Index (8.4 percent). The losses were highest in KSE-100, followed by BURSA MALAYSIA and UK FTSE 100 INDEX during the period under review. The table below presents changes in the leading world stock market indices from end June 2018 to end April 2019.

Table-4: Global Comparisons

Index (Month End)	June 2018	April 2019	Percent Change
KSE-100	41911	36784	-12.2
SENSEX 30-BSE	35423	39032	10.2
BURSA MALAYSIA	1691	1642	-2.9
DOW JONES	24271	26593	9.6
S&P 500 INDEX	2718	2946	8.4
NASDAQ 100	7041	8095	15.0
UK FTSE 100 INDEX	7637	7418	-2.9
JAPAN NIKKEI 225	22275	22259	-0.1
HANG SENG-HK	28955	29699	2.6

Source: *Securities & Exchange Commission of Pakistan*

Prospective Capital Market Reforms/ Initiatives 2019-20

The present government is keen to promote investor-friendly environment by further improving ease of doing business, encouraging product development and raising investor protection. These will be done by reviewing fee structure by securities exchange and the licensing regime, exploring new products for diverse investment and promoting Shariah-compliant products. Measures are also being adopted to list National Saving Bonds on securities exchange. Moreover, an independent agency for valuation of debt securities is being explored by the SECP under the Bond Pricing Agency Rules, 2017. Furthermore, efforts to boost listings (especially for SMEs) on securities exchange and concept of distributor in the capital market is proposed. The PSX, NCCPL and CDC are expected to increase the scope of joint inspections to ensure investor protection.

Annex-I

Consolidated Fiscal Operations

(Rs. billion)

Item	July-March FY18	July-March FY19	Percent Change	As Percent of GDP Jul-Mar FY18	As Percent of GDP Jul-Mar FY19
Total Revenue	**3,582.4**	**3,583.7**	**0.04**	**10.3**	**9.3**
A) Tax Revenue	**3,076.2**	**3,162.1**	**2.8**	**8.9**	**8.2**
a) Federal	2,796.3	2,874.4	2.8	8.1	7.5
i) FBR Taxes	2,627.6	2,704.5	2.9	7.6	7.0
- Direct Taxes	1,009.0	997.4	-1.2	2.9	2.6
- Indirect Taxes	1,618.6	1,707.1	5.5	4.7	4.4
Customs Duties	429.9	507.2	18.0	1.2	1.3
Sales Tax	1,049.6	1,048.5	-0.1	3.0	2.7
Federal Excise Duty	139.2	151.5	8.8	0.4	0.4
ii) Other Taxes	168.6	169.9	0.8	0.5	0.4
b) Provincial	280.0	287.7	2.8	0.8	0.7
B) Non-Tax Revenue	**506.2**	**421.6**	**-16.7**	**1.5**	**1.1**
a) Federal	379.5	356.3	-6.1	1.1	0.9
b) Provincial	126.6	65.3	-48.4	0.4	0.2
Total Expenditure	**5,063.3**	**5,506.2**	**8.7**	**14.6**	**14.3**
A) Current Expenditure	**4,075.4**	**4,798.4**	**17.7**	**11.8**	**12.4**
a) Federal	2,653.3	3,180.9	19.9	7.7	8.2
- Mark-up Payments	1,172.8	1,459.2	24.4	3.4	3.8
- Defence	623.8	774.7	24.2	1.8	2.0
b) Provincial	1,422.1	1,617.4	13.7	4.1	4.2
B) Development Expenditure & Net Lending	**1,002.5**	**684.2**	**-31.8**	**2.9**	**1.8**
a) Development Expenditure	993.3	655.9	-34.0	2.9	1.7
i) PSDP	931.4	578.5	-37.9	2.7	1.5
- Federal*	353.6	302.4	-14.5	1.0	0.8
- Provincial	577.8	276.0	-52.2	1.7	0.7
ii)Other Development Expenditure	61.9	77.4	25.0	0.2	0.2
b) Net Lending	9.2	28.3	208.0	0.03	0.1
Statistical Discrepancy	**-14.6**	**23.7**	-	-	-
Fiscal Deficit	**1,480.9**	**1,922.5**	**29.8**	**4.3**	**5.0**
Financing	**1,480.9**	**1,922.5**	**29.8**	**4.3**	**5.0**
a) External	524.3	524.5	0.03	1.5	1.4
b) Domestic	956.6	1,398.0	46.1	2.8	3.6
- Bank Borrowing	813.5	787.7	-3.2	2.3	2.0
- Non-Bank Borrowing	143.1	610.4	326.5	0.4	1.6
Primary Balance	-308.1	-463.3	50.4	-0.9	-1.2
Revenue Balance	-493.0	-1,214.6	146.3	-1.4	-3.2
GDP (Current Market Prices)	**34,619**	**38,559(P)**			

** Net excluding development grants to provinces (Jul-Mar FY18: Rs.62.8 billion; Jul-Mar FY19: Rs. 28.1 billion)*

***Source:** Finance Division*

Chapter 4 | PUBLIC SECTOR DEVELOPMENT PROGRAMME

Public Sector investment performs a key role in mobilization of resources in the economy. It is not only the investment of public resources for economic gains but also provides impetus for the private sector investment which is considered as the engine of growth. Public Sector Development Programme (PSDP) is an integral part of public investment. Implementation of development programmes and projects through PSDP is an effective design to transform the agenda of new government into realities by adopting a change in priorities from centred growth to spreading public investment all over the country particularly to the less developed areas. In addition to whatever resources are made available through PSDP, the provinces, public sector corporations, national and local authorities, enterprises also mobilize self-generated resources for undertaking development activities in various sectors of the economy. Mobilization of indigenous resources through PSDP not only responds to the emerging modern social and physical infrastructural requirements but also provides an attractive environment for the private sector and foreign direct investment to play their due role in uplift of the economy.

While formulating the development programmes, all the stakeholders including authorities of Provincial Governments and Special Areas are coordinated and persuaded to chalk out the respective development programmes as per regional and sectoral priorities but ensuring integration of the same into the overall sectoral and regional priorities at international level in confirmation of the international commitments like SDGs and at national level in 12th five year plan. Therefore, key initiatives of knowledge economy, district equalization, agriculture and clean and green Pakistan have been identified for public investment.

Rationalization of PSDP 2018-19

The National Economic Council in its meeting held on April 24, 2018 took note of Federal PSDP 2018-19 submitted by Ministry of Planning, Development and Reform at Rs. 800 billion including foreign project assistance of Rs. 162 billion. The Government introduced a new Finance Bill in the Parliament during September, 2018 carrying adjustments in the Budget 2018-19. As a result, Federal PSDP was rationalized from Rs. 800 billion to Rs. 675 billion including foreign project assistance of Rs. 144 billion.

Summary of the Revised Federal PSDP 2018-19 is given below:

Table-I: Summary of Revised PSDP 2018-19

(Rs. billion)

Agency		Rupee	F. Aid	Total
a.	Ministries/Divisions	250	22	272
b.	Corporations (NHA, WAPDA – Power)	104	115	219
c.	Special Areas	58	4	62
d.	Erstwhile FATA 10 Years Plan	10	-	10
e.	CPEC and Other Initiatives	27	-	27
f.	ERRA	4	3	7
Sub-Total (a-f)		**453**	**144**	**597**
g.	Special Development Programme for TDPs & Security Enhancement	67	-	67
h.	Prime Minister's Youth Skill Dev. Initiative	7	-	7
i.	Gas Infrastructure Development Cess	4	-	4
Sub-Total (g-i)		**78**	**-**	**78**
Total (Federal)		**531**	**144**	**675**

While rationalizing PSDP 2018-19, the following strategy was adopted:

- All un-approved projects were dropped. This helped to save funds amounting to Rs.55 billion and also resulted in reduction in throw-forward liability of Rs.1, 887 billion.
- Some of the new approved projects with zero expenditure which seemed non-starter were also deferred which saved Rs.15.810 billion. Some of these projects have been budgeted during FY 2019-20 on the recommendations of Ministries / Divisions.
- To save public funds projects with expenditure over 20 percent of the approved cost were protected. In certain cases, allocation was adjusted both ways to speed up implementation.
- Allocation for on-going water sector projects was protected including Basha and Mohmand Dams.
- Similarly, allocations of CPEC, education and health sector approved projects were protected.
- Allocations for Azad Jammu and Kashmir, Gilgit Baltistan and erstwhile FATA were kept in-tact. Allocation of Rs.10 billion earmarked for Erstwhile FATA regions under its ten years' development plan was also protected.

After rationalization, the features of PSDP 2018-19 emerged as under:

- Despite reduction in PSDP 2018-19 from Rs.800 billion to Rs. 675 billion, the revised PSDP size is more than the actual utilization of Rs. 661 billion for last year 2017-18.
- The sectoral priorities were maintained.
- In the revised PSDP, total number of projects was reduced from 1212 to 822. Throw-forward liability was also reduced from Rs.6.4 trillion to Rs.4.4 trillion which is 6-7 times of expected PSDP level. Throw-forward liability could be managed by appropriately enhancing the PSDP size and optimal utilization of available resources.

Review of PSDP 2018-19

The Ministry of Planning, Development & Reform undertook 1st Quarter Review of PSDP 2018-19 during November, 2018. During the review meetings, Ministries / Divisions generally complained about non-release of funds during the 1st quarter. It was explained to them that the releases were withheld during September, 2018, as PSDP was facing rationalization. However, any shortfall in the 1st quarter would be met during the 2nd quarter. Ministries were advised to demand funds if not already demanded for the 1st and 2nd quarters based on the allocations notified by M/o PD&R on September 19, 2018. The entire demand for release of funds upto December, 2018 was fully met.

Ministries / Divisions were further advised to revise the dropped or deferred projects during rationalization exercise and submit PC-Is of priority projects by December 31, 2018. However, this date was extended from time to time on the request of Ministries / Divisions.

Likewise, midyear review was undertaken from January 21 – 25, 2019. The meetings were separately held with all the Ministries / Divisions and Provincial Governments. During these meetings, for efficient implementation of PSDP projects, the following decisions were taken:

- Ministries / Divisions were requested to identify slow moving projects where funds cannot be utilized so that these funds could be timely diverted to their fast moving and near completion on-going projects where additional funds are required
- Funds release position was reviewed and where necessary, in coordination with Finance Division, decisions were taken to allow release of funds over and above quarterly ceilings within the allocation for 2018-19

- Ministries were requested to demand release of funds as per revised allocations for 3rd quarter immediately if not already made. For 4th quarter, funds should be demanded by April 10, 2019 positively
- Ministries were conveyed that it would be difficult to entertain requests for inclusion of any new project in the revised PSDP 2018-19. However, requests for re-appropriation of funds within the on-going projects would be considered adhering to rules especially in case of those projects which were due for completion by June, 2019

During mid-year review (July – December, 2018), the Ministries / Divisions also raised demand for additional funds to the tune of Rs. 232 billion. Major demands were from National Highways Authority (Rs. 122.3 billion) M/o Water Resources (Rs. 34.8 billion), SUPARCO (Rs. 19.8 billion), Finance Division (Rs. 8.0 billion), KA&GB Division (Rs. 5.9 billion), M/o Railways (Rs. 5.0 billion) and M/o Housing & Works (Rs. 5.0 billion). Ministries / Divisions also identified some savings in their projects which amounted to Rs. 15.6 billion. Of Rs. 15.6 billion indicated savings, Rs. 10 billion were re-allocated within the same sector through re-appropriation. Thus, balance Rs. 5.6 billion was available for re-allocation to other projects / programmes.

Of the available savings, Rs. 3 .232 billion were allocated to important priority project namely Zhob-Kuchlak Road for land acquisition to ensure that work on the project would start during July, 2019.

As per funds release strategy agreed to with the Finance Division, 20 percent allocated funds were released in each of the first two quarters and 30 percent each in 3rd and 4th quarters of the financial year. To ensure transparency, the project-wise Rupee released amount was uploaded on weekly basis on the website of Ministry of Planning, Development and Reform. Upto May 24, 2019, total release of funds stood at Rs. 582 billion i.e. 86 percent of allocation (Table-II) compared to admissible limit of 85 percent. Towards the end of year, it is expected that entire amount would be released / disbursed and spent as executing agencies have assured that released funds will be spent in full. There is likelihood of over disbursement of foreign aid compared to the budgeted amount.

Table-II: Federal PSDP (2018-19) – Allocation and Releases

(Rs. billion)

Agency	Budget	Releases	percent
Rupee Component	531	396	75
Foreign Aid	144	186	129
Total	**675**	**582**	**86**

Proposed PSDP 2019-20

The proposed PSDP 2019-20 has been formulated by adopting inclusive, consultative and participatory approach. Ministry of Finance conveyed Indicative Budget Ceiling (IBC) for PSDP2019-20 at Rs. 675 billion to the Ministry of Planning, Development & Reform. Meetings / consultations were held with Ministries to prioritize respective portfolios during March / April, 2019. As a result, the respective portfolios were rationalized and the size of PSDP-2019-20 was kept at Rs.675 billion including Rs.100 billion for programmes being managed by Finance Division (Rs.65 billion for IDPs and Security Enhancement, Rs.10 billion for Prime Minister's Youth Skill Development Initiative, Rs. 22 billion for Merged Areas Ten Years Development Plan, Rs.2 billion for Clean-Green Pakistan Movement and Rs.1 billion for Gas Infrastructure Development Cess). Further it has been planned that an investment of Rs.250 billion will be made through alternate mode of financing like PPP and BOT during the next financial year.

The Provincial Governments have also shared the respective size of ADPs 2019-20. The overall proposed National Development Outlay for year 2019-20 is given below:

National Development Outlay 2019-20

Rs. in billion

	Rupee	F. Aid	Total
Federal PSDP	548	127	675
Provincial ADPs	802	110	912
Total	1350	237	1587
Alternate Financing Mode	250	-	250
Grand total	**1600**	**237**	**1837**

Sectoral Strategy adopted in formulation of PSDP 2019-20:

- **Water Sector:** Large mega dams and drainage projects new as well as ongoing have been appropriately funded. Provincial schemes of small dams are selected for funding in less developed regions / districts under the vision of equitable regional development.
- **Transport & Communications**: Focus is on the completion of ongoing projects, initiating commercially viable projects on PPP / BOT basis. No provincial road to be taken up except for the less developed areas of Balochistan, South Punjab, South Khyber Pakhtunkhwa, ex-FATA and Gilgit-Baltistan. East west regional connectivity and inter-provincial connectivity have been preferred to improve the linkages and within country trade.
- **Agriculture:** Productivity enhancement of major crops through efficient irrigation practices, provision of laser land levelling machinery; reduction in cost of production by adopting right combination of use of fertilizers and

certified high yield seeds; enhanced export of agriculture value added projects and reduction in export of raw material, coordinated research and development of command area.

- **Industries:** Focus on value addition, enhancing competitiveness through increased productivity, quality and innovation, emphasis on high technology value added exports, effective marketing, supporting mineral sector and forge new trade alliances with regional partners.
- **Energy:** Focus on power evacuation through expansion of transmission and distribution system, finding off-grid solutions, improving universal energy access along with management of circular debt issue.
- **Science & Tech**: Promote capabilities in emerging and new technologies, train manpower in those technologies and establishment of incubators, accelerators and S&T parks.
- **Higher Education:** Emphasis on improving quality of higher education with access to higher education at district level; establishing capabilities in emerging and new technologies as well as train manpower in technologies like Artificial Intelligence, Cyber Security, Robotics & Automation, Big Data and Cloud Computing, Nanotechnology, Biotechnology, Manmade materials, GIS and Space Sciences and advanced agriculture technologies; Establishment of new universities being discouraged.
- **Information Technology:** Focus on e-governance and citizen services, I.T exports, freelancing, startups and entrepreneurship; Launching of 5G services during next five years.
- **Health:** Improved health services access and capacity, enhanced focus on primary healthcare, prevention and control of communicable diseases. Provincial projects being discouraged
- **Education:** Improving education standard through modernizing curriculum & examination system; Establishment of smart schools; mainstreaming of madaris; skill development of youth to take on the modern world challenges.

Sectoral summary of proposed PSDP 2019-20 is given in Table-III.

Table-III: Sectoral Summary of Proposed PSDP 2019-20

(Rs. Billion)

Sector	Proposed PSDP 2019-20
Infrastructure	369
Energy	80
Transport & Communications	198
Water	70

Sector	Proposed PSDP 2019-20
Physical Planning & Housing	21
Social	96
Health & Population	21
Education including HEC	33
Environment	09
SDGs Achievement Programme	24
Others	09
Special Areas (AJK, GB)	39
Merged Districts of Khyber Pakhtunkhwa	24
Science & I.T.	12
Governance	3
Production Sectors	14
Food & Agriculture	12
Industries	2
Knowledge Economy Initiatives	13
ERRA	5
Sub-Total (A-I)	**575**
Programmes Managed by Finance Division	100
Sub-Total (A-J)	**675**
Alternate Financing	250
Total (Federal)	**925**

The salient features of proposed PSDP are as under:

- Infrastructure Sector has been allocated 64% of Rs. 575 billion meant for Ministries / Divisions. Highest priority has been accorded to transport and communications sector with an allocation of Rs. 200 billion. This includes Rs 160 billion for national highways, Rs. 16 billion for Railways and Rs 24 billion for other projects including Aviation schemes.

- As per National Water Policy minimum allocation to water sector should be 10% of PSDP size. For water sector, Rs. 70 billion are being proposed.

- Financing of water sector projects benefiting one province will be discouraged from the federal PSDP except financing of small dams in Balochistan. As a matter of policy land and settlement cost shall be borne by the Provincial Govt. To fully benefit from such public investment, the Provincial Govt. will ensure development of command area. Kachhi Canal Phase-I project will be completed during next 2-3 years.

- Energy Sector has been accorded due priority where investment of Rs. 120 billion is planned. Of this, around Rs. 80 billion have been proposed from the budget while Rs. 40 billion will be invested by NTDC/ GENCOs/ WAPDA from self-generated resources on transmission and distribution system. Inter-connection of Isolated – Makran Network via Nag Basima Grid Station from Panjgoor will be completed during next 3 years.

- For fast track development in AJK and GB, Rs. 39 billion have been allocated. Similarly, for Merged District of Khyber Pakhtunkhwa, Rs. 46 billion are being proposed including Rs. 22 billion for Merged Areas Ten Years Development Plan.

- Government assigns high priority to human resource development in the country. An amount of Rs 32 billion has been allocated for Education Programmes including Higher Education.

- Prime Minister's initiatives like Youth Skill Development Initiative and others will continue with a proposed allocation of Rs. 10 billion.

- Special attention has been given to mitigate the adverse effects of climate change. Government's Programme of 10 billion Tree Tsunami Programme is being proposed with an allocation of Rs. 8 billion. Further, funds will be made available for Clean and Green Pakistan Movement.

- The Government has a firm commitment with the people of under developed and under privileged regions / areas. Development, in the past, had been around major cities which resulted in wide regional disparities. Special interventions have been proposed in the less developed Districts of the country.

- For development of Islamabad Capital Territory (ICT), special intervention has been planned for first time in the history. For this purpose, a special package of about Rs. 10 billion is being launched to improve sewerage and sanitation, water supply and roads in ICT.

- Along with development of physical infrastructure, soft interventions are also necessary to put the economy on the sustainable growth trajectory. To achieve this objective, first time in the development budget, a special allocation of over Rs. 13 billion has been made for projects identified by the task force on knowledge economy to ensure standing and existence in the comity of nations.

- The government has taken a major initiative in Agriculture to ensure food security of growing population and bring about prosperity in the lives of rural population in general and small farmers in particular. Task force on agriculture has identified projects in consultation with Provincial Governments and private sector for fast track promotion of agriculture sector. For this purpose, allocation of Agriculture is proposed to be enhanced from Rs. 1 billion during 2018-19 to Rs. 12 billion during 2019-20.

- Special projects to promote tourism would be initiated. Details are being worked out in consultation with Provincial Governments.

Proposed strategy for financing of on-going projects:

- Projects with 80 percent plus expenditure have been fully financed to complete by June 30, 2020 so that people benefit from the investment.
- Appropriate funding has been made to other on-going projects with less than 80 percent expenditure within the available fiscal space.
- Projects funded through foreign aid have been financed to the possible extent in view of international commitments.
- CPEC projects would be financed to the maximum extent.

From above, it would transpire that Ministry of Planning, Development & Reform has made all possible best efforts to accommodate on-going projects and new development projects in view of government's priority and development agenda within the available fiscal space.

It is estimated that in addition to PSDP financing of Rs. 675 billion in FY 2019-20, an investment of about Rs. 250 billion would be made in roads and energy sectors through alternate financing such as BOT and PPP modes.

Summary of Proposed PSDP 2019-20 is given below:

Table-IV: Summary of Proposed PSDP 2019-20

(Rs. billion)

Agency		Rupee	F. Aid	Total
a.	Ministries/Divisions	266	28	294
b.	Corporations (NHA, WAPDA – Power)	110	89	199
c.	Special Areas (AJ&K, Gilgit-Baltistan)	33	7	40
d.	Merged Districts of Khyber Pakhtunkhwa	23	1	24
e.	ERRA	3	2	5
f.	Knowledge Economy Initiatives	13	-	13
	Sub-Total (a-f)	**448**	**127**	**575**
g.	Special Development Programme for IDPs& Security Enhancement	65	-	65
h.	Prime Minister's Youth Initiatives	10	-	10
i.	Merged Areas 10 Years Dev. Plan	22	-	22
j.	Clean Green Pakistan Movement	2	-	2
k.	Gas Infrastructure Development Cess	1	-	1
	Sub-Total (g-k)	**100**	**-**	**100**
	Total (PSDP)	**548**	**127**	**675**
l.	Alternate Financing	250	-	250
m.	Provincial Programmes	802	110	912
	Grand Total	**1600**	**237**	**1837**

Chapter 5 | FOOD SECURITY AND AGRICULTURE DEVELOPMENT

The World Food Summit of 1996 defined food security as existing "when all people at all times have access to sufficient, safe, nutritious food to maintain a healthy and active life". In Pakistan agriculture, besides being the basis of food, feed and fiber contributes to growth as a source of raw materials for industry, a market for industrial products and also plays a vital role in Pakistan's exports earnings. Country's agriculture sector contributes 18.9 percent to GDP and involves 42.3 percent of labor force. (Pakistan Economic Survey 2017-18).

Development of agriculture along with allied subsectors has potential to achieve goals of poverty alleviation and socio-economic uplift through inclusive growth of both farming and non-farming segments of rural economy. The federal government has recently announced "National Agriculture Emergency Programme" which intends to spend Rs.290 billion in the next five years. The programme would be executed with the coordination of all provinces aimed at boosting crops yield, fisheries and livestock development as well as water conservation.

Performance Review 2018-19

According to estimates of 101st Meeting of National Accounts Committee, the overall growth of agriculture sector during 2017-18 as per revised estimates was 3.94 percent. The achievement during 2018-19 is witnessed only 0.85 percent (Table-1). Livestock sector is showing a growth of 4.0 percent while growth of forestry is 6.47 percent. The growth rate of agriculture sector for 2019-20 has been fixed as 3.5 percent.

Table 1: Growth Rate of Agriculture Sector (percent)

Item	2017-18 (R)	2018-19		2019-20
	Actual	Target	Achievement	Target
Crops	4.66	3.60	-4.43	3.5
• Major crops	3.56	3.00	-6.55	4.6
• Other crops	6.15	3.50	1.95	3.2
• Cotton Ginn. & Misc.	8.80	8.90	-12.74	2.5
Livestock	3.62	3.80	4.00	3.7
Fisheries	1.63	1.80	0.79	4.0
Forestry	2.58	8.50	6.47	4.0
Agriculture	3.94	3.77	0.85	3.5

***Source**: Pakistan Bureau of Statistics*

The country remains deficit in achieving self-sufficiency in edible oil, pulses, milk and tea which are major chunk of food imports. As per State Bank of Pakistan, during FY 2018-19 (July-March) the overall food imports remained US$ 3582.28 million, which declined by 12 percent with respect to US$ 4088.49 million during the corresponding period of FY 2017-18. Efforts are still needed to increase production of these commodities for achieving self-sufficiency and reducing trade deficit.

The budgetary proposals announced by the federal government are helpful for the revival of agriculture sector and boosting the economy. Following measures were proposed by the previous government in their end term budget (2018-19):

- Enhancement of bank lending to agriculturists, application of uniform GST on all fertilizers at uniform rate of 2 percent (government reduced the sales tax on fertilizer from a high of 17 percent to 4 percent on DAP, 5 percent on Urea and 3 percent on others) and reduction of sales tax on agricultural machinery from 7 to 5 percent.
- Withdrawal of 3 percent customs duty on imports of bulls meant for breeding purposes, a reduction in concessionary customs duty on imports of feed meal for livestock from 10-5 percent, permission for the import of fans for use in dairy farms at a concessionary duty of 3 percent to members of Corporate Dairy Association.
- Reduction in rate of sales tax to 2 percent across the board on all fertilizers to promote agricultural growth.
- Removal of 10 percent duty on sales tax on fish feed and exemption of sales tax on preparation of fans and animal feed of dairy farms.
- In respect of the poultry sector, the concessionary rate of customs duty on import of growth promoters' premix, vitamin premix, vitamin B12 (feed grade) and vitamin H2 (feed grade) was proposed which was to be further reduced from 10 percent to 5 percent for registered manufacturers of poultry feed.

In the supplementary budget in January, 2019 following measures were announced:

- Produce Index Unit price for agricultural land was increased form Rs.4,000 to Rs.6,000 per unit to increase the credit limit for farmers up to 50 percent.
- Import of hundred thousand tons of urea with subsidy of Rs.1,143 per bag. Moreover, factories producing urea fertilizer were given Rs.714 per bag as subsidy in the form of low gas prices.
- Reduction of taxes from 39 to 20 percent on small and medium enterprises and agricultural loans.

Production of Important Crops

As per estimates of 101st Meeting of National Accounts Committee, during 2018-19 **Wheat** production is estimated at 25.195 million tons; slightly increased (0.5 percent) than 25.076 million tons achieved last year (Table-2).

Rice is the second staple food grain of country after wheat and is an important source of foreign exchange earnings. During 2018-19 its production was 7.20 million tons which was less (3.33 percent) than that of 7.45 million tons achieved in 2017-18. It was mainly due to decline in area under rice crop (3.12 percent) from 2,901 (2017-18) to 2,810 (2018-19) thousand hectares. According to State Bank of Pakistan rice exports earned US$ 1,477.98 million during FY 2018-19 (July to March) which is 2.3 percent higher than that of US$ 1,444.21 million earned in FY 2017-18 (July-March).

Sugarcane has important place in country's economy. Its production is estimated at 67.174 million tons during 2018-19 which is (19.39 percent) below than that of 83.33 million tons of 2017-18. This was mainly due to decline (17.92 percent) in area under crop from 1,343 (in 2017-18) to 1,102 (in 2018-19) thousand hectares.

Cotton is a mainstay of country's economy which is under performing. The cotton production is estimated at 9.86 million bales which is less (17.45 percent) than that of 11.95 million bales produced in 2017-18. It is mainly due to decline in crop area during 2018-19 recorded as 2,373 thousand hectares which is less (12.12 percent) as compared to that of 2,700 thousand hectares sown in 2017-18.

Maize production during 2018-19 stood at 6.309 million tons (6.90 percent) higher as compared to 5.902 million tons of 2017-18, as crop area also increased (5.38 percent) in 2018-19 to 1,318 thousand hectares from 1,251 thousand hectares of 2017-18.

Table 2: Area and Production of Important Crops

(Area in 000' hect.)

(Production in million tons/ bales'000')

Crops		2017-18 Actual (R)	2018-19 Targets*	2018-19 Achievement (P)	% Change 2018-19 (P) /2017-18 (R)
Wheat	Area	8797	8782	8740	-0.65
	Production	25.076	25.607	25.195	0.47
Rice	Area	2901	2805	2810	-3.12
	Production	7.450	6.932	7.202	-3.33
Sugarcane	Area	1343	1161	1102	-17.92
	Production	83.333	68.157	67.174	-19.39
Cotton	Area	2700	2955	2373	-12.12
	Production (bales'000')	11946	14370	9861	-17.45
Maize	Area	1251	1170	1318	5.38
	Production	5.902	5.301	6.309	6.90

Source: *Pakistan Bureau of Statistics, National 101st Meeting of National Accounts Committee, *Federal Committee on Agriculture, R= Revised, P=Provisional*

Other Crops

The category of "other crops" generally influences "Food Price Index" and "Sensitive Price Index" as they are main contributors towards kitchen items. Detailed data reveals that during 2018-19, production of gram crop is estimated at 439 thousand tons higher by about 36 percent against last year, nevertheless, it remained below than target (Table-3). The production of onion increased by 10 percent, however, that of sunflower decreased than last year. During 2018-19 the country has achieved surplus potato production of 4,579 thousand tons. Prices of potato crop were quite lower and farmers faced problems in selling the produce.

Table 3: Area and Production of Other Crops

(Area in 000' hect.)
(Production in '000" tons)

Crops		2017-18 Actual (R)	2018-19 Targets*	2018-19 Achievement (P)	% Change over 2017-18 (R)	% Change over 2018-19 Target
Gram	Area	977	987	944	-3.38	-4.36
	Production	323	577	439	35.91	-23.92
Onion	Area	150	146	151	0.67	3.42
	Production	2081	1935	2122	1.97	9.66
Sunflower	Area	105	220	116	10.48	-47.27
	Production	147	162	158	7.48	-2.47
Potato	Area	194	165	196	1.03	18.79
	Production	4403	3807	4579	4.00	20.28

Source: *National Accounts Committee, *Federal Committee on Agriculture (FCA),*
R= Revised, P=Provisional,

Agricultural Inputs

Fertilizer

During 2018-19, nitrogen (N) and phosphate (P) off take decreased by 2.6 percent and 15.9 percent, respectively, while potash (K) off-take increased by 7.1 percent over previous year (Table-4).

Table 4: Fertilizer Off-Take, Forecast and Achievement

('000' Tons)

Nutrient / Products	2017-18 Actual	2018-19 Forecast	2018-19 Achieve-ment*	%change over 2017-18 Actual	%change over 2018-19 Forecast	2019-20 Forecast
Nitrogen	3,435	3,219	3,346	-2.59	3.95	3,431
Phosphate	1,279	1,011	1,075	-15.95	6.33	1,193
Potash	49.9	28	53.5	7.21	91.07	37
Total	**4,764**	**4,258**	**4,474**	**-6.09**	**5.07**	**4,661**
Urea	5,825	5,657	5,863	0.65	3.67	5,976
D.A.P.	2,440	1,856	2,031	-16.76	9.43	2,208

Source*: NFDC, MNFS&R (Data till April, 2019 are actual while onward are estimates)*

Agricultural Credit

As per State Bank of Pakistan in 2018-19 allocation of institutional credit for agriculture has substantially increased to Rs.1,250 billion. During the period from July, 2018 to February, 2019, financial institutions have disbursed Rs.701.6 billion, i.e., 56 percent of overall annual target mentioned above. Moreover, it is 23 percent higher than the disbursement of Rs.570.9 billion made during matching period of last year.

Improved Seed

Availability of improved seed has pivotal role in agricultural productivity. After removal of legislative issues investment is expected to enhance in seed industry by local and international firms. The details regarding distribution of seed for cotton and other major crops during 2018-19 is given in the Table-5.

Table 5: Improved Seed Requirement and Availability

(M.Tons)

Items	2017-18 Actual	2018-19 Requirement	2018-19 Availability	2018-19 %age	2019-20 Targets
Cotton seed	55,762	55,329	50,203	91	55,329
Bt. Cotton	50,186	-	45,183	-	-
Non Bt. Cotton	5,576	-	5,020	-	-
Paddy	71,818	46,564	50,192	108	41,385
Maize	438,901	217,080	442,278	204	218,640
Wheat	23,409	33,261	32,599	98	28,892
Pulses	3,293	9,499	1,401	15	9,499
Oilseeds	511	2,116	105.14	5	2,116
Vegetables	12,547	5,070	2,979.53	59	5,070
Fodder	44,347	40,138	21,060.29	52	40,138
Potato	7,126	74,545	2,936.68	4	74,545
Onion	121	-	97.75	-	-

***Source**: FSC&RD, M/o NFS&R*

Irrigation Water

A significant size of PSDP has been going on to develop water resources in the country. Major investment is on increasing storages, improving canals and water channels. During the outgoing year water availability remained at 88.04 MAF at canal heads to support Rabi and Kharif crops.

Plant Protection

In Pakistan, major chunk of pesticides is generally used to control cotton pests; however, on account of sowing of Bt. Cotton in more than 85 percent area of the crop, the volume of pesticides application has reduced substantially. Private sector is engaged in the business of indigenous formulation, import and distribution of agriculture pesticides. Sufficient quantity of pesticides including insecticides, herbicides, and fungicides has been imported in the country and made available to use against the agricultural pest complexes (FCA).

Agricultural Mechanization

During the last few decades, the overall demand for agricultural machinery has increased due to non-availability of labor. There is need of complete mechanization package comprising soil preparatory implements, proficient equipment for high efficiency irrigation system, post-harvest processing, value addition, food engineering and renewable energy technologies focusing small farm holders. Tractor has pivotal role in farm mechanization and contributes towards agricultural productivity. During the period from 2018-19 (July-March) around 37,457 tractors have been manufactured, which are 29 percent less as compared to corresponding period of 2017-18 (July-March) which was 52,551. Similarly, in 2018-19 (July-March) 37,742 tractors were sold in the market as compared to 52,260 tractors in corresponding period of previous fiscal year, showing a decline of 28 percent (Pakistan Automotive Manufacturers Association, PAMA). There is need to popularize farm machinery for small land holdings.

Livestock, Dairy, Poultry and Fisheries

The allied sub-sectors of agriculture including livestock, dairy, poultry and fisheries have the potential to play a vital role in national food security, food diversity and the overall economy. Physical performance of these sub-sectors during 2018-19 and targets for 2019-20 are given in Table-6.

Table 6: Livestock, Poultry &Fisheries Achievements and Targets

(000 Tons)

Items	2017-18 Actual	2018-19 Target	2018-19 Achievements (P)	% Change Over 2017-18 Actual	% Change Over 2018-19 Target
Meat	4,262	4,420	4,478	5.1	1.3
Beef	2,155	2,215	2,227	3.3	0.5
Mutton	717	740	732	2.1	-1.1
Poultry	1,391	1,465	1,518	9.1	3.6
Milk	57,890	58,990	59,759	3.2	1.3
Eggs (Million Nos.)	18,037	19,000	19,052	5.6	0.3
Fish	806	810	811	0.6	0.1
Inland	304	300	307	1.0	2.3
Marine	502	510	504	0.4	-1.2

Source: *Marine Fisheries Department & Pakistan Bureau of Statistics*

Livestock and dairy

Livestock's contribution to national GDP is 4 percent, while its gross value addition is amounted to Rs.1430 billion. During 2018-19 (July –March) Pakistani exports of live animals and animals products earned US$ 528.212 million (provisional data of State

Bank of Pakistan). Pakistan is one of the largest milk producers in the world nevertheless only about 3 per cent of it is processed for value addition while major chunk is consumed locally through traditional marketing system.

Poultry

Poultry sector is one of the most vibrant segments of livestock sector in Pakistan. It provides employment to over 1.5 million people directly or indirectly and has been a balancing force to keep check on the prices of mutton and beef. It contributes about 33 percent of the total meat production in the country and plays vital role in soothing demands of mutton and beef. During 2018-19, poultry has contributed 1.4 percent in GDP while its contribution in livestock value added is recorded as 7.78 percent.

Fisheries and Seafood

Fishery and fishing industry are means of food and source of livelihood especially in the coastal areas and play a significant role in the national income through export earnings. About 50 percent of the total fish production is consumed locally, 20 percent is exported, whereas about 30 percent is converted into fish-meal for the poultry industry. Overfishing and use of illegal nets (catching of juvenile fish), quality control, unhygienic handling and supply chain issues are major impediments which cause volatility in this sector. Pakistan exported fish and fish products of value US$ 300 million during FY 2018-19 (July-March), which has declined by 10 percent as compared to corresponding period of FY 2017-18 (July-March) of value US$ 333 million (State Bank of Pakistan).

Forestry

Deforestation has been a serious issue which is now realized by different quarters. Both provincial as well as federal governments are making headways to increase the plantation. To arrest deteriorating situation, a ban has been imposed on cutting of trees with the hope to reverse the situation in coming days. In 2018-19, the forestry sector has grown by 6.5 percent. The Prime Minister has announced a Green Pakistan Programme of planting 10 billion trees. About 45 million trees have been already planted during previous years.

Climate Change

Pakistan is ranked as 8th most vulnerable country to the climate change. Country may face certain implications especially on its farming sector. A comprehensive and coordinated policy is needed to mitigate negative effects of climate change.

Development Outlay

Federal Public Sector Development Programme 2018-19

In Federal PSDP 2018-19, a sum of Rs.65,858.48 million was allocated to 101 schemes sponsored by different Ministries / Divisions / Agencies for development of Food and Agriculture Sector (Table-7). However, the allocation for the Ministry of NFS&R

remained at Rs.1143.073 million. Investment on water directly helping agriculture sector development was Rs.61,616.962 million.

Table 7: Food & Agriculture Sector, PSDP Allocations 2018-19

(Rs. Million)

Sr. #	Ministry/Division/Agency	No. of Schemes Ongoing	New	Total	Total Cost (Agriculture)	Allocation 2018-19(R)
1.	National Food Security Research	17	01	18	15,218	1,143
2.	Planning, Development & Reform	02	-	02	1,214	471
3.	Higher Education Commission	08	-	08	9,389	1938
4.	Sci. & Tech. Research Division	07	-	07	370	151
5.	Water & Power Division	60	05	65	857,329	61,617
6.	Interior Division	04	-	04	210	78
7.	Maritime Affairs	01	-	01	33	5
8.	Finance Division	01	-	01	1,295	264
9.	Pakistan Atomic Energy Commission	01	-	01	422	191
Total		**101**	**6**	**107**	**885,480**	**65,858**

Source: *PSDP 2018-19*

Provincial Annual Development Programme 2018-19

The allocation of funds to agriculture and allied sub-sectors by the provinces / regions in their respective Annual Development Plans 2018-19 is given in Table-8. The allocation for 2019-20 is expected to be enhanced substantially to support the sector's development needs.

Table 8: Provincial Annual Development Programme 2018-19

(Rs. Million)

Province / Region	Sectoral Allocations Agriculture	Irrigation	Food	Livestock	Fisheries	Total
Punjab	7000	19500	200	2000	250	28950
Sindh	5000	28000	100	1905	595	35600
KPK	2618	8825	472	608	219	12742
Baluchistan	3848	8811	25	542	296	13522
Gilgit-Baltistan	134	67	67	103	18	389
FATA	0	1898	0	0	0	1898
AJ&K	206	105	0	189	33	533
Total	**18806**	**67206**	**864**	**5346**	**1411**	**93633**

Source: *Provincial/Regional ADPs 2018-19.*

Outlook 2019-20

Government is planning to rationalize the area of wheat, rice and sugarcane as per country's requirement. The area released by these crops will be used for the promotion of cotton, pulses, oilseed and high value horticultural crops to reduce their imports. Concerted efforts will be made to reduce food insecurity in line with SDGs and Zero Hunger by policy support and crop diversification. Production targets of some significant crops for 2019-20 are presented in Table-9.

Table 9: Production Targets of Crops for 2019-20

('000' Tons)

Crops	Production Target
Major Crops	
Wheat	25,557
Rice	7,433
Sugarcane	68,583
Cotton (million bales)	15
Maize	6,357
Minor Crops	
Gram	550
Onion	2,230
Sunflower	200
Potato	4,200

Source: *Forecasts; FCA*

Water availability at canal heads for 2019-20 is expected to be 108 MAF to support crop production. For the input supply, major role rests with the private sector. Government will however, strengthen its role as a regulator in order to supply good quality inputs in timely manner. It is highly expected that the set-up will be in place for implementation of amended Seed Act as well as Plant Breeders Right Bill through establishment of Plant Breeders Right Registry. The government is focusing on improving agricultural input and output markets and related governance issues. The capacity and infrastructure of agriculture research is being strengthened in lines to cater the sector's needs. Policy support for advancement in farm mechanization will continue.

Livestock, Dairy, Poultry and Fisheries

Pakistan's geographic location offers a scope of substantial prospects to boost livestock particularly in the case of *Halal* food. Enhanced production and export of livestock, poultry, fisheries and sea food will be exploited through improvements in gene pool, provision of local poultry units, high value fish farming, calf saving and fattening, implementation of best practices and international standards, value addition and delivery of standardized and efficient veterinary services. Backyard poultry is being focused to alleviate poverty and improve nutrition. The output targets for the year 2019-20 are given in Table-10.

Table 10: Targets of Livestock, Poultry and Fisheries

(000 Tons)

Items	Targets 2019-20
Meat	4,708
Beef	2,303
Mutton	748
Poultry	1,657
Milk	61,690
Eggs (Million Nos.)	20,133
Fish	920
Inland	336
Marine	584

Source: *MNFS&R*

Programmes

Allocation of development budget to Ministry of National Food Security & Research for 2019-20 is estimated to be Rs.15 billion. It is important to note that agriculture related projects have also been mentioned under other ministries as the sector is of a cross-cutting in nature (Table-11). Besides water sector, of which agriculture is a main beneficiary the programmes under Technology Driven Knowledge Economy have got separate allocations. Apart from the on-going projects, the priority areas for investment in the PSDP 2019-20 of MNFS&R include:

Table 11: Priority areas for investment in the PSDP 2019-20

(Rs. Million)

Sr.#	Name of the project	Allocation 2019-20
1	Better Cotton Initiative	68.190
2	Establishment of Plant Breeders' Right Registry & Strengthening of DUS Examination System	100.000
3	National Programme for Improvement of Watercourses in Pakistan, Phase-II	5,000.000
4	Enhancing Command area of Small & Mini Dams in Barani Areas	1,000.000
5	Conservation and Efficient Us of Water in Barani areas of Khyber Pakhtunkhwa	400.000
6	Promoting Research for Productivity Enhancement in Pulses	100.000
7	Productivity Enhancement of Wheat	750.000
8	Productivity Enhancement of Sugarcane	200.000
9	National Oilseed Enhancement Programme	750.000
10	Pilot Shrimp Farming Cluster Development Project	450.000
11	Save the Calf	200.000
12	Calf Feedlot Fattening	100.000
13	Promotion of Rural Poultry to Reduce Poverty in Rural Areas	50.000
14	National Pesticides Resides Residues Monitoring System in Pakistan (PARC)	350.000
15	Productivity Enhancement of Rice	550.000
16	Cage Culture Cluster Development Project	150.000

Sr.#	Name of the project	Allocation 2019-20
17	Promotion of Trout Cage Farming in Northern Area of Pakistan	200.000
18	Promotion of Olive Cultivation on Commercial Scale in Pakistan	450.000
19	Satellite Based Mapping of Cropping Zones and Monitoring System	50.000
20	Thal Agriculture Research and Development Polytechnic Institute	40.000

Besides, the investments of the federal government, the provinces are also investing for development of agriculture from their own funds. Last year, the investment from the provinces was Rs.93 billion, which is expected to be further enhanced in 2019-20.

Chapter 6 | MANUFACTURING, MINERAL AND COMMERCE SECTORS

Manufacturing sector plays pivotal role in the growth of overall economy. It is 2nd largest sector after Services sector, with contribution of 13.56 percent to GDP of Pakistan during the Fiscal Year 2017-18. Manufacturing sector serves as backbone of the economy and mainly consists of Large Scale Manufacturing (LSM), Small & Medium Scale Manufacturing and Slaughtering. Growth of Pakistan's manufacturing sector has not been substantial due to various reasons which include tariff barriers, lack of adequate policy, law and order situation, limited access to credit especially to SMEs, lack of sophisticated technology and political environment. Another important factor is not having an industrial policy for the last many years which is direly needed.

Performance Review 2018-19

There is a dire need of Total Technology Transfer (TTT) for indigenous production of high tech, market competitive and sophisticated products. In this regard government has issued various directives for assurance of adequate technology transfer while negotiating agreement with foreign countries.

According to National Accounts Committee (NAC), during fiscal year 2018-19, overall industrial sector grew by 1.4 percent against targeted rate of 7.6 percent, however, manufacturing sector shrunk by -0.3 percent against targeted rate of 7.8 percent, Large Scale Manufacturing (LSM) by -2.1 percent against targeted rate of 8.1 percent while SME sector grew at the rate of 8.2 percent. Main growing industries in fiscal year 2018-19 were, coke & petroleum products, pharmaceuticals, automobiles, electronic and engineering products.

The present Government is pressing upon austerity measures keeping in view overall economic conditions of Pakistan. Subsequently PSDP 2018-19 allocations were rationalized to all respective Ministries/ Divisions with the objective to allocate funds only to those projects which are near completion. In this connection allocation to the Industries and Production Division was rationalized from Rs.1,775.205 million to Rs.769.999 million for the seven ongoing development projects. Likewise, PSDP allocation to Textile Division for the same period was rationalized from Rs.280.437 million to Rs.64.20 million for two ongoing development projects, whereas allocation to Commerce Division was rationalized from Rs.1500 million to Rs.700 million.

Outlook 2019-20

Adequate and consistent policies will ensure growth of industrial sector in the ambit of CPEC. Similarly, development of Special Economic Zones (SEZs) warrants provision of basic utilities, liberal incentives, infrastructure & investor facilitation services, adoption of Information & Communication Technologies (ICT) and modern technologies to enhance productivity and reduce cost of doing business for industrial and economic development. It is also expected that government's interventions in development of SEZs across the country and commitment to provide uninterrupted energy supply will further provide aiding environment to industrial sector in coming year.

Table-1: Sector-wise allocation in PSDP 2018-19 and 2019-20

(Rs. Million)

Sector	2018-19	2019-20
Industries and Production Division	769.999	1,565.513
Textile Industry Division	18	102.828
Commerce Division	700	1100

In addition to above, Government is also focusing upon SMEs development, skill development of workforce, technology upgradation, enhancing competitiveness of Pakistani products in international arena, promoting ease of doing business and competitiveness, fetching more Foreign Direct Investment (FDI), promotion of exports through a more balanced industrial policy, ensuring competitive environment and facilitating Business-to-Business (B2B) interactions.

Programmes

Sound industrial infrastructure remains a bedrock of industrial prosperity. Federal Government interventions in this regard have utmost importance and act as catalyst to develop the sector at a faster pace. Some of the key initiatives by Federal Government in industrial sector are as under:

Ongoing Projects

1.	Establishment of Combined Effluent Treatment Plant (CETP) for Industrial Areas of Karachi including Laying of Interceptor Sewers (33 percent Federal Share)
2.	China – Pakistan Economic Corridor Industrial Cooperation Development Project
3.	Fruit Dehydration Unit, Swat
4.	Hyderabad Engineering Support Centre (HESC) Hyderabad Sindh
5.	Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC) Hub, Lasbela Balochistan
6.	National Business Development Programme for SMEs – All over Pakistan
7.	Product Development Center for Composites Based Sports Goods, Sialkot
8.	Peshawar Light Engineering Centre (PLEC) Peshawar, KPK
9.	Establishment of Bostan Industrial Estate Bostan Phase-I
10.	Establishment of Infrastructure in Quetta Industrial Estate Phase-II
11.	Provision of Infrastructure in Quetta Industrial Estate Phase-IV

Proposed New Projects

1.	Industrial Designing and Automation Centres
2.	Footwear Cluster Development through CAD/CAM & CNC Machining
3.	Handicraft Export Development Project
4.	Demand Driven Industry Quality and Capacity Enhancement Programme (Knowledge Economy Initiative)
5.	Establishment of Metal Park in Balochistan (Feasibility)
6.	Multidisciplinary Survey of Balochistan
7.	Establishment of Hub Special Economic Zone

Federal Government has taken several initiatives leveraging SMEs and light engineering sector to improve skills, precision, technology and market linkages to produce and export value-added products. Further Karachi is the industrial and financial hub of Pakistan. Unfortunately, there is no treatment facility for contaminated industrial wastewater being generated by industries in Karachi. Presently this heavily polluted industrial wastewater is indiscriminately discharged into Lyari River and Korangi River which is ultimately disposed-off in the Arabian sea. To cope with this problem, a project titled "Establishment of Combined Effluent Treatment Plant (CETP) for Industrial Areas of Karachi including Laying of Interceptor Sewers" at an estimated cost of Rs.11,799.00 million has been executed.

Textile Division intends to continue the following two projects in Fiscal Year 2019-20:

Ongoing Projects

1.	Faisalabad Garment City Training Centre
2.	1000 Industrial Stitching Units

Textile Industry Division is also in process of formulating Textile Policy 2019-24 which will further supplement the performance through provision of policy guidelines to the Textile Sector.

Domestic commerce needs special focus as it has huge potential for employment and wealth generation. Unfortunately, there is no holistic strategy for this sector till date. There is dire need to review taxation policy of federal, provincial and local governments for retailers & wholesalers; storage & warehouses issues; financing & micro-financing issues for wholesalers & traders respectively; and transport policy, etc. The following projects of Ministry of Commerce will be implemented during financial year 2019-20:

Ongoing Projects

1.	Expo Centre, Peshawar
2.	Expo Centre Quetta

Proposed New Projects

1.	Remodeling and Expansion of Karachi Expo Centre (Component-I)

Minerals

Mineral potential of Pakistan is widely recognized to be excellent but the sector is inadequately developed. This is evident from the fact that its contribution to GDP remained around 2.5 percent, unchanged over the last two decades. Although many efforts have been and are still being made in developing geological products, institutional, academic and R&D infrastructure, enough remains to be done to enable the sector to take full advantage of its endowment. As a result of these toils, devoted for the development of mineral sector, resources of several minerals have been discovered over the last many decades, including world class resources of lignite coal deposits at Thar; Sindh, porphyry copper gold in Chagai and lead-zinc deposits in Lasbela, Balochistan; gypsum, rock salt, limestone, dolomite, china clays etc. in the Indus Basin, ornamental and construction stones in various parts of the country; and about 30 different gems and precious stone deposits in northern Pakistan.

Performance Review 2018-19

There were four development projects in PSDP 2018-19 which were allocated Rs.463.175 million, out of which Rs.324.221 million were released till April 12, 2019. Salient features of these projects are as under:

- **Acquisition of Four Drilling Rigs with Accessories for the Geological Survey of Pakistan**

  Main objective of the scheme is to purchase new drilling rigs as a replacement for old drilling rigs plus acquiring modern technologies in the field of drilling. So far two new 275 HP, Hydraulic, Truck Mounted Multipurpose Drilling Rigs with drilling capacities of 1300-2000 meters HQ and 2000-3000 meters NQ, with accessories and spare parts of rigs and trucks have been purchased from Italy.

- **Exploration and Evaluation of Metallic Minerals, in Uthal and Bela Areas, District Lasbela, Balochistan**

  Project aims at exploration and evaluation of metallic minerals in district Lasbela, Balochistan. So far induced polarization and magnetic surveys have been carried out at different areas of district Lasbela e.g. Sukhan, Sap Dohro, Shumali, etc. The results are encouraging and indicate that project area has high potential for titanium, nickel, copper, chromium and barium.

- **Exploration of Tertiary Coal in Central Salt Range, Punjab**

  Geological mapping over 470 Sq.Km area on 1:10,000 scale and section measurements at 12 sites have been completed. Similarly, drilling of five (05) exploratory boreholes with a cumulative depth of 742 meters has been completed in different regions of Salt Range and coal seams were found in all holes at various depths. It is expected that final technical report would be available by the end of financial year 2018-19.

- **Appraisal of Newly Discovered Coal Resources of Badin Coal Field and its Adjoining Areas of Southern Sindh**

  Fifteen bore holes with a cumulative depth of 5877 meters have been completed in different regions of Badin and Mirpurk has Districts, covering an area of 2200 Sq.Km. Coal seams have been encountered in all drill holes at various depths. Geological logging of boreholes and analysis of core samples has been completed.

Outlook 2019-20

Geological Survey of Pakistan has designed a number of annual field programmes, like minerals investigation; geological mapping; geophysical exploration; exploration & evaluation of coal; geochemical exploration of precious metals & rare earth metals; exploration of iron ore; geo-environmental & ground water studies; geo-hazard assessment; and geochemical analysis during financial year 2019-20. An area of about 13,000 Sq.Km is planned to be geologically mapped in different parts of the country.

National Mineral Policy 2013

National Mineral Policy 2013. Main objectives of this Policy are enhancement and sustenance of revenue flow to federal and provincial governments, creation of an investment-friendly climate to enhance international competitiveness, optimization of exploration, development and exploitation of minerals and value-addition of minerals. Various concessions like tax reduction, royalty fee, workers' welfare fund, etc., have been announced under this Policy.

Provincial Mineral Polices

Keeping the Constitutional obligations in view, provincial governments of the Punjab and Khyber Pakhtunkhwa have announced their Mineral Policies whereas provincial governments of Sindh and Balochistan have not yet formulated their respective Mineral Policies. Punjab Mineral Policy 2018 covers regulatory & institutional framework, provision of adequate incentives for retaining talent, attracting both local & foreign investment. As far as KP Mineral Policy 2014 is concerned, it seeks to ensure that mineral sector development takes advantage of initiatives and collaboration at regional, national and international levels. For effective implementation of this Policy, Provincial Assembly passed ‘Khyber Pakhtunkhwa Minerals Act 2017.

Programmes for 2019-20

Ongoing Projects

1.	Acquisition of Four Drilling Rigs with Accessories for the Geological Survey of Pakistan
2.	Appraisal of Newly Discovered Coal Resources of Badin Coal Field and its adjoining areas of Southern Sindh (2013-2019)
3.	Exploration and Evaluation of Metallic Minerals in Uthal and Bela Area, District Lasbela Balochistan
4.	Exploration and Evaluation of Coal in Nosham and Bahlol Areas, Balochistan (2017-2019)

Chapter 7 | INFORMATION AND COMMUNICATION TECHNOLOGY

The world is moving fast towards 5G, Industrial Internet of Things (IIoT), and Artificial Intelligence (AI), the key technologies for Fourth Industrial Revolution (4IR). With the advent of 4IR, new opportunities of prosperity are being created. The new wealth creation paradigm is based on data-intensive decision systems. Therefore, we have to harness these ICT innovations for national wealth creation. Pakistan stands at a juncture of time where we can become part of and surf the rising wave of new technological era to be counted in the global arena. Now it is high time to expand on our accomplishments and put concerted efforts into other areas as well, especially extensive utilization of ICTs in industry, agriculture and other sectors of the economy. A multi-dimensional and holistic approach would enable us to become more competitive. The work has already been started in some areas, which need to be further built upon in future.

Performance Review 2018-19

In the information technology sector, National Incubation Centers (NICs) have been established at Islamabad, Karachi, Lahore, Peshawar and Quetta. Currently, about 200 start-ups are housed in these facilities. Furthermore, many of these start-ups have the potential to create marketable products and services have been approved for funding.

In telecommunication sector, as per February 2019, cellular tele-density increased from 72 percent to 75 percent. The 3G/4G broadband services further increased subscribers from 49 million to 65 million.

Key ICT Indicators

Description	March, 2018	February, 2019
Mobile Cellular Tele-density	72%	75%
Total Broadband Subscribers	52 million	67 million
3G/4G Broadband Subscribers	49 million	65 million

Source: *Pakistan Telecommunication Authority*

Pakistan's growing ICT sector is lowest ranked amongst South Asian countries. Ranked at 127 in ICT adoption out of 140 economies, while India at 117, Bangladesh at 102, Nepal at 101 and Sri Lanka at 109 are ahead. Republic of Korea is ranked at one in this respect. Similarly, in overall skills, Pakistan is ranked very low at 125, however in Digital Skills amongst the population we are a little better ranked at 75 and in graduate skill sets at 51, while India is far ahead at 48 and 36 respectively. Also. Malaysia, Singapore are ranked 24 and 20 respectively in Overall skills, 11 and 6 in Digital Skills and 6 and 5 in graduate skill sets.

In innovation capability, Pakistan is ranked at 75, while India is ranked at 31. China, Singapore, Korea and Malaysia are ranked at 24, 14, 8 and 30 respectively. The leader in innovation capability is Germany. It is evident that Pakistan is much behind on most of the dimensions even in the regional context. The other countries are moving very fast thus creating a bigger gap and posing a challenge for catching up.

The comparison of selected countries is given in the table below:

Countries	ICT adoption	Overall Skills	Digital Skills	Graduate Skill set	Innovation capability
Bangladesh	102	116	120	121	102
China	26	63	45	37	24
Germany	31	4	16	7	1
India	117	96	48	36	31
Republic of Korea	1	27	29	43	8
Malaysia	32	24	11	6	30
Nepal	101	106	102	92	110
Pakistan	127	125	75	51	75
Singapore	4	20	6	5	14
Sri Lanka	109	70	85	44	80
Turkey	71	77	118	94	47

Source: *Global Competitiveness Report 2018.*

In the PSDP 2018-19, Rs.6,535 millions were allocated for ICT sector. Some of the major projects executed in the ICT sector during2018-19are:

- Through Ministry of IT's project titled "Enhancing IT Exports through Industry Support Programmes" 20 more companies will be provided CMMI consultancy to attain certification of CMMI level-2, CMMI level-3, CMMI level-5 and ISO 27,001/ 20,000 international standards.

- Under the "Prime Minister's ICT Internship Programme", placement of 2,000 ICT graduates in public and private sector organizations.

- Pakistan Space Center (PSC) was approved which aims to establish an indigenous facility for development of satellites in accordance with the international space standards. The space center will have the capability to carry out manufacturing, testing, system level assembly, integration, launch and operations of various types of satellites.

- Pakistan Multi-Mission Satellite (PakSat-MM1) is also planned in the current financial year which will cater to the demand of Direct-To-Home (DTH), High-Throughput Services (HTS)/ Broadband Internet and Strategic SatComm. PC-II has already been approved and during the next year, PC-I will be submitted for approval and subsequent execution of the project.

- Feasibility Study of Pakistan's 2nd Optical Remote Sensing Satellite (PRSS-O2) is also planned. PRSS-O2 aims to launch a sub-meter resolution remote sensing satellite.

- Under CPEC, Cross-Border OFC system between China and Pakistan for international connectivity of voice and data traffic. This will enable alternative route for international internet connectivity.

- Technical Training institute is being established in Gilgit-Baltistan.

- Expanding internet and broadband services in AJ&K and Gilgit-Baltistan.

- Technology Parks Development Project was launched. Technical Assistance of Korea has been sought and loan agreement was signed too. Feasibility of the project was completed during the year and boundary wall and other allied work such as design, consultancy etc. is in progress.

Outlook 2019-20

The Pakistani ICT sector is now gearing to enter into its next stage of growth. Exports in IT & ITeS-BPO are estimated to have crossed USD 3 billion. For high growth, new areas have to be explored, such as data-driven services, manufacturing of smart technology components and products, etc. and high-end ICT skilled human resource. Therefore, concerted focus on software development, software and IT workforce export, in-country employment opportunities, e-governance for an effective service delivery, m-governance and smart monitoring, technology incubators and support for entrepreneurs would bring about an accelerated pace of growth.

Ambitious targets set for next plan envisage ICT sector to grow at least three times its current size, with opening of new vistas, such as venture capital funding, exportable ICT skills and financial inclusion of the marginal. We have to start from new fiscal year in a high gear. Setting an accelerated pace now would enable to attain the plan targets. The Annual Plan targets are a subset of the Five Year Plan targets, however, in the first year the progress will be slow due to pre-launch requirements, approvals, establishments etc for the initiatives such as Venture Capital Fund for start-ups.

The Annual Plan targets are as follows:

IT Exports & Freelancing, Entrepreneurship & Startups, Telecom, Smart Government & Citizen Services

Item /Area	Benchmark (2018)	Target (2019)
IT Jobs	-	100,000
IT Exports	USD 3 bn	USD 4 bn
Freelancing	USD 1 bn	USD 1.5 bn
ICT Certifications (CMMI, ISO)	230	300

Item /Area	Benchmark (2018)	Target (2019)
Startups	2,000	3, 000
Exportable Skills (AI, cloud, cyber etc)	-	2,000
Venture Capital Fund	-	USD 100 m
3G/ 4G/ 5G Connections	56 m	70 m
Digitization in Public Sector	30%	50%
Financial Inclusion	25 m	40 m

The above mentioned Annual Plan 2019-20 targets put emphasis on completing on-going projects as well as launching new initiatives. The allocation made for Annual Plan would thus enable high priority on-going projects to be completed as planned. On the physical infrastructure side, telecom network in AJK and Gilgit-Baltistan would be upgraded enabling provision of better services in these areas. Also, new initiative to lay cross-border OFC from Khunjerab-Gwadar-Karachi would provide alternative international internet connectivity.

To facilitate information technology sector to increase IT exports, initiatives will include Technology Parks Development as well as Support to IT Industry. Special Technology Zones (STZs) for IT Sector are also planned to further boost the entrepreneurial ecosystem as well attracting foreign investors and big companies to setup facilities and invest in the IT sector of the country.

On the government side, improved usage of automated systems in the government departments will be ensured by introducing new initiatives in health sector in the federally-run health facilities and hospitals, smart office concept in federal government departments and replication of e-office system in all federal government divisions.

Programmes

The PSDP earmarked for ICT sector for 2019-20 is Rs.11,140 million. The allocation is aimed to improve capacity of our IT industry by further providing infrastructure and facilities for startups and small IT businesses, increasing the quality of skills and capacity of the organizations to consistently deliver high quality services and products, raising its standard to compete in the international arena, and accelerating the pace of e-government to facilitate citizens to avail public services.

Major thrust in ICT sector for 2019-20 will include:

- Knowledge Economy Task force’s IT Projects in areas of Freelancing, Marketing & Innovation Funds, Technology Zones Software/ Technology Economic Zones are also proposed in this year.
- Development of Technology Parks to facilitate rapidly growing entrepreneurial ecosystem in the country.

- Through Ministry of IT's project titled "Enhancing IT Exports through Industry Support Programmes" 50 more companies will be provided CMMI consultancy to attain certification of CMMI level-2, CMMI level-3, CMMI level-5 and ISO 27,001/ 20,000 international standards.

- Pakistan Space Center (PSC) will be executed.

- Pakistan Multi-Mission Satellite (PakSat-MM1) will be executed.

- Feasibility Study of Pakistan's 2nd Optical Remote Sensing Satellite (PRSS-O2) will be executed.

- In Phase-II, Under CPEC, Cross-Border OFC system between China and Pakistan for international connectivity of voice and data traffic. This will enable alternative route for international internet connectivity.

- Upgrading/ Expanding internet and broadband services in AJ&K and Gilgit-Baltistan.

Chapter 8 | POPULATION

Pakistan is constantly facing the grave problem of over population, whereas our resources are scarce as slow economic growth does not cater for the needs of our people. The fruits of the economic development were swallowed up by the increasing population, standard of living of our people was not improving as required and every economic and social sector badly affected. Though Pakistan was the pioneer in Asia to start Family Planning programme, but gradually the political elites and policy makers of Pakistan overlooked its importance, which consequently emerged as fast population growing country in the world. If we want to be a progressive and developed country, then we have to control our population as early as possible. Not only our growth, fertility and contraceptive prevalence rates are undesirable but 41% of our children are stunted and this is the third highest percentage of stunted children in the world. Pakistan stands at 150th place in human development index among 189 countries according to UNDP latest survey, released in September 2018.

Performance Review

Physical

The detailed report of Pakistan Demographic and Health Survey 2017-18 (PDHS) has been released and the indicators of population and family planning have shown dismal performance. The CPR is stagnant and could not rise beyond 34% since 2013-14. Similarly, other indicators have shown slight improvements such as unmet need has been reduced and TFR has improved in the period of this survey. The following table gives information about current demographic indicators.

Table 1: National Demographic Indicators

Indicator	Mid 2018
Total population *	212.242 million (approx.)
Population growth rate *	2.12%
Contraceptive prevalence rate	34.2%
Unmet need of family planning	17.3%
Total fertility rate	3.6
Crude birth rate (per 1000)	29.2

Source: *NIPS, Pakistan Demographic and Health Survey 2017-18.*
**Track20 Project, Islamabad.*

Financial

The federal government is funding the Population Welfare Programs of Azad Jammu and Kashmir (AJ&K), Gilgit Baltistan (GB) and merged districts of erstwhile FATA. The PC-I's of these programs were submitted to Planning Commission after long delay and now have been approved by the CDWP but much of the PSDP allocation of AJ&K and GB would not be utilized in the current financial year. The future funding to provincial governments from federal PSDP is dependent on the decision of Council of Common Interests (CCI) and in this regard, the provinces will approach the CCI. The provincial governments have allocated some amount for their development activities from their Annual Development Plans in addition to the expenditures from regular budget. The total developmental allocations on population and family planning during 2018-19 are given below:

Table 2: Population sector allocation during 2018-19

(Rs. million)

S. No.	Province	PSDP Allocation	Provincial ADP Allocation
1	Population Welfare Department, Punjab	40.0	1000.0
2	Population Welfare Department, Sindh		400.0
3	Population Welfare Department, KP		149.0
4	Population Welfare Department, Balochistan		50.0
5	Population Welfare Department, GB	118.8	0.0
6	Population Welfare Department, AJK	273.4	0.0
7	Population Welfare Department, merged districts of KP	78.8	0.0
	Total	**511.0**	**1599.0**

Source: Ministry of Planning Development & Reform and Provincial Planning & Development Departments.

Accomplishments

The year 2018 was marked by significant initiatives taken in the population and family planning sector due to increased awareness and interest of the present government. The stakeholders of population sector have always been of the view that this sector is of prime importance but it has never been given political commitment in the past. Many historic and important steps to tackle the Population and Family Planning situation in Pakistan were proposed in the Annual Plan of 2018-19 and some of them were accomplished to a great extent.

The Chief Justice of Supreme Court of Pakistan also took suo motu notice regarding alarming population growth in Pakistan, constituted a task force of major stakeholders for preparation of Action Plan and later on ordered for consideration of recommendations of Task Force in the Council of Common Interest (CCI) meeting. The CCI approved in principle the recommendations and constituted Federal Task Force under Prime Minister and Provincial Task Forces under respective Provincial Chief Ministers.

A National Symposium on “Alarming Population Growth in Pakistan: Call for Action”, was also held on 5th December 2018 in the Supreme Court of Pakistan, which was organized by Law and Justice Commission of Pakistan and Ministry of National Health Services Regulation and Coordination. It was attended by the Prime Minister of Pakistan, Chief

Justice and other judges of Supreme Court, cabinet ministers, top media professionals and stakeholders from all over the country. It was reiterated by Prime Minister, Chief Justice of Pakistan and others that top priority will be accorded for Population Planning and reducing our population growth rate.

Outlook 2019-20

The Annual Plan 2019-20 will be directed towards following a targeted plan to decrease the Population Growth Rate (PGR), increase the Contraceptive Prevalence Rate (CPR), reduce the unmet need of family planning and reduction in Total Fertility Rate (TFR). The population domain is holistic and all inclusive in a sense that it involved the stakeholders to work in liaison with each other. That is why, besides getting inputs from government stakeholders, the private sector and development partners have also been approached so that their insight may also be included in this plan. This year focused will be on coordination with development partners such as UNFPA, World Bank, DFID and INGOs/ NGOs. The government will encourage NGO's and development partners to join hands with the Planning Commission and Ministry of National Health Services Regulation and Coordination and financially support family planning programs at federal and provincial level.

The federal and provincial governments have given commitment to improve demographic indicators especially in light of the recommendations approved by Supreme Court of Pakistan and the Action Plan developed thereafter. The population growth rate will be checked in the forthcoming year and outreach of family planning services will be increased by focusing on demand-centered strategies. This year's plan focuses on awareness campaign, outreach and service delivery of modern method contraception so that issues of unwanted pregnancies and maternal health can be addressed. The provincial governments are also expected to give maximum focus to modern method contraception and effective advocacy campaign. Research on population data for accurate forecasts and use of IT based monitoring, evaluation and reporting will be enhanced.

Programs for 2019-20

Financial Plan

In the year 2019-20, final allocation will be made by federal and provincial Task forces after considering the approved recommendations of the Supreme Court and governments' development priorities. Since the provinces are in the process to approach the CCI for continuation of federal funding for population welfare programs of provinces, the federal government is only funding the population welfare programs of special areas. Provinces have proposed some funding for their development plans from their own resources. The allocation for the year 2019-20 for population welfare programs from PSDP and provincial ADPs is as follows:

Table 3: Proposed Allocation on Population during 2019-20

(Rs. million)

S. No.	Population Department/ Project	PSDP Allocation 2019-20	Provincial ADP Allocation 2019-20
1	Population Welfare Department, Punjab	0.0	7000.0
2	Population Welfare Department, Sindh	0.0	550.0
3	Population Welfare Department, KP	0.0	171.0
4	Population Welfare Department, Balochistan	0.0	52.5
5	Population Welfare Department, GB	272.8	0.0
6	Population Welfare Department, AJK	145.8	0.0
7	Population Data Analysis and Resource Centre Project	20.0	0.0
	Total	**438.6**	**7773.5**

Source: Ministry of Planning Development & Reform and Provincial Planning & Development Departments.

Physical Plan

The plan also encourages proportionate expansion of Service Delivery Centers (SDC) by virtue of expanding outreach rather than spending on establishment charges. Therefore, it is proposed that there is only proportionate expansion in service delivery centers and the main areas of focus should be on maintaining appropriate quantities of contraceptives and increase in outreach of family welfare centers. The plan for the forthcoming year is as follows:

Table 4: Service Delivery Centers

Service Delivery Centers	Existing 2018-19	Proposed 2019-20
Family Welfare Centers	3766	3850
Reproductive Health Centers – A	270	320
Reproductive Health Centers – B	183	211
Mobile Service Units	296	329

Source: Population Welfare Departments of Provinces and Special Areas.

New Initiatives

The government has been actively pursuing the population and family planning domain since the last year. Many important events took place on this subject during last months. The forthcoming year is of paramount importance since there is a need now to adopt an approach which shows improvement in demographic indicators. Following are some new initiatives for 2019-2020.

Action Plan on Alarming Population Growth

On the direction of Council of Common Interest, the Ministry of National Health Services Regulation and Coordination, in consultation with all relevant stakeholders, has prepared action plan with financial modalities. It will be presented before the federal task force shortly and after its approval, this comprehensive action plan will be implemented in all over the country. Through this action plan, the federal and provincial governments will accelerate their efforts to reduce population growth rate, fertility rate and increase use of contraceptive by male and female adults.

Pakistan Population Vision 2018-30

The draft Pakistan Population Vision 2018-2030 has been prepared by Ministry of National Health Services, Regulation and Coordination with the help of UNFPA and involving all the important stakeholders and experts from public and private sector, including the Planning Commission. The major targets of this Vision are to achieve by the year 2030 replacement level fertility of 2.1 percent, enhance CPR to 70 percent, end preventable child and maternal deaths, and by 2025 achieve universal reproductive health services in the country. This draft Vision will be presented to federal taskforce for the approval. It will serve as a national document having broader guidelines and course of action for provinces and special areas regarding population and family planning.

Advocacy and Awareness Campaign

Awareness is the key for enhancing contraceptive demand and lowering population growth in the country. An advocacy campaign for behaviour change, birth spacing and adoption of small family norms is direly needed and started. The roles and responsibilities of men for family planning will be highlighted. The help of PTV, PEMRA and private TV channels will be sought to provide free airtime for FP programs and messages. Radio, print media and social networking will also be involved for this purpose. The religious scholars will be persuaded to emphasize in their sermons the importance of small family and use of contraceptive is not against the teaching of Islam.

Think-tank on Population

A think tank on population is being developed by Planning Commission with the help of Population Council and UNFPA, which will be the strategic arm of population sector paradigm. This think-tank will have over-arching role in devising framework on population which would be adopted after consensus building by the provincial governments so that marked improvements are seen in the demographic indicators. Leading NGOs and CSOs working on population in Pakistan will be prominent part of this think tank.

Working Relationships with Development Partners and INGOs/ NGOs

The working relation and coordination will be improved with the development partners during the year. Their expertise in the area of population and family planning will be utilized in addition to financial support by them. In the coming years, the DFID aims to expand access to quality FP services in the public and private sectors with a budget of £90 million for reducing maternal deaths, unintended pregnancies and abortions nationwide. Likewise, the USAID is also assisting provincial governments in supply of contraceptive commodities in more than 18000 Service Delivery Points (SDP) over a diverse geography and hard to reach areas. Synergies with the INGOs, NGOs and community based organizations, working in population, family planning and reproductive health, will be extended

Pakistan Demographic Survey (PDS)-2019

The Pakistan Demographic Survey (PDS-2019) is being launched shortly by Pakistan Bureau of Statistics with the objectives; to collect statistics of births and deaths in order to arrive at various measures of fertility and mortality for Pakistan and its rural and urban areas, to estimate current rate of natural increase of population at national level and to collect information on other selected characteristics of population to assess the impact of family planning and other Socio-Economic development programmes. This survey is affirmative in determining demographic indicators which are of paramount importance for policy planners.

Pakistan Maternal Mortality Survey (PMMS)

National Institute of Population Studies (NIPS) is executing Pakistan Maternal Mortality Survey (PMMS) with the financial and technical support of USAID, DFID, UNFPA and Bill Melinda Gates Foundation. This survey will provide estimates on socio-demographic, maternal and child health, family planning indicators and maternal mortality rates along with causes of maternal deaths in Pakistan including Gilgit-Baltistan and Azad Jammu & Kashmir.

Chapter 9 | SCHOOL AND COLLEGE EDUCATION

Education plays a crucial role in the evolution and development of every society. It is one of the fundamental factors for socio economic development of the country. Human resource is a key driving force to development. Islam has also given top priority to education. The first verse in Quran is regarding seeking education. The developed nations of the world dedicate budgets on priority basis for promotion of education which ultimately results in the development of economic indicators. The multiple factors like low allocation of budget, poor Governance, shortage of teaching staff, low capacity of teachers, less awareness among parents, less access to schools particularly for girls, social taboos, regional & gender imbalances, missing physical facilities, low quality of education and poor governance will be addressed through strategies like awareness campaign & financial aid, access & quality of education, governance, literacy and curriculum.

Performance review 2018-19

Ministry of Federal Education and Professional Training has developed National Education Policy Framework, 2018. The strategic priority areas are:

- Decrease out of school children (OOSC) and increase school completion
- Uniformity in Education Standards
- Improve the quality of Education
- Enhance access to and relevance of skills training

Inter-Provincial Education Ministers (IPEM) Conference is functional and its meetings are being convened periodically to discuss the issues of education sector. With the establishment of National Curriculum Council secretariat, the M/o Federal Education & Professional Training has prepared curriculum for the levels of education such as Early Childhood Care and Education (ECCE), English Language (I-V), General Knowledge (I-III), General Science (IV-V), Islamiat (III –V), Mathematics (I-V), Social Studies (IV-V) and Urdu (I –V).

In order to provide better education environment in the institutions, infrastructure and missing facilities are being provided to 35 schools/colleges under the project titled: "Up-gradation of the ICT High Schools". Three projects for the establishment of new Model College (Boys & Girls) were approved in the newly developed residential sectors of G-13 & G-15 and Pakistan Town to provide quality education opportunity to the students of the locality. Similarly, renovation/rehabilitation of 200 schools through a project under Prime Minister Education Reform initiative is being carried out.

Academy of Educational Planning and Management (AEPAM) through its project titled: Capacity Building of Education Managers (CBEM) imparted training through 7 workshops to 175 Education Managers of the educational institutions of the five districts having lowest educational indictors viz: Bahawalpur & Rahimyar Khan in Punjab, Tando Muhammad Khan in Sindh, Kohistan in Khyber Pakhtunkhwa and Dera Bugti in Balochistan. Similarly, through another project titled: Educational Leadership and Institutional Management (ELIM), Phase-IV, 400 head teachers/educational managers were trained in 16 workshops.

Federal PSDP 2018-19

During 2018-19, a sum of **Rs.6469.48** million was allocated in the Federal PSDP for Basic and College Education. An abstract of development projects in PSDP 2018-19 is as under:

(Rs. Million)

Scheme	No. of projects	Total Cost	Allocations
Literacy, Curriculum, Capacity Building of Teachers and Principals	06	14622.52	2936.34
Establishment / uplifting / Renovation / Physical up-gradation of schools and colleges	12	6402.62	1766.83
Cadet College Kharan	01	1382.06	562.06
Digitization of the holding of National Archives of Pakistan and Improvement of Record Preservation	01	39.36	7.30
Provision of Quality Education to the Students of Balochistan and FATA in Colleges, Polytechnic, Vocational and other Institutes.	01	3417.00	100.00
Participation in trends in International Mathematics Science Study (TIMSS)	01	49.75	7.17
Establishment of F.G. Degree College Kohat	01	190.40	89.78
National Endowment Scholarships for Talent (NEST)	01	10000.00	1000.00
Grand Total	**24**	**36103.71**	**6469.48**

Annual Development Plans 2018-19 of Provincial/ Area Governments

During 2018-19, the Punjab Government allocated Rs.26,800.00 million, Sindh Government allocated Rs.23,000.00 million, Khyber Pakhtunkhwa Government allocated Rs.8727.00 million, Baluchistan Government allocated Rs.9845.83 million, AJ&K allocated Rs.1,388.50 million and Gilgit Baltistan Government allocated Rs.1,824.369 million for the Basic and College education. The priorities of Provincial / Area Governments during the period include the sectors such as provision of missing physical infrastructure, strengthening and uplifting of schools from lower level to upper level as per requirement of the area, provision of new facilities of education, provision of scholarship schemes on merit, provision of stipends to girls' students up to matric level to improve retention, Early Childhood Education (ECE) at the primary level and capacity building of teachers.

Outlook 2019-20

The focus of the present government is to provide quality education. For the capacity building of teachers and principals special initiatives have been envisaged. For the promotion of knowledge economy three projects would be implemented during this period. New schools and colleges would be established along with provision of missing facilities to provide access to basic quality education. Scholarship programmes and establishment of quality education institutions to uplift the deserving students of Balochistan and merged areas of Khyber Pakhtunkhwa would be implemented. The curriculum is being developed. An initiative regarding standardized national examination system in consultation with provincial governments is under consideration. Government is committed to allocate more resources and to introduce uniformity in education standards in the country.

Programmes for 2019-20

The Federal Government envisages 34 schemes (ongoing 07and new 27) for School and College Education for the fiscal year 2019-20. An allocation of Rs.3054.59 million has been earmarked in the PSDP 2019-20 for these projects. Abstract of development projects is tabulated below:

(Rs. Million)

Scheme	No. of projects	Total Cost	Allocations
Curriculum development, Capacity Building of Teachers and Principals	03	562.08	220.10
Construction/Up-gradation/Uplifting/ Strengthening of schools and colleges	13	2,176.92	1,174.76
Cadet College Kharan	01	1,209.99	165.43
Establishment of new schools/colleges	12	4,803.89	899.97
Provision of Quality Education to the Students of Balochistan and Merged areas of Khyber Pakhtunkhwa in Cadet Colleges, Polytechnic, Vocational and other Institutes.	01	2,186.16	100.00
Participation in trends in International Mathematics Science Study (TIMSS)	01	49.75	8.93
Knowledge Economy	03	9,941.40	485.40
Grand Total	**34**	**20,930.19**	**3,054.59**

Chapter 10 | HIGHER EDUCATION

Higher education sector is responsible to provide trained human resource for uplift of all sectors of economy. The role of the sector doesn't end here as collaboration among universities, government and the private sector can lead to new technological developments, provide customized solutions to industrial problems as well as encourage youth to become entrepreneurs. In this context, focus of Annual Plan 2019-20 will remain on: access to higher education, improving its quality, developing relevance of higher education to national needs and embracing the 4th Industrial revolution.

Performance Review 2018-19

A brief account of the performance of higher education sector is given below:

Access

Increasing access to tertiary education for youth in age bracket of 17-23 years is an important objective of future annual and medium term plan. This information needs to be coupled with number of universities and university sub-campuses in country imparting tertiary education. The spread of universities and campuses in the country is given in Table-1.

Table-1: Universities and Sub-Campuses of Universities

S#	Region/ Province	Public Sector		Private Sector		Total	
		Universities	Sub-Campuses	Universities	Sub-Campuses	Universities	Sub-Campuses
1	Azad Jammu & Kashmir	5	0	2	0	7	0
2	Balochistan	7	2	1	1	8	3
3	FATA	0	0	0	0	0	0
4	Gilgit-Baltistan	2	3	0	0	2	3
5	Islamabad	16	0	7	8	23	8
6	Khyber Pakhtunkhwa	26	8	11	3	37	11
7	Punjab	37	53	26	12	63	65
8	Sindh	23	15	32	4	55	19
	Total	**116**	**81**	**79**	**28**	**195**	**109**

Source: *Higher Education Commission*

Following can be inferred from above table:

- The number of universities in country which was 188 in 2017-18 has now grown to 195 universities.

- There has been growth in both public and private sector to establish new universities and university campuses.
- The student enrolment in universities along with distance learning institutions should be around 1.9 million by 2018-19 and total higher education enrolment after adding affiliated colleges and external students should be 3.6 million.
- However, HEC has informed that the universities and distance learning enrolment stands around 1.6 million whereas the total higher education enrolment is about 3.3 million.

Quality

One of the major indicators of quality of education is the number of local universities with higher ranking at global and regional level.

- 9 Pakistani Higher Education Institutions (HEIs) ranked within top 1000 universities in Times Higher Education World university ranking.
- 7 Pakistani HEIs were among top 1000 in Quacquarelli Symonds (QS) World University ranking in 2019.
- Pakistan Institute of Engineering & Applied Sciences (PIEAS) and National University of Science & Technology (NUST) were among top 500 universities by QS Ranking.
- At regional level, as per Times Asian Ranking, 10 Pakistani HEIs, whereas in QS Asian Ranking 23 Pakistani HEIs were ranked in Top 500 Asian Universities.

Quality of higher education depends on quality of the faculty. Number of PhD faculty involved in teaching and research not only improves the quality of education but also contribute to R&D for development of new technologies and innovation in existing processes. PhD scholars who complete their PhD are placed in public and private universities under a programme “Interim Placement of Fresh PhDs (IPFP)”. These scholars are funded by HEC for one year as Assistant Professor on Tenure Track System.

Given below is detail of scholarship and training initiatives awarded by HEC during 2018-19:

- **Overseas Scholarships:** A total number of **583** scholars proceeded abroad for their PhD studies during 2018-19, In addition, **471** scholars have been awarded 6 month PhD research fellowship abroad under International Research Support Initiative Programme (IRSIP) during the said period.
- **Indigenous Scholarships:** A total of **1061** indigenous scholarships were awarded for Under Graduate, Post-Graduate and PhD studies under various schemes during 2018-19.

- **Need Based Scholarships:** A total of **1798** needs based scholarships were awarded during 2018-19 under different need based programmes. It includes HEC-Needs based scholarships, USAID, & OGDCL Needs based scholarship programme.

Relevance of Research & Development

The relevance of higher education imparted at Higher Education Institutions (HEIs) with national needs requires adopting a wholesome approach to ensure sustainable and progressive research culture in higher education institutions, which ranges in objectives from personal development to strengthening of universities. The necessary steps taken in this regard / progress made are as under:

- The research activities have enhanced in the public sector institutions resulting in more than 6 folds increase in research articles published in impact factor journals.
- The research publications by Pakistan which were 14000 in 2017 grew to 18000 in 2018.
- Business and Technology Incubators are being established in universities across Pakistan to promote university-industry collaboration.
- About 30-32 percent of the approved development funds have been allocated for provision of latest teaching and research lab equipment to expand and enhance the R&D infrastructure of the universities.
- The Higher Education Commission under project "Establishment of Technology Development Fund for HEC Scholars Returning after completion of PhD to introduce new Technologies in Pakistan" funded 124 innovative ideas while 167 are under technical scrutiny.

Embracing 4th Industrial Revolution (4IR)

- Government of Pakistan approved Four (04) National Centers in emerging fields of technologies including: Cyber Security, Artificial Intelligence, Big Data & Cloud Computing, Robotics & Automation.
- Other national centers like for Livestock Breeding, Genetics & Genomics, and Nanotechnology will soon be part of this list.
- The national centers have been established on a novel concept in which leading local universities were shortlisted and then pooled together in form of a consortium to undertake research in these fields in collaboration with industry, private sector and other public sector partners.
- The project activities of these national centers have commenced during 2018-19 and disbursement of funds to these centers have been made to develop lab infrastructure and subsequent research for the envisaged goals.

Financial progress

An amount of Rs.35.830 billion for 178 development projects was allocated to Higher Education Commission in the PSDP 2018-19. However, after rationalization, the size of the PSDP allocation was revised to Rs.30.961 billion for 136 ongoing projects. Authorization for release of Rs.28.898 billion has been issued for HEC. So far an amount of Rs.15.083 billion (49 percent of allocation) have been released to HEC/public sector Universities. HEC has reported an estimated utilization of about 14 billion and rest as committed expenditure against released amount. In addition to PSDP budget, an amount of Rs.0.503 billion was also released to project titled "Award of 3000 Scholarships to students from Afghanistan under the Prime Minister's Directive" through Technical Supplementary Grant (TSG).

Outlook for 2019-20

In 2019-20 the main focus will on following:

- Enhancing access of higher education to masses without compromising on quality will remain one of the main objectives of the sector. For this purpose, establishment of new universities or their campuses after need assessment will be done ensuring that quality is not compromised.
- Higher Education Commission will ensure that the establishment of new institutions is not at the expense of existing universities. Ideally, major chunk of funds for expansion will be for existing HEIs.
- HEC will ensure that all new universities will have Quality Enhancement Cells (QECs) and comply with all the standards like for curricula, faculty, examinations, governance and digital resources.
- HEC is expected to start working on tiered system of universities in 2019-20. This system will result in three tiered education system. Tier-1 will comprise of 10 to 15 High Quality Local Universities to become World Class Institutions through greater autonomy and additional financial support.
- Relevance of research and academic activities with national economy will remain in focus during next financial year. Technology funds and other such initiative, promotion of entrepreneur culture as well as establishment of incubators and technology parks will be some steps to ensure the relevance of higher education to national needs.
- A conscious effort will be put to ensure that humanities and arts related disciplines are not compromised by overemphasizing on technological interventions. HEC is expected to undertake a balanced development programme across the disciplines.
- Government has already established four National Centers mainly in IT fields. The progress of these centers will be reviewed and new such centers will be

established to ensure moving in right direction to embrace the 4th Industrial Revolution.

- HEC is negotiating with World Bank for a programme "Assistance Governance and Access in Higher Education for Quality Enhancement (AGAHEE)". The programme will focus on: academic excellence by improving governance and providing various funds for student and researchers; supporting affiliated colleges; equipment and infrastructure for universities and affiliated collages and improving pedagogical and examination skills.
- Universities will be encouraged to generate own resources and collaborate locally and globally to gradually lessen dependence on public funds.
- A Task Force "Technology Driven Knowledge Development" was established in 2019. The Task Force is chaired by the Prime Minister and in the meetings held so far it was decided that the Task Force will recommend specific interventions related to Knowledge Economy. Some of these project are part of PSDP 2019-20
- The plan focuses on establishing a social sciences arm under Pakistan Academy of Sciences to promote social sciences and provide a platform for social scientists. Similarly, the share of scholarships for social sciences will be enhanced under HRD programmes of HEC.

Programme for 2019-20

In FY 2019-20, the focus will remain to allocate maximum funds to complete ongoing projects and only start those priority projects that were either excluded from funding in last year and few other new projects that are priority projects. Some of these projects are proposed by Task Force on Technology Driven knowledge Economy. Table-2 provides detail of new priority projects for FY 2019-20:

Table-2: New Priority Projects in higher education sector

(Rs. Billion)

Sr. No	Name	Estimated Cost
HEC Projects:		
1	Establishment of Federal Institute at Hyderabad – Sindh	1.912
2	Strengthening & Development of Physical and Technological Infrastructure at the University of Haripur	1.546
2	Establishment of Pak-China National Research Centre on Earth Sciences at Quaid-e-Azam University, Islamabad (Chinese Share 100.0 million Yuan)	3.500
3	Establishment of National Center for GIS and Space Application (Umbrella Project)	1.277
4	Establishment of New Campus of National University of Technology (NUTECH)	2.990
5	Pak-UK Knowledge Gateway- HEC	2.000

Sr. No	Name	Estimated Cost
6	Upgradation and Capacity Building of Pakistan Academy of Sciences (Natural and Social Sciences)	0.365
7	Development and Extension of Bolan University of Health Sciences, Quetta	2.669
8	Feasibility Study for the Establishment of Islamabad National University, PM House, Islamabad (PC-II)	0.150
Projects proposed by Task Force on Knowledge Economy:		
9	Establishment of DarulHikmah (Institute of Advanced Studies), PM House Islamabad	0.305
10	Establishment of Facilities for Industrial Production of Nanomaterials in Latif Ebrahim Jamal Nanotechnology Centre	0.721
	Establishment of Post Graduate Center for Artifical Intelligence in Agriculture and Health Sciences	0.527
	Advanced Skills Development through International Scholarships	11.390
	National Center for IoTs	0.476
	National Outreach and Talent Support Programme for HEIs	18.455
	Pak-China University of Engineering and Emerging Technologies	55.000

Human Resource Development (Ongoing Programmes and Schemes)

In FY 2019-20, HRD schemes will continue to provide opportunities to faculty and fresh scholars for local and foreign scholarships. Details are as under:

- Under need based local scholarships, 3000 students will be served, while 200 post-doctoral and 360 overseas scholarships will also be offered.
- For students of Balochistan and Merged Districts of KP, 700 undergraduate / MS / M Phil scholarships have been reserved.
- Under Aghaz-e-Haqooq Balochistan Programme 150 fully funded foreign and local scholarships for residents of Baluchistan for PhD Studies will be available.
- For university faculty, 500 scholarships under faculty development scholarships and 1000 under indigenous PhD scheme will be provided.
- Under initiative, “International Research Support for indigenous PhD students” 600 scholars will get exposure of foreign research for a period of six months.

Research & Development

- JICA will provide Rs.212.00 million for Balochistan University of Information Technology, Engineering & Management Sciences (BUITEMS), Quetta for provision of training and Lab equipment.

- KOICA will provide Rs.374.5 million as grant-in-aid for establishment of Pak-Korea Capacity Building Centre for Agriculture & Livestock Technology at Arid Agriculture University, Rawalpindi.

- Under the project, "Establishment of Technology Development Fund for HEC Scholars Returning after completion of PhD to introduce new Technologies in Pakistan (HEC)" new and innovative ideas of researchers along with industry will be supported for prototype development, initial product development, patent filing, marketing and licensing of new products.

Financial Outlay for PSDP 2019-20

Higher Education Commission has been allocated an amount of Rs.28,646.882 million for PSDP 2019-20. This includes Rs.25,777.706 million for ongoing and Rs.2,869.176 million for new schemes. The allocation for the new projects proposed by "Task Force on Technology Driven Knowledge Development" is Rs.4.297 billion.

Chapter 11 | SCIENCE AND TECHNOLOGY

Science, Technology and Innovation (STI) is globally recognized as one of the main drivers of economic growth and societal wellbeing. Investment in R&D for development of new products may not always be successful and cannot just be done by public sector. Hence, a country like Pakistan needs to have an STI policy and plan that shall describe careful investment in STI for maximum benefits. In this context, the annual plan envisages enhancing collaboration among R&D organizations, academia and industry; reorganization of R&D organizations with new KPIs, upgradation of existing lab infrastructure, acquire expertise in new technologies and realizing collaboration among defense and civil R&D organizations with the private sector.

Performance Review 2018-19

Following are some of the key highlights of the progress made by Ministry of Science & Technology (MoST) and its R&D organizations during 2018-19:

- Under Certification Incentive Programme for providing partial support as well as training to SMEs, a total of 259 applications were received and 242 applicant firms have been approved for award of the Incentive Grant. So far, 194 applicant firms have received the Incentive Grant.

- The Training element under above referred project was outsourced and so far 40 sessions of 2 Day training courses against 19 certification standards have been conducted. Whereas, 08 sessions of 5-Day (examination based) lead auditor courses are in process. This training programme by June will train 2000 personnel of SMEs.

- For Capacity Building and HRD in S&T Sector, Science Talent Farming Scheme (STFS) is being implemented to groom the selected youth and support them from school to college level by progressively exposing them to advanced topics in science with application of inquiry based approach to learning. Under the scheme selection of 3 batches of students (900 total) completed. Selection of 4th batch started in January, 2019.

- A group of 25 students visited scientific organizations and universities of London and participated in London International Youth Science Forum from 28th July to 10th August 2017. Summer Camp was organized in 1st week of July 2017. Visits to S&T organization including PINSTECH, NARC, NCP, NINVAST, NUST, PMNH, PASTIC, PSF and PAS were conducted. 550 students participated in the activities.

- Under STFS scheme, Pakistan Science Foundation has paid monetary benefits to 600 students. 650 Laptops have been distributed among 1st and 2nd batch whereas another 300 Laptops are in pipeline for 3rd batch students.

- National Capacity Building Institute (NCBI) for Water Quality Management at PCRWR has been recently completed. The institute is set to train the qualified manpower in water sector and train in-service water supply professionals (managers, engineers, scientists, field staff in Water Quality Management).

- Establishment of Gems & Mineral Cutting and Polishing Centre at PCSIR Skardu, Gilgit Baltistan initiated last year is now in full swing in 2018-19 and making steady progress. Similarly, an initiative was launched for up-gradation of Fruit Processing, Analytical Laboratory and preservation centre of fruits and vegetables of Gilgit-Baltistan.

- Under the project, "Establishment of Precision Systems Training Centre (PSTC) and PCSIR Laboratories at Gwadar" the technical knowhow will also play a vital role in the economic development by providing testing facilities to the local industries in food safety and security, building materials, minerals, water testing and fisheries and chemicals.

- PCSIR with its network of 17 research laboratories/ units is supporting the industrial sector of Pakistan in areas. Presently, PCSIR is promoting lab scale development to Pilot scale level in areas of Pharmaceutical and Chemicals, Food, Herbal, Minerals and Cosmetics etc.

- During 2017-18 to 2018-19 (Jul-Dec) PCSIR filed/ obtained 79 patents, developed 292 technologies, leased-out 84 technologies, provided 61777 testing/ calibration services to 22069 clients, prepared 328 technical reports and provided 711 consultancy services. 352 papers of PCSIR scientists were published during the said period.

- In 2018-19 PNAC held 2 Awareness sessions, one in Islamabad and other in Haripur University for awareness about "Halal Accreditation" through workshops & training sessions.

- In Health Sector, NUST implemented the project "Establishment of Medical Devices Development Center (MDDC) at NUST, Islamabad" for stent manufacturing system.

- A project of Survey of Pakistan about "Establishment of New Generation Geodetic Datum of Pakistan" and another project of SUPARCO for establishment of Space Applications Research Center at Gilgit Baltistan (SPARC-GB) were important project outside MoST.

Financial Progress

MoST was allocated an amount of Rs.3900.00 million for PSDP 2018-19 However, later on this allocation was rationalized to Rs.1487.073 million for 20 ongoing projects. So far Rs.506.936 million have been released and the same have been fully utilized. It is expected that by June 2019, one ongoing project will be completed.

Outlook for 2019-20

The annual plan recognizes need for reviving STI for economic development of the country. There is a need to focus on linkage among industry, R&D organizations, academia and government. Private sector has share in overall R&D spending has to be improved. There is also disconnect among the defence and civilian R&D organizations as well as the private sector. Keeping in view these problems, following approach will be adopted for uplifting STI sector in the country:

- MoST will reform and re-organize its R&D organizations with new and focused mandates / mission and well defined KPIs for maximizing their output.
- National Commission for Science and Technology (NCST) is the apex body for deliberating policies of STI Sector. However, its meetings could not be held for more than a decade. MoST will arrange preferably two but at least one meeting of NCST to advance a consequential national agenda and performance reporting for STI at the very highest level of the government.
- R&D organizations with their new mandate will be expected to have a close liaison with industry, academia and private sector for focused research that can translate into products and processes for demonstration at pilot level and subsequent commercialization.
- R&D organizations within and outside MoST will be encouraged to create collaborations with industry / private sector and generate own resources to meet part of recurring expenditure.
- A national framework for civilian spillover of defence technologies will be framed and finalized after consultation with all stakeholders. This framework will provide opportunity for close collaboration of civilian and defence R&D organizations as well as private sector to develop selected few technologies in start and further expansion in longer run.
- The youth of a nation is only inspired if they find indigenous capacity development and products commercialization in the country. The 12th Five Yer Plan stresses to Fund at least 5 Mega Initiatives to address both national needs as well as future aspirations in science and technology and innovation. In next year at least one such initiative should be started for assessing its impact and expand the experience in future.

- Recently two Task Forces have been established by the Government. One such Task Force deals with subject of Technology Driven Knowledge Development while other deals with Science & Technology. The initiatives suggested by Task Force on Technology driven Knowledge development will have many areas of innovation related to Science & Technology while Task Force on Science & Technology will deal specifically with STI Sector.

- The priority areas for next year will be Human Resource Development (HRD), Popularization & Promotion of Science, SME Facilitation, Water Resources, Oceanography, Herbal Medicines, Quality Assurance and Standards, Halal Accreditation, Gems & Precious Stones, Medical Devices & Health, Water Conservation, Renewable Energy, Electronics & Automation.

Programme for 2019-20

Following is the brief detail of some of the key initiatives/ projects planned to be undertaken in the proposed PSDP of the upcoming fiscal year 2019-20:

- Science Talent Farming Scheme (STFS) would be in full swing in 2019-20. More student batches would be selected for award of scholarships under the scheme.

- Through a Competitive Research Programme, research grants will be proposed to be provided to address the mega national issues and promote world class research. Under the scheme, Public-Private collaborations will be encouraged by providing strong platform to R&D institutions to liaise with Industry and Academia for the improvement and commercialization of their end-products so as to enhance the exports and substitute imports.

- In order to strengthening of SMEs, awareness among SMEs for adoption of certification systems to help for improving their performance and productivity would continue to be done under Certification Incentive Programme. Under the scheme, more awareness Seminars in Association with local Chambers of Commerce & Industry will be arranged throughout the country, as and when required in order to maximize the receiving number of applications by SMES for grant of Incentive Award. Incentive Award Committee (IAC) meetings will be regularly held as and when required to decide the award of the Incentive Grants to the applicant SMEs.

- Efforts to improved land and water conservation practices will be continued to enhance waste land productivity in areas like Thal Desert and control of water logging in low lying areas of Sindh. Moreover, new initiatives like survey to analyze existing wastewater treatment for waste water profiling for sustainable recycling, rehabilitation and conservation of Karezes for sustainable groundwater management in Baluchistan, will be proposed to be undertaken.

- Under Halal Accreditation, efforts will be made to create awareness in Pakistani manufacturers, exporters and traders regarding Halal Standards to build international credibility.

- Overcoming energy crisis in the country and minimizing the energy divide between the developed and less developed rural parts of the country through high-tech, low cost and sustainable energy solutions with renewable resources. Moreover, a Testing Facility is planned to be established for Solar & Allied Equipment with collaboration of Korea in order to ensure quality standards in renewable energy products available in the market.

- At Gawadar, Precision Mechanics and Instrument Technology Institute will be completed to build quality manpower in precision mechanics and instrumentation technology through introducing new training programmes at the said institute.

- Facility for production of indigenous stent manufacturing system will be completed at Medical Devices Development Center (MDDC) at NUST, Islamabad.

- Competitive Research Programme to fund ideas relevant to national needs.

- The Table-1 describes some important new projects for Science & Technology Sector including some projects suggested by Task Force on Technology Driven Knowledge Economy.

Table-1: Important New Projects for FY 2019-20

Name of the Project	Estimated Cost (Rs. million)
Up gradation of Medicinal Botanic Center as National Center for Herbal Medicine, PCSIR Labs. Complex, Peshawar	136.00
Competitive Research Programme	1,964.50
Establishment of PAK-KOREA Testing Facility for PV Modules & Allied Equipment, PCRET	1,360.07
Mineral Resources Assessment for Energy Storage Materials (Li-ON) Supply Chain in Pakistan (Knowledge Economy Initiative)	567.92
Advanced Skill Development through On-line Learning (Knowledge Economy Initiative)	7,232.00
Establishment of National Center for Industrial Biotechnology for Pilot Manufacturing of Bio Products using Synthetic Biology and Metabolic Engineering Technologies (Knowledge Economy Initiative)	483.00

Financial Outlay for PSDP 2019-20

Ministry of Science & Technology has been allocated an amount of Rs.6,231.471 million for FY 2019-20. This includes Rs.921.281 million for ongoing and Rs.5,310.190 million for new projects. The funds allocated for new projects recommended Task Force on Knowledge Economy are Rs.1,228.620 million.

Chapter 12 | HEALTH

Health is an important component of human capital. Government plans to invest in health to bridge the existing gaps in health and well-being of the vulnerable segment of population which cannot fully access essential health services and many are pushed into poverty each year because of out-of-pocket health expenditures.

Health indicators are not very encouraging with high Maternal Mortality Ratio (MMR) of 178.00[1] per 100,000 live births and Child Mortality Rate (CMR) of 78.00[2] per 1000 live births. The Plan takes health sector service delivery to the under-served, marginalized and poor segments of society through strengthening regulatory environment and inclusive health financing. The plan concentrates on strengthening inter-sectoral cooperation and intra-sectoral approaches that would be required to achieve the universal health coverage in the future particularly for agenda-2030.

Performance Review of FY 2018-19

To improve health status of the people and to reduce burden of diseases, a series of programmes and projects are on track for which funding was provided by the federal government. PSDP allocations were made to health sector projects of Ministry of National Health Services Regulations and Coordination (NHSRC), Ministry of Kashmir Affairs and Gilgit Baltistan (KAGB) and Pakistan Atomic Energy Commission (PAEC). There were 35 projects of health sector at a total cost of Rs: 182,957.636 million and an amount of Rs: 17,206.445 million was allocated with releases of Rs: 8,140.414 million.

The share of overall achievements for the health sector in Pakistan from the provincial governments includes creation of skilled personnel and improvement in health infrastructure.

- The overview of provincial contribution is depicted by completion of recent recruitment process by the KP Government in which 8,801 medical officers, 931 doctors in District specialist cadre, 488 Health Managers and 397 Dental surgeons were recruited.

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[1] World Health Statistics, 2018, https://apps.who.int/iris/bitstream/handle/10665/272596/9789241565585-eng.pdf?ua=1

[2] World Health Statistics, 2018, https://apps.who.int/iris/bitstream/handle/10665/272596/9789241565585-eng.pdf?ua=1

- Government of Sindh has completed 68 new uplift schemes of Rs.5.12 billion, including RHCs, Trauma-cum-Emergency centers and construction of warehouses (cold storage facility) for vaccines at all divisional headquarters; four schemes of up-gradation of RHCs to THQ Hospitals and establishment of Cancer Ward at NIMRA, Jamshoro at the cost of Rs.1.086 billion.

- Government of Punjab has recently recruited doctors through public service commission and deployed 2,717 women medical officers across Punjab and 3,620 male medical officers. It also improved the physical infrastructure of healthcare services by revamping nine districts and tehsil hospitals including hospitals of Okara, Nankana-Sahab, Shekhupura, Kasur, Hafizabad, Narowal, Jhelum, Kamonki and Daska.

Health Sector Initiatives / Programmes

Devolved Vertical Health Programme

The fate of funding modalities of vertical programmes has been changed as health is a devolved subject. The federal funding to the vertical programmes financed through PSDP seized on 30th June, 2018 onwards. Henceforth, the economic burden of the vertical health programmes will be dealt with respective provincial / area government's development budget unless it is decided otherwise by the Council of Common Interest (CCI).

Expanded Programme for Immunization (EPI)

EPI Programme provides immunization to children under one year of age against the seven vaccine-preventable diseases i.e. childhood tuberculosis, poliomyelitis, diphtheria, Pertussis, neonatal tetanus, measles and hepatitis B. New vaccines like Penta-valent vaccine have been introduced with the help of United Nations Children Fund's (UNICEF).

EPI Programme envisaged protecting 07 million children of 0-23 months against 10 deadly vaccine preventable diseases and about 07 million pregnant and child bearing aged women and their neonates will be immunized against tetanus toxoid vaccine respectively. The Federal EPI cell currently took the responsibility of the procurements, coordination and technical guidance whereas provincial EPI cells are largely responsible for implementation of the programme.

The recent achievements of the programme are:

- formulation of National Immunization Policy and National Communication Strategy for routine immunization endorsed and approved by provinces and stakeholders,

- Development of Effective Vaccine Management Improvement Plan and its implementation,
- Improvement in Vaccine Logistic Management Information System (VLMIS) and formulation of Multi-Donor Trust Fund (MTDF) with the support of World Bank along with other financial partners such as World Health Organization (WHO) and Japanese International Cooperation Agency (JICA).

The recently conducted National Measles campaign has shown remarkable coverage of Measles Supplemental Immunization Activities (SIAs) recorded through Management Information System (MIS) which was 98 percent. The maximum coverage reported in GB (103 percent) while the minimum was reported from FATA (96 percent).

Analysis of RCA for a total of 1.5 m households revealed national coverage of 92 percent ranging between 87 percent - 98.1 percent for provinces and areas. During the campaign 199,398 children missed vaccination. The highest number of missed children was reported from Baluchistan (53,501) and lowest from AJK (109) while Gilgit Baltistan reported 100 percent coverage. The Government extended two supplementary days to catch up missed children. The overall wastage rate remained 9.95 percent with maximum wastage rate reported from Baluchistan (15.51 percent) while the minimum wastage was reported from Punjab (8.92 percent).

In SDG 3: “good health and well-being” framework, target 3.8 specifically emphasized the access of vaccines for all to achieve universal health coverage.

Polio Eradication Initiative Programme

Pakistan has made progress towards polio eradication in the country. Numbers of cases are at the lowest, and the immunity gaps continue to decline. An array of approaches are used including tailoring vaccination approaches to children in high-risk mobile populations, Emergency Operations Centers (EOCs) to coordinate the programme effectively, and a National Emergency Action Plan (NEAP) with a strong accountability framework, improved surveillance, fewer unvaccinated children and fewer strains of the virus.

Also critical to success will be working together with neighboring country Afghanistan in fighting the virus. The remaining strongholds of wild polio-virus transmission are in areas linking the two countries, and country programmes are jointly focused on improving the quality of immunization activities and surveillance in these areas.

During 2019-2021, Pakistan will invest US $ 347.22 million (PKR 46.8 billion) for polio eradication activities. Vaccine procurement and social mobilization is undertaken by UNICEF while WHO incurs expenditures on operational activities and environmental surveillance. Second (2nd) Revision of the PC-I has been in principle approved in the CDWP meeting dated 03-01-2019.

Safe Blood Transfusion Services Programme

The Government recognizes the significance of the preventive aspect in healthcare especially the pivotal role of strengthening healthcare services with backup support of provision of adequate and highest quality of safe blood transfusion services system in the country.

The Government especially appreciated the support provided by the German government through KfW Development Bank to create the new blood transfusion system in Pakistan. Safe Blood Transfusion Services in Islamabad Capital Territory (ICT) is one of the proposed projects out of overall several ongoing projects of similar nature in all four provinces of the country.

The establishment of streamlined service delivery in Safe Blood Transfusion Services has been strengthened by granting licenses to 18 public and private sector blood banks so far. The Islamabad Blood Transfusion Authority (IBTA) has been revived recently which has developed a very successful model of regulation based on constructive non-punitive approach. As a result, now all the blood banks in Islamabad have all essential required equipment for safe storage of the blood. The trend of automation is increasing as all blood collected is processed into three blood components, there is 100 percent automated screening for Hepatitis B, C and HIV, automated cross-matching is performed in the larger blood banks and the documentation standards have improved considerably.

Malaria Control Programme

Malaria control has always been a main concern being a moderate malaria endemic country. The programme targets to reduce the malaria burden by 60 percent in high and moderate endemic districts/agencies and eliminate malaria in low endemic districts by year 2018-19. Plasmodium Vivax is being the major parasite species which account for more than 80 percent reported confirmed cases in the country.

More than 90 percent of disease burden in the country is shared by 56 highly endemic districts, mostly located in Baluchistan (17 out of 32 districts), Tribal Districts (7 districts), Sindh (12 districts) and Khyber Pakhtunkhwa (12 districts). The Tribal districts are the second highest malaria affected belt of the country which accounts for 12-15 percent of the total case load of the country.

National strategy for Malaria Control is based on the key Result Based Monitoring (RBM) element which includes early diagnosis and prompt treatment, improved detection and response to epidemics, developing viable partnerships with national and international partners, multiple prevention, focused operational research and

National commitment. Indicator 3.3.3 of SDG-3 is related to malaria control that calls for lowering of malaria incidence per 1,000-population by 2030.

Tuberculosis (TB) Control Programme

Pakistan has the fifth highest burden of tuberculosis worldwide and is among the high Multi-Drug-Resistant (MDR) tuberculosis burden countries. The prevalence, incidence and mortality per 100,000 populations per year from TB in Pakistan are 348, 276 and 34 respectively.

The government declared tuberculosis a national emergency, and implemented the directly observed treatment short-course (DOTS) strategy followed by the Stop TB Strategy, which includes universal access to quality tuberculosis care in the country. National TB Control Programme (NTP) has achieved over 85 percent Directly Observed Treatment System (DOTS) coverage in public sector and in the last five years the programme has provided care to more than half a million TB patients in Pakistan.

The objectives of NTP are[3]; i) to increase the number of notified TB cases from 298,981 in 2013 to at least 420,000 by 2020 while maintaining the treatment success rate at 91 percent; ii) to reduce, by at least 5 percent per year by 2020 the prevalence of MDR-TB among TB patients who have never received any TB treatment; iii) to strengthen programmatic and operational management capacity of the TB Control Programme while enhancing public sector support for TB control by 2020. Lowering incidence of tuberculosis per 100,000-population is also one of the indicators (3.3.2) of SDG-3 by 2030.

Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS) Control Programme

Pakistan is comparatively protected from the increase in AIDS cases to date. It is known as a low-prevalence, high-risk country for the spread of HIV infection. HIV / AIDS programme aims for the BCC Strategy, services to high-risk population groups, treatment of sexually transmitted infections (STIs), and supply of safe blood for transfusions and capacity building of various stakeholders. Pakistan's epidemic is primarily concentrated among two of the key population sub-groups (bridging populations) they are Injectable Drug Users (IDUs) with a national prevalence of 27.2 percent (weighted prevalence of 37.8 percent); Hijrha (Transgender) Sex Worker (HSW) standing at 5.2 percent and 1.6 percent among Male Sex Worker (MSW). The prevalence in Female Sex Workers still remains low at 0.6 percent. The programme is technically supported by the UN agencies and Global Fund against AIDS, TB and

[3] https://www.ntp.gov.pk/

Malaria. Number of new HIV infections per 1,000 uninfected-population is an indicator (3.3.1) of SDG-3.

Maternal & Child Health Programme

Maternal and Child Health (MCH) Programme was initiated to improve women's and children's health conditions through better service delivery and supported health systems. The programme aspires to provide better access to Mother and Child health and Family Planning services with provision of comprehensive Emergency Obstetric and Neonatal Care (EmONC) services in 275 hospitals/health facilities, provision of basic EmONC services in 550 health facilities and family planning services in all health outlets.

Pakistan has shown improvement in the Infant Mortality Rate (IMR) of 62 per 1000 from 66 per 1000 in 2015, but maternal mortality rate 178/100,000 is still very high as compared to the other countries in the region. More efficient implementation of this scheme can bring these indicators in a range with better health status of mothers and children.

Outlook for FY 2019-20

- Promotive and Primary health care (PHC) will be improved both for accessibility and quality of care. Programme for strengthening and upgradation of BHUs and RHCs will be started at ICT as model district where one new BHU will be built while remaining BHUs will be refurbished and renovated. These primary healthcare facilities will be provided with requisite human resource, machinery/ equipment, and furniture/ fixture. It will be ensured that these facilities are provided with basic amenities like electricity, water and sanitation. Islamabad Health Services Directorate will be constructed while similar initiatives will be launched through Peshawar Health Plan in Khyber Pakhtunkhwa and other provinces.

- A preventive health strategy with awareness and education activities will be initiated. All vertical programmes will be integrated with primary health care set up for efficiency and tangible results. Referral linkages will be developed between PHC facilities (public and private) and referral hospitals to reduce unnecessary PHC workload on hospitals and to serve as gatekeepers for accessing health insurance services.

- *Essential Health Services Delivery Package* at various tiers of health facilities will be reviewed and widened by introducing services in family medicine, new-born survival, birth spacing and contraception, under-nutrition, gerontology and other such areas. Service quality will be ensured by implementing Minimum Service Delivery Standards at all levels.

- *Reproductive, Maternal, Newborn, Child and Adolescent Health (RMNCAH) and Nutrition* strategies will be aligned with SDGs to aspire for a Pakistan where every woman, child and adolescent realizes his/her rights to physical and mental health and well-being, has social and economic opportunities, and is able to fully participate in shaping prosperous and sustainable Pakistan.

- Birth spacing techniques will be integrated into health service delivery. The grounds for legal basis for safe abortion shall be broadened and access to safe abortion services improved to reduce the number of clandestine procedures and the negative consequences that often result. As a policy shift, safe abortion conforming to moral and ethical considerations with a defined scope and SOPs using a WHO-recommended method appropriate to the pregnancy duration will be instituted backed with a legal cover.

- Contraceptive supply at various tiers of health service delivery will be ensured. BHUs/ RHCs shall provide a range of non-surgical contraceptives, and THQs/ DHQs/ Tertiary Hospitals shall mandatorily be providing contraceptive surgery. There will be inclusion of contraception in the Essential Health Services Delivery packages (EHSDP) and Essential Drugs List, and development of communication strategies at health department levels, and deployment of clinical franchising.

- In future, new FWCs will be considered to be housed within the premises of PHC set up for integration. Similar is integration of LHWs and CMWs with PHC set up.

- For *Non-Communicable Diseases Control and Mental Health* two sets of strategies will be applied:

  - Those: common across the entire range of NCDs like a) behavior change communication strategy to support cultural practices that get embedded as healthy lifestyle habits and modify individual, group and community risky health behaviors, b) reorientation of health services delivery to preventive care for NCDs which involves training and capacity building of health professionals to influence lifestyle decisions of the general public, conduct risk assessment and employ effective management techniques, and c) early detection and screening for ominous ailments; upscaling of basic infrastructure availability which includes availability of simple risk assessment tools like calibrated blood pressure measurement apparatus, weighing scales, and apparatus to measure urine sugar etc, access to certain medicines at all levels of healthcare like aspirin, ACE inhibitors, beta blockers, sulfonylureas, insulin, bronchodilators etc, and monitoring &

surveillance of main risk factors that predict many NCDs, injuries, mental health and stroke,

- Others: specific to each NCD domain like legislative and regulatory matters.

A Mental Health Coordination Unit will be established under Health Section of Ministry of Planning, Development and Reform to advise the government on mental health policies and legislations, mental health service planning, mental health service management and coordination, and monitoring and quality assessment of the services. The plan also aims to reduce drug abuse and devise policies for physically or mentally challenged people.

- *Human Resource for Health (HRH)* will be improved through trainings in health management and improvements in career structure. Composition and functioning of Pakistan Medical and Dental Council (PMDC) and Pharmacy and Nursing Council will be reviewed for improvement.

- *Public health laboratories* will be upgraded; *voluntary Blood Bank services* will be developed.

- The government is also focusing on new initiatives such as development of *National Strategic Framework for acceleration and enhancement of Civil Registration and Vital Statistics (CRVS)*. CRVS is the reporting and monitoring tool for measuring, inter alia, health related indicators of SDGs. For this purpose, an institutional set up in the form of National Steering and Coordination Committee has been set up under the Chair of Minister for Planning, Development and Reform with representation of all the stakeholders including the provincial governments. The Committee during the plan period shall finalize its recommendations for institutions to have an efficient and effective CRVS System.

- Interventions will be deployed to make at ICT and each of the province & area levels *model CRVS district* where all reporting agencies in health and non-health sector will be connected and aligned with registering units with flow of information and its synchronization at district, provincial and central data repository and availability of data at different tiers of governance for generation of evidence and statistics for optimal service delivery and evidence based policy and planning.

- The federal government has launched a "*Prime Minister's National Health Insurance Programme*" to help improve the health status of the poor and vulnerable by ensuring their access to quality health care. Resultantly, out-of-pocket health expenses by the poor and vulnerable population will reduce. Coverage of the initiative will be enhanced during the plan period.

- Coverage and access of *Deworming Programme* initiated in Islamabad during the last financial year will be expanded to other provinces. Steps will be taken to do it on sustainable basis and adequate financial resources will be earmarked for this purpose. Various determinants of soil-transmitted helminths like unclean water, lack of proper sanitation facilities etc will be addressed.

- Pakistan spends a huge chunk of national exchequer on import of vaccines. During the plan period, efforts will be made to pave the way for *indigenous production of vaccines and consumables* for Expanded Programme on Immunization (EPI) and non-EPI vaccines.

- During the plan period, *emergency services* will be improved. Currently, there is a lack of standards in dealing with emergency and trauma, which has led to severe losses and miseries. Government plans to initiate the development of standards through Ministry of National Health Services Regulations and Coordination (NHSRC).

Programme for 2019-20

Accountability Model - Performance Tracking and Governance Framework for Implementation.

Accountability is a key priority, with sense of community ownership and partnership. It also helps shape an accountability model, which includes mandatory reporting from commitment makers.

The accountability model is proposed to be strengthened through a Unified Accountability Framework of Performance Tracking and Governance to support action towards the broader SDG follow-up and review processes over the next fifteen years i.e. Vision 2025, 12th Five Year Plan (2018-23) and annual plans including this plan. The accountability approach includes: measurement, inclusion and participation, and transparency and independence.

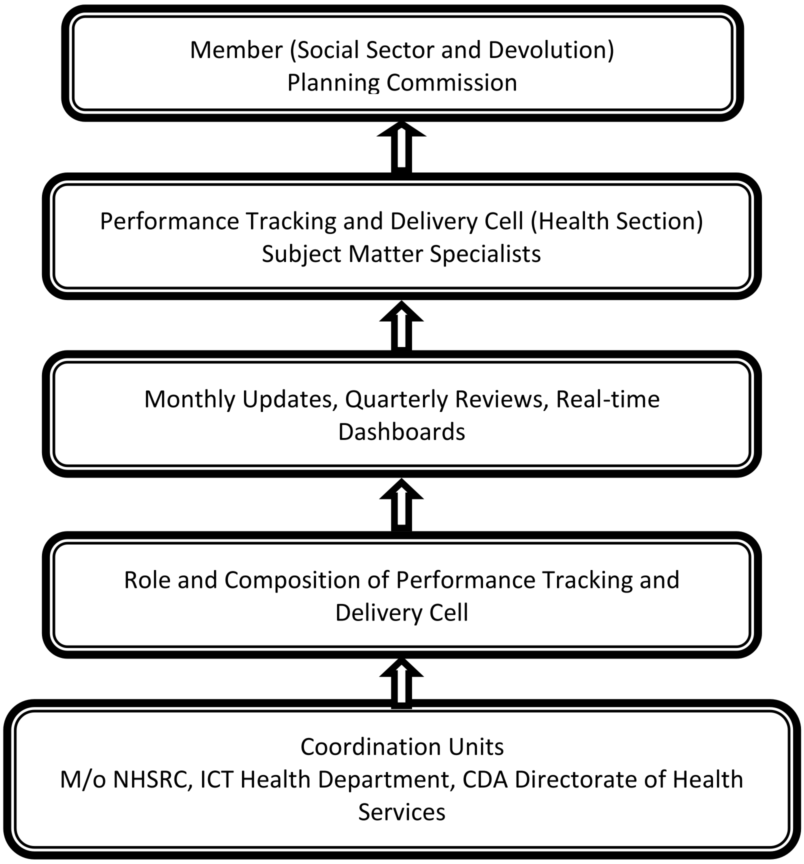
Key accountability functions are to facilitate tracking of resources, monitoring of results and exercising rights, through multi-stakeholder commitments and multi-sectoral action, to achieve objectives of this plan and improve multi-stakeholder engagement at all levels. The model will support a critical review function and, in so doing, identify areas to increase progress and accelerate action.

A Performance Tracking and Governance Framework for implementation of this plan will link and coordinate with the Line Ministries/ Divisions/ Departments for alignment with strategies, and reporting.

The Framework details the specific roles of various facets of the health system including activities, processes of data acquisition, flow, analysis, use, and feedback; resource requirements; institutional/organizational infrastructure needs; analysis of available competency and capacity; and specific indicators and their timelines for gauging performance and results. It will also define how different levels of government might use data and information from the system and suggest corrective actions where needed.

The framework will focus on progress toward outcomes by developing a mix of tools and approaches relevant to the proposed objectives, activities, and targets. Independent verification and validation of monitoring data will be ensured

Performance Tracking and Governance Framework (Diagrammatic representation)



Management Unit	Role	Composition
Performance Tracking and Delivery Cell (PTDC)	Manage Targets and KPIs (SDGs, Vision 2025 & Intermediary Plans), Progress, deviation & impact assessment and recommendations, risk alerts, change management, stakeholders' communication Prepare and provide reports, Management of dashboards and supporting analysis to Member SS&D Planning Commission Liaise with Coordination Units from each executing ministry/ division/ department	Chief Health, Subject Specialist (Biostatistics), Research Coordinator (Public Health), Registry Assistant
Coordination Units (CU)	Monitor, report and coordinate implementation of development projects in their respective domains under direction from PTDC	Focal Coordinators for respective ministry/ division/ department

Chapter 13 | NUTRITION

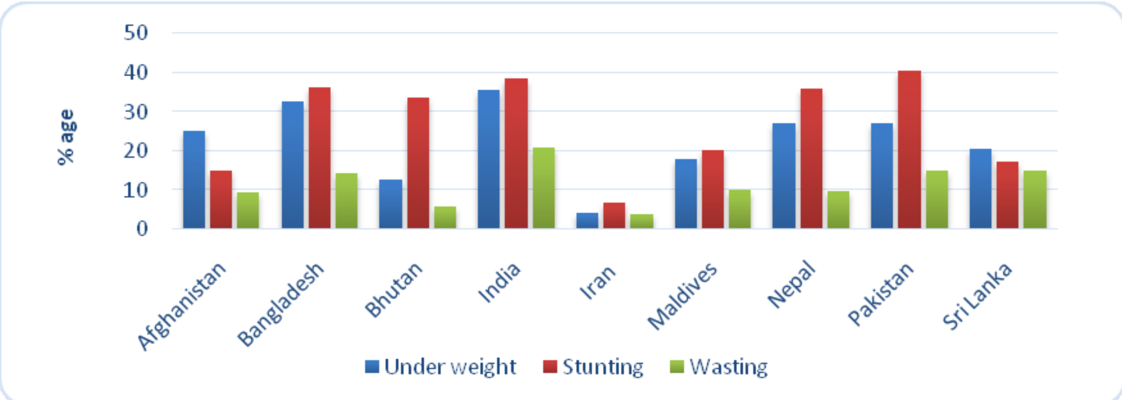
Nutrition is one of the important drivers of human development leading to economic growth. It has been recognized as an integral part of solution to many societal, environmental and economic challenges facing the world. The First 1,000 days of a child's lifeare considered best for the future in individual and collective terms leading to economic growth and development. Investing in nutrition in early life benefits not only the present generation but also their children as well as subsequent generations. The government is committed to overcome malnutrition through various nutrition specific interventions and nutrition sensitive approaches including nutritional advocacy, awareness, evidence-based planning and decision making.

Performance Review 2018-19

Performance over the year is summarized as under:

GFSI[1] 2018 has placed Pakistan at 77th position amongst 113 countries ranked and scored 49.1.GNR 2018 revealed unacceptably high malnutrition prevalence affecting every country and status of the Southern Asian Countries (SAC) is given bellow:

Figure 1: Prevalence (percent) of Child Malnutrition <5 years (Anthropometry of SAC)



Source: *Joint Child Malnutrition Estimates-Levels and Trend (2018) UNICEF-World Health Organization (WHO)-The World Bank Group.*

Food availability: availability of essential food items is assessed by food balance sheets. During 2018-19, the availability of staple food items continues to be adequate by means of appropriate timely import and exports of food items to maintain food production and prices with slight variation compared to previous year i.e. 2017-18 (Table 1). The availability of calories through major food commodities was about 2480 in 2017-18, which increased to 2530 in 2018-19 and is estimated to be 2500 in 2019-20.

[1]Global Food Security Index 2018

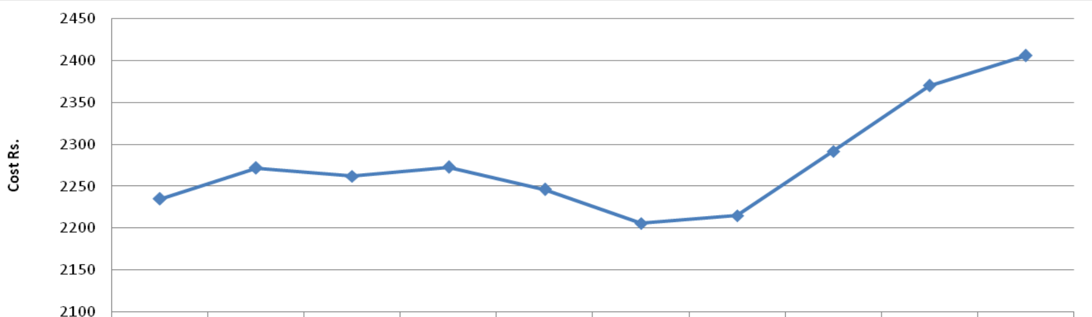
Table 1: Food Availability (Kg) Per Capita Per Annum

Items	Year/ Units	2014-15	2015-16	2016-17	2017-18	2018-19 (P)	2019-20 (E)
Cereals	Kg	162.2	155.1	150.6	148.0	150.0	151.0
Pulses	Kg	4.4	5.2	8.1	5.3	6.0	5.9
Sugar	Kg	32.3	32.2	33.3	28.2	28.8	28.0
Milk*	Kg	170.0	163.3	165.0	167.6	165.7	163.0
Meat	Kg	19.3	19.8	20.4	21.0	21.1	20.7
Eggs	Dozen	6.2	6.5	7.2	7.0	7.0	7.0
Edible oil/ghee	Ltr	14.2	14.3	14.1	15.2	15.0	14.7

*P: provisional; E: Estimates, * Milk availability has been revised according to FAO Criteria*

Cost of Food Basket: The cost of minimum food basket providing 2100 calories/day and 60gm of protein/day has been calculated monthly by using food prices data from Pakistan Bureau of Statistics. The cost of food basket revealed fluctuating trend with the lowest cost in December 2018 i.e. Rs.2206 and highest in April 2019 which is Rs.2406 and showed overall increase of 7 percent in the year 2018-19 (July-18 to April-19). The annual average cost of minimum food basket remained around Rs.2278.

Figure 2: Cost of Food Basket (Rs.) per capita/month



	July, 2018	August	September	October	November	December	January, 2019	February	March	April
Series1	2235	2272	2262	2273	2246	2206	2215	2292	2370	2406

The preliminary findings of NNS 2018 show that nutrition situation has been improving due to multiple actions and policy measures. These are food fortification, supplementation, media and political sensitization and enhanced coordination through SUN networks.

Programmes/Projects

National

- Pakistan Multi-sectoral Nutrition Strategy (PMNS 2018-25) has been translated into Nutrition Action Planwith the consultation of provinces.
- Early Childhood Development (ECD) situation analysed and National Policy Framework with the consultation of provinces has been prepared.

- School based deworming programme has been initiated in Islamabad
- Data plays important role for policy planning and implementation:
  - NNS 2018 has been conducted and preliminary results shared
  - Food Composition Table has been revised having nutrition information from 12 agro-ecological zones to improve food & nutrition security
- Nutrition awareness has substantive role to overcome malnutrition:
  - Dietary Guidelines for Better Nutrition has been launched
  - National advocacy strategy for scaling up nutrition has been developed
  - Website for Scaling Up Nutrition (SUN) has been launched to give digital presence and provide hub for nutrition information
- SUN Movement is a multi-sectoral and multi-stakeholder coordination platform advocating for cohesive efforts to overcome malnutrition through networks:
  - Civil Society Alliance (CSA) organized orientation of parliamentarians, media persons &policy makerson their role to address malnutrition
  - Capacity building plan initiated for academic and research institutions for evidence generation for informed policy planning and implementation
  - Business network revised the strategy by aligning the thematic areas and initiated workplace nutrition
- Food fortification is a costeffective measure to reduce micronutrient deficiencies through following programmes:
  - Salt Iodization with quality control and quality assurance measures
  - Wheat flour fortification with iron, zinc, folic acid, vitamin B-12 through 470 roller mills out of 1180
  - Edible oil/ghee with vitamin A&D in 118 mills out of 125 with quality assurance measures

Provincial

Provinces have increased investment for nutrition programmes and are implementing various nutrition interventions e.g. **Punjab:** Health Integrated Reforms Programme, Stunting Prevention Nutrition Programme and Water, Sanitation & Hygiene (WASH) Programme. **Sindh:** Nutrition Support Programme, Saaf Suthro Sindh Programme, Nutrition Sensitive Agriculture, and Accelerated Action Plan for Stunting Reduction and Malnutrition. **Khyber Pakhtunkhwa:** Health Integrated

Reforms Programme and Stunting Prevention Rehabilitation Integrated Nutrition Gain. **Baluchistan:** Nutrition Programme for Mothers & Children, Multi-sectoral Nutrition Specific and Sensitive Interventions Programme and **Gilgit Baltistan:** Health & nutrition programme.

Outlook 2019-20

Nutrition Action Planwill be implemented as envisaged in PMNS 2018-25 by prioritizing the activities under each relevant sector. The focuswould be on First 1000 days window of opportunity to prevent stunting and nutrition awareness to break the vicious cycle of malnutrition. The specialized nutritious food products will be locally produced through public private partnershipfor its commercialization on sustainable basis to reduce stunting. Likewise, ECDPolicy Framework will be implemented covering cost effective actions for 0-8 years (age specific) to boost learning & earning capabilities.

National Centre for Human Nutrition will generate evidences to help in decision making process for policy and programmes. School based deworming programme will be rolled out in 40 high riskdistricts. SUN advocacy strategy will be rolled out to gain political buy-in and policy support to enhance nutrition investment. The SUN website provides digital presence of all multi-sectoral nutrition information & efforts. The SUN Movement & its networks will continue to coordinate multi-sectoral and multi-stakeholders' activities. Food fortification activities will be scaled up and sustained with quality control and assurance measures.

Programmes for 2019-20

Following are the interventions envisioned at national and provincial level given as under:

Sr.	Interventions/Activity	Objective	Area/Population
	Nutrition Improvement Initiative	To address all forms of malnutrition	All Population
1	Nutrition Action Plan for PMNS 2018-25	To prioritize evidence based interventions	Pregnant & Lactating Women (PLW's) and children under 5
2	Early Childhood Development (ECD) Policy Framework	To implement cost effective interventions	Pregnant & Lactating Women and children 0-8 years
3	National Centre for Human Nutrition	To generate evidence and guidance for policy, planning & implementation	General population
4	Nutrition Management Information System	Data collection for better decision making	All programmes
5	Commercialization of Specialized Nutritious Food	Availability of local specialized nutritious	PLW's and children 6-24 months age

Sr.	Interventions/Activity	Objective	Area/Population
		food	
6	Dietary Guidelines for Better Nutrition	Provision of information on healthy life style	All population
7	National advocacy strategy for scaling up nutrition	Political buy-in and support for enhanced investment	Policy makers, media, parliamentarians etc
8	Website for up-scaling nutrition	To provide digital presence and information hub	General Population
9	Food fortification (Salt, Wheat flour and Edible Oil/Ghee)	To address micronutrient deficiencies	Population at large especially women &children
10	Food Composition Table for 12 agro-ecological zones	Area specific food & nutrition security measures	Policy & Decision Makers & researchers

Chapter 14 | LABOUR, EMPLOYMENT AND SKILL DEVELOPMENT

Provision of productive, remunerative and decent employment is the significant mechanism through which paybacks of growth can be distributed to the society. Creation of employment opportunities in the country is one of the priorities of the government. The skill development plays an important role in productive employment; therefore, improved training and skill development is also an essential part of the government's productive employment strategy. The government has taken special initiative and announced provision of 10 million jobs during its tenure by involving private sector. The other main initiative of the government to construct 5 million houses will substantially contribute to employment generation goal due to its forward and backward linkages with other allied industries. Promotion of overseas employment opportunities for highly educated, skilled, semiskilled and unskilled labour force is an important avenue to be explored. The plan focuses upon reinforcement of the basic agenda of decent work in Pakistan.

Performance review 2018-19

Pakistan being the 6th most populous country and having 9th largest labour force in the world with population growth of 2.2 percent per annum is adding a large number of youth in labour force. Employment situation in the country has improved. It is estimated that 1.00 million new jobs have been created during the year. Certain policy initiatives were taken and efforts were made to put in place an efficient, equitable and rights based labour market. Minimum wage law is enforced and minimum wage is being changed according to the economic situation.

As per Labour Force Survey (LFS) 2017-18, total civilian labour force is 65.50 million, out of these 65.50 million 61.71 million (94.21 percent) are employed person and remaining 3.79 million (5.79 percent) are unemployed persons. The unemployment rate of 6.24 percent in 2012-13 and 5.94 percent in 2014-15 has further decreased to 5.79 percent in 2017-18. Male unemployment rate has increased from 4.98 percent (2014-15) to 5.07 percent (2017-18) while female unemployment rate has decreased from 8.97 percent to 8.27 percent during the reference period, as shown in table-1 below:

Table-1: Labour Force, Employment and Unemployment

Year	2012-13		2014-15		2017-18	
	Million	Percent	Million	Percent	Million	Percent
Labour Force	59.74	32.88%	61.04	32.27%	65.50	31.70%
Share of Male	45.98	76.97%	46.38	75.98%	50.74	77.47%
Share of Female	13.76	23.03%	14.66	24.02%	14.76	22.53%
Employment	56.01	93.76%	57.42	94.06%	61.71	94.21%
Share of Male	43.49	77.65%	44.07	76.75%	48.17	78.06%

Year	2012-13		2014-15		2017-18	
	Million	Percent	Million	Percent	Million	Percent
Share of Female	12.52	22.35%	13.35	23.25%	13.54	21.94%
Unemployment	3.73	6.24%	3.62	5.94%	3.79	5.79%
Share of Male	2.49	66.76%	2.31	63.81%	2.57	67.81%
Share of Female	1.24	33.24%	1.31	36.19%	1.22	32.19%

Source: *Labour Force Surveys of Relevant Years, Pakistan Bureau of Statistics*

As per LFS 2017-18, overall participation rate (crude) is 31.7 percent (male 48.3 percent and female 14.5 percent) whereas overall participation rate (refined) is 44.3 percent (male 68.0 percent and female 20.1 percent) as shown in table-2 below:

Table-2

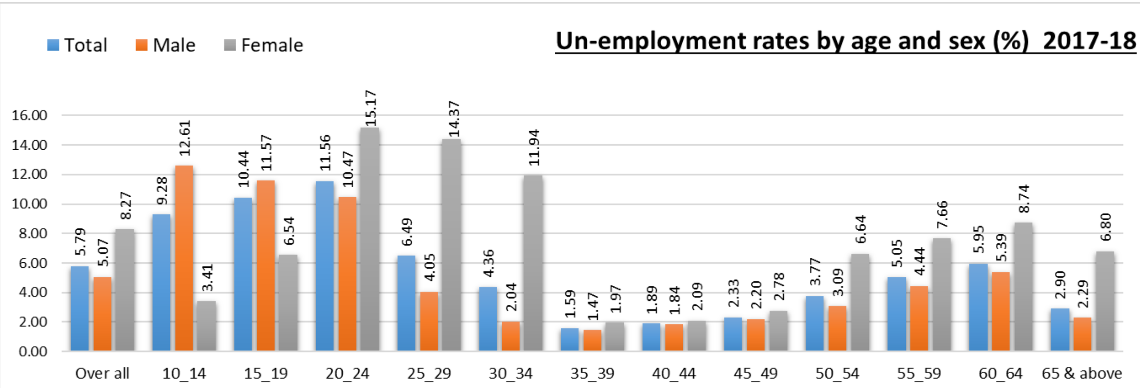
Years	Labour Force Participation Rate (Crude)		
Years	Overall	Male	Female
2010-11	32.8	49.3	15.6
2011-12	32.8	49.3	15.6
2012-13	32.9	49.3	15.6
2013-14	32.3	48.0	15.8
2014-15	32.3	48.1	15.8
2017-18	31.7	48.3	14.5

Source*: Labour Force Surveys of Relevant Years, Pakistan Bureau of Statistics*

Unemployment Analysis by Age and Sex

The overall unemployment as per LFS 2017-18 is 5.79 percent, which is higher in female (8.27) as compared to male (5.07 percent). Moreover, youth unemployment rate is quite high as compared to the average unemployment rate.

Figure-1



Source*: Labour Force Survey 2017-18, Pakistan Bureau of Statistics*

Employment by Status

Table-3, below depicts that employers in 2017-18 are just 1.37 percent of total employment whereas, Own Account Workers, Contributing Family Workers, and

Employees are 34.80 percent, 21.43 percent, and 42.41 percent respectively, as compared to 1.40 percent, 36.10 percent, 23.80 percent and 38.70 percent in 2014-15, Showing increasing trend in employees, whereas, decreasing trend in all other categories.

Table-3

Employment by Status	2014-15		2017-18	
	Million	**percent**	**Million**	**percent**
Employers	0.80	1.40	0.84	1.37
Own Account Workers	20.73	36.10	21.47	34.80
Contributing Family Workers	13.67	23.80	13.22	21.43
Employees	22.22	38.70	26.17	42.41

Source: *Labour Force Surveys of relevant Years*

Formal and Informal Employment

Trade and services in urban small-scale manufacturing areas treated as enhanced informalisation of the urban labour market. Non-agricultural employment has increased both for male and female but in agriculture, witnessed decrease. The informal workers are usually deprived of basic rights and majority of them are employed as contractual labour, directly or through sub-contracting practice.

Table-4: Distribution of Workforce by formal/informal and gender (percent)

Sector	2012-13	2017-18	2012-13	2017-18
	Male		**Female**	
a. Agriculture	34.5	30.4	75.7	67.2
b. Non-Agriculture	65.5	69.6	24.3	32.8
i. Formal	17.2	19.5	6.9	9.2
ii. Informal	48.3	50.1	17.4	23.6

Source: *Labour Force Surveys of relevant Years*

Women Employment

Pakistan's Gender Inequality Index (GII) ranking stood at 133 out of 160 countries in the 2017[1]. Even when women have jobs, they face sectoral or occupational segregation. The Labour Force Survey 2017-18, indicates that women are concentrated in agriculture (67 percent), manufacturing (16 percent) and community and personal services (14 percent). In case of occupational groups, women are mostly working as skilled agricultural workers (55 percent), elementary/unskilled workers (18 percent), craft & related trade workers (14 percent) and profession & technician (10 percent).

[1]The 2018 Human Development Report (HDR) by UNDP.

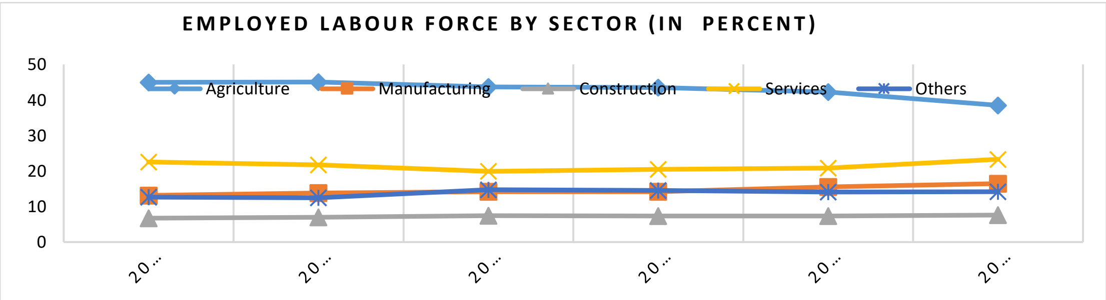
Youth Employment

As per LFS 2017-18 Youth population (age 15-24) is estimated at 40.12 million and youth workforce is 16.57 million, wherein 14.73 million are employed and 1.84 million are unemployed. Youth unemployment rate has increased from 10.35 percent in 2013-14 to 11.10 percent in 2017-18; which is almost double of the overall un-employment rate (5.79 percent). In order to harness the demographic dividend of youth bulge, government has undertaken various skill development initiatives. Under Prime Minister's Youth Skill Development Programme (Phase-I, II and III) almost 147,000 unemployed youth were trained in different demand-oriented trades. In addition, Prime Minister's Youth Training Scheme (National Internship Programme) targeted on job internship of 81,500 unemployed educated youth in public and private organizations.

Employment by Sector

Keeping in view the sectoral contribution, it has been observed that the share of agriculture-related employment has declined from more than 44.96 percent in 2009-10 to 38.49 percent by 2017-18: which shows almost 7 percent points decline in agriculture related employment during last eight years. Whereas, in services sector, employment share increased about 1 percent, while in manufacturing sector it increased about 3 percent during the reported period. Due to increasing share of the services and manufacturing sectors and declining share of agriculture in employment, the labour market of Pakistan is experiencing structural changes in its composition.

Figure-3



***Source**: Labour Force Surveys of Relevant Years*

Education Specific Unemployment Rates

Unemployment for the graduates is as high as 16.3 percent in 2017-18, which is more alarming for female i-e, 40.7 percent as compared to 7.4 percent in male. The main reason is the entry of more educated females in the job market and conducive opportunities are required for women to curtail the issue. People holding degrees are adding unemployment, while those holding diplomas/professional training are getting employment.

Table-5

Total	2014-15			2017-18		
	Total	Male	Female	Total	Male	Female
	5.9	**5.0**	**8.9**	**5.8**	**5.1**	**8.3**
Illiterate	3.2	3.3	3.1	3.3	3.4	3.0
Primary	5.6	4.8	9.8	4.4	3.7	10.0
Pre-Matric	5.1	4.6	9.4	4.5	4.5	4.9
Matric	6.7	5.8	16.3	6.4	6.2	8.2
Intermediate	11.3	7.3	38.2	11.6	10.6	19.4
BA & above	17.6	10.2	41.8	16.3	7.4	40.7

***Source**: Labour Force Surveys of relevant Years*

Overseas Employment

For overseas employment, a special agreement was made with Qatar for creation of 100,000 jobs for Pakistanis. The relationship with China and East Asian countries will be exploited for the development of competitive labour force in Pakistan. During last five years (2013-2017), about 3.66 million Pakistani workers went abroad for jobs. During 2017 a major decline in manpower has been witnessed in Saudi Arabia, whereas; the manpower export towards the rest of the countries is sustained. More than 100,000 illegal Pakistanis were deported from Saudi Arabia during the period and the economic crisis (reduction in oil prices) was another factor of major decline in manpower from Saudi Arabia.

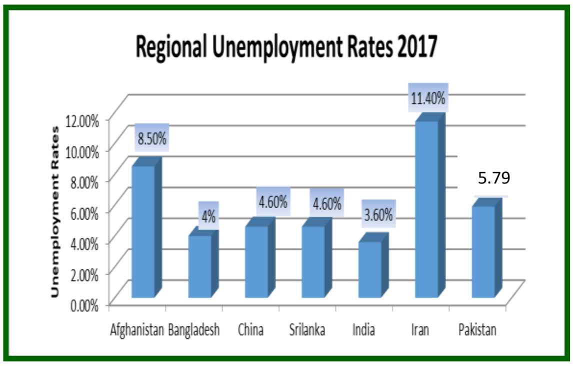
Table-6: Overseas Employment
(Number of Pakistani Workers Registered Abroad)

S.NO	Countries	2013	2014	2015	2016	2017
1	UAE	273,234	350,522	326,986	295,647	275,436
2	Bahrain	9,600	9,226	9,029	8,226	7,919
3	Malaysia	2,031	20,577	20,216	10,625	7,174
4	Oman	47,794	39,793	47,788	45,085	42,362
5	Qatar	8,119	10,042	12,741	9,706	11,592
6	Saudi Arabia	270,502	312,489	522,750	462,598	143,363
7	UK	158	250	260	346	340
8	others	11,276	9,567	6,801	7,120	8,100
	Total	**622,714**	**752,466**	**946,571**	**839,353**	**496,286**

***Source**: Bureau of Emigration and Overseas Employment, M/o Overseas Pakistanis and Human Resource Development*

Regional Analysis of Unemployment Rates

Figure-4



The unemployment situation in different countries of the region is comparatively better than Pakistan except Afghanistan (8.50 percent) and Iran (11.40 percent)[2]. The unemployment statistics reveals that Pakistan's unemployment rate (5.79 percent) is higher than that of China (4.60 percent), Bangladesh (4 percent), India (3.60 percent) and Sri-Lanka (4.60 percent). In China and Bangladesh, the stimulus package including infrastructure improvements, subsidy programmes, trainings and job counselling have shown positive results.

Outlook 2019-20

Certain policy initiatives will be taken to put in place an efficient, equitable and a rights based labour market that will provide a mechanism to allow productive growth in the economy and to result in real wage increase. Colossal endeavors by the government like announcement of provision of 10 million jobs during its tenure, CPEC, Youth Development Programme with the aim to provide various opportunities to the youth. Domestically 1.2 million jobs will be created at the growth rate of 4% during 2019-20. All efforts will be made for placement of 0.8 million workers abroad. The overseas employment promoters will be facilitated to seek overseas employment opportunities during 2019-20. Strengthening of Small & Medium Enterprises and labour-intensive sectors will be prioritized during the plan period. Prime Minister’s Youth Skill Development Programme through NAVTTC and promotion of overseas employment will be helpful in achieving the targeted level of employment in the country. Additional employment will be generated through promotion of Self-employment schemes/ Entrepreneurship and improvement in status of employment. Services, ICT, Entertainment, Travel and Tourism sectors would be focused for employment generation. Skill training on latest machines and equipment to supply CPEC required skilled manpower will be prioritized. Apprenticeship/ On job training in demand driven trades through relevant industries will be focused. Mapping of industries and corporate sector to find out the needs for introducing new programmes as per emerging needs of industry and corporate sector will be prioritized.

[2]Source: World Bank Employment/Statistics 2017.

Programmes and Projects

National Skill Strategy

National Skill Strategy reformulated by NAVTTC, emphasizes on creating a demand-driven training system responsive to the requirement of the job market. TVET, Apprenticeship Bill, 1962 has been replaced with Apprenticeship Act-2018. National Job Portal has been introduced by NAVTTC, where skill profiles of more than 550,000 youth are available. The priority areas for skill development are well aligned with CPEC projects and indigenous clusters such as agricultural, industrial and mining as well as exportability of skilled workforce. At present almost 3686 technical institutes including 1586-public institutes through Provincial TEVTAs and 2100 private technical institutes are involved in imparting the vocational & technical training to unemployed youth. Province-wise number of TEVT institutes and enrolment is reflected as under in table-7:

Table 7: TVET Institutes & Enrolment of Youth

Province	Govt.	Private	Total	Male	Female	Total
Punjab	970	702	1,672	152,708	76,116	228,824
Sindh	296	421	717	67,035	19,159	86,194
Khyber Pakhtunkhwa	140	592	732	41,205	29,567	70,772
Baluchistan	65	86	151	10,759	7,088	17,847
Gilgit Baltistan	35	139	174	4,049	9,166	13,215
Azad Kashmir	56	79	135	6,334	4,141	10,475
Islamabad Capital Territory	24	81	105	3,336	2,574	5,910
G. Total	1,586	2,100	3,686	285,426	147,811	433,237

***Source**: NSIS (NAVTTC) 2017*

NAVTTC and Skill Development Programme

The government has accorded high priority to skill development. Prime Minister's Youth Skill Development Programme (Phase-IV) Batch-2, Youth Training Scheme (NIP) 2017-18 (Phase–II), and Vocational Schools through Public Private Partnership, Free Vocational Education will supplement the skill development through NAVTTC. Through Prime Minister's Youth Skill Development Programme (Phase-IV) against the target of 100,000 the training has been imparted amongst 95,000 youth in the country. Some of the targets during the plan period are; accreditation of 2,000 TVET institutes all across the Pakistan, apprenticeship training of 25,000 youth in industry under Apprenticeship Act-2018, skill development training of 40,000 youth in high-end technologies, international accreditation of 50 Pakistani TVET institutes and initiation of joint degree programmes in TVET.

Employment Generation in CPEC Programme

Huge inflow of US $60 billion investment under CPEC will generate massive economic activities and thereby employment opportunities. Apart from focusing on energy, infrastructure and Gwadar projects, 9 Special Economic Zones will be established under CPEC portfolio, which will create tremendous job opportunities and technological transformation. Priority will also be given to align technical institutions and training with CPEC related trades and demand of SEZ's. The early harvest projects under China Pakistan Economic Corridor (CPEC) have created more than 75,000 direct jobs and 200,000 allied jobs for Pakistanis while the projects under CPEC are poised to create more than 700,000 Employment opportunities in the country.

Public Sector Development Programme (PSDP)

Public Sector Development Programme (PSDP) is the driver of economy growth besides ensuring employment generation. Transport, Communication and Energy Sector have been given highest priority in PSDP 2018-19; which are labour intensive sectors. Skill development is also one of the priority areas of the government to promote the competency and quality-based training to unemployed educated youth. PSDP has been lined up for development of human and social capital. Detail can be seen in the respective chapter.

National Labour Protection Framework (NLPF)

The Government of Pakistan took an initiative to develop a National Labour Protection Framework (NLPF) to ensure a time-bound and concrete action on seven thematic areas including Child Labour, Forced Labour, Freedom of Association & Collective Bargaining, Discrimination, Social Dialogue, Labour Inspection and Occupational Safety &Health.

Employable Skills through National Institute of Science and Technical Education (NISTE)

National Institute of Science and Technical Education (NISTE) has been upgraded as National Skill University and is playing a pivotal role on imparting employable skills training to youth in various trades. In order to address the shortage of skilled human resource at all levels in the country.

The National Incubation Centers (NICs)

This initiative is to promote the growing synergy between the public and private sectors to promote youth-led entrepreneurship in the country. The government has announced setting up of five incubation centers in Islamabad and four provincial capitals together with innovation centers. Services include free broadband internet, silent rooms, gaming zone, curriculum for startup education, best business leaders as mentors, and an innovation lab designed along international standards.

Chapter 15 | MASS MEDIA, CULTURE AND NATIONAL HERITAGE

Mass Media Sector has contributed towards growth, revenue and employment generation. The Sector has been opened up by government for private investment, entrepreneurship and innovation since 2002. Print, electronic, social and digital media in Pakistan are primarily operated as private enterprises except the Public Sector Television and Radio. Pakistan Electronic Media Regulatory Authority regulates establishment and operation of all broadcast media (Satellite TV and FM Radio) and distribution services (Cable TV, Direct to Home (DTH), Internet Protocol Television (IPTV) and Mobile TV) in Pakistan. The production and distribution of digital content using digital technologies have experienced exponential growth during recent past which is making mobile as the primary screen of viewership. All these different types/forms of media are contributing as a catalyst in development and bringing about changes in the socio-cultural fabric of society. The media–culture relationship is historic and organic worldwide. Mass Media has always been recognized as a cultural carrier while the culture has remained a primary source of content provision and inspiration for the Mass Media. Mass media is responsible for promotion, projection and development of the diverse culture of Pakistan. The milestone targets of the sector include digitalization of terrestrial network of Pakistan Television Corporation (PTVC) and expansion of cable TV network to rural and far flung areas, Direct to Home Television (DTH) and Over the Top (OTT) Media platforms which delivers film and TV content through the Internet.

Review of 2018-19

Mass Media Sector

An amount of Rs.548.955 million was earmarked to eighteen ongoing and two new projects of Information & Broadcasting Division in PSDP 2018-19 for improving the quality of audio and video signals and increasing the population and area coverage. The utilization is expected to be Rs.321.4 million by June, 2019. Sub-sectoral physical and financial details are given in the succeeding paragraphs.

Pakistan Television Corporation (PTVC)

An amount of Rs.324.883 was allocated for ongoing projects of PTVC during FY 2018-19 out of which Rs.205.0 million have been released which are expected to be utilized fully. The projects for dubbing of Pakistani dramas in foreign languages is expected to be completed by 30th June, 2019. The project will help to project and create understanding of Pakistani culture abroad. Whereas Letter of Credit (LC) for import of equipment under the project titled "Modernization of Cameras and Production Equipment PTV" has been opened. The process for import of equipment will be competed. The project will improve quality of production/transmission to a competitive level.

Mass Media in Pakistan	
PTV Stations	7
TV Transmitters	110
Radio Stations (Public)	33
FM Transmitters (Public)	57
F.M Radio Licenses (Private)	234
Cable T.V. Licenses	4060
Total TV viewership (Terrestrial, Cable & Satellite)	144 million
Total Cable & Satellite viewership	96 million
Total Terrestrial viewership	48 million
Satellite Channels (Local)	88
Landing Rights Permissions (LRP)	35

Source: *PEMRA, PTV & PBC*

Pakistan Broadcasting Corporation (PBC)

An amount of Rs.147.656 million has been earmarked to one ongoing and two new projects of PBC of which Rs.62.0 million have released which will be utilized. The new project titled “Up-gradation of Radio Station Multan under ODA Programme South Korea” is expected to be completed by 30th June, 2019. The project is for digitalization of four studios and one master control through financial and technical assistance of Korean Radio Promotion Association (RAPA). Work on the project titled “Establishment of Sautul Quran FM Network Phase-II” and “Rehabilitation of Medium Wave Services from Muzaffarabad (AJK)” remained in progress during financial year 2018-19 and will continue during next financial year 2019-20.

Pakistan National Council of Arts (PNCA)

The Pakistan National Council of the Arts (PNCA) is an Apex Cultural body functioning on national level to promote cultural activities. PNCA perform different activities on the basis of policies framed by its Board of Governors headed by the Minister for Information, Broadcasting & National Heritage comprising 28 members. The allocation of PNCA for FY 2018-19 is Rs.49.356 million which is likely to be utilized fully by 30.6.2019. The project titled “Establishment of Digital Archive Library/Laboratory of PNCA, Islamabad” is expected to be completed by 30th June, 2019. Moreover, PNCA has paid an amount of Rs.15.0 million to CDA during FY 2018-19 to take over possession of plot allotted for establishment of National Film Academy at H-9, Islamabad.

Associated Press of Pakistan (APP)

Associated Press of Pakistan (APP) is government operated premier national news agency. According to its charter, APP is to provide accurate and uninterrupted flow of news to the people. An amount of Rs.10.06 million has been earmarked to the only ongoing project titled "Security measures and revamping of News operations Islamabad and all provincial capitals. The project is being completed by 30th June, 2019.

Development Communication Project

Development Communication Project is an ongoing project which envisages projection of PSDP funded development programmes and projects through electronic, print, social and digital media for increasing awareness among masses. Major components of the project are: generation of development discourse in the country through electronic, print, social and digital media; holding conferences/seminars/workshops on various sectors of economy and capacity building of journalists The project has been allocated Rs200.0 million during financial year 2018-19 out of which Rs.80.0 million is expected to be utilized by 30th June, 2019. The major activities carried out under the project during the year include: press briefings/press releases/social and digital media campaigns on SDGs, health related initiatives, ECO achievement and challenges, CRVS, CDWP. Other activities include: newsletters, management of official website of the Ministry, promotion of all regular activities on print, electronic, social and digital media.

The financial review of Mass Media Sector for 2018-19 is as under:

(Rs. million)

S. No.	Agencies	Allocation 2018-19	Estimated Expenditure 2018-19
1.	Pakistan Television Corporation	324.883	200.0
2.	Pakistan Broadcasting Corporation	147.656	62.00
3.	Pakistan National Council of Arts (PNCA)	49.356	49.356
4.	Associated Press of Pakistan	10.06	10.06
5.	Pakistan Electronic Media Regulatory Authority (PEMRA)	17.080	0.0
	Total	**548.955**	**321.416**

Culture

Pakistan has rich tangible (ancient sites and historic structures etc.) and intangible (languages, beliefs, rituals, traditions, music, dance, folktales and arts) cultural heritage. National History and Literary Heritage Division and its attached departments are doing their best to promote true image of Pakistan through preservation of national history, projection of thinking of Allama Muhammad Iqbal and Quaid-e-Azam Muhammad Ali Jinnah, welfare of writers, promotion of literature and reading culture for creation of peace and harmony in the society.

The financial review of Culture sector for 2018-19 is given below:

(Rs. million)

S.No.	Agencies	Revised Allocation 2018-19	Estimated Expenditure 2018-19
1	Pakistan Academy of Letters	76.9	76.9
2	Department of Archaeology & Museum (DOAM)	10.0	10.0
3	Quaid-e-Azam Mazar Management Board (QMMB)	10.0	10.0
4	National Library of Pakistan	19.0	19.0
5	National Book Foundation (NBF)	26.3	26.3
	Total	**142.2**	**142.2**

Pakistan Academy of Letters (PAL)

The allocation of Pakistan Academy of Letters (PAL) is Rs.76.9 which is expected to be utilized on construction of Office Buildings of Pakistan Academy of Letters at Peshawar and Quetta. These centers will promote regional literatures and local writers.

Department of Archaeology & Museum (DOAM)

During the financial year 2018-19, an amount of Rs.10.0 million has been allocated to the only ongoing project of DOAM titled “Preservation and Restoration of Rawat Fort”. The allocated amount is expected to be utilized fully by 30th June, 2019.The project aims at restoration and conservation of the 15th century military fort.

National Library of Pakistan

During the year 2018-19, an amount Rs.19.0 million has been spent on ongoing project titled “Up-gradation of National Library of Pakistan”. The project is for upgradation and improvement of existing reading facilities including establishment of children section, reading facilities for women and visually impaired persons.

Quaid-e-Azam Mazar Management Board (QMMB)

An amount of Rs.10.0 has been utilized on ongoing project of Quaid-e-Azam Mazar Management Board (QMMB) titled “Installation and Operation of Municipal waste water Treatment Plant at Peripheral Area of Mazar-e-Quaid” during year 2018-19. Presently, around 100,000 gallons per day is being provided to Mazar-e-Quaid for irrigation, plantation and cleaning whereas the requirement of water is 300,000 gallons per day. This facility will meet the shortage of water at Mazar-e-Quaid.

National Book Foundation (NBF)

During the year 2018-19, an amount of Rs.26.3 million has been utilized on completion of ongoing project of National Library of Pakistan titled “Up-gradation of Braille Complex

Karachi". The project is for production of high quality reading material for the visually impaired persons.

Outlook for 2019-20

Pakistan media and communication industry is on the threshold of analogue technology and venturing into the digital world. It is also an International obligation and Pakistan is making efforts to meet the requirement of International Telecommunication Union (ITU) to switch over to digital standards. In the Television sector headway has been made and a pilot digital transmitter based on Chinese DTMB standard is working successfully. A digital standard will soon be adopted for TV broadcasts. The radio is analogue and plans for digitalization of its network will be chalked out soon. Pakistan Electronic Media Regulatory Authority (PEMRA) has forwarded detailed profiles of the three successful bidders of Direct to Home (DTH) licenses to Ministry of Interior for clearance after which the successful bidders will be issued licenses and the companies will start operation. The country is expected to show remarkable progress in almost all components of this industry such as the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; motion picture and sound recording industries; the publishing industries and publishing exclusively on the Internet. The Digital video broadcasting, digital audio broadcasting, Internet Protocol Television (IPTV), mobile TV and digital multimedia broadcasting is the future of broadcasting culture in Pakistan. Mass Media sector during 2019-20 would foster its growth through upgradation / digitalization of equipment and broadcasting networks. Growing middle class, young demography, high volume of content consumption and a rise in consumer income holds significant potential for investment in media. This will result in growth of media sector at a faster pace.

Programme for 2019-20

Mass Media Sector

The allocation for next financial year for mass media sector is Rs.516.126 million. The organization-wise details of allocation for PSDP 2019-20 are as follows:

(Rs. million)

S.No.	Agencies	Allocation 2019-20
1.	Pakistan Television Corporation (PTVC)	284.48
2.	Pakistan Broadcasting Corporation (PBC)	156.03
4.	Pakistan National Council of Arts (PNCA)	60.616
5.	Nation Institute of Folk & Traditional Heritage (Lok Virsa)	15.00
	Total	**516.126**

An amount of Rs.284.84 million has been earmarked for PTVC in PSDP 2019-20 to one ongoing and one new project of PTVC. The only ongoing project titled “Modernization of cameras and production equipment of PTV” is for replacement of analogue studio and transmission equipment at 3 PTV centers (i.e. Islamabad, Lahore and Karachi). This project results in improvement in production, sound and picture quality of PTV transmission.

Similarly, an amount of Rs.156.03 million has been allocated to two ongoing and one new project of Radio Pakistan. Rs.40.146 million have been allocated to 100 KW MW transmitter at Gwadar for civil works of transmitter building while rehabilitation of medium wave services from Muzaffarabad (AJK) has been provided Rs.41.5 million for procurement of transmitter and allied equipment. Moreover, Rs.60.00 million has been allocation for replacement of medium wave transmitter at Mirpur, AJK.

An amount of Rs.60.616 million has been earmarked to an ongoing and one new project of PNCA. Funds to the tune of Rs.40.00 million has been earmarked for establishment of Pakistan’s first ever National Film Academy at Islamabad. Similarly, an amount of Rs.16.576 has been earmarked for upgradation/replacement of outdated film projection, light and sound system installed at PNCA. National Institute of Folk & Traditional Heritage (Lok Virsa) has been provided Rs.15.00 million for upgradation of LoK Virsa into a professional and gender friendly space.

Culture

The total allocation for next financial year 2019-20 for the Culture sector is Rs.128.016 million for eight ongoing projects. The organization-wise details are as follows:

(Rs. million)

S. No.	Agencies	Allocation 2019-20
1	Pakistan Academy of Letters (PAL)	37.5
2	National Library of Pakistan	46.924
3	Department of Archaeology & Museum (DOAM)	22.1
4	Quaid-e-Azam Mazar Management Board (QMMB)	21.338
	Total	**128.016**

Funds to the tune of Rs.37.5 million have been allocated for three ongoing projects of Pakistan Academy of Letters (PAL). These projects are for construction of Office building of PAL at Peshawar and Quetta and construction of auditorium at PAL Islamabad. Two projects of National Library of Pakistan namely; digitization of rare books and manuscript collections and upgradation of National Library have been provided Rs.22.835 and Rs.14 million respectively for completion. An amount of Rs.21.3 million has been allocated to the only ongoing project of Quaid-e-Azam Mazar Management Board titled “Installation and operation of Municipal waste water treatment plant at Peripheral area of Mazar-e-

Quaid, Karachi ". The project will be completed by June, 2019. An amount of Rs.10.61 million has been allocated for the initiative taken under direction of Prime Minister which aims at mapping of all historical monuments including archaeological and religious sites across country through field surveys. Preservation and restoration of Rawat Fort has been provided Rs.11.644 million for completion.

Chapter 16 | ENERGY

Energy is an important sector of the economy and plays a vital role in the country's economic development. Pakistan's economic growth had been constrained in the past due to the abysmal performance of the energy sector. However, outgoing FY 2018-19 has witnessed improvement in reducing the demand supply gap due to wide ranging structural reforms undertaken by present government, and as a result 2,652 MW electricity generation will be added in the national grid by June, 2019. There will be further addition of 2,611 MW by June 2020 as per generation plan envisaged by Power Division.

For evacuation of additional power generation, the National Transmission and Dispatch Company (NTDC) transmission system has been strengthened through construction of new 500kV & 220 kV grid stations adding 1,500 MVA and 2,250 MVA respectively. Further 1,650 MVA and 6,273 MVA is expected to be added next year on 500 kV and 220 kV system respectively. All Distribution Companies (DISCOs) are implementing projects to reduce losses, increase efficiency, and provision of electricity to new consumers.

In the oil & gas sector, 1.26 billion cubic feet gas per day (BCFD) through import of Liquified Natural Gas (LNG) and local gas is expected to be added in the national grid and Sui systems respectively by June, 2020 as per data provided by Petroleum Division. To overcome the load of oil transportation on roads, implementation of White Oil Pipeline project envisaging 427 Km pipeline from Sheikhupura to Peshawar has been initiated.

Under the public private partnership joint venture project between Government of Sindh and Engro Group, the SECMC/Engro Power will achieve the target by June 2019 with open-pit coal mine and 660 megawatts coal-based power generation project in Tharparkar district. Transmission and distribution capacities of Sui Northern and Sui Southern Gas Companies will be enhanced through laying of additional 12,100 km and 1,499 km pipelines for SNGPL and SSGCL respectively by June, 2020.

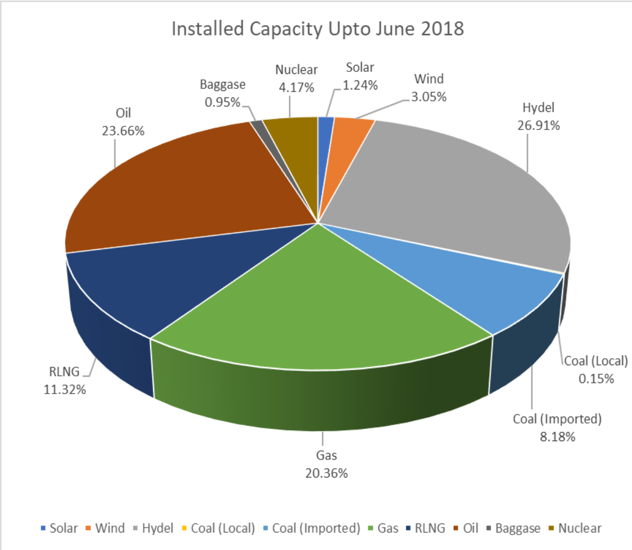
Performance Review 2018-19

Power Sector

The installed capacity as on June 2018 was 32,263 MW as per Annex-I. The existing source/fuel wise generation capacity is mentioned as follows:

Table 1: Existing Source/ Fuel Wise Generation Capacity (MW)

Source/ Fuel	As on June 2018 (MW)
Solar	400
Wind	985
Hydel	8683
Coal (Local)	50
Coal (Imported)	2640
Gas	6569
RLNG	3651
Oil	7635
Baggase	306
Nuclear	1345
Total Capacity:	**32263**



Source: *NTDC*

An amount of Rs.227,529 million were allocated in PSDP 2018-19 for power sector projects including self-finance by Power Sector Corporations and excluding cost of IPPs.

Table 2: Power Sector PSDP Allocations 2018-19

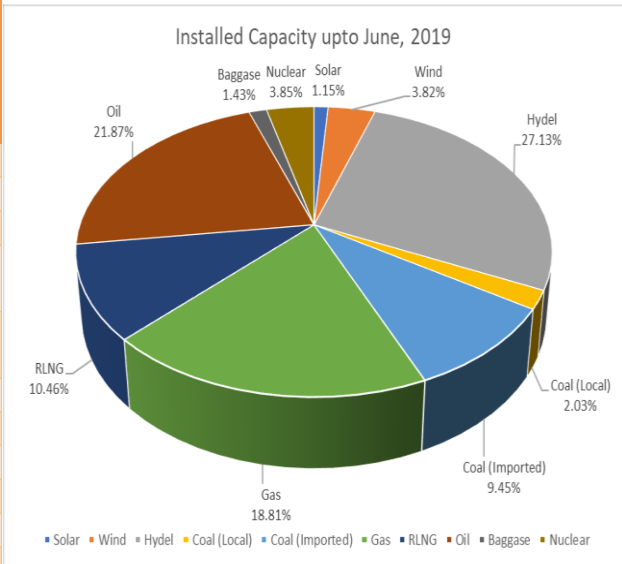
(Rs. million)

Department	Number of Projects	Allocation 2018-19
Power Division (Generation, Transmission and Distribution Projects)	55	67,945.994
Pakistan Atomic Energy Commission (Power Projects)	3	20,188.16
Kashmir Affairs and Gilgit Baltistan (Power Projects)	9	2,064
WAPDA Hydropower Generation Projects	16	137,330.505
Total	**83**	**227,528.659**

As a result, 2,652 MW power will be added by June, 2019 in the national grid (Details are mentioned at Annex-II). The installed capacity will be enhanced from 32,263 MW to 34,915 MW. Source wise detail is as follows:

Table 3: Installed Capacity Upto June, 2019 (MW)

Source/ Fuel	As on June 2018	Addition 2019	Installed Capacity upto June, 2019
Solar	400	0	400
Wind	985	348.3	1333.3
Hydel	8683	790.25	9473.25
Coal (Local)	50	660	710
Coal (Imported)	2640	660	3300
Gas	6569	0	6569
RLNG	3651	0	3651
Oil	7635	0	7635
Baggase	306	193.5	499.5
Nuclear	1345	0	1345
Total Capacity	**32263**	**2652**	**34916**



Transmission System

During 2018-19, the NTDC transmission system has been strengthened by addition of 1,500 MVA and 2,250 MVA on 500 kV and 220 kV systems respectively for evacuation of additional power to the National Grid. The existing transmission lines were extended by 1,017 km and 257 km on 500 kV & 220 kV respectively. Detail is given below: -

Table 4: Targets & Achievements of Transmission System upto June, 2019

Items	Targets 2018-19		Achievements up to June-2019	
Transmission Type(kV)	500 kV	220 kV	500 kV	220 kV
Transmission Capacity Addition (MVA)	1,500	2,250	1,500	2,250
Additional Length of transmission line (Km)	1,017	257	1,017	257

***Source**: NTDC*

Distribution System

A total of 7,018 villages were electrified and 11,35,218 connections were added as a result of which the number of connections increased up to 31 million. In addition, the distribution lines i.e. 132 kV lines were extended by 1,792 km. Per capita electricity consumption in Pakistan is 471 units per person per year which is very low compared to the world average consumption of 2,674 units per person per year. Further, to cope with increasing power demand, all Distribution Companies (DISCO's) enhanced their capacities through implementation of Secondary Transmission and Grid (STG), Distribution of Power (DOP) and Energy Loss Reduction (ELR) programmes. Detail is as under:

Table 5: Review of Power Distribution Companies 2018-19

Review 2018-19									
S.No	Name of DISCO	132 kV MVA Added	132 kV Transmission Line (Km) Added	11 kV MVA Added	11 kV Transmission Line (Km) Added	400 Volt Transmission Line (Km) Added	Consumers Added (Nos.)	Loss Reduction (%)	Village Electrification (Nos)
1	FESCO	198	29.377	253	745	823	100663	10.5 to 10.25	250
2	GEPCO	252	63	94	210	225	136223	10.03 to 9.98	99
3	HESCO	215	101.9	37.86	151.654	75.222	31994	29.85 TO 26.84	408
4	IESCO	444	345	120	350	300	170234	9.22 to 9.1	904
5	MEPCO	336	271.25	232	1591	813	314956	16.6 to 16	1166
6	PESCO	300	246.57	120	419.381	136.177	143834	38.1 to 37.4	2260
7	QESCO	205	700	60	534	187.69	9432	22.5 to 22.0	292
8	SEPCO	27	0	55	110	7	11007	36.7 TO 35.5	300
9	TESCO	117	28.5	127.15	1022.8	621.72	130	13.9 to 12.5	1267
10	LESCO	279	6.8	242	739	206	216745	13.8 to 13.3	72
Total		**2373**	**1792.397**	**1341.01**	**5872.835**	**3394.809**	**1135218**		**7018**

Regional Power Connectivity

Significant progress has been made on the Central Asia South Asia (CASA) transmission project envisaging lying of 1,200 km transmission lines for import of 1,300 MW from hydel power generation from Tajikistan and Kyrgyz Republic through Afghanistan to Pakistan. The core power agreements including Power Purchase Agreements (PPAs) between respective countries have been signed by the parties. An amount of Rs.1,100 million was allocated in PSDP 2018-19 for the project. CDWP has recommended the project for consideration of ECNEC on 15.04.2019.

Outlook and Programmes for 2019-20

Power Generation Addition

An amount of Rs.216,679 million is proposed in PSDP 2019-20 for power sector projects of generation, transmission and distribution including self-finance of Power Sector Corporations excluding IPPs.

Table 6: Power Sector PSDP Allocations 2019-20

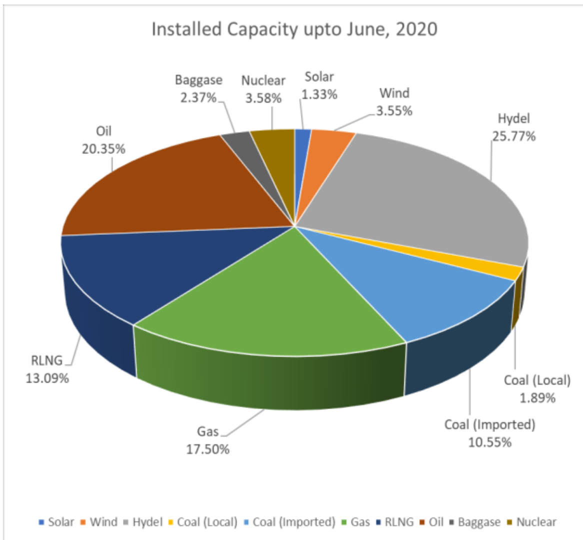
(Rs. million)

Department	Number of Projects	Allocation 2019-20
Power Division (Generation, Transmission and Distribution Projects)	73	74,735.827
Pakistan Atomic Energy Commission (Power Projects)	4	19,139.966
Kashmir Affairs and Gilgit Baltistan (Power Projects)	9	2,035.0
WAPDA Hydropower Generation Projects	17	120,768.352
Total	**103**	**216,679.145**

During 2019-20, power generation capacity of 2,611 MW including 688 MW from renewable energy will be added, which will increase the existing installed capacity from 34,916 MW to 37,527 MW as follows. Project wise details are attached at Annex-III.

Table 7: Planned Additional Installed Capacity upto June, 2020

Source/ Fuel	Addition 2020	Installed Capacity up to June, 2020
Solar	100	500
Wind	0	1333.3
Hydel	197	9670.25
Coal (Local)	0	710
Coal (Imported)	660	3960
Gas	0	6569
RLNG	1263	4914
Oil	0	7635
Bagasse	391	890.5
Nuclear	0	1345
Total Capacity	**2611**	**37527**



Transmission System

An amount of Rs.6,484 million has been proposed in the PSDP 2019-20 for CASA project. The implementation of Central Asia South Asia (CASA) project will continue in 2019-20.

The transmission capacity will be enhanced by 1,650 MVA and 6,276 MVA on 500 KV and 220 kV network respectively. Further, about 476 km transmission lines will be constructed respectively detail is given below:

Table 8: Targets of Transmission Capacity Addition 2019-20

(Rs. million)

S. No.		500 kV	Invest-ment	220 kV	Invest-ment
1	Existing Capacity	20,850 MVA	-	30,360 MVA	-
		5,871 Km	-	11,281 Km	-
2	Capacity (MVA) addded during 2018-19 upto June 2019	1,500	77,543*	2,250	17,720*
3	Km added during 2018-19 upto June 2019	1,017		257	
4	Targets (MVA) for 2019-20 (Ist July 2019 to 30th June 2020)	1,650	25,386*	6,276	16,852*
5	Targets (km) for 2019-20 (Ist July 2019 to 30th June 2020)	476		-	

** Combined Investment of T/L and Transformer*

Distribution System

Targets for Power Distribution Companies are shown in table 9, Losses position is still considerably higher than the global average of around 8 percent. Higher losses will be curtailed through DISCO's Power Distribution enhancement projects like STG's and ELR. Following targets are set by DISCOs for the year 2019-20.

Table 9: Targets of Power Distribution Companies 2019-20

Targets 2019-20										
S.No	Name of DISCO	132 kV MVA Added	132 kV Transmission Line (Km) Added	11 kV MVA Added	11 kV Transmission Line (Km) Added	400 Volt Transmission Line (Km) Added	Consumers Added (Nos.)	Loss Reduction (%)	Village Electrification (Nos)
1	FESCO	253	820	253	820	910	190640	10.2	250
2	GEPCO	110	30	110	250	250	245301	9.98	150
3	HESCO	145	119	41.6	172	200	32965	24.83	400
4	IESCO	351	68	150	350	350	180448	8.9	530
5	MEPCO	1069.8	537.66	235	2248	1140	329363	15.8	3356
6	PESCO	602	143.1	169	587.16	190.68	124780	36.6	4110
7	QESCO	336.7	300	80	251	153	5023	21.5	63
8	SEPCO	67	64	140	280	35	12230	34	400
9	TESCO	237	50	31.9	1685.6	200	150	12.47	500
10	LESCO	608	282	287	821	325	295000	13	80
Total		**3779.5**	**2413.76**	**1497.5**	**7464.76**	**3753.68**	**1415900**		**9839**

Performance Review 2018-19

Fuel Sector

Oil and Gas

During 2018-19 (upto March 2019 with data of 8 months), the production of crude oil was 21.86 million barrels against target of 32.50 million barrels showing 67.26 percent achievement. The domestic production of natural gas was 0.96 trillion cubic feet (TCF) against target 1.51 trillion cubic feet showing 63.57 percent achievement. The Liquefied Petroleum Gas (LPG) production surpassed the value of 530,129 tons. A total of 73 wells including 27 exploratory and 46 development wells were drilled. Detail is given at Annex-IV.

Gas Consumer Addition and Pipelines Construction

Both Sui gas companies in their respective jurisdictions added 521,137 new consumers and total of 5,606 KM transmission and distribution pipelines against target of 10,063 KM which reflects 56 percent. Detail is given at Annex–V.

SSGC envisage developing the infrastructure required for RLNG-3 for receiving, transmission and distribution of gas to meet continuously increasing demand in the country. SSGC would execute these RLNG-3 projects subject to the availability of the requisite approvals, arrangements and directives from Ministry of Energy (Petroleum Division). SSGC has completed and commissioned the following gas pipeline projects with the help of horizontal directional drilling procedure:

- 18" dia x 20 Km Patfeeder Canal (IRBP)

- 20" dia x 227 Km Naseer Canal (Kandawari)
- 16" dia x 227 Km Naseer Canal (ILBP)
- 20" dia x 22 Km Rohri Canal (Kandawari)
- 16" dia x 223 Km Rohri Canal (ILBP)

Projects Implemented in 2018-19

- To consume enhanced gas supply from Adhi -Sukkho Loop Line, 10" x 11.5 kms loop line has been proposed along with existing 10" dia Adhi Sukho pipeline.
- To supply 200 MMCFD RLNG a pipeline from Kabeer Wala to Punjab Power Plant, Jhang, 24" dia x 93 km has been proposed.
- Pipeline from Matni to Regilalma, 8" dia x 32 km to supply 25 MMCFD gas to Regilalma model town, 8" dia x 32 km pipeline has been planned.
- To supply gas a pipeline from Chinniot to PindiBhattian, 8" dia x 25 km has been pproposed
- In order to pick up 12 MMCFD gas supplies from OGDCL's field Dhoke Hussain well #1, laying of 8" dia x 14.20 km pipeline has been planned.
- To provide 65 MMCFD RLNG to Quaid-e-Azam Apparel Park (QAAP) which is to be built near Motor way M-2, District Sheikhupura, Company has planned 16" dia x 17 km pipeline from MP 59 to QAAP.

Liquefied Natural Gas (LNG) and Natural Gas Import

During 2018-19, the Pakistan State Oil (PSO) handled 4.5 million tons and Pakistan LNG Ltd. (PLL) handled 2.69 million tons of LNG against the target of 8.43 million tons which is 85.3 percent of the total target.

Gas Pipeline Projects

- **Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline Project**. Physical construction has been started on TAPI pipeline with 56-Inch dia, 1,680 km length and gas volume of 3.2 billion cubic feet of natural gas per day (bcfd) expected first gas flow under phase-1 by 2021.
- **Off-Shore Gas Pipeline Project:** A $10 billion Off Shore Gas Pipeline project between Pakistan and Russia is under process. A Memorandum of Understanding was signed between the Ministry of Energy of the Islamic Republic of Pakistan and Ministry of Energy of Russian Federation on September 27, 2018. Pakistan will import some 0.5 to 1.0 billion cubic feet of gas daily from Russia transported via sea link.

- **Iran-Pakistan (IP) Gas Pipeline Project:** Iran-Pakistan Gas Pipeline Project (IP) envisaging laying of 42 inches 1,931 Km pipeline having 750 MMCFD capacity could not proceed well due to sanctions on Iran. Currently Pakistan engaged with Iran on this important project with high level visits from and to Iran. Both parties have resolved the IP Project forward with mutual consensus and accord.

- **North-South Gas Pipeline Project:** To meet the demand It is planned to undertake laying of about 1100km of gas pipeline from Karachi to Lahore under this project which will carry 1.2 BCFD gas. This particular segment shall be capable to take injection of TAPI gas at Multan in addition to LNG supplied from Karachi Terminal.

Coal Sector

The Geological Survey of Pakistan (GSP) continued various geological and geophysical surveys along with exploratory drilling operations for coal exploration under the following PSDP funded projects;

- The project will be closed in June, 2019 titled as “Appraisal of Newly Discovered Coal Resources of Badin Coal Field and its adjoining areas of Southern Sindh” and final report will be submitted regarding coal reserves to be explored in future.

- Exploration and Evaluation of Coal in Nosham and Bahlol Areas, Balochistan. Prospective zones have been demarcated and drilling activity will start very soon to evaluate the actual potential of the coal deposits.

Thar Coal Development

Exploration activities on various blocks Block-I, II, III, VI etc at Thar operated by different companies remained continued.

Out Look and Programme for 2019-20

Fuel Sector

Target for domestic crude oil and natural gas production fixed as 29.39 million barrels and 1.57 TCF respectively. The supply demand gap in both oil and gas sectors will be met through import of crude oil and petroleum products. The indigenous gas supply will be supplemented through LNG imports to the tune of 9.0 million tons. An amount of 15 billion US Dollar has been proposed investment plan during 2019-20.

Projects to be implemented in 2019-20

- For transporting additional 1.2 BCFD RLNG volume with requisite pressure of 1,115 psig at Sawan a project XI (RLNG-3 Pipeline Project from Sawan to Qilla Sattar Shah near Lahore), 42” dia x 770 km has been initiated.

- In order to overcome the low pressure problem in Jalalpur Jattan district Gujrat, 16” dia x 7 km from Wazirabad to Pak Ghee and 8” dia x 20 km from Pak Ghee to Jalalpur Jattan has been planned.

- To operate Gas Distribution Network of Lahore City Optimally by Adding New Feed points (SMSs/ new transmission spurs) & bifurcation of gas loads/ network of Lahore city SNGPL has planned new transmission network as given below:

  - 24” dia x 48 km Transmission Mainlines from Phoolnagar to Nabi Bakshwala (Ferozepur Road)

  - 16” dia x 27 km Transmission Mainlines from Ferozepur Road to Barki

  - 8” dia x 16 km Transmission Mainlines from Barki to Dial

  - 16” dia x 6.6 km Transmission Mainlines from Manga Mandi to Sunder

- To address the acute low gas pressure / no gas issues of Bahawalpur city, Lodhran city and adjoining localities, SNGPL has planned to laying of 16” dia x 50 km transmission gas pipeline from A-5 (Khairpur Daha) to Bahawalpur. Detailed engineering works are in progress.

- The TAPI project activities including signing of Gas Transportation agreement, Pipeline service rules, transit fee agreement and completion of FEED work could be implemented during 2019-20.

- The implementation on IP project will be reviewed in consultation with the Iranian counterpart to discuss and finalize all outstanding issues including amendments in the GSPA for preparing revised implementation framework for completion of the project.

- The “Machike-TaruJabba Oil Project” activities planned for the year 2019-20 includes completion of land acquisition/ ROW for the project and start of construction by the BOOT contractor.

- Pak Arab Refinery Limited (PARCO) has proposed to set up state of the art PARCO Coastal Refinery having capacity of 250,000 barrels per day at Hub, Baluchistan, estimated cost of the project is over US$ 5 billion. The project is expected to be completed by end 2023.

- The Geological Survey of Pakistan (GSP) will continue exploratory drilling and surveys under the following three on-going projects:

  - Appraisal of Newly Discovered Coal Resources of Badin Coal Field and its adjoining areas of Southern Sindh.

  - Exploration and Evaluation of Coal in Nosham and Bahlol Areas, Balochistan.

In addition to above, the GSP also proposed initiation of new project i.e. Exploration of Coal in Dara Adam Khel (FATA), Khyber Pakhtunkhwa which is under review.

- The Sindh Engro Coal Mining Company (SECMC) with their Chinese contactors will continue its mining project of 3.8 million tons per annum capacity for supplying Thar coal to 2x 330 MW power plants at Block–II. During 2018-19 the process of over burden removal will continue and coal production of about 1.2 million tons is also targeted.

Annex-I

Existing Installed Capacity as of June 2018

Sr. No.	Name of Power Station	Fuel	Installed Capacity (MW)
Hydel WAPDA			
1	Tarbela	Water	3478
2	T-4 U-I	Water	470
3	Mangla	Water	1000
4	Ghazi Barotha	Water	1450
5	Warsak	Water	243
6	Chashma Low Head	Water	184
7	Allai Khwar HPP	Water	121
8	Jinnah Low Head	Water	96
9	Small Hydels[1]	Water	128
10	Khan Khwar HPP	Water	72
11	Dubair Khwar	Water	130
12	Neelum Jehlum	Hydro	969
GENCOs			
13	TPS Jamshoro #1-4	Gas/FO/RFO	850
14	GTPS Kotri #1-7	Gas/HSD	174
15	FBC Lakhra	Coal	50
16	TPS Guddu Steam/CC #1-13	Gas/FO	1655
17	Guddu 747 CC	Gas	747
18	TPS Quetta	Gas	35
19	TPS Muzaffargarh #1-6	RFO/FO/Gas	1350
20	GTPS Faisalabad #1-9	Gas/HSD	244
21	SPS Faisalabad #1&2	FO/Gas/RFO	132
22	Nandipur	RFO	425
Nuclear			
23	Chashma Nuclear (PAEC)-I	Uranium	325
24	Chashma Nuclear (PAEC)-II	Uranium	340
25	Chashma Nuclear (PAEC)-III	Uranium	340
26	Chashma Nuclear (PAEC)-IV	Uranium	340
Hydel IPPs			
27	Jagran Hydel	Water	30
28	Malakand-III Hydel	Water	81
29	New Bong Escape	Water	84
30	Patrind HPP	Water	147
Thermal IPPs			
31	KAPCO	RFO/Gas/HSD	1601
32	Hub Power Project (HUBCO)	RFO	1292
33	Kohinoor Energy Ltd. (KEL)	RFO	131
34	AES Lalpir Ltd.	RFO	362
35	AES Pak Gen (Pvt) Ltd.	RFO	365
36	Habibullah Energy Ltd. (HCPC)	Gas	140
37	Uch Power Project	Gas	586
38	Rousch (Pak) Power Ltd.	Gas	450

Sr. No.	Name of Power Station	Fuel	Installed Capacity (MW)
39	Fauji Kabirwala (FKPCL)	Gas	157
40	Saba Power	FO	136
41	Liberty Power Project	Gas	235
42	Altern Energy Ltd. (AEL)	Gas	31
43	Attock Generation PP	RFO	163
44	ATLAS Power	RFO	219
45	Engro P.P. Daharki, Sindh	HSD/Gas/FO	226
46	Saif P.P. Sahiwal, Punjab	Gas/HSD	225
47	Orient P.P. Balloki, Punjab	Gas/HSD	225
48	Nishat P.P. Near Lahore	RFO	200
49	Nishat Chunian Proj. Lahore	RFO	200
50	Foundation Power	Gas	184
51	Saphire Muridke	Gas/HSD	225
52	Liberty Tech	RFO	202
53	Hubco Narowal	RFO	225
54	Halmore Bhikki	HSD/Gas	225
55	Uch-II	Gas	393
56	Bhikki Power Plant	RLNG	1198
57	Haveli Bahadur Shah	RLNG	1230
58	Coal Plant at Sahiwal	Imp. Coal	1320
59	Port Qasim	Imp. Coal	1320
60	Reshma Power	RFO	97
61	Gulf Power	RFO	84
62	Davis	Gas	13
63	Baloki Power Plant	RLNG	1223
Bagasse Projects			
64	JDW-II	Bagasse	26
65	JDW-III	Bagasse	27
66	RYKML	Bagasse	30
67	Chinot Power	Bagasse	120
68	Fatima	Bagasse/Coal	15
69	Hamza Sugar	Bagasse	63
70	Thall Power	Bagasse	25
Wind Power Projects			
70	Fauji Wind Power	Wind	50
71	Zorlu Energy Wind Power	Wind	56
72	TGF	Wind	50
73	FWEL-I	Wind	50
74	FWEL-II	Wind	50
75	Sapphire Wind Power Co. Ltd.	Wind	50
76	Metro Power Co. Ltd.	Wind	50
77	Yunus Energy Ltd.	Wind	30
78	Tapal Wind Energy (Pvt) Ltd.	Wind	50
79	Master Wind Energy Limited	Wind	50
80	Tenaga Generasi Limited	Wind	50
81	Gul Ahmed Energy Limited	Wind	50

Sr. No.	Name of Power Station	Fuel	Installed Capacity (MW)
82	Dawood Wind	Wind	50
83	Sachal Wind	Wind	50
84	United Energy	Wind	99
85	Artistic Wind	Wind	50
86	Jhimpir Power	Wind	50
87	Hawa Wind (HEPL)	Wind	50
88	TGT Wind	Wind	50
Solar Power Projects			
85	Quaid-e-Azam Solar Park	Solar	100
86	Appolo Solar	Solar	100
87	Best Green Solar	Solar	100
88	Crest Energy Solar	Solar	100
	Total Installed Capacity		**32,263**

Source: *NPCC DLR Dt: 30 Jun2018*
Note: *SEPCOL 135 MW & JAPAN 120 MW are excluded due to their retirement*

Annex-II

Review Power Generation 2018-19

S #	Name of Project	Agency	Fuel	MW	Updated status/ reasons if target is not achieved with justifications
1	M/s Tricon Boston (Pvt.) Limited (A)	AEDB	Wind	50	COD 16.08.2018
2	M/s Tricon Boston (Pvt.) Limited (B)	AEDB	Wind	50	COD 14.09.2018
3	M/s Tricon Boston (Pvt.) Limited (C)	AEDB	Wind	50	COD 11.09.2018
4	Engro Powergen Project (Unit-I)	PPIB	Dom. Coal	330	COD 18.03.2019
5	M/s Zephyr Power Pvt. Ltd.	AEDB	Wind	50	Expected COD Mar, 2019. (delays in availability of grid)
6	HUB Power Company Ltd. (Unit-I)	PPIB	Imp. Coal	660	COD Dec, 2018
7	Chanar Energy Limited	AEDB	Bagasse	22	COD 15.02.2019
8	Etihad Power Generation Limited	AEDB	Bagasse	74.4	Delays in Financial Closing. Expected COD in Jun, 2019.
Sub-Total 1				**1286.4**	
Power Generation which was not envisaged in Annual Plan 2018-19 and added during 2018-19					
1	Neelum Jhelum HPP Unit-1	WAPDA	Hydel	242.25	Unit 1 commissioned in August 2018 and is under commercial operation. Minor delay due to testing phase.
2	Tarbela 4th Ext. Unit 15	WAPDA	Hydel	470	Unit 15 commissioned in October 2018 and is under commercial operation. Delay due to sticking of draft tube gates and constraints for wet testing.
3	Al-Moiz Industries Ltd	AEDB	Bagasse	36	04.01.2019.
4	Three Gorges Second Wind Farm (Pvt)Ltd	AEDB/CPEC	Wind	49.5	COD 30.06.2018

S #	Name of Project	Agency	Fuel	MW	Updated status/ reasons if target is not achieved with justifications
5	Three Gorges Third Wind Farm (Pvt.) Limited	AEDB/CPEC	Wind	49.5	COD 9.07.2018
6	Hartford Alternative Energy (Pvt.) Ltd	AEDB	Wind	49.3	COD 16.03.2018
7	Daral Khwar HPP	PEDO	Hydel	37	COD Sep, 2018
8	Bahawalpur Energy Ltd.	AEDB	Bagasse	31	Apr. 2019
9	Kashmir Power Private Ltd	AEDB	Bagasse	40	Apr. 2019
10	Ittefaq Power (Pvt.) Ltd.	AEDB	Bagasse	31	May. 2019
11	Engro Powergen Project (Unit-II)	PPIB	Dom. Coal	330	2nd unit will be commissioned in June 2019.
Sub-Total 2				**1365.55**	
Total = (Sub-Total 1+ Sub-Total 2) =1286.4 +1365.55				**2651.95**	
Power Generation envisaged in Annual Plan 2018-19 but not Commissioned till June 2019					
1	RLNG based power plant at Trimun, Jhang (GT NO.1 & 2)	PPDB	Imp. LNG	830	Delayed
2	Shahtaj Sugar Mills Ltd.	AEDB	Bagasse	32	LOS issued to project however processing at halt due to CCE decision 3dated 12 Dec. 2017.
3	Hunza Power (Pvt.) Ltd.	AEDB	Bagasse	49.8	LOS issued to project however processing at halt due to CCE decision dated 12 Dec. 2017.
4	Koto HPP	PEDO	Hydro	41	Delayed
5	Indus Energy Limited	AEDB	Bagasse	31	LOS issued to project however processing at halt due to CCE decision dated 12 Dec. 2017.
Total				**983.8**	

Annex-III

Power Generation Targets 2019-20

S #	Name of Project	Location	Agency	Fuel	MW	Commiss-ioning Date
1	Zorlu Enerji Elektrik Uretim A.S	Bahawalpur	PPDB	Solar	100	Jul. 2019
2	HUB Power Company Ltd. (Unit-II)	Hub, Balochistan	PPIB	Imp. Coal	660	Aug. 2019
3	Hamza Sugar Mills Ltd.	Muzaffargarh	AEDB	Baggase	30	Sep. 2019
4	RYK Energy Limited.	Rahim Yar Khan	AEDB	Baggase	25	Sep. 2019
5	HSM Energy Ltd.	Nawabshah	AEDB	Baggase	27	Sep. 2019
6	TAY Power Gen Limited	Tando Allah Yar	AEDB	Baggase	30	Sep. 2019
7	Two Star Industries Pvt Ltd.	Toba Tek Singh	AEDB	Baggase	49	Sep. 2019
8	Faran Power Ltd.	Tando Muhammad Khan	AEDB	Baggase	27	Sep. 2019
9	Mirpurkhas Energy Ltd.	Mirpurkhas	AEDB	Baggase	26	Sep. 2019
10	Alliance Sugar Mills Ltd.	Ghotki	AEDB	Baggase	30	Sep. 2019
11	Sheikhoo Power Ltd.	Muzaffargarh	AEDB	Baggase	30	Sep. 2019
12	Mehran Energy Ltd.	Tando Allahyar	AEDB	Baggase	27	Sep. 2019
13	Sadiqabad Power Pvt Ltd.	Rahim Yar Khan	AEDB	Baggase	45	Sep. 2019
14	Gotki Power Pvt Ltd.	Ghotki	AEDB	Baggase	45	Sep. 2019
15	Gulpur Poonch river	Poonch River, Gulpur, AJ&K	PPIB	Hydel	102	Nov. 2019
16	RLNG based power plant at Trimu, Jhang	Jhang	PPDB	Imp. LNG	1263	Jan. 2020
17	Koto Hydropower project	Lower Dir	PEDO	Hydel	40.8	December, 2019
18	Karora Hydropower Project	Shangla	PEDO	Hydel	12	January, 2020
19	Jabori Hydropower Project	Mansehra	PEDO	Hydel	10.2	October, 2019
20	0.7 MW Hydel Power Project at Batogah Ph-III Chilas. (R)	Batogah Diamer	W&P GB	Hydel	0.7	30/06/2020
21	01 MW HPP Batogah (Phase-IV) Chilas.	Batogah Diamer	W&P GB	Hydel	1	30/06/2020
22	Const. of 01 MW HPP at Gais Chilas.	Gais Diamer	W&P GB	Hydel	1	30/06/2020
23	01 MW HPP at Manikal Darel, Diamer.	Manikal Darel Diamer	W&P GB	Hydel	1	30/06/2020
24	Up-grading of 160 KW Hydro Power Station Tangir to 02 MW.	Tangir Diamer	W&P GB	Hydel	2	30/06/2020
25	Const. of 01 MW HPP at Giyal Shabakul Darel.	Shabkul Darel Diamer	W&P GB	Hydel	1	30/06/2020
26	Const. of 0.5 MW HPP Nar Ph-II Skardu.	Nar Skardu	W&P GB	Hydel	0.5	30/06/2020

S #	Name of Project	Location	Agency	Fuel	MW	Commiss-ioning Date
27	01 MW HPP Sherqila Ph-III.	Sherqillah Ghizer	W&P GB	Hydel	1	30/06/2020
28	Uprating of 160 KW to 750 KW Hydel Station Birgal.	Birgal Ghizer	W&P GB	Hydel	0.75	30/06/2020
29	Const. of 0.5 MW HPP (Phase-II) at Keris.	Keris Ghanche	W&P GB	Hydel	0.5	30/12/2019
30	Const. of 0.800 MW HPP at Rehman Nallah Astore (R)	Rehman Nullah Astore	W&P GB	Hydel	0.8	30/06/2020
31	02 MW HPP Dichal Dashkin Astore.	Dichel Dashkhin Astore	W&P GB	Hydel	2	30/06/2020
32	Const. of 02 MW HPP Yeshlteto Nullah Astore, Stage-I.	Yashleto Astore	W&P GB	Hydel	2	30/06/2020
33	2.00 MW HPP at Hisper River Nagar-I.	Hisper Nagar	W&P GB	Hydel	2	30/06/2020
34	Const. of 16 MW Hydel Power Project Naltar-III	Nalter Gilgit	W&P GB	Hydel	16	30/06/2020
					2611	

Annex – IV

Oil and Gas Achievements and Targets

S. No	Items	Units	Targets 2018-19	Expected achievement up to 30-06-2019	Per cent Achievements	Targets 2019-20
1	Production					
11.1	Crude Oil	Million Barrels	32.5	21.86	67.26%	29.39
11.2	Gas	Trillion cft	1.51	0.96	63.57%	1.57
11.3	LPG (Local)	Tons	880,000	805,000	91.47%	820,000
	LPG (Import)	Tons	600,000	290,000	48.33%	300,000
	LNG (Import)	Tons	8,437,500	7,191,725	85.23%	9,000,000
	Coal (Local)	Tons	3,800,000	3,200,000	84.21%	3,800,000
2	No. of wells drilled	Nos.	129	73	56.58%	Nil
32.1	Exploratory	Nos.	63	27	42.85%	Nil
32.2	Development	Nos.	66	46	69.70%	Nil

Annex –V

Gas Consumers, Transmission and Distribution Addition Achievements and Targets

S.No	Items	Units	Targets 2018-19	Expected achievement to 30-06-2019	Per cent Achievements	Targets 2019-20
1	**Gas Consumers Added**					
11.1	SNGPL					
11.2	Domestic	Nos.	400,000	400,000	100%	300,000
11.3	Commercial	Nos.	3,000	3,000	100%	5,000
11.4	Industrial	Nos.	300	300	100%	450
11.5	Sub Total SNGPL	Nos.	403,300	403,300	100%	305,450
2	**SSGCL**					
22.1	Domestic	Nos.	115,582	119,383	103.29%	117,735
22.2	Commercial	Nos.	2,205	1,629	73.87%	2,109
22.3	Industrial	Nos.	208	125	60.09%	254
22.4	Sub Total SSGCL	Nos.	117,995	121,137	102.66%	120,098
22.5	Total SNGPL + SSGCL	Nos.	521,295	524,437	100.60%	425,548
3	**Transmission & Distribution Extension by Gas Companies**					
33.1	SNGPL					
33.2	Transmission & Distribution	Km	8,585	4743	55%	12,100
4	**SSGCL**					
44.1	Transmission & Distribution	Km	1,478	863	58.39%	1,499
44.4	Total SNGPL + SSGCL	Km	10,063	5,606	56%	13,599

Chapter 17 | WATER RESOURCES DEVELOPMENT

Water is one of the fundamental factors which form web of life. Twofold pressure of population growth and increased hydro-variability has complicated management of water resources around the globe, especially in the countries like Pakistan, that rank high on Climate Vulnerability Index. Annual Plan (2019-20), in line with 12th Five Year Plan and National Water Policy, aims at system augmentation and efficiency enhancement. This plan prioritizes and lines up investments to create new storage facilities, adopt water conservation measures, increase water use efficiency with a broader objective to achieve water-energy-food security. This strategy adopting Integrated Water Resources Management (IWRM) approach recognizes the need to introduce appropriate policy measures, institutional reforms and knowledge based interventions to make water infrastructure and management system more efficient and sustainable.

Performance Review of FY 2018-19

An amount of Rs.63.717 billion (including Mohmand and Diamer Basha Dam) was allocated for the water sector's development projects/programmes during the year 2018-19, out of which about Rs.45.351 billion (71 percent) has been released so far & it is expected that total water sector's development budget for 2018-19 will be fully utilized by the end of June 2019.

Implementation of National Water Policy 2018 (NWP)

- Approval of NWP was accorded with the consultation of all stakeholders/ Ministries.
- National Water Council and Steering Committee were notified.
- First meetings of National Water Council and Steering Committee constituted for implementation of NWP were held.

Key Achievements

- Innovative financing options have been explored for the construction of Diamer-Bhasha Dam, Mohmand Dam and other similar projects for implementation on fast track basis. Large reservoirs like Diamer Basha Dam will protect against drought and shortage of irrigation water in Pakistan.
- Operationalization of Kachhi Canal (phase-I) in Balochistan & Rainee Canal in Sindh.
- Operationalization of Gomal Zam Dam in South Waziristan tribal district (K.P.K) and Darawat Dam in Thatta/Jamshoro districts of Sindh.

- Substantial completion of Nai Gaj dam (Dadu, Sindh) to irrigate 28,800 acres of land.

- More than 32 percent works completed on Kurram Tangi Dam (Phase-I) in North Waziristan tribal district.

- Initial works started on Mohmand Dam in Mohmand tribal district.

- To save the water losses of existing irrigation system, about Rs.2,000 million (Rs.1,200 million has been released so far) are utilized for lining of small canals & minors in Punjab and Sindh during the FY 2018-19.

- For the rehabilitation and improvement of existing irrigation canals in Punjab, Sindh & K.P.K, an amount of Rs.1,200 million (Rs.800 million has been released so far) are utilized by the June 2018-19.

- Formulation of “National Flood Protection Plan IV” to protect infrastructure, flood embankments, spurs, flood forecasting & warning system in Pakistan.

- In Balochistan, Sindh, Punjab and Khyber Pakhtunkhwa about Rs.17.317 billion are utilized during 2018-19 on construction of medium/small/delay action dams and recharge dams. Province-wise detail is as under:

  – Punjab -- Rs.550 million (Ghabir & Papin dam).

  – Sindh -- Rs.4,000 million (Darawat & Nai Gaj, Small dams in Kohistan and Nagarparkar areas of Sindh).

  – K.P.K -- Rs.2,900 million (Kurram Tangi, Kundal/Sanam dam, Baran dam & 20 small dam in districts Nowshera, Kharak, Swabi, Haripur & Khohat.

  – Balochistan -- Rs.7,316 million (Naulong, Shadi Kaur, Bathozai, Const. of 100 small dams (Package-II & III), Basol dam, Mangi dam & many small other small dams).

- Due to 11 percent decrease in the surface water inflow at Rim station as compare to previous year, water availability at farm gate (Both surface and groundwater) will remained about 127.40 MAF and target of 134 MAF (at farm gate) could not be achieved.

- A sum of Rs.9.100 billion (Rs.6,370 million has been released so far) are utilized for the implementation of RBOD-I, II & III Projects to protect & reclaim waterlogged & salt effected Irrigated land and Manchar Lake.

- Physical progress of major on-going projects is given as Annexure-I.

Outlook for 2019-20

During the year 2019-20 following objectives/targets will be focused as envisaged in National Water Policy 2018 and 12th Five Year Plan (2018-23);

- Integrated Water Resource Management approach will be adopted as planning paradigm to overcome water scarcity issue and to cope with future challenges.
- Maximum resources will be allocated to the construction of large/medium/small and recharge dams followed by “Safe disposal of drainage effluent into sea through construction of RBOD-I, II & III”.
- Conservation measures (lining of irrigation channels and rehabilitation/modernization of existing irrigation system) will be gradually transferred to the provinces.
- To decrease the water sector’s throw-forward, special emphasis will be given for early completion of projects having physical progress more than 80 percent.
- Protection of infrastructure, agricultural lands & abadies from onslaught of floods under flood control/management programme.
- Resolution of trans-boundary water disputes, demand management, rainwater harvesting, resettlement, gradual decrease of water losses, recharging ground water are major planned initiatives of water sector Annual Plan 2019-20 which will be implemented in consultation and coordination with all stakeholders including federating units.

Out of total proposed water sector’s budget amounting to Rs.69.68 billion for the FY 2019-20 (including budget allocation of Basha & Mohmand dam), maximum resources have been earmarked for the above mentioned priority development programmes/projects as per priority set in the 12th Five Year Plan.

Strategies

Water resources development strategies are in line with National Water Policy 2018 and 12th Five Year Plan so as to achieve additional water storages and gradual reduction in conveyance water losses. The main thrust would be to:

- Augmentation measures (construction of small/medium dams) to overcome the water scarcity issue.
- Conservation measures (lining of irrigation channels, modernization/rehabilitation of irrigation system, Introduction of high efficiency irrigation system

- Protection of infrastructure from onslaught of floods and water logging & salinity

Per Capita Water Availability of South Asian Nations (m^3/capita/year)

Territory/ Country	World (2014)	Pakistan* (2014)	India (2014)	Nepal (2014)	Sri Lanka (2014)	Maldives (2014)	Bangla-desh (2014)	Bhutan (2014)	Afgha-nistan (2014)
Available Water	5921	978	1080	6763	2529	68.76	659	96582	1327

Source: *Aquastat, FAO*
**Projected by WAPDA to be 915 (m^3/capita/year) in 2019-20*

Imperatives

Expected Water Availability at Farm gate

Every effort would be made to maintain the overall water availability (surface & groundwater) at farm gate about 130 MAF. This would include surface water supplies through canal withdrawals, canal lining/remodelling, rehabilitation/modernization of existing irrigation system, construction of small/medium dams, check dams and retention weirs. About 50 to 52 MAF of water would be included in the system from underground fresh water aquifer mainly by private tube wells.

Large/Medium/small Dams

An amount of Rs.42,887 million has been proposed during 2019-20 for construction of large/medium dams (including Rs.22,000 million for Diamer Basha Dam & Rs.15,000 million for Mohmand Dam) and Rs.12,484 million for small/ check & delay action dams in all over Pakistan.

Safe disposal of drainage Effluent

Waterlogged and salt effected area will be reclaimed through completion of Right Bank Out-fall Drainage System (RBOD-I, II & III), for this programme about 4,321 million are proposed to be expended during the next fiscal year 2019-20.

Conservation measures through modernization of existing irrigation System

To minimize the huge conveyance water losses and field application losses, modernization of existing irrigation system will be continued under federal PSDP but this programme is proposed to be undertaken gradually through Provincial ADPs in future. However, an amount of Rs.682 million is proposed for the year 2019-20 for the improvement/rehabilitation/modernization of irrigation system and “lining of irrigation channels in saline zones”.

Flood Management

It is proposed to spend an amount of Rs.500 million to complete different emergent nature of small flood schemes all over Pakistan.

Annex-I

Major Water Sector Projects under Implementation

Project	Location	App. cost (Rs. M)	Live Storage	Irrigated Area (Acres)	Status
Basha Dam (Dam Part only)	Khyber Pakhtun-khwa and G.B	479,000	6.40		ECNEC approved Dam part of the project on 14-11-2018 (out of 479 billion Rs.232 billion will be Federal grant, Rs.144 billion commercial financing, Rs.98 billion WAPDA equity). Initial Works in progress.
Mohmand Dam Hydropower Project (800 MW)	Mohmand District of Khyber Pakhtun-khwa	114,285 (dam part) cost	0.676 MAF	16,737 Acres (800 MW Power Gen.)	Phase-I ECNEC approved on 30-06-018 at a Total cost of Rs.309.558 billion (Dam part+ Power cost). Initial works in progress.
Gomal Zam Dam	Khyber Pakhtun-khwa	20,626	0.892 MAF	191,139 Acres (17.4 MW Power Gen)	Completed, work on Waran canal & Command Area Development in progress.
Kachhi Canal (Phase-I)	Balochistan	80,352	--	72,000 Acres	Physically comp. (Phase-I). Command Area Development needs to be expedited by the GoBalochistan.
Darawat Dam	Sindh	9,300	89,192 (Ac. Ft).	25,000 Acres (0.30 MW Power Gen)	Physically completed. Command Area Development needs to be expedited by the GoSindh.
Nai Gaj Dam	Sindh	26,236	160,000 (Ac.ft)	28,800 Acres (4.2 MW Power Gen)	52 percent Physical works comp.
Kurram Tangi Dam (Phase-I, Kaitu Weir)	Khyber Pakhtun-khwa	21,059	0.90 MAF	84,380 New 278,000 existing (18.9 MW Power Gen)	31 percent physical works Completed.
Naulong Dam	Balochistan	18,027	0.20 (MAF)	47,000 Acres (4.4 MW Power Gen.)	Feasibility & Detailed Engg. Design completed. Preparation/ processing of Pc-I in progress.
Right Bank Out fall Drain **RBOD -I** **RBOD –II** **RBOD -III**	 Sindh Sindh Balochistan	 17,505 61,985 10,804		RBOD-II will help to dispose 3,520 cusecs of drainage effluent into Sea received from RBOD-I & III	 85 percent completed 72 percent completed 86 percent completed

Chapter 18 | TRANSPORT AND LOGISTICS

The Government of Pakistan is investing large amounts of human and financial resources for the development of an efficient and integrated transportation system that will facilitate the development of a competitive economy. Such investments are also being supported through foreign funding envisaged in China Pakistan Economic Corridor (CPEC) program, the Central Asia Regional Economic Cooperation (CAREC) program and other foreign-assisted initiatives. To lessen the burden on Public Sector Development Programme (PSDP), financially viable transport sector projects will be initiated on Public Private Partnership (PPP) / Build Operate Transfer (BOT) basis. The annual plan has been prepared in line with the approved National Transport Policy and targets set in 12th Five Year Plan 2018-23. The plan also focuses on improving the connectivity in the less developed areas of the country.

Performance review 2018-19

China-Pakistan Economic Corridor (CPEC)

A number of prioritized and early harvest projects were identified on the basis of approved transport plan of CPEC. The road projects falling on the CPEC routes are being financed through PSDP, Chinese concessional loans and other International financing Institutions (IFIs). The under construction road projects on CPEC routes with substantial physical progress include Sukkur-Multan, Lahore-Abdul Hakeem, Hakla-DI Khan and Havelian-Thakot motorways / expressways. A meeting of the 8th JCC was also held in December 2018which noted that satisfactory progress has been made on the early harvest projects including ML-I preliminary design, emphasis was given on the early completion of formalities of KCR, Quetta mass transit and Greater Peshawar Mass Transit Circular Rail. Both sides also agreed on all-weather opening of KKH and Cross border terminals.

Urban Mass Transit System

With the growth of cities, the urban transport demand has increased many folds over the years resulting in severe traffic congestion in urban centres. To overcome this issue and facilitate public, mass transit projects in Sindh, Punjab and Khyber Pakhtunkhwa are under construction and some are at final stages of approval. Mass transit projects have also been approved for inclusion in CPEC for all the provincial capitals which include Peshawar Circular Railway, Quetta Circular Railway, Karachi Circular Railway (KCR) and Lahore Orange line Metro Train project.

The project of the Lahore Orange Line Metro Train costing Rs.165,226 million has been substantially completed. The project of the Green Line BRT in Karachi at the cost of Rs.24,600 million, fully funded by the federal government, is under implementation with substantial progress. The project of Peshawar Sustainable Bus Rapid Transit Corridor (25.8 km) at a cost of Rs.*66*,800 million financed through ADB & AFD loan has also been substantially completed. Metro bus from Peshawar Morr to New Islamabad International

Airport (25.6 km) at a cost of Rs.16,427 million is under construction on fast track basis with expected completion by December, 2019.Karachi Circular Railway (43.2 km) at a cost of Rs.276,381 million has been approved and financing arrangements are under process. For Karachi City, BRT Red line financed by ADB and Yellow Line financed by World Bank are under process of approval.

PSDP 2018-19

The PSDP for 2018-19 provided an outlay of Rs.250.9 billion for the federal programme under T&L sector, after its revision in light of the policies of newly elected Government in August 2018. Against this, expenditure of Rs.304.8 billion is expected to be incurred by the end 2018-19, giving an overall financial progress of 121.4 percent (**Annex-I**). The salient features of implementation program during 2018-19 are given below.

Pakistan Railways (Railways Sector)

Against an allocation of Rs. 28.1 billion for 25 ongoing schemes and of Railways, an expenditure of Rs.23.2 billion is expected to be incurred during 2018-19, giving utilization of 83 per cent. The focus was on the improvement of existing infrastructure, signalling system, procurement and manufacture of rolling stock such as locomotives, coaches, bogie wagons including high capacity hopper wagons for transportation of coal.

Ministry of Maritime Affairs (Ports and Shipping Sector)

Against an allocation of Rs.6.9billion for 4 schemes pertaining to T&L Sector, an expenditure of Rs. 0.9 billion is expected to be incurred by the end of 2018-19, showing utilisation of about 13.5 percent. During the year, major ongoing projects include Construction of Eastbay Expressway; Development and Construction of Port Allied Structures in Mullah Bund Area; Feasibility Study for Construction of Break Waters.

Ministry of Communications (Road Sector)

Under Ministry of Communications; 46 ongoing schemes of NHA were allocated Rs.185.2billion against which an expenditure of Rs. 263.9 billion has been incurred by the end of 2018-19, showing a utilisation of about 142.5 per cent over and above of the allocation, owing to the fast track completion of CPEC Projects of NHA with huge drawdown in the Foreign Component. Five ongoing schemes of Karachi Infrastructure Development Co. Ltd (KIDCL) were allocated Rs. 13.8 billion against which an expenditure of Rs. 10.1 billion has been incurred by the end of the Fiscal Year 2018-19, showing a utilisation of about 73.2 per cent. The administrative control of KIDCL in the 3rdquarter was shifted to the Cabinet Division. KIDCL has now been renamed as Sindh Infrastructure Development Company limited (SIDCL) with broadened scope. An amount of Rs.95.93 million was allocated to 5 schemes of National Transport & Research Centre (NTRC) against which an expenditure of Rs. 67.2 million has been incurred by the end of 2018-19, showing an utilisation of about 70 per cent.

Finance Division (Provincial Road Infrastructure Projects)

Against the allocation of Rs. 2.7 billion for 9 schemes, an expenditure of Rs. 0.9 billion is expected to be incurred for completion of ongoing works of various provincial road projects co-financed by the Federal Government.

Housing and Works Division (Provincial Road Infrastructure Projects)

Against an allocation of Rs. 3.5 billion for 13 projects, Rs. 1.8 billion is expected to be incurred for completion of the ongoing works of various provincial & Federal road projects; the provincial road projects are co-financed by the Federal Government.

Kashmir Affairs and Gilgit Baltistan Division (Provincial Road Infrastructure Projects)

Against an allocation of Rs.2.4billion for 4 schemes, Rs. 1.2 billion is expected to be incurred on continuation of works of construction of Rathua Haryam Bridge, Athmuqam Keran Bypass Road, Nuasehri Laswa Bypass road and Up-gradation of Road from RCC Bridge Konodas to Naltar Air force Base via Nomal.

SAFRON Division (Provincial Road Infrastructure Projects)

Against an allocation of Rs.2.7 billion for three schemes, Rs. 0.9 billion is expected to be incurred on continuation of works on construction of Nahqi Tunnel Mohmand Agency; Zyara to Dabori Road, Aurakzai Agency; and Widening & Improvement of Ghalanai, Mohmand Gatt Road.

Pakistan Maritime Security Agency (Defence Division)

Against the allocation of Rs. 0.08 billion for only one project of PMSA, an expenditure of Rs0.02billion is expected to be incurred on the continuation of procurement/ construction of six Marine Patrol Vessels (MPVs). During 2018-19, 6^{th}MPV is being constructed in the KS&EW.

Defence Production Division

Against an allocation of Rs.2.7billion for two schemes, an expenditure of Rs.2.1billion is expected to be incurred on the project of Karachi Shipyard and Engineering Works (KS&EW) viz. 'Installation of new Ship Lift and Transfer System with lifting capacity up to 7,781 tonnes' and Infrastructure Upgradation project of Karachi Shipyard & Engineering Works (KS&EW) - Phase-II.

Aviation Division

Against an allocation of Rs.3.2 billion for 7 schemes, an expenditure of Rs. 0.7 billion is expected to be incurred on the projects of ASF Accommodation and New Gwadar International Airport (NGIA). Work on construction of NGIA will start soon through $230 million grant under CPEC.

Outlook for 2019-20

There will be a considerate effort to address the freight share imbalance between road and rail sectors. A significant shift of freightage towards railways to achieve optimal utilization of its inherent capacity would be necessary to reduce relative transportation costs. The benefits would be maximized if roads become a preferred means of transport for high-value and short-haul freightage and Rail Network for long-haul and heavy cargo.

An integrated systems approach will be developed during the plan to ensure greatly improved performance of the National Transportation Network. On the one hand, maximum focus will be laid on optimal utilization of the existing capacity of the system by rehabilitation and better maintenance of assets as well as enforcement of efficient operational techniques and managerial practices; on the other, capacity expansion will follow the optimal intermodal traffic allocation. Projects with high socio economic benefits will be initiated in less developed areas.

Financing of the infrastructure projects has been a problem area. While normal ADP allocations are being increased considerably, the available resources cannot meet the growth of demand fully. Therefore, alternative modes of financing for financially viable projects through Public Private Partnership (PPP) / Build Operate Transfer (BOT) will be explored to lessen burden on Public exchequer.

Programmes

An allocation of Rs.237.3 billion has been made for the development programme of the sector (**Annex-I**). The salient features of the proposed programme are outlined as under:

Pakistan Railways

An allocation of Rs.28.5 billion has been made for 2019-20. Works will continue on the projects for Doubling/ Improvement of existing track from Port Qasim to Bin Qasim Station (CPEC), rehabilitation of 300 Traction Motors, mechanization of track maintenance (pilot project), special repair of 100 DE locos, Procurement / Manufacture of 75 Nos. New D.E. Locos (Revised), Reconstruction of Assets Damaged during the Floods 2010, Rehabilitation & extension of CSF at Khanewal and Sukkur, Rehabilitation of Rolling Stock and Track, Replacement of Old and Obsolete Signal Gear from Lodhran Khanewal -Shahdara Bagh Mainline Section of Pakistan Railways (Revised), renovation and upgradation of major railway stations.

The new initiatives will include:

Procurement of new rolling stock, improvement of signalling system, feasibility study for provision of new rail links from Gwadar to the rest of the Railway network to facilitate functioning of the Gwadar Deep Sea Water Port. Feasibility for connection of Thar Coal to Main line and Commercial feasibility for new double track from Hyderabad to Karachi Further including: i) initiation of work for upgradation of main line (ML-1) from Karachi to Peshawar and development of dry port at Havelian under the CPEC.

Ministry of Maritime Affairs (Ports & Shipping Sector)

An allocation of Rs.7 billion has been made for Ports and Shipping (P&S) sector for on-going projects namely; Construction of Eastbay Expressway (under CPEC financing), Development & construction of port allied structures in Mulah Band area Gwadar and; Feasibility study for construction of break waters and Phase II of East bay Expressway.

Ministry of Communications

Under Ministry of Communications; an allocation of Rs. 179.2 billion has been made for NHA, NTRC has been allocated Rs. 0.05 billion.

National Highway Authority (NHA)

An allocation of Rs.179.2 billion has been made for the NHA. Among the ongoing projects, works will continue on the projects for construction of Faisalabad-Khanewal Expressway Phase-II (184-km), Peshawar Northern Bypass (34km), National Highway Development Sector Project (NHDSP)–revised for improvement and construction of 687 km of roads under the ADB financing, Dualization of Kalat-Quetta-Chaman N-25 (247km), Lowari Tunnel and access roads, Bewata-Khajuri-Waigum Rud N-70 (132 km), Dualization & Improvement of Indus Highway (N-55) Sarai – Gambilla to Kohat (128 km) from 2-Lane to 4-Lane, construction of Lahore – Sialkot Motorway (91 km) on BOT Basis, Rehabilitation of D.I. Khan - Mughal Kot 50 Km Section N-50, Construction of Highway from Athmuqam to Taobut including Two Tunnels in Neelum Valley, Dualization of (Gandhi Chowk to Sarai Narang) + (Domali to Rangeenabad) Old Banu Road N-55, Dualization of Indus Highway Remaining Portion (164 Km) (Kohat Sarai Gambila), improvement and widening of Jaglot – Skardu Road (S-1, 167 Km).

Projects under the CPEC include: Construction of 4 lane Hakla- D.I. Khan Motorway (285 km), Dualization & Implementation of existing N-50 from DI Khan / Yarik – Sagu – Zhob including Zhob Bypass (210 km), Dualization of Zhob – Kutchlak Section of N-50 (305 km) as part of western route of CPEC, rehabilitation of KKH (N-35) between Thakot – Raikot (remaining length of 136.4 Km) and construction of 2-lane highway from Basima to Khuzdar (106 km).

In the annual plan, priority has been given to initiate the road projects falling on the western route of CPEC. New initiatives will also include carrying out feasibilities / commercial feasibilities for financially viable road projects and schemes in less developed areas will also be taken up for improving connectivity & socioeconomic development.

Ministry of Defence (PMSA)

The allocation of Rs.0.020 billion has been allocated for continuation of work procurement/ construction of six Marine Patrol Vessels (MPVs).

Aviation Division

An allocation of Rs. 4 billion has been made for Civil Aviation Authority (CAA) for initiation of work on the project of New Gwadar International Airport (NGIA). Allocation has also been made for Airport Security Force (ASF) projects especially related to provision of accommodation at the airports.

Defence Production Division

An allocation of Rs.2.00 billion has been made for Karachi Shipyard and Engineering Works (KS&EW) for continuation of ongoing works for the project of installation of ship-lift and transfer system to provide docking and repair facilities for big ships of upto 7,781 tonnages at the KSEW.

Finance Division (Provincial Road Infrastructure Projects)

A total allocation of Rs.2.0 billion has been made for continuation of ongoing works besides initiation of new provincial road projects in all the four provinces by this division.

Housing and Works Division (Provincial Road Infrastructure Projects)

An allocation of Rs.3.0 billion has been made for continuation of the ongoing works besides initiation of new provincial and federal road projects in all the four provinces by this Division.

Kashmir Affairs and Gilgit Baltistan Division (Provincial Road Infrastructure Projects)

An allocation of Rs.2.0 billion has been made for AJ&K and GB ongoing road infrastructure projects viz. construction of Rathua Haryam bridge, Athmuqam-Keran Bypass road, Nuaseri-Laswa Bypass road and upgradation of road from RCC bridge Kanadas to Naltar Airforce base via Nomal.

SAFRON Division

An allocation of Rs.2.0 billion has been made for ongoing road projects in FATA for ongoing projects which include construction of Nahqi Tunnel Mohmand Agency; Zyara to Dabori Road, Aurakzai Agency; and Widening & Improvement of Ghalanai, Mohmand Gatt Road.

Cabinet Division

Sindh Infrastructure Development Company limited (SIDCL) has been allocated Rs. 7.5 billion for completion of the ongoing schemes under Karachi package of Rs. 25.0 billion for which details are as under:

Karachi Package (Infrastructure)

Planning Commission has approved the projects of Reconstruction of Mangho Pir Road from Jam Chakro to Banaras Chowk (8.10 Km), Construction of Flyover at Sakhi Hassan; Five Star and KDA Round about along Sher Shah Suri Road; Re-Construction of Nishtar Road from Tin Hatti to Napier Road, Karachi (6.4 km) and; Reconstruction of Manghopir Road from Banaras Chowk to Nishter Road, Karachi (6.9 km).An amount of Rs. 5 billion have been allocated for 2019-20 to execute these projects.

Annex-I

Overall Financial Progress 2018-19 and Proposed Allocation 2019-20

(Rs. million)

Sr.No	Ministry / Division	No. of schemes ongoing &New	Cost of ongoing &new schemes	Exp. Upto June, 2018	Allocation 2018-19	Utilization 2018-19	Proposed Allocations 2019-20
1	**Aviation Division**	**7**	**26,800.88**	**3,114.48**	**3,230.72**	**664.36**	**4,000.00**
2	**Road Sector**						
2.1	Communications Division (NHA)	46	1,574,086.17	711,638.28	185,197.80	263,925.5	179,230.00
2.2	Cabinet Division (KIDCL) Karachi Package	4	25,000.00	-	5,000.00	3871.30	5,000.00
2.3	Cabinet Division (KIDCL) Green Line Project	1	24,604.06	15,811.49	8,792.57	6,154.8	2,500.00
2.4	Communications Division (NTRC)	5	260.24	37.97	95.93	67.15	50.00
2.5	Finance Division	9	17,399.96	10,345.13	2,666.49	667.24	2,000.00
2.6	Housing & Works Division	13	23,291.86	15,438.24	3,545.21	1,837.55	3,000.00
2.7	KA & GB Division	4	10,751.33	6,268.85	2,405.62	1,157.24	2,000.00
2.8	SAFRON Division	3	8,092.14	2,551.00	2,686.14	851.00	2,000.00
3	**Defence Division (local Component only)**	**1**	**16,280.71**	**3,336.86**	**75.52**	**15.10**	**20.00**
4	**Defence Production Division**	**2**	**12,310.00**	**6,912.36**	**2,730.00**	**2062.00**	**2,000.00**
5	**Maritime Affairs Division**	**4**	**16,728.67**	**2,007.09**	**6,942.04**	**940.38**	**7,000.00**
6	**Railways Division**	**25**	**559,251.71**	**104,046.91**	**27,554.87**	**23,228.67**	**28,500.00**
	Total:				**250,922.90**	**304,777.93**	**237,300.00**

Chapter 19 | PHYSICAL PLANNING AND HOUSING

Urbanization is an essential part of most nations' development towards a stronger and more stable economy. Pakistan is one of those developing countries where urban population is increasing significantly. As per provisional results of Census 2017, urban population shows a growing trend of 36.38 percent of the population living in urban areas. The average annual population growth rate (1998-2017) at national level is 2.4 percent whereas growth in urban areas is 2.7 percent. According to State of Pakistani Cities Report 2018, Pakistani cities are the sources of economic growth and playing central role in national economic development, however, cities are short of delivering basic services to many of their residents. Therefore, the federal government emphasizes on creation of consensus for coherent housing and urban development & management throughout the country, while fully acknowledging housing and urban development as primarily the domain of provincial and local governments.

Performance Review 2018-19

To achieve the national objectives, in Federal PSDP 2018-19, approximately Rs.18.0 billion were allocated to different federal ministries and line departments for implementation of physical planning & housing sector programmes / projects. Major allocations were made to water supply and sanitation, construction of government offices, residential buildings, and housing projects. It is estimated that at the end of 2018-19, approximately Rs.12.0 billion would be spent on the development of projects related to the physical planning and housing sector. Similarly, the provincial governments allocated substantial amount for the execution of projects relating to the sector, i.e., Punjab Rs.25.57 billion, Sindh Rs.21.76 billion, Khyber Pakhtunkhwa Rs.3.75 billion, Balochistan Rs.15.672 billion and Azad Jammu and Kashmir Rs.2.52 billion.

Major allocations were made to the programmes and projects relating to water supply and sanitation, government office buildings and housing etc. The important projects during 2018-19 include Greater Karachi Water Supply Scheme (K-IV) Phase-II, Greater Karachi Sewerage Plan (S-III), Water Distribution Network for RCB/CCB based on Khanpur Dam Water Source (Phase-III), Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution Gwadar (CPEC); 5 MGD Reverse Osmosis Sea Water Desalination Plant for Gwadar; Construction of Islamabad High Court Building, Construction of Office & Residential Facilities for Civil Armed Forces, Construction of Regional Tax Office at Islamabad, Construction of MCC Gwadar, New Secretariat Block at F-5, Development of Ziarat Town; besides, several other schemes pertaining to water supply & sewerage in the country. Pakistan has made significant progress in increasing the access to improved sanitation and improved water to 76 percent and 91 percent, respectively; however, despite efforts, gaps still exist.

Outlook 2019-20

To achieve coherent housing and urban development across the country, participation of the everyone will be encouraged in mapping the sustainable development goals, targets and indicators with the national priorities and gap analysis, besides implementation of following:

- To complete all on-going development projects where sufficient physical and financial progress has been achieved in the last fiscal year.
- To provide technical and financial assistance to provincial governments for devising and implementing physical planning & housing programmes / projects including social housing, urban water supply& sanitation.
- To promote / facilitate provincial governments to launch programmes on Public-Private-Partnership mode to improve of urban service delivery
- To initiate urban land management programmes in collaboration with provincial/ local governments to improve the efficiency of urban land markets.

Programmes 2019-20

An allocation of approximately Rs.21.0 billion has been made for the physical planning and housing sector programmes to be implemented by various ministries / divisions and departments.

- Preparation of National Spatial Framework to resolve development disparities across the regions; channelize urbanization; and identify additional growth centers around small and medium sized towns.
- Preparation / development of Integrated Strategic Development Plans as well as Smart City Master Plans like Gwadar; especially cities on CPEC corridor.
- To ensure availability & sustainable management of water & sanitation for all, efforts will be made to complete ongoing schemes; launch new schemes (expansion/augmentation) and augment budgetary resources through various modes of financing.
- To ensure affordable housing for all, focus will be made on construction of 1.0 million houses under Naya Pakistan Housing Programme; besides, regularization / improvement / integration of *Katchi Abadies*; and Regeneration / revitalization of prime government land and construction of Mega Housing Projects on PPP mode.

Chapter 20 | POVERTY ALLEVIATION AND ACHIEVING SDGs

The 2030 Agenda for Sustainable Development is centered on eliminating extreme poverty and “leaving no one behind”. Target 1.2 of SDGs calls for all countries to reduce, at least by half, the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions by 2030. Pakistan reports poverty using Cost of Basic Need (CBN) and Multidimensional Poverty Index (MPI) approaches. Based on CBN method, the poverty head count was at 24.3 percent in 2015-16, which forms the baseline for the Agenda 2030. MPI based headcount was estimated at 38.8 percent in 2014-15. In the low growth scenario, with rising inflation and cost of borrowing and lower public investment, the poor and vulnerable segments will need special attention in order to safeguard them against these shocks.

Performance Review of 2018-19

Improved law & order situation, political stability, GDP growth, sustained and inclusive characteristics of economic growth and targeted interventions like BISP, private philanthropy, improved access to microfinance for rural communities are some of the important causes that can be attributed to the decline in the poverty headcount since 2005.Pakistan’s political leadership has set poverty alleviation as its prime agenda and has expressed its resolve for poverty eradication. Special emphasis has been laid on ‘establishing a special mechanism to supplement existing poverty alleviation efforts in the poorest districts across all provinces of Pakistan’.

Income Support for the Poorest

Launched in July 2008, BISP is the largest cash transfer programme in Pakistan. Since inception, BISP has disbursed approximately Rs.554 billion of cash transfers to the destitute. The programme is also supporting primary school enrolment and attendance through conditional education cash transfers since October 2012. Under this initiative, over 1.9 million children have been enrolled for which, an amount of Rs.5.81 billion has been disbursed. Presently, the programme catres for 5.7 million beneficiaries through quarterly cash grants of Rs.5000. Under *Ehsas*, the cash grants will be linked with inflation.

Zakat

The system of Zakat, introduced through Zakat and Ushr Ordinance 1980, is implemented through local Zakat Committees or indirectly through institutions i.e. educational, vocational, social institutions, hospitals, to help the needy, indigent, poor, orphans, widows, handicapped and disabled for their subsistence or rehabilitation. Federal Government collects Zakat and passes on the collected amount to the provinces for disbursement to the beneficiaries. For the year 2018-19 a sum of Rs.7.38billion was distributed amongst the deserving families at provincial and federal level.

Pakistan Bait-ul-Mal

Pakistan Bait ul Mal contributes towards poverty alleviation through various programmes. Individual Financial Assistance provides support to poor, widows, destitute women, orphans and disabled persons for general assistance, medical treatment and rehabilitation. In 2017-18, Rs.2.8 billion were disbursed to more than 56 thousand beneficiaries. PBM also runs schools for rehabilitation for child labour, women empowerment centres, Pakistan Sweet Homes for orphans and Child Support Programme (CSP). During2018-19, 159 schools were established for Rehabilitation of Child Labour for more than 18 thousand beneficiaries at a cost of Rs.0.65 billion; 154 Women Empowerment Centres benefitted more than 15 thousand beneficiaries at total cost of Rs.0.36 billion, 38 Pakistan Sweet Homes catering to the needs of around 36 hundred orphans at the cost of Rs.0.53 billion and Child Support Programme in seven districts at Rs.123 million. Overall, PBM executed programmes of Rs.1.74billion during 2018-19.

Pakistan Micro Finance Sector

Microfinance plays a vital role in graduation out of poverty through financial inclusion of the underprivileged. Pakistan Microfinance Network is a national association for retail microfinance providers has membership of 46 microfinance providers. PMN is the information hub for the microfinance industry while it promotes enabling environment through capacity building. During 2018-19, a surge in the outreach of microfinance has been observed:

Table 2: Active Borrowers, Active Savers and Active Policy Holders

Details	Micro-Credit		Micro-Savings		Micro-Insurance	
	Active Borrowers	Value (Rs. million)	Active Savers	Value (Rs. million)	Policy Holders	Sum Insured (Rs. million)
Jan-Dec 2018	6,936,554	274,707	35,293,602	239,963	8,456,430	248,783
Jan-Dec 2017	5,800,457	202,699	30,984,717	186,941	7,313,029	198,680
Increase	1,136,097	72,008	4,308,885	53,022	1,143,401	50,103
Increase(%)	20%	36%	14%	28%	16%	25%

Source: Pakistan Microfinance Network

Pakistan Poverty Alleviation Fund

PPAF is instrumental in graduation out of poverty. Working on a community-driven integrated development model for poverty alleviation, since inception, PPAF has disbursed approximately Rs.221.92 billion through its partner organizations in 137 districts across the country. During July-Dec. 2018-19, PPAF disbursed Rs.0.64billion to its partner organizations for various programmes:

Table 3: Sectoral Disbursements under PPAF

(Rs. Billion)

No.	Programme Components	(Amount Disbursed)
1	Institutional Development and Social Mobilization	0.181
2	Livelihood Enhancement and Protection	0.128
3	Water and Infrastructure	0.162
4	Education, Health and Nutrition	0.119
5	Interest Free Loan	0.049
	Total	**0.639**

***Source**: Pakistan Poverty Alleviation Fund (PPAF)*

Vocational and Technical Training

National Vocational and Technical Training Commission regulates and standardizes the TVET sector. Under the auspices of NAVTTC, a job portal has been introduced to link skilled workers with employers. More than 550 thousand skilled youth are registered on the portal. Further, job placement centres have been established at Islamabad, Karachi and Lahore while 100 job, placement and vocational counselling centres have been established across the country. The government has constituted task force for devising a comprehensive strategy for skill development. The Task Force has identified intervention areas including improved governance, exploring multi-source funding, capacity enhancement, quality assurance, access and equity, industry ownership, skill development for international markets and development of TVET communication plan.

SME Development

Small and Medium Enterprises Development Authority has taken various initiatives towards fostering growth of SME sector through a service portfolio spread across various SME sectors and clusters, skill development, support for productivity enhancement, business development services and collaborative projects with international development partners. SMEDA is mandated to take steps towards achieving Sustainable Development Goal 8 "Decent Work and Economic Growth" and Goal9 "Build resilient infrastructure, promote sustainable industrialization and foster innovation." During July-December2018, SMEDA provided following business development services to foster business expansion and creation of new enterprises in SME Sector.

Table 4: Activities and Achievements of SME Sector for FY 2018-19

Activities	Achievements
SME Facilitation (Helpdesk/RBCs)	3,266 beneficiaries
Investment Facilitation (billion Rs)	0.20
Training Programmes	127
OTC Documents/ Help Desk Material	20
Pre-feasibilities Studies (new, updated)	14
Development of Business Plans	6
Cluster/ District Profile	14

Pro-poor Expenditure

Pro-poor expenditure increased by 2.3 percent during 2017-18 compared to the previous year. The total pro-poor expenditures in Pakistan stood at Rs.3,099 billion in 2017-18. Breakdown of these spending shows that education, health and rural development posted the highest increase between 2016-17 and 2017-18.

Table 5: Pro-Poor Expenditures

(Rs. Billion)

Sector	2016-17	2017-18	% change
Roads, Highways & Bridges	526.356	452.463	-14.04%
Environment, Water supply & Sanitation	72.031	77.932	8.20%
Education	699.222	829.152	18.60%
Health & Population Planning	349.300	436.918	25.10%
Social Security & Welfare	106.601	120.301	12.90%
Natural Calamities & Other Disasters	27.461	19.062	-30.50%
Agriculture & Land Reclamation	260.954	280.597	7.52%
Rural Development	30.934	42.127	36.20%
Justice, Law & Order	398.143	444.017	11.52%
Low Cost Housing & SDGs Programme	42.922	32.986	-23.14%
Social Protection (BISP, PBM)	110.354	103.558	-0.10%
Subsidies	403.139	259.924	-35.5
Total	**3,027.417**	**3,099.037**	**2.36**

Source: *PRSP Secretariat, Ministry of Finance*

Outlook 2019-20

Ehsaas: Poverty Alleviation Programme

The Poverty Alleviation Coordination Council, based on a series of national consultations with relevant stakeholders, has carved out a comprehensive poverty alleviation programme. Accordingly, a comprehensive poverty alleviation and social protection programme' *Ehsaas'* was launched with the objective to make the whole system protect the weak and the poor, give them equal opportunities and include them as productive members of the society. The plan also aims to lift people out of poverty in geographically backward areas where deprivation is higher.

The programme aims to provide social protection to a wider segment of the society. The programme will launch a series of initiatives targets to life the extreme poor, orphans, widows, homeless, disabled, sick, undernourished, jobless, elderly, poor student and poor women. The plan recognizes the importance of social assistance, social insurance and labor market programmes for sustainability and expanding coverage of existing social protection in Pakistan. The programme also proposes steps towards providing opportunities to the poorest segments out of elite capture. A labour expert group has been established to streamline the labour welfare, in particular for finding out ways to extending labour welfare to the workers in informal sector.

Poverty Alleviation and Social Safety Division

The Poverty Alleviation Coordination Council also recommended constituting a new Federal level coordination mechanism for focused and concerted efforts for poverty alleviation, and to align various federal and provincial initiatives. The Government's vision for social protection is to develop an integrated and comprehensive social protection platform focusing the needs of the poorest and most vulnerable. To serve this purpose, a 'Poverty Alleviation and Social Safety Division' has been instituted under the Cabinet Secretariat, which is responsible to align social protection policies and programmes, suggesting steps to improve the quality of life of the poorest segments, mainstreaming poverty alleviation in public sector expenditure, initiating innovation challenges for poverty alleviation, coordinating with the stakeholders to address the problem of the poor and excluded segments.

Important Targets for 2019-20

- Doubling the size of public sector social protection expenditures. Initially, an additional amount of Rs.80 billion is being added to social protection spending in the budget. By 2021, the amount would be increased to Rs.120 billion.
- Consolidation of the existing poverty alleviation programmes.
- Poverty mapping survey to be completed by December 2019 for improved targeting.
- Increasing quarterly installments of unconditional cash transfers and linking these with inflation.
- Creation of 500 digital hubs in tehsils to create opportunities for poor families to graduate out of poverty.
- Under a new *Tahaffuz* programme, transparent and trackable digital system of cash transfer would be put in place to provide legal aid, education grants, health assistance to those without *Sehat Insaf* cards and aid to poor widows with no source of income.
- Pakistan Bait ul Mal will expand its network of *Ehsas homes* for orphan children to provide decent living, food, education and health facilities to 10,000 children.
- A programme to improve health and nutrition would be launched which will focus on water and sanitation interventions as well as food supplements for expectant mothers and children up to 2 years.

- Labour Expert Group has been set up, which will furnish recommendations to address the gaps in welfare of the workers, especially those in the informal sector.
- *Panah-gahs* will be established in several major cities for the homeless in collaboration with the private sector.
- PPAF will expand its poverty graduation programme through asset transfer and training.
- School curricula will be revised to include skill development in order to make education employable at all levels so that investment of poor children does not go waste.
- The criteria for budget allocations will be revised in such a way that more funds are allocated for projects in backward areas. Each project will be examined with a view to evaluate its impact on the poor.

Sustainable Development Goals

The Government is committed to achieving the 2030 Agenda, which has already been adopted as the national development agenda. This was a crucial step in mainstreaming and localizing the SDGs. Following the approval of the National SDGs Framework by NEC, provincial governments have been asked to align their targets in line with the national target.

Progress for FY 2018-19

The SDGs agenda has been taken on priority by the government as social development and equity and inclusiveness are the fundamental rights of every citizen of the country. To accelerate the progress on achieving SDGs, following steps have been taken during 2018-19:

- Sensitizing the journalists about SDGs followed by a National Conference on SDGs in 2018 with a view to share the progress on SDGs, develop partnership among stakeholders and agree on way forward.
- Mapping of Federal and provincial development expenditures to analyze if the development priorities in line with SDGs.
- Baseline and target setting workshop held to discuss the level of effort required to gather data for monitoring and reporting.
- Data portal developed, being tested before its launch.
- Voluntary National Review, based on inclusive consultations at national and province level, has been prepared for presenting at High Level Political Forum in July 2019.

- Provinces have localized SDGs, formulated provincial SDGs framework. SDG sensitive ADP is being prepared. Balochistan assembly has constituted parliamentary Task Force while the development and growth strategy 2019 – 2025 is aligned with SDGs. Sindh has constituted thematic committees on SDGs while Khyber Pakhtunkhwa has prepared sustainable development strategy 2019-23.

Outlook for 2019-20

- Stocktaking and in-depth review of social and economic policies and research studies for mainstreaming of SDGs in national polices and plans.
- Establishing an effective coordination mechanism in GB and AJK to review baseline and set targets. Institutionalization of SDGs through formation of committees.
- Preparation of provincial SDGs Frameworks and National and provincial SDGs Implementation Plan in consultation with provinces and regions.
- Examination of PC-I of projects to ensure their impact on poverty and alignment with SDGs. Orientation of the concerned Sections of M/o PD&R and provincial P&D Departments.
- Development and approval of Responsible Business Framework for Sustainable Development.
- Development of National SDGs M&E Framework in consultation with the federal and provincial stakeholders.
- Development and implementation of SDG localization plans for selected districts.
- Preparation of SDGs targets and indicators for persons with disabilities.

Chapter 21 | SOCIAL WELFARE – INCLUSION OF VULNERABLE GROUPS

Social Welfare emphasizes on institutional care and rehabilitation of poor, vulnerable, marginalized and excluded segment of population to enhance their capabilities to mitigate vulnerability and manage risk. The plan envisages at providing an enabling environment for development of national framework for equitable socio-economic development in line with constitutional obligations, national priorities, local needs and international commitments. The Annual Plan also aims at providing opportunities under plans, programmes, guidelines and projects for promotion of social justice, ensuring protection, wellbeing and promote equity in the country.

Performance Review 2018-19

PSDP – 2018-19 - In PSDP 2018-19 funds of Rs.35.0 million were allocated to three ongoing development schemes of Human Rights i) Implementation of Action Plan for Human Rights in Pakistan, ii) Establishment of National Institute of Human Rights, iii) Institutional strengthening of Ministry of Human Rights. Rs.58.388 million were allocated to the three projects of special education i) "Up gradation of National Special Education Centre for Hearing Impaired Children from Higher Secondary to Graduation Level, Islamabad, an allocation of Rs.27.130, ii) Establishment of Resource Unit for autistic children at National Special Education Centre for Mentally Retarded Children Islamabad, an allocation to Rs.22.0 and iii) Establishment of Orthopaedic workshop at National Special Education Centre for Physically Handicapped Children, Islamabad, an allocation of Rs.9.258. These Centres provided education, training and rehabilitation services to 500 special children during 2018-19.

Launch of Ehsaas Programme - On March 27, 2019 Prime Minister of Pakistan launched "Ehsaas" programme to reduce inequality, invest in people, and lift lagging districts. The programme is for the extreme poor, orphans, widows, homeless, disabled, those who risk medical impoverishment, jobless, poor farmers, labourers, sick and undernourished, students from low-income backgrounds, poor women and elderly citizens. To implement the programme, Poverty Alleviation and Social Safety Division has been created with the mandate to address fragmentation of social safety nets. The Benazir Income Support Programme, Pakistan Bait-ul-Mal, Zakaat, Pakistan Poverty Alleviation Fund, Trust for Voluntary Organizations and Centre for Social Entrepreneurship have been placed under this Division.

Outlook 2019-20

The development priorities focuses on mainstreaming target population including children, women with disabilities, youth, persons with disabilities, patients, senior citizen, transgender, unattended segments etc. to secure their livelihood, promote wellbeing and income opportunities with participations of all stakeholders and development partners.

The Annual Plan envisages preparation of National Policy Framework for Persons with Disabilities covering multi-sectoral focus covering all spheres of life i-e education, special education health, nutrition, labour markets, infrastructure, human rights etc., Increasing employability for the PWDs through vocational training and skill development and ensuring employment quota for PWDs, providing accessible physical infrastructure for PWDs including Braille and hearing assistive aids for barrier free society.

Older people are facing emerging challenges particularly due to their poor economic status, discrimination in mainstream facilities, lack of healthcare, protection, food, nutrition and exclusion. The Sindh Senior Citizen Act 2014, Khyber Pakhtunkhwa Senior Citizen Act, 2014 and Balochistan Senior Citizen Act, 2017 are promulgated for protection of senior citizens but require effective implementation. Punjab is also in process of finalization of draft Bill on senior citizens. Work for formulation of rules to operationalize these Acts and putting in place institutional setups is an uphill task. The plan envisages social and financial inclusion of elderly, establishment of geriatric wards in hospitals for care & treatment and demand based establishment of homes for the elderly.

The government has enacted the Transgender Persons (Protection of Rights) Act, 2017 for protection of transgender which covers the critical issues of transgender community ranging from recognition of identity, prohibition of discrimination, and guaranteeing fundamental rights irrespective of sexual identity. The Plan stresses upon effective enforcement of the legislation through notification of rules for carrying out the purposes of this act and subsequently establishment of national and provincial institutions/mechanisms for protection and safeguarding the rights of transgender community. In addition to that Plan also envisages to create business opportunities for transgender to earn their livelihood in a decent respectable way.

The "Centre for Social Entrepreneurship" established by the Ministry of Planning, Development & Reform is being shifted to the Poverty Alleviation and Social Safety Division. The Centre will provide enhanced entrepreneurial opportunities to the unemployed youth, women entrepreneurs and passing out students having innovative business ideas for solution of the emerging social problems/issues.

Programme for 2019-20

The following programmes are key features of the Annual Plan:

- EHSAAS PROGRAMME's welfare initiatives will kick off activities to reduce inequality for vulnerable groups such as extreme poor, orphans, widows, homeless, disabled, those who risk medical impoverishment, jobless, poor farmers, labourers, sick and undernourished, students from low-income backgrounds and for poor women and elderly citizens.

- Implementation on Action Plan on Human Rights in Pakistan costing 57.50 million with allocation of Rs.30.00 million.
- Institutional strengthening of M/o Human Rights costing Rs.59.50 million with allocation of Rs.37.90 million.
- Establishment of Human Rights Information System (HRMIS) costing Rs.59.00 million with allocation of Rs.35.00 million
- Strengthening of Regional Directorates of Human Rights, Lahore, Karachi, Peshawar and Quetta costing Rs.57.00 million with allocation of Rs.20.0 million
- Establishment of resource unit for Autistic children at National Education Centre for Special Children, H-8/4, Islamabad costing Rs.54.350 million with allocation of Rs.25.00 million.
- Up gradation of National Special Education Centre for Hearing Impaired Children from Higher Secondary to Graduation Level, Islamabad, costing Rs.44.637 million with allocation of Rs.24.124 million.
- Establishment of Orthopaedic workshop at National Special Education Centre for Physically Handicapped Children, Islamabad, costing Rs.20.259 million with allocation of Rs.6.500 million.
- Centre for Social Entrepreneurship under Poverty Alleviation and Social Safety Division costing to Rs.178.43 million with allocation of Rs.50.00 million.

Chapter 22 | GENDER AND WOMEN EMPOWERMENT

Women empowerment to achieve gender balance and equality is the foremost objective of the Plan. The long-term national planning commits to pursue women empowerment as a key priority area. The women are also in forefront of the Sustainable Development Goals (SDGs) which recognizes the importance of empowering women particularly under Goal 5 i.e. "achieve gender equality and empower all women and girls". Pakistan ranks among the lowest of the countries across the globe in areas of gender development and equity. It ranked 133rd out of 189 in the Gender Inequality Index (2018), and 148th out of 149 on the Global Gender Gap index (2018) although in political participation it ranks higher at 54. Annual Plan envisages to improve country's score on Global Gender Gap Index from 0.55 to 0.68 (global average) by mainstreaming gender issues for equitable participation into development. The protection of their equal rights in all resources is envisioned in the Plan under a national framework.

Performance Review

The initiatives taken for women development during review period lead to women empowerment. The key initiatives included:

Benazir Income Support Programme (BISP) provided social assistance to the needy women. BISP is now the largest single cash transfer programme. Using poverty scorecard method, around 7.7 million eligible families were identified. BISP targeting performance falls in top five social safety nets in the world. The number of beneficiaries have gradually been increased up to 5.7 million.

Waseela-e-Taleem (WeT) Programme The Conditional Cash Transfer (CCT) Programme encourages beneficiary families having children of age group (4-12 years) to send their out of school children to school for primary education and school children to continue their education and it also control drop out rate in lieu of cash transfers with long-term prospects of human capital formation. The highlighted initiative has enrolled about2.7 million children in primary schools and approximately Rs.8.2 billion has been disbursed as cash grant under WeT by 30th June, 2018. The CCT initiative started in October 2012, currently operational in 50 districts.

For promotion of women employment, 10 percent quota for women in Central Superior Services Jobs was allocated along with quotas reserved in other jobs also. Government of the Punjab raised employment quota to 15 percent and also granted 3 years' age relaxation. Government of Sindh has raised women's jobs quota from 5 percent to 15 percent. Federal Ombudsperson office for Protection of Women against harassment at Workplace has been established and is functional at federal and provincial level. Help-Line (1099) for legal advice on human rights violation is operational and provided legal services to more than 5000 complainants. Pakistan

Bait-ul-Mal has established Women Empowerment Centres/ Schools across the country including Azad Jammu & Kashmir (AJK)& Northern Areas.

The complaints pertaining to the women issues received from Citizen Complaint Portal, Prime Minister Delivery Unit (PMDU) were addressed and forwarded to the quarter concerned for granting relief.

The women have been encouraged through entrepreneurial opportunities for their socio-economic uplift. In this regard, the women entrepreneurship initiatives have been taken by the Ministry of Planning, Development & Reform ensuring their participation through awareness seminars / workshops, pitch events, seed money grants and networking sessions under a unique project "Established Centre for Social Entrepreneurship" launched with cost of Rs.178.43 million and Rs.50.0 million were allocated in PSDP 2018-19. The Centre has funded 9 social start-ups/ideas by granting seed money grant to Rs.500,000/- each out of which 33 percent were led by women. 9 start-ups have generated employment opportunities for 179 people during 2018-19.

Outlook 2019-20

The social development and economic growth paradigm identifies human capital as an integral part of development and economic growth. Since women comprise of half of the human capital, a sustained development will only be achieved by economically, socially and politically empowering the women. The Annual Plan envisages gender mainstreaming, through development of gender sensitive need based projects and action integration of gender dimensions into all sectors of economy. A women right based approach to develop women's economic, social and development rights, entitlements and sensitization on gender issues to be ensured. Support mechanism for women survivor of violence and in distress will be further strengthened. Plan further envisages interventions for mainstreaming of women through policy interventions; rights based approach to development initiatives with special focus on participation of women, providing conducive domestic environment, institutional development, capacity building and reforms.

Programme 2019-20

The federal and provincial governments, including other civil society stakeholders have envisaged plans for promoting gender equality and women empowerment through actions comprised of awareness raising campaigns, seminars, workshops and allocation of resources under annual development programmes. The women departments have envisaged initiatives for establishment of working women hostels, day care centres for children of working mothers, women crises centres, guidelines & awareness on work place harassment and shelter homes in the provinces. The helpline against Human Rights violation, crises centres in the ICT and human rights Directorate established in the provinces will remain in support to women addressing their issues.

The key PSDP initiatives included:

- Implementation on Action Plan on Human Rights in Pakistan costing Rs.57.50 million with allocation of Rs.30.0 million.
- Institutional strengthening of M/o Human Rights costing Rs.59.50 million with allocation of Rs.37.90 million.
- Establishment of Human Rights Information System (HRMIS) costing Rs.59.00 million with allocation of Rs.35.00 million
- Strengthening of Regional Directorates of Human Rights, Lahore, Karachi, Peshawar and Quetta costing Rs.57.00 million with allocation of Rs.20.0 million

Chapter 23 | RELIGIOUS PLURALISM AND INTERFAITH HARMONY

Religious minorities have made invaluable contributions for the development, peace and prosperity of the country and religious diversity is an important asset. Pakistan is a country with population of 207 million (2017 Census) and people belonging to different religions, cast and creeds. Religious minorities (Non-Muslims) represent about 3 percent of the total population of country, which include Hindus, Christians, Parsis, Baha'is, Ahmedis, Buddhists, Sikhs and others. This diversity signifies the need to develop a pluralistic society where people with different beliefs can live in peace and harmony. The Annual Plan envisages promoting interfaith harmony and culture of tolerance among all segments of the society and recognizes society's diversity to promote the inclusive society. The plan is cognizant of the issues of minorities, to protect their lives and properties and making concentrated efforts to uplift the socio-economic conditions of minority's communities of the country and is committed to enhance efforts for progressive and moderate Islamic state.

Performance Review

Many initiatives have been taken for welfare of minorities and promotion of Religious Pluralism and Interfaith Harmony;

- Ministry of Religious Affairs & Interfaith Harmony celebrates Ten (10) religious festivals of minorities at official level in Pakistan each year. During 2018-19 religious festivals were celebrated including Christmas/Easter, Holi/Diwali, Biasakhi/Birthday of Guru Nank, Nauroze, Eid-e-Ridvan, Festival of Lights for Buddhist community, ChelumJhust for Kalasha people.
- There are 10 reserved seats for minorities in National Assembly and 04 in the Senate. In addition to that there are 23 reserved seats in all Provincial Assemblies
- 11^{th} of August was celebrated as a "Minorities Day" to recognize the services/sacrifices and contributions of Minorities in nation building
- Financial assistance under Minorities Welfare Fund (MWF) were provided to 2100 beneficiaries amounting to Rs.17.75 million in 2018-19.
- Funds amounting to Rs.37.0 million were granted to 2700 students of minority community in 2018-19 under the Minorities Students Scholarship Programme.
- In emergency crises faced by minorities in different areas of the country, financial help of Rs.300,000/- to Rs.500,000/- being extended to the victims/ their family members by the M/o Religious Affairs and Interfaith Harmony on case to case basis.

- Marriage Grant of Rs.50, 000/- for marriage of daughters of widows/orphan girls of minority's community on case to case basis granted.
- Cultural and religious visits have been encouraged and promoted.
- Many initiatives have been taken by the provinces i.e. putting ban on hate speech, literature etc. and limiting the just use of loud speakers.

Outlook/Programme 2019-20

The promotion of the religious pluralism and interfaith harmony in the country under a consistent framework and national guidelines is envisaged for equitable development of communities of all religions in all provinces. The national framework will be developed in consultation with national and provincial stakeholders. The communities inhabiting in the country enjoy equal rights and plan recognizes promoting equitable development without any discrimination of religion.

The Annual Plan envisages following initiatives: -

- Effective operation of an independent National Commission for Minorities (NCM) to safeguard minorities' rights
- Formulation of National Policy Guidelines and National Plan of Action for promotion and protection of rights of minorities & interfaith harmony
- Inclusion and mainstreaming of minorities and special security arrangements for the worship places of minority's community all over the country
- Promotion of Religious Festivals
- Promotion of Religious Tourism and Up-gradation of facilities at religious tourism sites i.e Kartarpura ,Gurduawara Punja Sahib, Katas Raj Temple, Sadhu Bela Temple, Buddhist Monastery in Taxila /Hassanabdal and Kalash Valley
- Mainstreaming of Madaris through registration with Ministry of Federal Education & Professional Training, Islamabad
- Strengthen and enhance the effectiveness of Interfaith Harmony Committees established at the district level
- Ensure protection of places of worship of minorities through special measures at federal and provincial concerned departments
- Launching of a comprehensive programme/package for socio-economic uplift of the minority communities including; provision of financial assistance to vulnerable groups from minority community, i-e elderly, widows, orphans, disabled and forced labourers and quota for minorities in Income Support Programme and other social safety nets.

Chapter 24 | GOVERNANCE AND INSTITUTIONAL REFORMS

Governance refers to the exercise of political, economic, and administrative authority to manage a nation's affairs. It comprises of complex mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences. In basic terms, it denotes the interplay of state institutions, markets and civil society and a set of processes that deliver entitlements, services, and rights to citizens.

The notion 'good governance' guarantees the existence of pluralistic frameworks which ensure that responsibility is jointly shared by players in the public sector, the corporate private sector, and civil society by addressing the issues of accountability, transparency, participation, openness, rule of law, and predictability. The key responsibility of the state is to create a conducive political, legal and regulatory environment for building individual capabilities and encourage private initiatives. While the market is expected to create opportunities for people, the role of civil society is to facilitate.

Performance Review 2018-19

The government has undertaken a number of initiatives to improve governance indicators of country. An amount of Rs.6.95 billion including foreign aid of Rs.2.26 billion was allocated for the governance sector development schemes in PSDP 2018-19 and an amount of Rs.4.9 billion have been spent. Some of the major initiatives are discussed as under:

Public Sector Management Efficiency

Justice Sector Reform: The focus of Justice Sector reforms during the current financial year remained to ensure security and equal legal protection for citizens; greater transparency and accountability in the performance of administrative justice in institutions especially judiciary and police; and improvements in judicial and non-judicial legal services. The top priority was to reduce backlog of pending cases, institutional delays, particularly for the poor and vulnerable segments of the society. The PSDP investment was made to provide better infrastructure to judiciary, create awareness of rights, build the capacity of judiciary and the Ministry of Law and Justice, automation of federal courts and strengthening of Tax Ombudsman compliant system. New legislation on legal issues has been enacted and existing laws were reviewed and simplified.

Revenue and Doing Business Reforms: FBR has taken a number of policy and administrative measures to improve its service delivery, enhance tax revenue, simplification of rules and regulations, separation of tax policy and tax administration, and facilitation of trade. These reforms have brought some improvements in tax base by bringing under taxed and untaxed segments of economy under the tax net.

Project titled "Development of Integrated Transit Management System (ITTMS) under ADB Regional Improving Border Service" is being implemented to reduce dwell time for cargo clearance at border points and its onward dispatch. Land has been acquired to construct the system at Wagha and other stations. Under another project titled "Security Improvement in Karachi and Port Qasim", 03 Fixed and 01 Mobile Scanners have been installed to provide fundamental element of a secured global supply chain, routed through Pakistan towards landlocked countries in the region.

The concept proposal titled "National Single Window (Hub for Trade and Transport in Pakistan)" for establishing an ICT based integrated platform for efficient management of trade related information and decision making has been cleared. Another concept proposal to enhance the domestic resource mobilization has been cleared to optimize tax revenue by developing and introducing simple and coherent tax system, effective facilitation and control of compliance and institutional development.

According to World Bank's flagship Doing Business Report 2019, published in October 2018, Pakistan's ranking is improved by 11 notches (from 147 to 136**)** mainly due to reforms in three areas i.e. starting a Business, resolving insolvency, and registering property. Pakistan has made starting a business easier by enhancing the online one-stop registration system.

Public Financial Management: In order to address the challenges of financial inclusion, Pakistan developed a National Financial Inclusion Strategy (NFIS) in consultation with stakeholders. In line with the aims of National Financial Inclusion Strategy, the project titled "Financial Inclusion and Infrastructure Support Project" at a total cost of Rs.14318.85 million (i.e., US $ 137. 00 million all IDA loan) is being implemented. The project seeks to substantially increase access and usage of digital payments and other for households and SMEs in Pakistan, especially women. State Bank has so far disbursed an amount of Rs.735 million loans to the Microfinance Banks for on-landing micro-entrepreneurs.

The SECP notified Companies (Issue of further Shares) Regulations, 2018, with a view to cogently consolidate all relevant requirements of the Companies Act, 2017, different sets of rules, directives and guidelines. The regulations shall facilitate companies in increasing their capital through issue of ordinary shares, preference shares and employee stock option schemes.

Reform and Government Restructuring: Two Task Forces i.e. "Civil Service Reform" and "Government Restructuring and Austerity" have been constituted to reform the civil service structure and government organizational structure respectively. The provincial governments have also constituted Task Forces to reform the civil service and provincial government structure. The task forces at federal level have finalized recommendations in the areas i.e. induction, training, posting, tenure posting, performance management, government restructuring, review of rule of business, performance contracting, Public Financial Management, e-governance etc.

First ever citizen perception survey of eight critical public services has been conducted. Training Need Assessment of National School of Public Policy (NSPP) and its constituent units is at the final stage of completion. About 950 officers have been trained under BCURE training programme at NSPP and CSA. 12th Five Year Plan (2018-2023) has been finalized in consultation with stakeholders.

E-filling system is being strictly implemented. Strict austerity measures have been taken to reduce public expenditure on entertainment and officials transports etc. A PPP Authority has been established in Finance Division to deal with PPP Projects. Prime Minister's Delivery Unit has been established in Prime Minister's Office. The Prime Minister's online portal to address the public complaints has been established wherein public complaints/ grievance are being addressed in an effective manner.

Public Information and Statistical Management: Sustainable Development Goals Support Units(SDGSUs) have been established at federal and provincial; level and are providing institutional support for strengthening, coordinating, reporting and monitoring mechanism for achieving progress on SDGs Development activities under the governance sector revolve around knowledge management, organizational restructuring, civil and institutional reforms, judicial reforms, law & order, professional development, and service delivery.

Pakistan Bureau of Statistics (PBS) has been attached with Ministry of Planning, Development and Reform to support the Ministry in evidence based policy making and for making the BPS as an independent data providing agency. 45 studies have been finalized under project titled "Change of Base of National Accounts from 2005-06 to 2015-16" which has been completed. The project titled "Up gradation of Rural Area Frame for the Conduct of Census/Survey" is under implementation aiming to develop data base by collecting and digitizing user-friendly rural area frame.

Law and Order and Police Reforms: For improvement of law and order, special security units have been established to ensure effective protection of foreigners working on foreign funded projects. The National Action Plan and National Internal Security policy are being implemented. A National Security Policy has been drafted covering all national and international issues in consultation with stakeholders. A comprehensive regime to cater for FATF recommendations for combating money laundering and terrorist financing has been introduced for capital market intermediaries through implementation of the SECP Anti-Money Laundering Regulations and Guidelines.

National Accountability Bureau has been strengthened to combat corruption in the country. Seven Islamabad Capital Territory Police Stations have been converted into Model Police Stations under a development project. To improve the law and order in Baluchistan, a project titled "Raising of Baluchistan Constabulary" is being implemented. To secure and manage the border security with Afghanistan, border fencing is being installed to control and stop across border terrorism.

Young Development Fellowship Programme: Planning Commission launched Young Development Fellows Programme to mainstream youth in national development. So far, four batches of Young Development Fellows (YDFs) have completed their fellowship successfully as 73 percent of outgoing fellows have been secured jobs in open market. The recruitment of 5th batch of YDFs is under process.

Governance Reforms in Provinces

Sindh

The Government of Sindh took various initiatives during financial year to improve transparency, efficiency and good governance through reforms in public sector management. A project titled "Sindh Public Sector Management Reform" is being implemented to enhance performance of public financial management systems. Sindh Tax Revenue Mobilization Plan is one of the key elements to increase own source revenues. Sindh Revenue Board under Tax Management Reform Programme has achieved the revenue targets through increased automation and enhancing tax base.

Mid-Term Review of Public Financial Management Reform Action Plan has been carried out. Departmental quarterly monitoring reports on implementation of development schemes, and third party review for selected line departments has been carried out. ADP Schemes are being updated in dashboard and Geo tagging process through MEC field officers on regular monthly basis is under implementation.

The existing regulatory framework has been improved and strengthened through Sindh Public Finance Administration Act, 2019, Internal Audit Charter, Internal Audit Strategy and Internal Audit Manual, Capacity Development Strategy and Sindh Financial Rules, 2019. 98 procurement officers/officials of BPS-16 and above have been trained and certified in procurement process. Officers/ and Official were trained in the area e-learning software, MS-Excel, SAP, and other on-line courses. BCC has been modified and training of officers on modified BCC was imparted.

Khyber Pakhtunkhwa:

The Government of Khyber Pakhtunkhwa has initiated a Provincial Reforms Programme (PRP) to improve the service delivery and governance of the Province. The Public Financial Management Reforms Strategy have been launched for making strategic and result oriented budget, enhancing the capacity of line departments to prepare, execute and monitor their budget, and reporting and improving monitoring and evaluation mechanisms.

A project to enhance the tax collection from own source has been launched. A comprehensive "Ten Year FATA Development Plan (TYFDP)" has been prepared to bring the newly merged districts of FATA at par with the rest of the country. A Directorate of Monitoring & Evaluation (M&E) to ensure quality of implementation of the development projects was established.

A project titled "Establishment of Centralized GIS System" to mainstream the process of allocating resources to the developmental funds on merit basis has been launched. A Public Private Partnership (PPP) Section has been established in the P&D Department. The first Investment Policy has been introduced aiming to provide equal opportunities for local and foreign investors, improved governance and transfer of technology and Human Resource. Multiple Indicators Cluster Survey (MICS) 2016-17 has been published with other important statistical reports.

Punjab

A five years governance reform agenda with the assistance of the World Bank has been developed to improve service delivery and citizens' satisfaction with public services which is under implementation. The main component of the agenda include Transparency and Access to Services; Results-Based Management for Service Delivery; and Resource Mobilization and Value for Money. Punjab Information Technology Board (PITB); the Punjab Resource Management Programme (PRMP); the Punjab Procurement Regulatory Authority (PPRA); and the Excise and Taxation Department are implementing partners. The objectives of the programme are (i) citizens receiving information about key services through the Citizen Contact Centre (CCC); (ii) services provided by field workers in nine (09) targeted districts; (iii) increase in property tax collection efficiency in digitized districts.

For balanced development, special focus has been given to provide basis infrastructure to the less developed areas especially the districts of South Punjab. Punjab Intermediate Cities Improvement Investment Prgramme has been launched to improve the city governance of intermediate cities. Government of Punjab is also implementing Punjab Financial Management Reform Strategy which aims at enhancing fiscal space, reducing transaction costs, maximizing returns on public spending and building capacity of human resource for PFM. To curb corruption, bribery and slow pace of service delivery, the Government of Punjab is already implementing Proactive Governance Model in selected government departments to seek citizen feedback on public services. The programme has not only helped to improve the governance system but also creates deterrence for corruption in the system by empowering a common man to connect the government directly.

In addition, Punjab Police Integrated Command, Control & Communication Center has been established at Lahore. The automation of Stamp Papers project has successfully been rolled out in entire Punjab. The initiatives of Citizen Facilitation and Service Centers; Centric Intervention & Smart Monitoring Under Punjab Public Management Reform Programme (PPMRP); Digitization, Preservation and Modernization of Punjab Archives & Libraries Wing: Prison Management

Information System; IT Based Profiling of Govt. Employees, e-Filing application and Integration with different departments; and revamping of Bomb Disposal for civil defence Punjab are the other major initiatives launched by the Government of Punjab during the year.

Balochistan

The Government of Balochistan with the financial assistance of Multi Donors Trust Fund (MDTF), launched a Governance Support Project to improve delivery and efficiency of the core government departments through institutional strengthening and support to line departments. Training programme in the area of project management, monitoring & evaluation, and appraisal, financial management, procurement was launched to enhance the capacity of the officers.

A Governance and policy project has been launched to strengthen the capacity for Sales Tax on Services collection, and improve accountability in public financial management and public service delivery in the education and irrigation sectors in Balochistan. A performance management system has been developed and being implemented with the support of Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS). Planning and Development Department, Anti-Corruption Establishment Balochistan and Provincial Ombudsman Office have been strengthened. Ten Year governance plan is being formulated and establishment of Public Policy & Research Institute is at final stage.

Outlook 2019-20

Governance is perhaps the single most important factor in ensuring objectives of effective service delivery. It is cross cutting issue therefore, a multi-sectoral strategy is required to check deterioration in governance and exploitation of the public resources, empowerment of marginal and excluded classes.

To increase the public-private interface, corporate governance will be improved by developing legal and regulatory frameworks. To provide the public services at door steps, local government system will be strengthened especially in Karachi.

Performance management system including performance contract of key ministries will be introduced. Civil service reform and government restructuring will be introduced on the recommendations of task forces constituted by the Prime Minister. Federal Public Commission will be strengthened through capacity enhancement and intervention in the area of examination.

Tax reform will be introduced to enhance the tax revenue through broadening the tax base. Rules and procedure will be reviewed and simplified to facilitate the business activities and to provide improved delivery of public services. The existing procedures and rules of public financial management will be reviewed and updated in accordance with international standards.

To increase transparency, fair play and make systems faster and user friendly, smart governance would be needed. Efforts will be made to promote open and smart governance in all public sector departments including PSEs for promoting efficiency, transparency and accountability in service delivery and decision-making. Effective monitoring and evaluation should be encouraged and supported.

Government is committed to re-establish the rule of law and improve public perception through effective delivery of justice and public safety services. Special attention will be given to enhance the capacity of police, prosecution and public defenders' system. Automation and e-governance of the court system will be strengthened. The NAB, Auditor General Office, FIA and other federal and provincial anti-corruption institutions will be strengthened through capacity building and financial and Administrative autonomy.

The Pakistan Institute of Parliamentary Services will be strengthened by providing additional resources for enhancing the capacity of Parliamentarians. There is need to create awareness among public on the role and responsibilities of the Parliament and Parliamentarians.

The key gaps in the economic and social statistics, including the quality and coverage of management information systems national accounts, poverty estimation, monitoring and analysis, district and sub district data will be addressed systematically.

Public-private partnerships in infrastructure and social sector project will be promoted. Public Private Authority will be strengthened and rules/ regulation on PPP will be devised at federal level.

A progressive regulatory and legal policy framework for smooth and sustainable economic development and effective implementation of government policies would be required as Laws and regulations have a direct bearing on the economic development. The legal and regulatory institutions need to be strengthened to protect public interests through formulation and application of the rules and regulations, separation of power, democratic accountability, consistent and coordinated regulation, uniform regulatory framework, transparency and predictability.

Programmes for 2019-20

An amount of Rs.5.0 billion including foreign aid of Rs.2.4 billion has been proposed for the governance sector in 2019-20. The allocation indicates a decrease of 28 percent over the last year's allocations. In order to accomplish the reform agenda, investment will be made in the activities relating to innovation, capacity building, performance management, service delivery, justice sector, police, research, reforms in civil service and public sector including regulatory framework and statistics during Year 2019-20. The programmes which are already under implementation at Federal and Provincial levels will continue and new projects will be initiated to further strengthen the state institutions.

PART-II

SPECIAL AREAS OF FOCUS

Chapter 25 | BALANCED DEVELOPMENT: FOCUS ON LESS DEVELOPED REGIONS

Balanced regional development is essential to ensure sustainable development of the country. In Pakistan, socio-economic inequalities exist not only among different regions of the country but also in different districts of the same region. Less developed areas have been identified in the 12th Five Year Plan 2018-23, which comprised of 67 districts of the four provinces (i.e. 7 districts of Punjab: 29 of Balochistan, 12 of Khyber Pakhtunkhwa and 19 of Sindh (**Annex-I**). These districts have been identified on the basis of "Multidimensional Poverty in Pakistan" June, 2016. The incidence of poverty (percentage of people, identified as multidimensional poor) in these districts is more than 50 percent. Azad Jammu & Kashmir (AJ&K), Gilgit Baltistan (GB) and merged districts of Khyber Pakhtunkhwa (KP) have also been included in Less Developed Regions. Special block allocations are made by the federal government for the socio-economic development of these Areas.

Performance Review 2018-19

During the period under review, efforts have been made by the federal government in collaboration with local administration to achieve desired developmental targets in Special Areas. Financial & Physical progress during 2018-19 is given below:-

Financial Progress

During the FY 2018-19, block allocation of Rs.72.07 billion was allocated to special areas. Out of which Rs.22 billion to AJ&K, Rs.15 billion to Gilgit Baltistan and Rs.24.5 billion to Merged Areas of KP. Further, Rs.10 billion were provided for 10 year development plan for merged districts of KP. Out of total allocation Rs.72.0 billion (100 percent) has been utilized. Allocation & utilization details are given in the table below:

Table: Agency/ Division wise Allocations & Utilization for 2018-19

(Rs. Billion)

Agency/ Ministry/Division	Allocation 2018-19	Utilization	Utilized (%)
Special Areas			
Azad Jammu & Kashmir (Block Allocation)	22.0	22.0	100
Gilgit Baltistan (Block Allocation)	15.0	15	100
Merged Areas of KP (Block Allocation)	24.5	24.5	100
Merged Districts 10-year development plan	10.0	10.0	100
Sub Total (Block Allocation)	**71.5**	**71.5**	**100**

Agency/ Ministry/Division	Allocation 2018-19	Utilization	Utilized (%)
Ministry/Division			
Narcotics Control Division (Area Development Projects)	0.07	0.0	0
Interior Division (ICT)	0.5	0.5	100
Sub Total	**0.57**	**0.5**	**88**
Grand Total	**72.07**	**72.0**	**100**

*(*utilization is upto May 2019)*

For less developed areas in four provinces, an amount of Rs.151.6 billion was allocated for 197 development projects in federal PSDP excluding block allocation of Rs.61.5 billion and Rs.10 billion for 10-year development plan of merged districts. The funds allocated by federal government are aimed to supplement the efforts of the provincial governments. A province-wise summary of allocation in PSDP, 2018-19 in less developed districts is at Annex-II.

Physical Progress

During the period, the funds allocated was utilized to finance development projects of different sectors i.e. infrastructure projects, education, health & food security, industries & production, information technology, petroleum & natural resources, science & technology, ports & shipping, information & broadcasting and aviation. Funds provided in the form of Block Allocation by federal government were utilized in multiple sectors as per needs of local administrations.

During FY 2018-19 in AJ&K, 185 development projects were completed. Through these development activities 150 km of rural, 225 km double lane and 473 km link roads, 114 km irrigation channels have been rehabilitated. 4 tourist resorts, 2 sports stadiums, 1 polytechnic institute have been constructed/established. Electricity connections were provided to 13000 consumers. Skill trainings were imparted to 2,850 individuals including 2000 women. A total of 129 educational buildings have been constructed/ upgraded and IT labs were established in 379 middle and high/higher secondary schools. Hydel power generation of 19.5 MW is in progress which will be added in the system. In order to provide employment opportunities 27040 entrepreneurs were provided credit assistance.

During FY 2018-19, in Gilgit Baltistan, 409 development projects in various sectors were completed. Strategy had been adopted to complete maximum number of on-going projects to reduce throw forward. Therefore, 80 percent of the funds were allocated to on-going schemes and only 20 percent to the new schemes. Resultantly, throw forward has been reduced to around 2.5 percent of total local component allocation. Various projects had been implemented through which 143 Km single roads, 87 Km existing roads upgraded to metalled roads, 3 RCC bridges have been constructed. In Education sector, 31 girl's schools, 15 boy's schools and 1 girl's degree college have been established. In Health Sector 03 Nos. 10 bedded hospital and 2 Nos. 30 bedded hospital have been established. 30 MW electricity, was added in the existing system to overcome power shortage. 175 Km transmission line upgraded due to which 20 percent electricity loss has been reduced.

In merged districts of KP ADP 2018-19, 235 schemes in various sectors were completed. Allocations were made for 1,186 development projects which include 867 on-going and 319 new schemes. Number of schemes in multiple sectors are; education 178, health 114, rural & urban development 81, sports & culture 55, power 34, irrigation 78, social welfare 26 regional development 36, livestock, forest and fisheries 160, housing 102 & communication 167 schemes respectively. Through merged areas development authority, a total of 132 schemes have been implemented in sectors of industries, minerals, small dams, R&D, skill development and technical education. In order to ensure delivery of services, 20 Nos. of quick impacts projects have been identified in energy, education, health, urban development and sports sectors. During the year, return of TDPs. has been focused with sustainable return & rehabilitation of basic infrastructure & provision of better living standard in the area.

The projects of other sectors are being implemented through various ministries/divisions. A total of 197 projects are being implemented in less developed districts, out of which 2 in Punjab, 7 in Sindh, 11 in KPK, 100 in Balochistan, 24 in AJ&K, 32 in GB, 16 in Merged Areas of KP and 5 projects are being implemented in multiple districts. These are federally funded projects other than block allocation and 10-year development plan allocation for merged areas of KP.

To achieve the objective of empowering the people of less developed areas National Economic Council (NEC) has enhanced sanctioning limit of development fora of Special areas (AJ&K, Gilgit Baltistan and Merged Areas of KP). Now approval can be granted to locally funded development projects upto the cost of Rs.1000 million which was Rs.400 million previously.

Outlook 2019-20

Priority is accorded to those on-going schemes/ projects, which are near completion to ensure that the benefits of these projects should reach to the people. In order to improve the socioeconomic indicators of less developed areas. One of the major initiatives to accelerate development process in Merged Areas of KP, is 10-year socio-economic development plan, as these areas are economically backward region of the country.

The government of Gilgit Baltistan has initiated Economic transformation initiative to bring 50,000 acres of additional land under command, while providing enabling environment for farmers by constructing more than 400 KM farm to market access roads. Community based tourist destination management and sustainable ecotourism will be promoted through promotion of existing & new destinations. The government of AJ&K has planned a special programme to encourage and facilitate village guest houses/ home stay at potential tourist sites in order to harness tourism potential in these areas. Special programme for social sector development (education, health, water & sanitation) in earthquake affected areas would be implemented.

Programmes for 2019-20

Financial

The development programme for 2019-20 allocated Rs.161.0 billion for less developed & rural areas. Out of proposed allocation, an amount of Rs.63.5 billion has been earmarked as block allocation for Special areas (Merged Area of KP, AJ&K and GB). Local administration of these areas is authorised to allocate funds to respective sectors according to the needs. An amount of Rs.75.0 billion has been set aside for the equitable regional development. Further, Rs.22.0 billion is to be provided for 10-year development Plan for Merged Areas of KP. Details of proposed allocations are given below:

Agency-wise allocations for 2019-20

(Rs. billions)

Area/ Ministry/Division	Allocation 2019-20
Azad Jammu & Kashmir (Block Allocation)	24.50
Gilgit Baltistan (Block Allocation)	15.00
Merged Area of KP (Block Allocation)	24.00
Merged Areas of KP 10-year development plan	22.00
Equitable Regional Development	75.00
Interior Division (ICT)	0.90
Total	**161.00**

Physical

During the current financial year, in AJ&K, 200 km of rural roads, 225 km double lane & 500 km of link roads, 150 km of irrigation channels will be constructed/rehabilitated. 3000 entrepreneurs would be provided credit assistance, 1 polytechnic institution and 150 buildings of educational institutions will be constructed/up-graded. 200 IT labs will be established in Middle, High/Higher secondary schools and skill trainings in various disciplines will be imparted to 3,300 individuals including 2,300 women. 3 sports stadiums would be constructed and 5 tourist resorts are planned to be developed at potential sites. Moreover, electricity connections will be provided to 15000 consumers. Generation of 19.5 MW capacity hydel power projects are in progress. Agricultural inputs & micro credits facilities would be provided to farmers to increase productivity.

Gilgit Baltistan Government would prioritize hydro power generation as its top priority from its local resources and 43 MW electricity would be added to the system. For infrastructure development of 290 km single roads, up gradation of 200 km single to metalled roads, and 45 bridges are to be constructed. Mega project for Sewerage System for Gilgit City is under implementation. In education & health sectors, 10 model schools, 119 laboratories in high schools would be established and 23 health infrastructure facilities would be established, ranging from first aid posts to 10 bedded hospitals. 205 scholarships would be provided to medical & engineering students. Government of GB has initiated economic transformation project costing Rs.12 billion. The project would bring 50,000 acres of additional land under command, and 400 KM farm to market access roads would be constructed.

In merged areas of KP, federal government is providing funds in form of block allocation, the administration of these areas allocate funds for various sector as pre their priority. In addition, projects in priority sectors are being funded by the federal government. These include; construction of Bara dam in Khyber district, Mohmand dam project, Chao Tangi small dam at South Waziristan, construction of Nahqi Tunnel Mohmand agency, widening & improvement of Ghalanai, Mohmand Gatt road, Hydro power station at Kurram district, Zyara to Dabori Road, Aurakzai Agency and 205 km Bajaur-Jandola Zhob link road. To mainstream these areas and to bring its socio-economic indicators at par with the rest of Pakistan, a comprehensive "Ten Year Development Plan (TYDP)" would be initiated.

Annex-I

Less Developed Districts in Pakistan

Punjab	Sindh		Khyber PakhtunKhwa	Balochistan			Special Areas
Rajanpur	Umerkot	Dadu	Batagram	Pishin	Derabugti	Lasbella	Azad Jammu & Kashmir Gilgit Baltistan & Merged Districts of KP
	Tharparkar	Ghotki	Dir upper & lower	Kila Abdullah	Dera murad jamali	Turbat/ kech	
Muzzafar-garh	Badin	Jamshoro	Hangu	Chagai		Panjgur	
	Kashmore	Khairpur	Bannu	Zhob	Jaffarabad	Gwadar	
Bahawalnagar	Tando Muhammad khan	Tando Allahyar	Kohistan upper& lower	Loralai	Jhalmagsi	Noshki	
			Torghar				
Bahawalpur	Qamber	Mirpurkhas	Lakkimarwat	KilaSaifu llah	Kachhi /bolan	Sherani	
D.G Khan		Nawabshah	Shangla			Washuk	
Rahimyar Khan	Thatta	Shikarpur	Tank	Musa khail	Kalat	Harnai	
Bhakkar	Sujawal	Matiari	Buner	Barkhan	Mustung	Sibbi	
	Jacobabad		Swat	Ziarat	Khuzdar	Awaran	
	Sanghar		D.I Khan	Kohlu	Kharan		

Annex-II

Summary of Allocation of Funds in PSDP 2018-19 for Less Developed Areas

(Rs. billion)

Province / Area	No of Projects	Total Cost	Allocation 2018-19
Punjab	2	18,341	1,900
Sindh	7	117,075	10,624
Khyber Pakhtunkhwa	11	36,328	2,276
Balochistan	100	416,699	37,813
AJK	24	154,909	9,210
Gilgit - Baltistan	32	95,521	6,798
Merged Districts of KP	16	39,164	5,819
Multiple District	5	504,653	77,233
Total:	**197**	**1,454,190**	**151,673**

Chapter 26 | CLIMATE CHANGE AND ENVIRONMENT

Major portion of Pakistan's population lives under marginal environments like mountains, desert and coastal areas. They suffer from food security issues, malnutrition and social deprivations. Per capita surface water availability has declined from 5,260 cubic meters per year in 1951 to around 1,000 and will further decrease to about 860 cubic meters by 2025 if conservation strategies are not implemented in letter and spirit. The country's forest area is about 5.01 percent of the total land area. Pakistan Forest Institute (PFI) assessed the rate of deforestation in Pakistan around 27,000 hectares per year.

There has been a steady increase in extreme climate events across the world. The Intergovernmental Panel on Climate Change (IPCC), a United Nations agency, warned the world the planet has 12 years, or until 2030, to reverse global warming. Without drastic change, the Earth is on track to see average temperatures rise by almost 5°C by 2100. It has been projected that by 2050, world glacial areas will decrease by 20-28 per cent and world population will increase up to 9.1 billion during the same period.

Performance Review 2018-19

The financial year 2018-19 caused the projects and programmes to move slow whereas a few programmes were not performing upto mark. The climate change portfolio of Pakistan is steadily rising with the new government planning mass afforestation programmes and further enhancing the already executed projects to better suit the needs of the country. The government has the vision to create a clean and green Pakistan. The project like glacial lake outburst floods are being funded by Green Climate Fund (GCF) and other programmes are also being initiated which will eventually be funded by the GCF.

Unprecedented urbanization of the 10 largest cities and conversion of productive agricultural land into urban areas will have negative impact on Pakistan. There will be significant increase in Green House Gas (GHG) emissions, degradation of natural resources, uncertainty in crop production, food insecurity, malnutrition and loss of biodiversity. Climate Change will bring temperature changes, frequent occurrence of disasters like flash floods, severe prolong droughts, cyclones, tsunami and sea intrusion in coastal areas, earthquakes due seismic activities and smog will be the great challenges for the country.

The government is committed to the cause of preventing/mitigating climate change and the Prime Minster has constituted "Prime Minister's Committee on Climate Change" which will provide high level strategic guidance and platform for coordinated efforts on the issues of climate change. The Committee will focus on streamlining and facilitating implementation of national and international obligations such as the Ten Billion Trees Tsunami programme, Glacial Lake outbursts

Floods Programme and international obligations like WASH, Climate Resilient Urban Settlements etc. Federal Forestry Board (FFB) has also been revived to rehabilitate forests and forest cover in the country.

The Green Pakistan Programme is about to be upscaled to Ten Billion Tree Tsunami, Phase 1, in the next Financial year. The programme was initiated to plant 100 million plants in Pakistan. More than 45 million plants have been planted in the Green Pakistan Programme to date. National and international partners are being shot to work in tandem with the government and other authorities to make Pakistan clean and green. Programmes like sustainable land management programme being funded by UNDP and other programmes which include plantations, raising awareness, adaptation and mitigation are being formulated.

The total allocation for the sector stood at Rs.1469.5 million of which the share of Ministry of Climate Change was Rs.802.699 and most likely full allocation will be utilized before the close of current financial year. Aviation Division (Pakistan Meteorological Department) share was Rs.638 million out of which 538 million was foreign assistance and Rs.100 million was from PSDP. The expenditure of Pakistan Meteorological Department under Aviation Division for the current FY from PSDP is Rs.66.132 million.

Outlook 2019-20

The next five-year plan has been carefully formulated to get the Federal Public Sector Development Projects aligned with the Provincial Annual Development Plans to create a synergistic effect for implementing adaptation and mitigation activities.

Main areas of focus will be: i) Scaling up Glacial Lake Outburst Flood (GLOF-II) risk reduction in northern Pakistan; ii) transformation to climate smart agriculture of most vulnerable agricultural zones of Pakistan; iii) integrated floodplains management; iv) Greening buildings; v) Livelihood Improvement for coastal communities of Baluchistan; vi) conservation and restoration of mangroves ecosystem; vii) rain water harvesting.

Pakistan has won funding for the project Glacier Lake outburst Flood (GLOF) amounting to Rs.3920.188 million though Green Climate Fund. GCF funding is available for other green projects for which Pakistan is putting forward new innovative projects with the help of accredited organizations. Moreover, another project “Generating Global Environment Benefits from Improved Decision-Making Systems and Local Planning in Pakistan: has been approved at an estimated cost of Rs.193.555 million to establish a data bank on environment and climate change sector.

Ministry of Climate Change is in process of formulating an investment Plan for INDC which will attract investment for reduction of GHG emissions in the country. The plan was shared with conference of Parties meeting held in October 2018. The key areas where they need to formulate a concrete plan for seeking investment are the

Energy Sector, Industrial Process, Agriculture, Land Use Change and Forestry & Waste management.

Programmes

The PSDP allocation for the Climate Change Sector has been kept at 8879.2 million rupees for the year 2019-20. The investment in the sector will steadily increase over the phase of next 5 years.

- Ten billion tree tsunami programme, Phase-I, which is actually the upscaling of Green Pakistan Programme, is being formulated to create a green Pakistan with a bigger and better carbon sink. The forest cover area will be increased from 5.01 percent to 6 percent, which requires investment from both public and private sector. Pakistan's total land area is around 79.6 million hectare and forest area is around 4.21 million hectares. About 0.8 million ha area is required to increase 1 percent forest cover. The lands available with forest department and other line agencies could be utilized for this purpose. The total estimated investment required will be more than Rs.125 billion for achieving the 4.5 billion tree plantation in the first phase. This investment will eventually be co-shared by all the Provinces (including AJK and GB). However, the remaining 5.5 billion trees shall be planted through public private partner ship and innovative financial tools like CSR, Green Bonds etc

- Pakistan is rapidly depleting its water resources and there is a dire need to work on water reservoirs. The urgent need for enhancement of water storage & construction of water reservoirs on war footing basis will eventually lead to recharging the ground water and fulfilling the water requirements of the nation. Water metering system will be enforced in the country for maintenance of supply side and also making people price conscious for enhancing conservancy in water use.

- Pakistan has 19 sites designated as Wetlands of International Importance (Ramsar Sites), with a surface area of 1.3 million ha. There is need to declare 24 such water bodies for conservation of ecology and culture in the specific regions to promote local flora and fauna.

- Cabinet granted "in principal" approval for allocation of upto 1 percent funds of PSDP projects for Clean and Green Pakistan Movement (CGPM). It will be leveraged to make Clean and Green Pakistan movement a success.

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