

Annual Plan

2020-21

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Foreword

The preparation of COVID-19 responsive National Annual Plan 2020-21 is a challenge given evolving situation shrouded with uncertainty during “Era of COVID-19 and Beyond”. The economic fallout of coronavirus is visible not only in the countries most affected by the pandemic but also across the globe. Pakistan’s economy, already in low growth due to macroeconomic imbalances and subsequent stabilization programme, has been hard hit by COVID-19, during the last quarter of 2019-20. The economic growth declined historically low to -0.4 percent. Activity in the manufacturing and services sector, like rest of the world, is adversely affected. However, the decline in services sector appears substantial having a larger impact in term of social distancing. It has adversely hit around 100 million daily workers during lockdown enforced to control spread of COVID-19 pandemic.

Governments, federal and provincial, attempted to provide best health services to Corona patients, within limited resources in order to save lives. Government also launched a number of initiatives to poverty hit vulnerable segments of the society by providing direct financial assistance of Rs200 billion, payment of electricity bills, deferment of rents, loans installment, cheap credit/ refinance, lowering of policy rate to 8 percent and gradually opening the labour intensive and export related sectors of economy to save livelihoods.

Taking cognizance of evolving COVID-19 situation, Annual Plan 2020-21 has been prepared. To ameliorate the sufferings, the dynamics of lockdown has carefully been envisaged to be implemented. Safety of frontline health workers is of paramount importance, hence, Personal Protective Equipment (PPE), testing for the presence of virus and devising & following Standard Operating Procedures (SOPs) at the workplaces will be ensured.

The biggest challenge is to reaching out to poor, vulnerable and unemployed people. Hence, rehiring the workforce and providing the businesses with running finances that will improve spending capacities and increase consumption of goods has been emphasized. Financial requirement of SMEs, construction, and rural sectors have also been prioritized to save livelihood and salvage economy. Boosting Export sector has also been mainstreamed in the Plan that needs improvement in value addition and supply chain management. Thus, revitalization through technology for supply chain will improve salability of the products in international markets during New Normal. Big push in ICT to narrow digital divide and capitalize on its potential in post COVID-19 environment is imperative.

It needs to acknowledge that accommodative fiscal and monetary policy would be required to support business and economic activity during 2020-21. The government will come up with a feasible Plan to fully leverage potential of the economy to create jobs, exportable surplus and at the same time, generate more revenues for development needs.

I appreciate hard work of team under the leadership of Mr. Zafar Hassan, Secretary PD&SI, Rai Nasir Ali Khan, Joint Chief Economist (Economic Policy), Dr. Muhammad Afzal, Joint Chief Economist (Operations), Members of the Review Committee and all Chiefs, especially officers and staff of Plan Coordination Section and Jawaid Azfar Computer Centre.

The Members of the Planning Commission also worked hard and contributed to the preparation of the Plan. Planning Commission is grateful to Mr. Asad Umar, Minister for Planning Development and Special Initiatives, for his guidance, support and advice in the finalization of the plan.

MOHAMMAD JEHANZEB KHAN
Deputy Chairman, Planning Commission

Islamabad, June 10, 2020

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Executive Summary

Macroeconomic Framework

Economic performance in fiscal year 2019-20 during the first three quarters was weak but surely improving and set to achieve 3 percent growth rate despite risks posed by higher inflation and interest rates, negative LSM growth, modest export growth, below par resource mobilization, and tough IMF conditionalities. External account improved significantly due to demand management measures, transition to a market-based exchange rate system, regulatory efforts to curb non-essential imports and increased inflow of workers' remittances through formal channels. Closure of economic activity due to Covid-19 related health hazard the economic growth further dampened to negative 0.4 percent. Agriculture grew by 2.7 percent, industry contracted to negative 2.6 percent and services by negative 0.6 percent against the growth targets of 3.5, 2.3 and 4.8 percent, respectively. Per capita income also contracted to negative 0.4 percent in real terms whereas it increased by 8.3 percent in nominal terms to Rs214,539 per annum. Investment environment improved but high policy rates resulted in a slight decline in investment to GDP ratio despite improvement in national savings.

Economic landscape in 2020-21 predominantly depends upon how the pandemic unfolds and effectiveness of the government efforts to control locust. Even after the lockdown is completely lifted, the second-round impact of COVID-19 may still affect the growth performance of the country. However, monetary easing and debt relief will also improve fiscal position and external account will improve due to resumption of remittance inflows and better exports performance. Macroeconomic stability, prudent fiscal and current account management, improvements in productivity and governance, lower expected inflation and positive investment climate, supported by 525 bps reduction in policy rate and reduced oil prices, will put the economy back on the growth trajectory and improve investment to GDP ratio. Overall economic growth in 2020-21 is targeted to be 2.1 percent contributed by agriculture, industry and services sector which are targeted to grow by 2.8, 0.1 and 2.6 percent, respectively.

Balance of Payments

During 2019-20, current account deficit is estimated to be contained at 1.5 percent of GDP from 4.7 percent of GDP in 2018-19. In the backdrop of situation emerged after COVID-19, exports are estimated to lessen by 7.8 percent while imports are expected to decline by 19.1 percent. Moreover, inflow of remittances is expected to decline by 2.1 percent while FDI is expected to increase by more than 85 percent. In the coming fiscal year, exports are targeted to slightly rebound at 1.5 percent while imports are projected to marginally increase by 1.1 percent. Remittances are targeted to reach level of US\$ 21.5 billion while current account deficit is projected to be around 1.6 percent of GDP during 2020-21.

Fiscal, Monetary and Capital Market Development

During July-March 2019-20, fiscal deficit stood at 4.0 percent of GDP as compared to 5.1 percent during the corresponding period of last year. However, after the outbreak of COVID-19, a shortfall in tax revenue of around Rs900 billion was estimated and the revenue target was reduced drastically to Rs3,908 billion from the earlier estimate of Rs4,807 billion. The government announced a fiscal stimulus package of Rs1.24 trillion for emergency response, support to businesses and relief to citizens. Besides, relief packages were announced for construction and

agriculture sectors. As a result, fiscal deficit in 2019-20 is estimated to be above 9 percent of GDP. During 2020-21, COVID-19 related relief measures will continue. The government intends to take different fiscal consolidation/ pro-growth measures to stimulate the economy and contain the fiscal deficit within a manageable limit.

The State Bank of Pakistan (SBP) focused on tight monetary policy in major part of 2019-20. Monetary Policy Committee (MPC) raised the policy rate by 100 bps to 13.25 percent in July 2019. High policy rate impacted economic activities negatively and slowed growth in Private Sector Credit. In order to stimulate economic activities and provide relief to industrial sector, MPC reduced policy rate to 12.50 percent in March 2020 and gradually to 8 percent in May 2020. During 2020-21, an appropriate growth-oriented monetary policy will be followed. Policy rate is expected to remain low in line with inflation outlook.

Average headline CPI inflation (national) stood at 10.9 percent during July-May 2019-20 as compared to 6.7 percent during the same period last year. However, on YoY basis, CPI inflation in May 2020 came down to 8.2 percent from its peak (14.6 percent) in January 2020. Main contributors to inflationary pressures were increase in food prices, electricity & gas prices, and impact of exchange rate movements. During 2020-21, average inflation is expected to remain at around 6.5 percent due to decline in international oil and commodity prices and low demand.

Capital market witnessed a sharp decline due to COVID-19. However, as a result of relief measures provided by the government, SBP and Securities & Exchange Commission of Pakistan, the process of recovery has started. A slowly upward trend is expected during the upcoming financial year.

Public Sector Development Programme

Public Sector Development Programme (PSDP) is an important tool to mobilize the public resource in order to achieve the development objectives. Federal PSDP 2019-20 was approved by the National Economic Council on 29th May, 2019 at a size of Rs701 billion, including foreign assistance of Rs128 billion. To expedite the pace of utilization of allocated funds, the procedure of release was made simple, transparent and upfront authorization with flexible quarterly ceilings during fiscal year 2019-20. Ministries/ divisions were empowered with enhanced approving powers of DDWPs from Rs60 million to Rs2,000 million.

Keeping in view the rapidly changing international economic and social landscape due to COVID-19 pandemic, the focus of PSDP programme remained on social sector development along with infrastructure development and regional connectivity, human resource development, energy, water & food security, Promotion of industrialization/ SEZs, knowledge economy, youth & women empowerment, tourism and climate change. Authorization/ disbursement against allocations have remained up to 84 percent as of May, 2020. PSDP progress has been reviewed three times during the year 2019-20. In order to rationalize the demands for funds and to meet the requirement of fast-moving/ important projects, Rs136 billion was additionally allocated through re-appropriation/ adjustment to about 148 projects within existing size of PSDP2019-20. Due to these efforts, about 149 projects costing Rs827 billion are expected to complete by 30th June 2020.

Indicative Budget Ceiling (IBC) for PSDP 2020-21 was allocated by Finance Division at Rs650 billion. Meetings/ consultations rounds were held with Ministries to prioritize respective portfolios/ allocations. Due to limited fiscal space in the wake of COVID-19, the respective portfolios were rationalized to commensurate with the size of PSDP 2020-21. In order to ensure

efficiency and transparency, all development projects proposed for next year PSDP comply with the guidelines provided under the PFM Act, 2019. The thrust of PSDP 2020-21 is on ongoing projects with allocation over 80% of resources. It aims about the integration of the provincial development programmes with overall growth agenda to achieve the broader development goals, envisaged in Sustainable Development Goals (SDGs). Government is fully cognizant of the situation arising out of the outbreak of COVID-19. Thus, emphasis is on sectors including social, agriculture and production which are helpful in employment generation and revival of the economic activity to mitigate the economic and social impact of pandemic. The efforts have been made to bring regional balanced development in the country.

The upcoming PSDP also envisages the promotion of initiatives on innovative financing modes (PPP/BOT etc) to reduce burden on PSDP. PSDP+ is shift over to create a space for the Private Sector as the public sector resources face constraints and enormous pressure. It is imperative to explore the alternative sources of financing through involving Private Sector to participate in development activities by providing investor/ business friendly regulations and tax regime. Government aims to simplify the project approval process and to facilitate pouring private sector investment into public sector infrastructure.

Food Security and Agricultural Development

In Pakistan's food security, agriculture and its allied sub sectors play a significant role in the economy, employment, livelihood and exports earnings. During 2019-20, agriculture sector achieved growth of 2.7 percent with major crops' growth by 2.9 percent and livestock sector by 2.6 percent. However, the menace of locust infestation and outbreak of COVID-19 pandemic had serious implications and it is apprehended that it may relegate performance of agriculture sector.

Out of PSDP 2019-20, agriculture sector got allocation of Rs12,047.52 million and expected utilisation was about Rs8,264.77 million (68.60 percent). During 2020-21 expected allocation from PSDP is Rs12,000 million. Federal government has already announced a package of Rs100 billion for agriculture sector to mitigate the impact of COVID-19 pandemic. The National Agriculture Emergency Programme intends to spend Rs290 billion in the next five years to boost the sector. The programme being executed with the coordination of provinces, is aimed at productivity enhancement of major crops i.e. wheat, cotton, sugarcane, rice, oilseed crops, along with livestock and fisheries. Its effective implementation is expected not only to enhance growth of farming sector but also non-farming sector of rural economy and help to reduce poverty and to achieve socio-economic development of the country. Encouragement of private sector through PSDP Plus and prospects of including of agriculture sector in China-Pakistan Economic Corridor (CPEC) are also expected to enhance opportunities for development and growth of agriculture sector. During 2020-21 due focus will be paid to mitigate COVID-19 situation in the country with aim to safeguard benefits of producers, suppliers, traders and consumers of farm commodities by enhancing prospects of their storage, availability and exports in future.

Manufacturing, Mineral and Commerce Sectors

Government is keen to revive industrial sector and intends to undertake several initiatives which include development of Special Economic Zones (SEZs), liberal and incentivized business environment, ease of doing business & competitiveness, investor facilitation services, better access to credit and more amenable industrial policy among others etc., which will improve manufacturing sector's performance during 2020-21 over the previous year. Extension in GSP

plus status will boost up particularly textile exports to EU. Similarly, China-Pakistan Free Trade Agreement (Phase-II) will encourage investment and increase exports.

Government intends to tap the huge potential of mineral sector by providing adequate facilities at sites, good management, financial assistance, and latest technologies. To achieve this, Rs582 million were allocated in the regular budget and Rs433.85 million in the PSDP for four development projects during 2019-20. In next financial year, GSP will undertake geological mapping of about 4480 sq. km. area in various parts of the country. This includes mineral exploration and geological mapping of metallic & non-metallic minerals, geo-technical/ geo-hazards studies and medical geology studies in Balochistan, Punjab and Azad Jammu & Kashmir (AJ&K). Furthermore, groundwater exploration, hydrogeological, geochemical, geotechnical, stratigraphy and paleontological studies will also be carried out in Balochistan, Islamabad, Gilgit-Baltistan and different areas of AJ&K.

Information and Communication Technologies

The global COVID-19 pandemic has created an urgency to adapt our entire outlook towards life and work. In this respect, digital technology is already considered globally as an effective intervention to manage the turbulent economic conditions. We too have to re-prioritize our policies more aggressively towards technology adoption and innovation to respond to such global crisis impacting us deeply. Pakistan is still at the lower rung in pervasive adoption of ICTs, inspite of very high growth in mobile cellular subscription base. For this, government has launched two major transformative initiatives. The timely action-oriented emphasis on Knowledge Economy and Digital Pakistan initiatives will have long-term positive effects for the country, such as opening of new vistas, more digitalization in the domestic areas, venture capital funding, enlarging base of exportable ICT skills and financial inclusion of the marginalized segment of society. Subsequently these would result in more job creation, increased software exports, GDP and creation of wealth.

In COVID-19 Responsive Plan for 2020-21, many new projects are planned to be launched in the ICT sector. These include Blended Education Programme by Virtual University, Centre for Artificial Intelligence and National Centre of IoTs. PakSat-MM1, establishment of Pakistan Space Centre, Cross-border OFC for alternative international internet connectivity, establishment of Software Technology Zones for accelerated entrepreneurial activities, digital agriculture, IT industry support programmes such as marketing strategy for software exports and enhancement of skills base through international certifications. In addition to these, special emphasis on online public services is being made to facilitate the citizens as well as the working of the government departments convenient and continuous. These projects would help in building a high-quality digital ecosystem and a vibrant ICT industry to start recovery from the impact created by COVID-19 pandemic.

Population

The government is cognizant of the fact that population sector dynamics across the country must be mainstreamed to maintain a balanced population growth, so that economic growth is enabled nationally. Last year, Pakistan achieved some big milestones in family planning, including development of a Population Action Plan, convening of federal task force and priority actions by the President and the Prime Minister. However, the rampant pandemic in the last few months has affected the entire world, with heightened economic pressures due to consequences of decisions taken by the state to control the spread of the infection. These circumstances have

fractured annual plans and health systems globally, also disrupting family planning and reproductive health services. This situation is further threatened by the risk of funds and resources being diverted from family planning (FP) and reproductive health to critical pandemic responses. Taking these situations into perspective, the planning for 2020-21 has been revised to combat COVID-19 with necessary revision of PSDP to make it more responsive to the pandemic.

The strategies and interventions have been framed to ensure that FP services are not disrupted, frontline FP service providers are fully trained, equipped and protected to provide services, and that local supply chain alternatives are explored to ensure continuity of FP supplies. The approved Population Action Plan will also be updated in the light of the latest global changes, to be more agile and responsive to the ongoing systems challenges and population's needs.

Basic and College Education

As a committed nation we have to tackle the challenges such as huge burden of out of school children, vast gender and regional disparities, low access and low governance & institutional capacity etc. In the wake of COVID-19 outbreak, 50 million learners are affected across the country particularly 70 percent enrolled students and out of school children residing in rural and urban informal settlements, widening existing inequalities of access to education and digital divide. There is a need to reshape our existing education structure to generate desired social and human capital to help accelerate the pace of economic growth.

To minimize the loss of learning due to COVID-19 outbreak, the Plan aims to reform the education sector by ramping up of 'Tele School', initiative, wide spreading access to television and smartphones, awarding monthly stipends and conditional cash transfers to induce high rates of attendance and to reduce educational gap particularly for girls, introducing remedial classes to bridge the learning gap.

In Federal PSDP 2019-20 twenty-eight projects were introduced having total cost of Rs19,180.57 million with allocation of Rs3,580.12 million. Provincial and Area Governments allocated a total of Rs77,505.67 million for the basic and college education during 2019-20. The Federal Government envisages a total of 27 schemes (19 on-going & 08 new) during 2020-21 for the sector. An amount of Rs4,500 million has been indicated in 2020-21 to carry out the above schemes.

Higher Education

During 2019-20, four major areas of higher education were focused including: Increasing Access to Higher Education; Improve Quality; Undertake Research and Development Relevant to national needs; and embracing the 4th Industrial Revolution (4IR). Towards the start of year 2020, the emphasis remained on funding Covid-19 related research proposals though Higher Education Development in Pakistan (HEDP) project for developing medical equipment and undertake medical R&D. In pursuit of increasing access, the number of universities increased from 195 to 211 with a cumulative university enrolment of 1.6 million. As per QS World University ranking 2020, seven Pakistani universities were among top 1000 of the world while at Asian level, 25 Pakistani universities were listed among top 500 universities. HEC provided 716 foreign, 1975 indigenous and 2703 need based scholarships to students. Ehsaas Scholarships programme was launched which has provision of 50,000 scholarships per year for four years. Research articles in impact factor journals grew by about six-fold in this period. The project for National Centre for GIS and Space Applications started in 2019-20 taking the number of national centres to seven. An

amount of Rs26.94 billion (around 95 percent of the revised allocation 2019-20) has been released to HEC by 10th May 2020. HEC has reported utilization of Rs20 billion which is 74 percent of released funds.

In 2020-21, the focus will remain on Access, Quality, R&D and 4IR. It is expected that investment through challenge funds on HEDP will be converted to real products in collaboration of private sector. The online system of education will be standardized and made affordable in collaboration of cell phone companies and telecom companies. In addition to 50,000 *Ehsaas* Scholarships, 197 foreign, 700 indigenous and 3000 need-based scholarships will also be awarded. The major investment for R&D will come from HEDP project with research funding opportunities including Grand Challenge Fund (GCF), Technology Transfer Support Fund (TTSF), and Innovator Seed Fund (ISF). HEC will make sure to revamp ORICs, BICs, Patent Support Programme and University Led Research Programme. HEC is also planning to implement its P15 initiative to fund top local universities, develop National Research Agenda (NRA) and Research Excellence Framework (REF). Establishment of two new national centres i.e. Nano-Science & Nanotechnology and Human Nutrition is also in pipeline. An allocation of Rs29,000 million has been proposed for PSDP 2020-21 in respect of Higher Education Commission projects. This includes Rs24,395.02 million for ongoing and Rs4,604.98 million for new projects.

Science and Technology

During 2019-20, the main areas focused in Science & Technology (S&T) were guiding and supporting Small & Medium Enterprises (SMEs) for international competitiveness, improved industrial productivity and quality; Capacity Building and HRD; Upgradation of Overall R&D infrastructure; Undertaking Industry Focused R&D; Quality Control / Accreditation; Health related Equipment, and Knowledge Economy. In order to cope with Covid-19 pandemic, PCSIR, NUST and Defence R&D organizations developed disinfectants, masks, PPEs and sanitizers. Pakistan Engineering Council (PEC) approved two ventilator designs for indigenous production. An amount of Rs7,407.36 million was allocated to Ministry of Science & Technology (MoST) in PSDP 2019-20 for 23 on-going projects and 08 projects of Task Forces on Knowledge Economy and S&T. Out of Task Force projects, three projects have been approved, three are under approval process and two have been shifted from MoST to other ministries. Out of allocated amount, Rs1,719.67 million were released and Rs232.23 million were utilized by 10th May 2020. It is envisaged that four projects will be completed by the end of 2019-20.

In 2020-21, the products developed during 2019-20 for COVID-19 response will be commercialized for mass production in collaboration with private sector. The health universities and R&D organizations will study genomics of virus and endeavor to produce vaccine and/or conduct trials of existing medicines. 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 to enhance the exports and substitute the imports. MoST is also in process to develop a biotechnology focused science & technology park close to Islamabad. An allocation of Rs4,408.07 million has been proposed for PSDP 2020-21 in respect of MoST projects. This includes Rs2,196.07 million for ongoing and Rs2,212 million for new projects.

Health

The Government is committed to achieve Universal Health Coverage (UHC) with focus on health reforms and preparedness for COVID-19 as priority. All measures are being taken to improve

patient-care in hospitals and ensuring availability of healthcare service providers at all levels of health care system.

Federal and provincial governments are engaged in developing strategic partnerships for technical and institutional capacity-building, UHC goals and pandemic preparedness. A context specific essential package of health services considering burden of disease and cost effectiveness of interventions is being designed in alignment with Disease Control Priorities defining services at i) community level, ii) health centers' level, iii) first level hospital, iv) referral level hospital, and v) population based. All these development programs are aligned with SDGs to achieve Universal Health Coverage and respond to the COVID-19 related systems challenges deploying interventions for strengthening clinical management, infection prevention and control including provision of PPEs to frontline health workers; availability/sustainability of laboratory diagnostic capacity, biosecurity/ biosafety; surveillance; reporting; health workforce preparedness; emergency response; risk communications; and bolstering points of entry.

Nutrition

The social and economic impacts of nutritional disorders on individuals are wide-ranging and good nutrition is generally regarded as one of the key factors for advancing human well-being and economic prosperity. Research clearly shows that malnutrition especially under-nutrition is not only a consequence of poverty, food insecurity and disease but also one of the reasons for the lag in economic development throughout the developing world. The current COVID-19 pandemic will further negatively impact economy with deterioration in nutrition situation. Multi-sectoral approaches proved a significant improvement in terms of awareness, coordination, implementing and monitoring of nutritional interventions with sectoral ownership. High-level decision-making nutrition forums together with provision of adequate and real time nutrition data will strengthen nutrition sector. Public-private partnerships, financing, and scale-up of nutrition programming will improve nutrition indicators. The efforts will be made to preserve and promote proper nutrition, including breastfeeding, good hygiene practices to build the resilience of individuals and communities against COVID-19 pandemic.

Labour, Employment and Skill Development

Pakistan has 9th largest labour force in the world. Almost 4 million youth are being added every year to the total civilian labour force which stood at 65.50 million in FY 2017-18. The existing labour force participation rate of 31.7 percent (crude) and female participation rate of 14.6 percent need to be enhanced. Due to the outbreak of COVID-19 pandemic, most of the non-agriculture informal workers (27.3 million as per LFS 2017-18) and home-based workers are at risk of losing their jobs. The Government is fully cognizant of these issues and has taken certain emergency measures to lessen the adverse impact especially for daily wage earners and street vendors. These programmes include Prime Minister's Emergency Relief Package of Rs1,200 billion, package of Rs100 billion for the construction industry, provincial relief packages, SBP's Refinancing (Rozgar) Scheme and reduction in Policy Rate. The plan focuses on projects and programmes to salvage the economy, save existing jobs and generate more domestic and overseas employment opportunities. The plan further focuses on PSDP projects committed towards labour intensive sectors, small social sector projects engaging the local community, facilitation of self-employment schemes, and entrepreneurship through Prime Minister's Kamyab Jawan Programme. Skill development is also being prioritized to ensure youth employment through various federal and provincial initiatives such as Prime Minister's Skills for All – Hunarmand Pakistan Programme etc.

Mass Media, Culture and National Heritage

During the Plan period, funds to the tune of Rs297.49 million have been allocated in PSDP 2020-21 to Ministry of Information & Broadcasting 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 to uncovered areas (including Gwadar and Muzaffarabad). Similarly, an amount of Rs55 million has been allocated in PSDP 2020-21 to National Heritage & Culture Division for enhancement of facilities at Pakistan Academy of Letters (PAL) through establishment of its regional office buildings at Peshawar and Quetta. Similarly, Department of Archaeology & Museums (DOAM) will carry out field survey to map/document all historical structures including archaeological and religious sites across the country and present the data in digital format.

Energy

The overall energy supply situation in the country has been improved through addition of 1,441 MW generation capacity in the national grid by June, 2020. However, in wake of COVID-19 pandemic, as per NTDC (NPCC) statistics, energy consumption in March 2020 declined (Electricity by 4,000 MW, and petroleum products by 30 percent to 35 percent) mainly due to commercial and Industrial shutdown.

An addition of 3,933 MW is planned by June 2021 as per Indicative Generation Capacity Expansion Plan (IGCEP) 2047 envisaged by NTDC / Power Division. However, the challenges confronting by the Energy sector are multi-dimensional in nature that include; high cost power generation, higher transmission & distribution losses, gas demand & supply gap and poor revenue collection. These factors consequently give rise to higher tariffs resulting in higher subsidies and circular debt, particularly in Power sector.

During 2020-21 for evacuation of additional power generation, the National Transmission and Dispatch Company (NTDC) transmission system will be strengthened by adding 4,445 MVA through construction of Matiari - Lahore $\pm$ 660 kV HVDC Transmission Line of total length 880 km (4,000 MW). Further, 94km Transmission Line will be added on 500 kV. New Projects for Electricity and Gas Supply to Special Economic Zones (SEZs) (Dhabeji, Rashakai and Hattar). Furthermore, under the public private partnership joint venture project between Government of Sindh and Engro Group, the SECMC/Engro Power achieved the target of 660 MW by June 2019 with open-pit coal mine in Tharparkar district.

Water

Water Sector's Policies/strategies focus to bridge the widening gap between demand and supply. 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 major emphasis is on demand management and enhancing the water availability. Water Sector on-going and future strategies are based on Integrated Water Resources Management (IWRM) approach, harnessing flood flows for direct irrigation, ground water recharge, effective implementation monitoring system and comprehensive set of measures for the development and efficient management of water resources.

Out of total enhanced Water sector's development programme for 2019-20, amounting to Rs103 billion (Rs70.38 billion original), a sum of Rs69 billion has been released.

The Plan focuses on the guiding principles set under National Water Policy i.e. water augmentation, water conservation, groundwater management and protection of infrastructure. During 2020-21, system modernization will be continued along with other conservation measures to minimize the conveyance losses. All efforts would be imparted to maintain overall water availability (at farm gate including groundwater) at the level of 130 MAF. During this period, out of total 85 on-going water sector projects, about 10 are expected to be completed.

Out of total water sector's development Programme for 2020-21 amounting to Rs63,200 million, an amount of about Rs34,116 million (Rs28,000 billion for large dams & Rs6,116 million for medium and small dams) has been allocated.

Transport and Logistics

Transport and logistics sector contributes to economic and socio economic development of the country. After the approval of the National Transport Policy (NTP) 2018, the broader direction has been set for each of the sub sectors of transport and now the Master Plans are being developed for transport sub sectors in consultation with line ministries and provincial governments.

The Government of Pakistan, cognizant of the importance of the Transport systems, is investing large amounts of human and financial resources into the development of the transport sector. Such investments are also being supported through foreign funding / investments envisaged in CPEC programme, the Central Asia Regional Economic Cooperation (CAREC) programme and other foreign-assisted initiatives. Further, work on innovative modes of investments such as Public Private Partnership has also been initiated and the projects having high financial rate of return are being explored and initiated for procuring financing through these innovative methods.

The PSDP for 2019-20 provided an outlay of Rs184.70 billion for the federal programme under T&L sector. Against this, an expenditure of Rs229.10 billion is expected to be incurred by the end 2019-20, giving an overall utilization of 124 percent. The expenditure over and above, allocated amount is due to the foreign aid disbursements more than anticipated in case of NHA foreign funded projects. An allocation of Rs159.64 billion has been made for the development programme of the sector in PSDP 2020-21.

Physical Planning and Housing

Pakistan has the highest rate of urbanization in South Asia. As per Population Census of 2017, urbanization increased from 32.52 percent to 36.38 percent during 1998 to 2017. However, based on a modified definition of urban settlements, ratio of urban to rural population could be 40 percent and even higher, therefore, it is estimated that, by 2025, nearly half of the country's population will be living in cities. Rapid urbanization is already stretching cities' resources in Pakistan. The tremendous challenge of absorbing such a massive number of people in urban areas and providing them with shelter, food, employment, healthcare, education, municipal services and recreation facilities is made more difficult given shortage of urban facilities and resources, skilled manpower and good governance. Despite the challenges, urban areas demonstrate immense economic potential to generate growth in the country.

To address the increasing urbanization issues and challenges, an allocation of approximately Rs18 billion has been made in 2020-21 for the physical planning and housing sector programmes to be implemented by various ministries, divisions and departments. The important programmes

include urban contingency plans to mitigate and adapt to the crises; Sustainable Urban & Regional Development Plans and Smart Cities; ensure affordable housing for all (urban & rural) through construction of mass housing projects including 1 million houses under Naya Pakistan Housing Programme.

Poverty Alleviation and Sustainable Development Goals

Achieving the 2030 Agenda for ensuring inclusivity, equity and sustainability, and the outbreak of COVID-19 has amplified the need for realignment of national financing and development priorities. The pandemic can potentially wield severe health and economic shocks to as many as 44 percent of the population. This segment requires immediate health, income and employment security. The government has made an elaborate institutional arrangement, with Poverty Alleviation and Social Safety (PASS) Division as its lead, to implement *Ehsaas* – an overarching programme to address shocks like COVID-19. To provide cushion against COVID-19 during 2019-20, the government has provided a relief package of Rs144 billion for the poor and the vulnerable.

However, there is need to take some long-term actions to provide income and employment security to the impoverished. These require strong vertical and horizontal coordination among all state organs and federating units. The long-term actions must include universal contributory health and social security; improved poverty profiling; provision of entrepreneurial skills at the matric level; inclusion of the informal sector; gradual shift from curative to preventive health and indigenous production of essential goods to reduce reliance on the global supply chain.

While upscaling poverty alleviation and extending social safety nets in 2020-21, the government will not compromise SDGs in the coming years. Knowledge gaps will be bridged while further strengthening institutional capacities, raising awareness and ameliorating vertical and horizontal coordination bottlenecks. Some of the planned activities for 2020-21 under SDGs include; launch of SDGs Index and SDGs dashboard, report on innovative financing and developing a national Responsible Business Framework.

Social Welfare

The Plan focuses on providing an enabling environment for development of national framework for equitable socio-economic development in line with constitutional obligations, national priorities, local needs, international commitments and reducing COVID-19 implications. The plan also aims at ensuring inclusion of the vulnerable people in poverty reduction and social development plans, policies & interventions to enhance their socio-economic mobility in general and in the backdrop of COVID-19 pandemic in particular. In addition to provincial development programmes for social welfare, an amount of Rs456 million has been allocated for some initiatives in PSDP 2020-21.

Gender and Women Empowerment

Women are about half of the population and the potential of the country. Their participation is encouraged and rights are being protected under policies and programmes. With COVID-19 in the picture, the existing gender inequalities widened, due to some structural inequalities like age, geography, class, employment, disability and other stressors. As a result of this, women are disproportionately affected both directly and indirectly by the COVID-19 pandemic globally.

The Plan aims to address the issues faced by poor, vulnerable and marginalized women across all sectors, unpaid care services, infection exposure to the gendered health workforce, and loss of

wages due to limited mobility, dependence on public transport, and overall economic crisis and shutdown. Funds amounting to Rs206 million have been allocated for the crosscutting initiatives of women empowerment in PSDP 2020-21.

Religious Pluralism and Interfaith Harmony

Religious minorities are an essential component of Pakistan's social and economic fabric with countless contributions made for peace and prosperity of the nation. Under the Constitution, government is responsible for protecting rights of all citizens irrespective of their religion, faith and sect. The Plan is cognizant of the issues of minorities and concerted efforts will be made to uplift the socio-economic conditions of minority communities of the country during and after COVID-19 crisis.

Institutional Reforms and Governance

Governance is a cross cutting issue therefore, perhaps the single most important factor in ensuring objectives of effective service delivery. During 2019-20, government has taken a number of initiatives to improve governance indicators and making government open, transparent, accountable, and responsive to citizens. An amount of Rs5 billion including foreign aid of Rs2.4 billion was allocated against which an amount of Rs3.2 billion has been spent in the governance sector. Objective of public investments at federal and provincial levels was to enhance the capacity of institutions to deliver public services effectively especially in judiciary, revenue administration, health, education, doing business, financial management, security (law & order), research & data collection, and improving regulatory framework to make informed decisions at all levels.

An amount of Rs4.8 billion including foreign aid of Rs1.2 billion has been proposed in PSDP 2020-21. The reform programmes/initiatives in the areas of performance management system, smart governance, civil service reforms, judicial and criminal justice system including alternative dispute resolution, rules & procedures, domestic resource mobilization through revenue reforms, public financial management, accessible and transparent government, effective management and coordination of COVID-19 and restructuring of public entities including SOEs will be continued.

Balanced Development – Focus on the Less Developed Regions

Sustainable development requires, balanced growth approach for rural & urban areas of the country. The main objective of the Plan is to improve standard of living of people residing in less developed areas and to bring them at par with rest of the country.

Financing of programmes in special areas is the responsibility of the Federal Government. Block allocations are provided to AJ&K and GB for formulation of their respective ADPs as per their sectoral / regional priorities. During 2019-20 various programmes/projects were implemented in Special areas, with primary focus on improvement of socioeconomic conditions of the residents. An amount of Rs63.50 billion was allocated as block allocation.

For ADPs of AJ&K and Gilgit-Baltistan and newly merged areas of Khyber Pakhtunkhwa, Rs63.50 billion are proposed for 2020-21. It would bring a considerable improvement in provision of existing facilities to the people of less developed special areas.

Climate Change and Environment

Climate change and environmental degradation is a theme that is recognized by public and private sectors globally. The recent catastrophic events like Amazonian fire, Australian bushfire, uncontrollable smog issue in northern Punjab, Flood issues in Khyber Pakhtunkhwa and Sindh, and even the advent of massive swarms of locusts in different location of Balochistan, Sindh, and Punjab, are indicating that the limits of environmental planetary boundaries were already breached or are near to breach. Pakistan, being one of the most vulnerable country, due to climate change, the careful formulation with maintaining the integration of environmental and climate change theme among all development sectors, have led integrated and synergistic policies and development projects.

During 2020-21, the Plan will focus on improving the carbon sinking capacity of Pakistan, real time monitoring of weather and distribution of information at federal and provincial levels by acquiring latest technologies and capacity building, arrangement of clean water, disaster risk management and establishment of climate resilient safe & sustainable cities. In addition to provincial governments' initiatives during 2020-21, an allocation of Rs5,151 million has been made in PSDP to mitigate the impacts of climate change and environmental degradation.

China-Pakistan Economic Corridor

The China-Pakistan Economic Corridor (CPEC) has made remarkable progress in its first phase (2015-20). Several projects planned in the transport and energy infrastructure have been completed on time and many are ongoing. Plans are now afoot to initiate the second phase (2021-25) with focus on industrialization, agriculture modernization and socio-economic development. The purpose is to reap the dividends of the investment made in the infrastructure that has created an enabling environment for businesses to flourish. Special Economic Zones (SEZs) development at Rashakai, Khyber-Pakhtunkhwa, Allama Iqbal Industrial Zone in Faisalabad and Dhabeji, Thatta are on the priority list and work will commence in the second half of 2020. Similarly, funds have been allocated in PSDP 2020-21 for utilities provision to these SEZs. In addition, the strategic project of Main Line-1 (ML-1) has also been planned in the second phase. To this end, substantial progress on the planning front has been achieved thus far. The implementation period of ML-1 project is 9 years and will be executed in three phases. MoUs on cooperation in the fields of Agriculture, and S&T have been signed in the current year, and JWG's will be formed to formally start cooperation in the respective fields. With the inclusion of two JWG's, the total number of JWG's now stands at 10. Working groups on Energy, Infrastructure, Industrial Cooperation, Gwadar and Socio-Economic are among the prominent JWG's. Other avenues of cooperation defined in the CPEC-Long-Term Plan (2015-30) are being opened to deepen the cooperation between the two countries. Tourism, Mines & Minerals and Petroleum sectors are among the candidates opened for cooperation in the second phase over and above the already mentioned sectors. Projects in the existing and the newly established areas would enhance the capacity of Pakistan that would result in improving the economic competitiveness of the country.

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
COVID-19	Corona Virus Disease of 2019
CPEC	China-Pakistan Economic Corridor
CSF	Coalition Support Fund
CWHR	Council for Works and Housing Research
DEMP	Directorate of Electronic Media and Publications
ECO	Economic Cooperation Organization
ERRA	Earthquake Reconstruction and Rehabilitation Authority
FDI	Foreign Direct Investment
FRDL	Fiscal Responsibility and Debt Limitation
GDP	Gross Domestic Product
GNP	Gross National Product
GPI	Gender Parity Index
GSP	Geological Survey of Pakistan
HEC	Higher Education Commission
HIES	Household Integrated Household Survey
ICT	Information and Communication Technology/Islamabad Capital Territory
IMF	International Monetary Fund
KS&EW	Karachi Shipyard and Engineering Works
MoPD&SI	Ministry of Planning, Development and Special Initiatives
MoIPC	Ministry of Inter-Provincial Coordination
MPVs	Marine Patrol Vessels
NAVTTTC	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
NTP	National Transport Policy
PAEC	Pakistan Atomic Energy Commission

PARC	Pakistan Agricultural Research Council
PASS	Poverty Alleviation and Social Safety
PBS	Pakistan Bureau of Statistics
PBC	Pakistan Broadcasting Corporation
PNRA	Pakistan Nuclear Regulatory Authority
PNCA	Pakistan National Council of Arts
PCRET	Pakistan Council for Renewable Energy Technologies
PCRWR	Pakistan Council of Research in Water Resources
PCSIR	Pakistan Council for Scientific and Industrial Research
PDL	Petroleum Development Levy
PNAC	Pakistan National Accreditation Council
PNCA	Pakistan National Council of Arts
PRI	Pakistan Remittance Initiative
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises
PSF	Pakistan Science Foundation
PSLM	Pakistan Social and Living Standards Measurement Survey
PSQCA	Pakistan Standards and Quality Control Authority
PTVC	Pakistan Television Corporation
PEMRA	Pakistan Electronic Media Regulatory Authority
PTA	Pakistan Telecommunication Authority
OGRA	Oil and Gas Regulatory Authority
SAFTA	South Asian Free Trade Agreement
SDGs	Sustainable Development Goals
SIDCL	Sindh Infrastructure Development Co. Ltd.
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 Organization

CHAPTERS

CHAPTER 1

ECONOMIC FRAMEWORK-GROWTH, INVESTMENT AND SAVINGS

Current fiscal year (2019-20) started on a positive note as exchange rate stabilized, primary surplus amidst massive revenue short-fall was maintained along with current account contraction of 73 percent in the first three quarters, inflation after peaking at 14.6 percent in January 2020 started to decelerate, forex reserves increased by USD 3.6 billion during 9 months, quantum index of LSM started moving upwards since November 2019 until February 2020, overall debt accumulation had slowed down and construction sector was witnessing signs of revival. This was the economic landscape of the country before COVID-19 threatened hard-earned economic stabilization efforts that just started yielding dividends in the form of improved current account, healthy reserves and external inflows.

Notwithstanding macroeconomic stabilization achieved during the first three quarters, prospects for economic growth were exposed to some risks, even before emergence of COVID-19, posed by higher inflation and interest rates, negative LSM growth, slower exports growth, below par resource mobilization, uncertainty surrounding hot money inflows and tough IMF conditionalities. However, the economy was all set to cross 3 percent growth mark. High policy rate, exchange rate and taxation reforms have increased cost of doing business and have hampered industrial growth. However, stabilization had no substitute and it helped in restoring macroeconomic stability and strengthened the economic fundamentals. Agriculture sector was also hit by climate related shocks but still its contribution towards growth was expected positive and thus overall economic growth prospects in the short run were satisfactory.

Emergence of the COVID-19 pandemic inflicted worst ever economic sufferings across the globe and Pakistan is no exception. The economic effects of COVID-19 coming from lockdown and reduced spending will be larger than those coming from disruptions to supply chains and illness-related workforce reductions. We need to equip ourselves to ameliorate the potential economic damage from COVID-19.

Performance Review 2019-20

The Annual Plan 2019-20 envisaged growth of GDP at 4 percent based upon contributions from agriculture (3.5 percent), industry (2.3 percent) and services (4.8 percent). However, as cautioned in the Plan document, extreme weather conditions and sequencing of reform related interruptions have weakened the chances of achieving targeted growth. Nevertheless, before COVID-19, the expectations of 3 percent growth were still strong. However, closure of economic activity due to COVID-19 related health hazards, the economic growth further dampened to -0.4 percent. The GDP growth was expected to come from agriculture sector, revival in industrial sector and LSM sector, pick up in private sector credit and spillover of completed CPEC projects amid steady energy supply and investment friendly environment. These factors were undermined by disruptive impact of lockdowns in the country.

The slowdown was broadly attributed to contractionary economic policies and inflationary pressures in the aftermath of exchange rate depreciation. The second half of the fiscal year 2019-20 is characterized by the COVID-19 inflicted economic slowdown. The pandemic caused

multifaceted problems and has engulfed entire economies besides challenging healthcare systems. Its impact on economy is much broader in terms of magnitude, intensity and implications than any other shock in human history. While the challenge to save human lives is testing health and resilience of countries. Saving livelihoods of the vulnerable segments of society is increasingly becoming tougher. It is even harder to cope with this challenge for a country like Pakistan which was at the initial phase of stabilization and trying to change gear towards higher growth and job creation. The economic challenge is compounded by following shocks;

- Contraction in domestic and external demand
- Substantial reduction in trade volume (just started; growing significantly)
- Disruption of production activity
- Massive fall in consumer confidence
- Tightening of financial conditions could complicate refinancing maturing external debt
- Sharp spikes in global risk aversion and the flight of capital to safe assets have led to portfolio outflows of near \$2.9 billion in Jul-March and March alone saw outflow of around \$2 billion

Above factors have eroded productive capacity of the economy and will affect economic growth especially in industrial and services sectors in the initial part of upcoming financial year 2020-21 but will also have tardy impact during whole 2020-21. The misperception about end of economic impact with end of lockdown period has serious flaws as this crisis needs post-lockdown strategy to mitigate ill-effects of the crisis. The lockdown period necessitates lay-offs and retrenchment, growing non-performing loans in the financial sector, massive value and supply chain disruptions, delayed investment and consumption decisions which will further compliment initial supply shock ensued from the demand shock.

Agriculture

During 2019-20, Agriculture sector was targeted to grow by 3.5 percent on the basis of expected growth of important crops (3.5 percent), other crops (3.1 percent), cotton ginned (2.5 percent), livestock (3.7 percent), fishery (4.0 percent) and forestry (2.0 percent). Agriculture sector fell short of its targeted growth and showed mixed patterns in growth of its components. Its overall growth improved to 2.7 percent in 2019-20 from 0.6 percent last year. Within agriculture, the crop sector performance which registered average growth of 0.6 percent during 2013-18, showed marked improvement as it registered positive growth of 3 percent. Important crops depicted 2.9 percent growth due to an increase in production of wheat, rice and maize by 2.5 percent, 2.9 percent, and 6 percent, respectively. The cotton crop succumbed to unfavorable weather, low water availability, and pest attacks. High temperatures during September, 2019 resulted in insect pest pressure limiting overall crop size to lowest of the decade (9.45 million bales). The decline by 6.9 percent in cotton production has therefore undermined the crop sector performance in 2019-20. Sugarcane production also contracted marginally by 0.4 percent.

The performance of Other Crops comprising vegetables, fruits, condiments, Oil seeds etc. during 2019-20 posted higher growth (4.6 percent) as compared to last year (2.6 percent). Healthy growth of pulses, condiments, green fodder and oil seed crops helped Other Crops sub-sector to surpass the target of 3.1 percent. Overall, agriculture sector grew by 2.7 percent which is lower

than the target of 3.5 percent but significantly higher than the growth of 0.6 percent achieved during the last year.

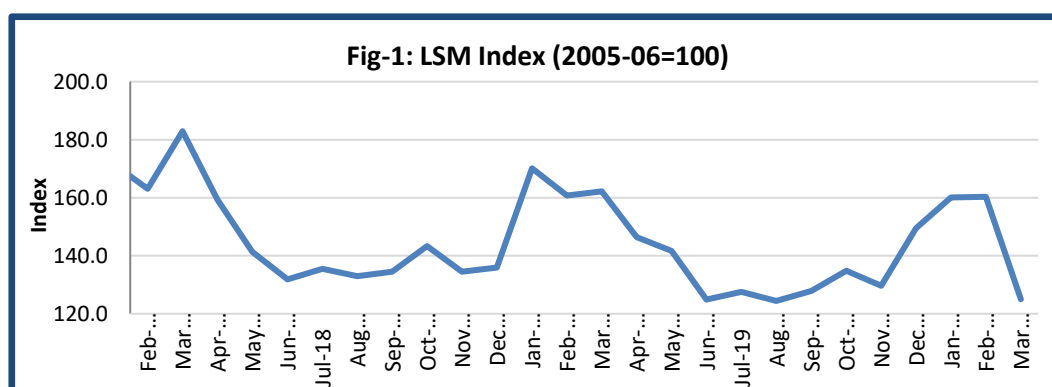
Agriculture sector was not much affected by the pandemic; however, livestock and poultry sub-sectors faced adverse consequences like falling demand as consumption pertaining to hospitality industry fell significantly. Value added in livestock sector still grew by 2.6 percent.

Industry

Industrial sector plays a significant role in the economic development of a country. It contributes almost 20 percent to GDP and employs 24 percent of total employed labour force. The industrial sector was envisaged to grow by 2.3 percent on the back of manufacturing sector (2.5 percent), utilities (1.5 percent) and construction (1.5 percent). However, the industrial sector faced the major brunt of the COVID-19 related shutdown and depicted overall contraction of 2.6 percent as compared to the previous year when it contracted by 2.3 percent, according to the revised estimates.

Manufacturing sector acted as a drag on the overall growth of the industrial sector with decline in LSM. Despite improved energy supply and better security situation, a constant increase in cost of energy and cost of working capital due to twofold increase in interest rate (13.25 percent) since May 2018, increased the cost of production. The contraction may also be attributed to subdued demand owing to double digit inflation during the year and completion of first phase of CPEC which resulted in slowdown in infrastructure related investment. On supply side, rupee devaluation, import duties and taxes levied in budget 2019-20 increased the cost of imported inputs especially in automobile, electronics and pharmaceutical sectors. The pandemic of COVID-19 also intensified economic miseries of the industrial sector in particular.

Large Scale Manufacturing posted negative growth during current year. The graph (Fig-1) shows that period average growth since July 2019-20 remained negative, while YoY growth was also predominantly negative with the only positive spike during the month of December. The LSM sector is estimated to contract by 7.8 percent as against contraction of 2.6 percent. The annualized estimates are being worked out primarily by QIM data (from July 2019 to March 2020) which shows a decline of -5.40 percent. Major decline has been observed in textile (2.6 percent), food, beverage & tobacco (2.3 percent), coke & petroleum products (17.5 percent), pharmaceuticals (5.4 percent), chemicals (2.3 percent), automobiles (36.5 percent), iron & steel products (8 percent), electronics (13.5 percent), engineering products (7.1 percent) and wood products (22.1 percent). Increase has been witnessed in fertilizer (5.8 percent), leather products (5 percent), rubber products (4.3 percent), paper and board (4.3 percent) and non-metallic mineral products (1.8 percent).



The mining and quarrying sector has witnessed a contraction of 8.8 percent as against contraction of 3.2 percent last year and target for the year at 2 percent growth. The contraction mainly occurred due to negative growth in output reported in natural gas (-6.4), Crude Oil (-10.6 percent) and coal (-6.3 percent). Small and household manufacturing is estimated to bear the brunt of lockdown and subsequent shrinkage in growth to 1.5 percent. Value addition in Electricity & gas generation and distribution posted 17.7 percent growth as compared to 14.5 percent growth achieved last year and targeted growth of 1.5 percent. Construction sector witnessed growth of 8.1 percent compared to contraction of 16.8 percent last year and the target growth of 1.5 percent primarily because of the rise in investment in the construction sector.

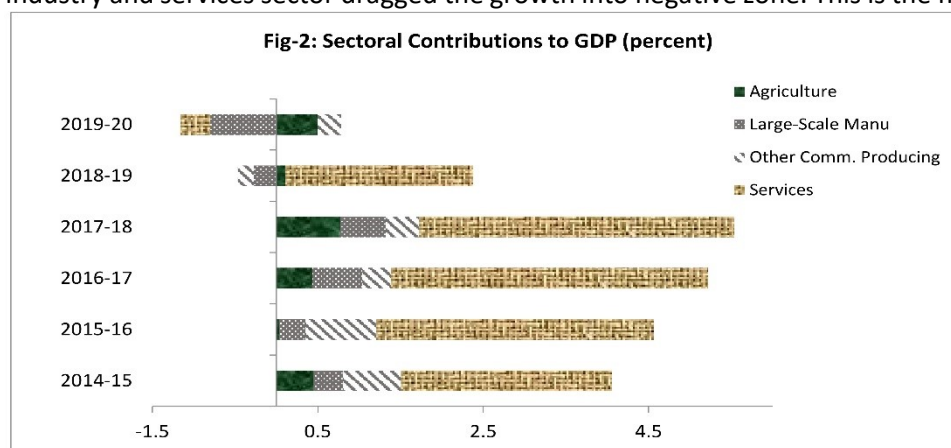
Services

Services sector has been worst affected by falling tourism revenues, lower mobility in the transport sector (air, rail, ships and road), lockdown inflicted complete cessation of trading activities, closure of education, event management and community services, and major burden on financial sector because of falling interest rates and business financing. There are some services which have actually increased like health services, CSO operations and online digital content and product delivery. This pandemic is unique in its unprecedented impact on services sector. Overall services sector remained in negative zone and posted negative growth of 0.6 percent as compared to positive growth of 3.8 percent last year. Wholesale and Retail Trade (-3.4 percent) and transport related services (-7.1 percent) were the major drag on services sector's overall growth. The growth in these sub-sectors is also largely linked to the performance of commodity producing sectors. The financial sector is also impacted by the COVID-19 and erosion of growth momentum but hardly maintained positive growth of 0.8 percent compared to 5 percent growth in last year and remained far away from target of 6.5 percent.

Housing services maintained their historical growth at 4 percent. General government services were targeted to increase by 5.7 percent but grew by 3.9 percent compared to 5.2 percent growth of last year. Other private services posted relatively better growth of 5.4 percent which is slightly lower than last year's growth of 5.8 percent and far off of target 7.1 percent. In the final quarter community and social services presented mixed trend as IT related sectors witnessed higher activity whereas education, personal services like hair cutting, tailoring, laundry etc. suffered because of lockdown.

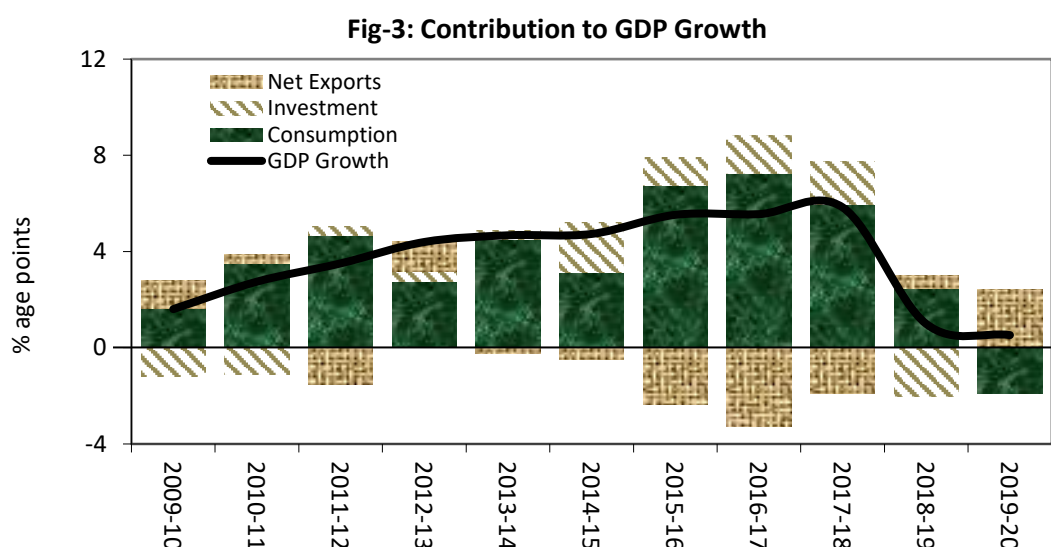
Contributions to GDP Growth

From the production side, agriculture remained the major contributor to economic growth whereas industry and services sector dragged the growth into negative zone. This is the first time



in decades when services sector contributed negatively to the GDP growth (Figure-2). Globally, the impact of such magnitude on services sector is unprecedented.

On the demand side, net exports contributed positively to growth primarily because of contraction of imports, in dollar terms, at a much faster pace than the exports. Depreciation also helped increase import prices in rupee terms. Investment impact remained neutral while consumption contributed negatively to growth for the first time. The private consumption as percent of GDP declined during the year and lost 4 percentage points (Figure-3).



Investment and Savings

The investment environment has improved in Pakistan and the ranking improved by 28 notches in previous two World Bank's Ease of Doing Business Reports. Foreign Direct Investment (FDI) more than doubled in the first 10 months of the current fiscal year. Foreign direct investment (FDI) more than doubled in the first 10 months of this fiscal year from net inflows of USD 1 billion to USD 2.3 billion this year. This has helped in preventing the Covid-19 related impact to take its toll on overall investment. The downward sliding of the private investment from 10.3 percent of GDP in 2018-19 to 10 percent in 2019-20 is slightly compensated by slight increase in public sector investment to 3.8 percent of GDP from 3.7 percent last year. The investment-to-GDP ratio declined from 15.6 percent in 2018-19 to 15.4 percent in 2019-20.

Table-3: Structure of Savings and Investment (As percent of GDP)

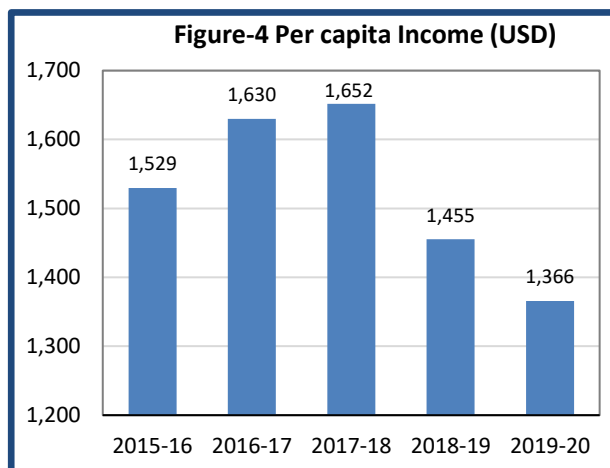
Description	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Investment	15.7	15.7	16.2	17.3	15.6	15.4
Changes in Stock	1.6	1.6	1.6	1.6	1.6	1.6
Gross Fixed Investment	14.1	14.1	14.6	15.7	14.0	13.8
- Public Investment	3.7	3.8	4.5	5.2	3.7	3.8
- Private Investment	10.4	10.3	10.1	10.5	10.3	10.0
Foreign Savings	1.0	1.7	4.1	6.1	4.8	1.5
National Savings	14.7	13.9	12.0	11.3	10.8	13.9
Domestic Savings	8.6	7.8	6.5	5.9	4.1	6.8

P: Provisional

National Savings improved to 13.9 percent of GDP from 10.8 percent in 2018-19. Pakistan's reliance on foreign savings decreased as marginal increase in investment is somehow compensated with increase in national savings. 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. Low national savings lead to increased reliance on external financing for investment.

Per Capita Income

This is the first time since 2007-08 that real per capita income contracted which is not a good omen for income distribution. The per capita income contracted by 0.4 percent in real terms whereas it increased by 8.3 percent in nominal terms to Rs 214,539 (**Annex-II**). In dollar terms it contracted by 6.2 percent and stood at USD 1366 (Figure-4). This is primarily because of depreciation of Pak rupee against USD.



Outlook 2020-21

The economic landscape in the coming year again predominantly depends upon how the pandemic unfolds. Even if the lockdown is completely lifted before the commencement of next fiscal year, the second round impact of COVID-19 will still affect the growth performance of the country. The overall GDP growth is expected to pick up in 2020-21 while rehabilitation and recovery of industrial and services sectors will boost the growth prospects. Monetary easing and debt relief will also improve fiscal position. Inflation is expected to remain in single digit and external sector will also be improved due to resumption of remittance inflows and better exports performance.

Investment climate will remain challenging instead certain supportive factors such as reduction in cost of doing business on the back of 525 bps in policy rate and massive fall in POL prices. Private investment will be slightly better because of new opportunities emerging in COVID response in the world. Public sector investment will be constrained by fiscal stress emanating from tight revenue system and growing expenditure requirement. Policies aiming to improve agriculture growth, governance, reduce losses in Public Sector Enterprises and encourage export-oriented private sector will augment growth in 2020-21.

Industrial inventions will aim to broaden the industrial base by investing in new and non-traditional ventures, rationalising energy tariffs and arrest distribution losses. Growth 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 2020-21 is targeted at 2.1 percent with contributions from agriculture (2.8 percent), industry (0.1 percent) and services (2.6 percent). The growth targets are subject to risks of extreme weather fluctuations, pandemic situation, interruption in envisaged reforms and non-aligned monetary and fiscal policies.

Agriculture

Agriculture sector is targeted to grow by 2.8 percent on the basis of expected contributions of important crops (1.9 percent), other crops (1.5 percent), cotton ginned (0.9 percent), livestock (3.5 percent), fisheries (1.5 percent) and forestry (2.1 percent) **[Annex-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 and all encompassing agriculture package has been given to farmers. Moreover, consistent availability of water, certified seeds, fertilizers, pesticides and agriculture credit facilities will help to achieve the targeted growth.

Industry

Industrial sector is targeted to grow by 0.1 percent during 2020-21. Manufacturing sector is targeted to contract by 0.7 percent based upon LSM contraction of 2.5 percent, small scale & household manufacturing growth of 6 percent. Moreover, construction and electricity generation & gas distribution are targeted to grow by 1.4 percent and 3.5 percent, respectively. Mining and Quarrying sector is projected to grow by 0.5 percent. Industry is expected to pick up pace in 2020-21 with the implementation of envisaged export promotion and industrial development measures. The private sector investment in industrial sector is expected to rise in 2020-21. 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. Prime Minister's special package for Construction sector is expected to play a significant role in accelerating growth in construction and allied industries. Overall, it is expected that improved business conditions and consistent policies will contribute towards achieving the target of industrial sector growth for 2020-21.

Services

Service sector is set to grow at 2.6 percent in 2020-21. Wholesale & retail trade along with transport, storage and communication, two biggest sub-sectors of the services, are set to grow at 1.1 and 0.9 percent, respectively. Finance and Insurance has potential to grow in upcoming year by 3.0 percent. General government services, other private services, and housing services are expected to post healthy growth of 4.6 percent, 4.2 percent and 4 percent, respectively. Housing initiative of the current government is expected to support growth in different services and health related interventions in the backdrop of COVID-19 will generate growth in other private services.

Investment and Savings

Investment for the year 2020-21 is expected to increase slightly to 15.5 percent of GDP in order to achieve sustained and inclusive growth keeping in view post Corona crisis. Fixed Investment is expected to grow to 13.9 percent of GDP in 2020-21. National Savings are targeted at 13.8 percent of GDP. The focus is to replace consumption led growth with investment led growth. New Monetary policy posture with reduction in interest rate will encourage investors and consumer financing will boost economic activity. 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	2018-19 Revised	Percent Change		2020-21 Target
		2019-20 Target	Prov.	
1. Commodity Prod. Sectors	-0.9	2.9	-0.1	1.5
A) Agriculture	0.6	3.5	2.7	2.8
Important Crops	-7.7	3.5	2.9	1.9
Other Crops	2.6	3.1	4.6	1.5
Cotton Ginned	-12.7	2.5	-4.6	0.9
Livestock	3.8	3.7	2.6	3.5
Forestry	7.9	2.0	2.3	2.1
Fishery	0.8	4.0	0.6	1.5
B) Industry	-2.3	2.3	-2.6	0.1
Mining & Quarrying	-3.2	2.0	-8.8	0.5
Manufacturing (I+II+III)	-0.7	2.5	-5.6	-0.7
I) Large-Scale Manufacturing	-2.6	1.3	-7.8	-2.5
II) Small & Household	8.2	8.2	1.5	6.0
III) Slaughtering	3.5	3.4	4.1	3.3
Electricity Generation & Gas Distribution	14.5	1.5	17.7	1.4
Construction	-16.8	1.5	8.1	3.5
2) Services	3.8	4.8	-0.6	2.6
Wholesale & Retail Trade	1.1	3.9	-3.4	1.1
Transport, Storage & Communications	4.6	3.5	-7.1	0.9
Finance and Insurance	5.0	6.5	0.8	3.0
Housing Services	4.0	4.0	4.0	4.0
General Government Services	5.2	5.7	3.9	4.6
Other Private Services	5.8	7.1	5.4	4.2
GDP (bp)	1.9	4.0	-0.4	2.1

Source: Pakistan Bureau of Statistics; Planning Commission

Annex-II

Macroeconomic Framework
(Current Market Prices)

(Rs. billion)

Item	2018-19 Revised	2019-20 Targets	2019-20 Estimated	2020-21 Targets
GDP (bP)	35,873	40,588	38,878	42,292
Indirect Taxes (Net)	2,189	2,997	2,848	3,275
GDP (mp)	37,972	43,585	41,727	45,567
Net Factor Income from Abroad	2,554	3,213	2,897	3,085
GNP (mp)	40,526	46,798	44,690	48,653
External Resources Inflow (net)	1,828	1,288	612	738
Total Resources /Uses	42,355	48,086	45,302	49,391
Total Consumption	36,427	41,203	38,808	42,342
Total Investment	5,928	6,883	6,429	7,048
Fixed Investment	5,320	6,186	5,761	6,319
Public incl. General Govt.	1,412	1,802	1,598	1,711
Private	3,908	4,384	4,163	4,608
Changes in Stocks	608	697	668	729
National Savings	4,100	5,595	5,816	
As percent of GDP (mp)				
Total Investment	15.6	15.8	15.4	15.5
Fixed Investment	14.0	14.2	13.8	13.9
Public incl. General Govt.	3.7	4.1	3.8	3.8
Private	10.3	10.1	10.0	10.1
National Savings	10.8	12.8	13.9	13.8
External Resources Inflow (net)	4.8	3.0	1.5	1.6
Memo Items				
Inflation	8.4	8.5	9.1	6.5
GNP (mp) Per Capita (Rs)	198,028	224,631	214,539	229,519

CHAPTER 2

BALANCE OF PAYMENTS

Policy measures were taken to strengthen balance of payments position for achieving macroeconomic stability during 2019-20. Amid high current account deficit and low financial inflows in past two fiscal years, foreign exchange reserves depleted and Pakistan ended up with another IMF programme at the start of 2019-20.

Current account deficit witnessed substantial contraction of 70.8 percent during Jul-Apr 2019-20 and has helped in improving balance of payments position during the period. The performance on exports front witnessed slight deterioration of 2.4 percent in value terms, however, there is quantum increase in some major export items but unfortunately the rise in exports volume could not be transformed into higher exports value due to depressed global prices of most of the commodities. The imports recorded significant decline of 16.9 percent as a result of completion of CPEC early harvest projects, depreciation of Pak rupee against US\$, slowdown in economic activity and policy measures to curtail imports. Resultantly, the trade deficit showed a significant contraction of 29.5 percent. The decline in global prices of commodities has halted the growth in exports, however being a net importing country it was beneficial hence it contributed in lower trade deficit. Similarly, the balance on trade in services showed considerable improvement of 33.4 percent primarily due to large contraction in services imports compared to exports. Workers' remittances during the period under review showed resilience and sustained growth of 5.5 percent. In this backdrop, current account deficit recorded significant decline of 70.8 percent. Major items of financial account like net foreign direct investment, general government disbursements and amortization witnessed rise however portfolio investment witnessed an outflow. These developments in external sector have resulted into addition in SBP's liquid foreign exchange reserves during the period under review.

During first eight months of 2019-20, most of external sector's indicators were showing encouraging trends -especially exports and workers remittances- and it was anticipated that balance of payments position will be strengthened overtime but unfortunately local and global economy has been hard-hit by pandemic COVID-19, which will have implications for balance of payments position during 2019-20 and 2020-21. The impact of COVID-19 became visible during the month of March and April 2020. During March 2020 exports declined by 10.7 percent, while imports declined by 19.4 percent and foreign investment in treasury bills and equities witnessed net outflow of US\$ 1.9 billion which resulted in decline of US\$ 1.6 billion in SBP's liquid foreign exchange reserves. The situation deteriorated further in April 2020 as exports declined by 33.2 percent and imports declined by 23.6 percent, however, an inflow of US\$ 1.4 billion from IMF has helped in an addition of US\$ 1.1 billion in SBP's liquid foreign exchange reserves.

Performance Review 2019-20

The targets of Annual Plan 2019-20 were set on the higher side keeping in view enhancement in energy supply, improved business environment and domestic infrastructure, positive global outlook, low cost energy supply to exports sector, competitiveness gained due to depreciation of the rupee, increase in number of workers abroad and efforts of the government to increase remittances inflows through legal channels. However, due to unavoidable circumstances

pertaining to spread of COVID-19 and its subsequent impact on global trade, some of the targets are unlikely to be met.

Annual Plan 2019-20 envisaged exports of US\$ 26,187 million higher than US\$ 24,257 million recorded during 2018-19. Imports were targeted at US\$ 53,664 million against US\$ 51,869 million during 2018-19. Trade deficit was projected to be restricted around US\$ 27,476 million as compared to US\$ 27,612 million in 2018-19. Current account deficit was targeted to be US\$ 8,312 million in 2019-20 (3 percent of GDP) which was US\$ 13,434 million (4.7 percent of GDP) in 2018-19. Workers' Remittances and Foreign Direct Investment (net) were projected to be US\$ 24,030 million and US\$ 4,340 million, respectively.

Balance of Trade in Goods

The trade deficit during Jul-Apr 2019-20 narrowed down significantly by 29.5 percent and stood around US\$ 16,441 million as compared to US\$ 23,312 million in the same period of last fiscal year. This was mainly driven by massive contraction in imports as compared to exports. In view of these developments, the trade deficit for 2019-20 will remain below the target. Details of overall balance of payments are given in Table-1:

Table-1: Balance of Payments

(US\$ million)

	2018-19	April 2019	2020	Percent Change	Jul-Apr 2018-19	2019-20	Percent Change
Current Account Balance	-13,434	-1,165	-572	50.9	-11,449	-3,343	70.8
Balance on Trade in Goods	-27,612	-2,051	-1,767	13.8	-23,312	-16,441	29.5
Exports	24,257	2,084	1,392	-33.2	20,135	19,650	-2.4
Imports	51,869	4,135	3,159	-23.6	43,447	36,091	-16.9
Balance on Trade in Services	-4,970	-442	-170	61.5	-3,930	-2,617	33.4
Balance on Primary Income	-5,610	-583	-532	8.7	-4,318	-4,808	-11.3
Balance on Secondary Income	24,758	1,911	1,897	-0.7	20,111	20,523	2.0
Workers' Remittances	21,740	1,770	1,790	1.1	17,802	18,781	5.5
Financial Account	-11,759	482	-1,436	397.9	-10,871	-7,380	-32.1
of which:							
Direct Investment (Net)	-1,436	-122	-150	23.0	-1,039	-2,243	115.9
General Government	4,294	214	1,433	569.6	4,251	5,221	22.8
Disbursement	8,255	331	1,882	468.6	6,248	9,854	57.7
Amortization	5,982	117	451	285.5	4,007	4,665	16.4
Reserves & Related Items	-1,504	-1,694	1,144	---	-358	5,390	---

Source: State Bank of Pakistan

Exports

Exports witnessed decline of 2.4 percent and stood at US\$ 19,650 million during Jul-Apr 2019-20 as compared to US\$ 20,135 million in the corresponding period of last fiscal year. Exports for 2019-20 are estimated to be around US\$ 22,369 million against the target of US\$ 26,187 million (**Annex-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
	2018-19	2019-20			
A. Food Group	3,724	3,830	105.9	2.8	0.5
Rice	1,732	1,805	72.6	4.2	0.4
B. Textile Group	11,366	11,025	-341.4	-3.0	-1.7
Cotton Yarn	1,003	909	-94.0	-9.4	-0.5
cotton cloth	1,840	1,670	-170.1	-9.2	-0.8
Knitwear	2,398	2,330	-67.8	-2.8	-0.3
Bed Wear	1,979	1,936	-42.9	-2.2	-0.2
Readymade Garments	2,120	2,240	120.1	5.7	0.6
C. Petroleum Group & Coal	549	346	-203.5	-37.0	-1.0
D. Other Manufactures	3,167	3,037	-129.6	-4.1	-0.6
Chemicals and Pharma. Pro.	1,026	892	-134.6	-13.1	-0.7
Leather Manufactures	421	420	-1.6	-0.4	0.0
Sports Goods	426	402	-24.7	-5.8	-0.1
Surgical Goods & Medical Instruments	361	353	-7.8	-2.2	0.0
E. All Other Items	1,328	1,412	83.5	6.3	0.4
Total Exports	20,135	19,650	-485.1	-2.4	-2.4

Source: State Bank of Pakistan

Food group export receipts grew marginally but textile and other manufacturing group witnessed decline during the period. The exports witnessed deterioration in value terms however there is quantum increase in some of the major export items i.e. rice (4.1 percent), fruits (3.5 percent), knitwear (3.1 percent), bed wear (2.0 percent), readymade garments (0.5 percent) and leather garments (0.7 percent) etc. Nevertheless, the rise in exports volumes could not be translated into higher exports value due to depressed global prices of most of the commodities. In textile sector exports, there is considerable rise in volume of value-added products like knitwear, bed wear, readymade garments, which is positive indication that production is now more focused on value addition. Overall Large Scale Manufacturing (LSM) has plunged by over 5.4 percent during Jul-Mar 2019-20 which may affect supply side of exports as production has been halted in most parts of the country as a result of lockdown due to COVID-19. The major commodities showed mixed trend in terms of price and quantum effect during the period under review (Table-3):

Table3: Price & Quantum Effects of Selected Export Items (Jul-Apr 2019-20)

Commodities	Percent change in		Price Effect	(US\$ million)	
	Unit Price	Quantity		Quantum Effect	Total Effect
Rice	2.4	4.1	42.5	70.5	113.0
Fruits	-1.4	3.5	-5.4	13.4	8.0
Wheat	7.7	-92.0	0.8	-123.0	-122.2
Sugar	25.3	-60.9	14.3	-87.8	-73.5
Cotton Yarn	-6.5	-2.4	-60.0	-22.7	-82.8
Cotton Cloth	8.6	-16.9	126.9	-299.1	-172.2
Knitwear	-3.1	3.1	-76.9	73.2	-3.6
Bed wear	-5.1	2.0	-99.2	37.3	-61.9

Commodities	Percent change in		Price Effect	(US\$ million)	
	Unit Price	Quantity		Quantum Effect	Total Effect
Readymade Garments	1.6	0.5	34.8	10.2	45.0
Footballs	-1.7	-1.5	-2.2	-2.0	-4.2
Leather Garments	-1.1	0.7	-2.4	14.2	11.7
Pharmaceutical Products	-2.5	0.6	-4.4	1.2	-3.3
Cement	-11.5	0.4	-28.9	9.0	-19.9

Source: Pakistan Bureau of Statistics

In order to revive exports, government has taken various initiatives like approval of first ever National Tariff Policy (NTP) with aim to improve competitiveness of manufacturing, duty free access to imported raw materials to the exporters by rationalizing the tariff structure. Phase-II of Free Trade Agreement with China has become effective since January, 2020 which will provide greater market access. To ameliorate liquidity constraints of the exporters, the process of refunds is being fast tracked. The impact of the said measures along with competitiveness gained from depreciation of rupee may encourage exports.

However, slowdown in global demand and economic activity due to COVID-19 pandemic may hamper exports. In this respect, the Prime Minister approved financial relief package for industries and exporters worth Rs200 billion from which Rs100 billion are to be immediately released as tax refunds to exporters. Principal and mark-up of loans of exporters would be deferred and Small and Medium-sized Enterprises (SMEs) and agriculture sector would be provided concessional loans and their mark-up payment would be deferred.

Imports

Imports declined from US\$ 43,447 million in Jul-Apr 2018-19 to US\$ 36,091 million in Jul-Apr 2019-20, thus showing a considerable decrease of 16.9 percent. Imports are estimated to be curtailed at US\$ 41,943 million against the target of US\$ 53,664 million as envisaged in Annual Plan 2019-20 (**Annex-I**). The contribution of various groups in imports is given in Table-4:

Table-4: Contribution of Various Groups in Imports

Commodities			Absolute Change	Percent Change	(US\$ million)
	Jul-Apr 2018-19	Jul-Apr 2019-20			Point Contribution to Change
A. Food Group	3,994	3,867	-127	-3.2	-0.3
Edible Oil (Soya & Palm)	1,500	1,510	9	0.6	0.0
B. Machinery Group	5,580	5,143	-436	-7.8	-1.0
Power Generating	567	585	18	3.1	0.0
Telecom	968	1,305	338	34.9	0.8
C. Transport Group	1,991	1,259	-731	-36.7	-1.7
Road Motor Vehicles	1,653	1,100	-554	-33.5	-1.3
D. Petroleum Group	11,867	8,435	-3,432	-28.9	-7.9
Petroleum Products	5,110	3,822	-1,288	-25.2	-3.0
Petroleum Crude	3,994	2,382	-1,613	-40.4	-3.7
Natural Gas, Liquified (LNG)	2,664	2,142	-522	-19.6	-1.2
E. Textile Group	3,278	2,870	-408	-12.5	-0.9
F. Agri Chemicals Group	7,109	5,923	-1,186	-16.7	-2.7

Commodities	Jul-Apr		Absolute Change	Percent Change	Point Contribution to Change
	2018-19	2019-20			
Plastic Material	1,902	1,639	-263	-13.8	-0.6
Fertilizer	702	466	-236	-33.6	-0.5
G. Metal Group	3,308	2,758	-550	-16.6	-1.3
Iron & Steel Scrap	977	1,000	23	2.3	0.1
Iron & Steel	1,700	1,281	-418	-24.6	-1.0
H. Miscellaneous Group	896	686	-209	-23.3	-0.5
I. All Others	5,425	5,149	-276	-5.1	-0.6
Total Imports	43,447	36,091	-7,356	-16.9	-16.9

Source: State Bank of Pakistan

The import bill of all food, machinery, transport, petroleum, textile, agriculture & other chemical, metal and miscellaneous groups declined during the period. The imports contracted consistently during the period, as a result of completion of CPEC early harvest projects, depreciation of Pak rupee against dollar, fall in crude oil prices, policy measures to curtail imports e.g. imposition of regulatory duties and slowdown in economic activity. The major commodities showed mixed trend in terms of price and quantum effect during the period under review (Table-5):

Table-5: Price & Quantum Effects of Selected Import Items (Jul – Apr 2019-20)

Commodities	Percent Change		(US\$ million)		
	Unit price	Quantity	Price Effect	Quantum Effect	Total Effect
Tea	-6.8	-7.1	-31.2	-35.3	-66.6
Palm oil	3.8	-1.8	58.1	-27.3	30.9
Pulses	-2.9	17.1	-14.8	73.9	59.1
Petroleum Products	-20.3	5.1	-1,100.3	264.1	-836.1
Petroleum Crude	-14.8	-22.7	-436.0	-863.9	-1,299.9
Raw Cotton	-10.6	31.6	-79.9	181.1	101.3
Synthetic Fibre	-24.5	5.4	-122.6	25.9	-96.7
Synthetic & Artificial Silk Yarn	-8.1	-9.6	-40.1	-52.7	-92.8
Fertilizer Manufactured	-19.6	-14.4	-125.1	-107.8	-232.9
Plastic Materials	-13.9	2.6	-264.1	48.6	-215.5
Iron and Steel Scrap	25.6	-15.8	263.3	-192.9	70.4
Iron and Steel	-5.7	-27.2	-75.8	-498.0	-573.9

Source: Pakistan Bureau of Statistics

The petroleum group holds major share in Pakistan's imports. However, decline in import bill of petroleum products & crude and LNG as a result of decline in prices and quantity demanded, the share of petroleum group declined from 27.3 percent in Jul-Apr 2018-19 to 23.4 percent in Jul-Apr 2019-20. The global crude oil prices have started declining since February 2020 as a result of price war between OPEC plus countries and slowdown in demand of oil as economic activity slowed down due to COVID-19. During the period under review, on average, crude oil price stood at 52.8 \$/bbl compared to 66.2 \$/bbl thus registering decrease of 25.3 percent. Moreover, the

average crude oil price in April 2020 stood at 21.0 \$/bbl. In this backdrop, Pakistan's import bill may further decrease as a result of decline in import bill of petroleum group and overall demand.

Balance of Trade in Services

Balance of trade in services improved by 33.4 percent from US\$ 3,930 million in Jul-Apr 2018-19 to US\$ 2,617 million during Jul-Apr 2019-20. Export of services witnessed decline of 7.6 percent while imports of services declined by 18.9 percent during the period. There is decline in exports of transport, construction, insurance & pension, personal, cultural & recreational, financial and other business services. However, export of maintenance & repair, travel, telecommunication, computer & information services increased during the period.

Workers' Remittances

Over the years, workers' remittances have provided the much needed support to our external sector. Inflow of workers' remittances during Jul-Apr 2019-20 witnessed increase and stood US\$ 18,871 million against US\$ 17,802 million recorded in the corresponding period of last fiscal year, thus sustaining positive growth of 5.5 percent compared to 8.0 percent growth recorded in the same period of last fiscal year. During April 2020, the inflow of workers' remittances amounted to US\$ 1,790 million – the highest historical inflows recorded during the month of April and witnessed growth of 1.1 percent against inflows of US\$ 1,770 million in April 2019. Saudi Arabia remained the largest contributor followed by UAE, USA, UK, other GCC countries and Malaysia.

Number of workers registered for overseas employment through Bureau of Emigration & Overseas Employment (BEOE) registered growth of 63.5 percent and stood at 625,203 during 2019 against 382,439 recorded in 2018. Moreover, to increase remittances inflows government has taken various initiatives like signing of Memorandum of Understanding (MoU) with Japan for export of skilled manpower and launch of "Pakistan Post Initiative" for delivery of remittances by overseas Pakistanis through 500 designated post offices in various cities.

Healthy inflows in remittances were expected in coming months with the continuation of present trend and further surge on the eve of Ramadhan & Eid-ul-Fitr. However, decline in economic activity at most of our source destinations and fall in global crude oil prices as a result of COVID-19 pandemic, inflows of remittances may slowdown. Given this backdrop, remittances are estimated to be US\$ 21,279 million by the end of 2019-20

Current Account Balance

The current account deficit witnessed substantial contraction of 70.8 percent during Jul-Apr 2019-20 and stood at US\$ 3,343 million compared to US\$ 11,449 million recorded in the corresponding period of last fiscal year (**Annex-I**). With estimated trade deficit of US\$ 19,574 million and remittances of US\$ 21,279 million and improvement in the balance on trade in services by the end of 2019-20, the current account deficit is estimated to remain around US\$ 3,882 million (1.5 percent of GDP) against the target of US\$ 8,312 million (3.0 percent of GDP). A comparison of regional countries balance of payments position is reflected in Table-6.

Table-6: Regional Comparison of Balance of Payments (CY-2019)

(US\$ billion)

Indicators	Country		
	Pakistan	India	Bangladesh
Current account Balance	-7.1	-26.9	-3.1
Export of Goods	24.8	331.3	39.1
Import of Goods	46.5	485.4	54.6
Balance on trade in goods	-21.7	-154.1	-15.6
Export of Services	5.8	214.4	6.1
Import of Services	9.8	130.6	9.7
Balance on trade in services	-4.0	83.8	-3.6
Balance on secondary income	24.8	72.9	18.7
Foreign Direct investment Inflows	2.2	38.5	1.5
Reserves and related items	4.8	55.8	-0.1
Current account balance (as percent of GDP) 2018*	-4.9	-0.9	-1.7

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\$ 7,628 million are received during Jul-Apr 2019-20 as against US\$ 11,039 million recorded during corresponding period of last fiscal year (**Annex-I**). During the period, net foreign direct investment (FDI) witnessed considerable increase of 115.9 percent and stood at US\$ 2,243 million against US\$ 1,039 million recorded in the corresponding period of last fiscal year. FDI increased in the backdrop of increase inflows from China in Power sector and from Norway in communications sector. Foreign portfolio investment (net) has recorded outflow of US\$ 300 million during Jul-Apr 2019-20 compared to outflow of US\$ 1,280 million in the corresponding period of previous year. Last year, the liabilities of the SBP increased to US\$ 4,995 million in the backdrop of inflows received from Saudi Arabia, UAE and China under bilateral arrangements to support the falling reserves of the SBP however this year there is decline of US\$ 497 million during Jul-Apr 2019-20. The amortization payments increased to US\$ 4,665 million from US\$ 4,007 million whereas disbursements increased from US\$ 6,248 million to US\$ 9,854 million during the period under review due to which overall general government inflows remained at US\$ 5,221 million. The disbursements increased due to Saudi oil supply to Pakistan on deferred payment, inflows under IMF's Extended Fund Facility and other long-term inflows from multilateral institutions. Although, general government inflows witnessed rise due to increase in disbursements but net incurrence of liabilities decreased during Jul-Apr 2019-20 to US\$ 5,313 million from US\$ 10,720 million in the corresponding period of last fiscal year because there is decline in SBP liabilities this fiscal year as compared to rise in the same period last year.

Reserves & Related Items

FDI witnessed net inflows and disbursements also increased during Jul-Apr 2019-20 however financial inflows remained below the level of previous fiscal year because of less net incurrence of liabilities. However, lower current deficit of US\$ 3,343 million against Financial/Capital account inflows of US\$ 7,628 million have resulted into addition of US\$ 5,390 million in SBP's liquid foreign exchange reserves during Jul-Apr 2019-20 against depletion of US\$ 358 million in the corresponding period of last fiscal year. The year on year basis change shows that net reserves with SBP increased by 40.4 percent and stood at US\$ 12,329 million by the end of April 2020.

Exchange Rate

Increase in Real Effective Exchange Rate (REER) implies that exports become more expensive and imports become cheaper; therefore, an increase indicates a loss in trade competitiveness. In past few years, REER appreciated significantly depicting that the rupee remained overvalued. However, REER declined to Rs96.9 (Base 2010 = 100) in March 2020 while it was Rs98.7 in March 2019. The Average monthly exchange rate during Jul-Apr 2019-20 is Rs157.4, which was Rs133.9 during the corresponding period of last year, depreciating rupee by 14.9 percent whereas on year on year basis it stood at Rs160.8 in April 2020 compared to Rs141.3 in April 2019.

Outlook 2020-21

Trade Account: The Plan envisages slight rebound in exports in the backdrop of bleak global economic outlook as major economies of the world are slipping into a 'near-halt' due to pandemic COVID-19 and trade is almost crippled in most of our export destinations. The exports are projected to reach at US\$ 22,714 million in 2020-21 from US\$ 22,369 million estimated for 2019-20. On account of positive growth trajectory, imports are expected to slightly increase by 1.1 percent and reach the level of US\$ 42,412 million in 2020-21 from an estimated total of US\$41,943 million for 2019-20, implying trade deficit of US\$ 19,698 million in 2020-21 (**Annex-I**).

Current Account Balance: Although exports and remittances inflows are expected to recover slightly but the current account deficit is projected to increase due to rise in imports. The current account deficit is projected to be at US\$ 4,447 million (1.6 percent of GDP) during 2020-21 as against estimated deficit of US\$ 3,882 million (1.5 percent of GDP) by the end of 2019-20 (**Annex-I**).

Capital and Financial Account: Capital inflows are projected to increase from estimated US\$ 312 million in 2019-20 to US\$ 320 million in 2020-21. General government disbursements during 2020-21 are expected to remain at the level of US\$ 12,103 million against US\$ 11,692 million estimated for 2019-20 whereas amortization is projected at US\$ 7,486 million for 2020-21 against US\$ 8,426 million estimated for 2019-20. Foreign direct investment (net) is targeted at US\$ 3,000 million for 2020-21 against estimated US\$ 2,680 million by the end of 2019-20 (**Annex-I**).

Policies and Strategies for External Sector in 2020-21

Macroeconomic stability in Pakistan is highly dependent on the position of balance of payments. A recent Asian Development Bank's working paper on Pakistan concludes that "Pakistan's economic growth continues to be balance of payments constrained. Periods of GDP growth rates that are higher than the BOP-constrained growth rate tend to result in foreign exchange reserve depletion, followed by periods of fiscal and monetary policy-led suppressed growth. In the current structural and product specialization circumstances, if Pakistan's economy is to grow faster than 3.8 percent in the medium-term, external imbalances will occur. Hence, improving Pakistan's export performance remains the most relevant long-term structural challenge to alleviate the balance-of-payments constraint to sustained economic growth."¹ In this backdrop, short, medium and long-term policies are being devised to resolve these structural imbalances in a way that this painful stabilization being achieved is not compromised again. Emphasis of the policies is on incentivising and promoting e-commerce and IT to increase services exports,

¹ "Why Pakistan's Economic Growth Continues to be Balance-of-Payments Constrained" ADB's Central and West Asia Working Paper Series, 2019.

becoming part of value chains, diversification of products by focusing on agriculture -especially livestock sector- and industry –especially textile- as well as destinations are the key to this route.

In order to increase exports, Strategic Trade Policy Framework (STPF) 2020-25 having in-built monitoring mechanism to track overall progress will set in motion a process of rapid industrialization to create more employment opportunities and to raise living standards will be finalized and approved during the plan period.

China-Pakistan Free Trade Agreement-II (CPFTA-II) became effective since January 2020. An enormous potential exists in Chinese market for Pakistan and CPFTA-II provides an opportunity to tap this potential. Pakistan's agriculture-based economy can provide head start to tap Chinese market in short- to medium-term. A huge potential exists in non-agriculture-based products as well but, due to limited domestic base of the industry, potential can be tapped in medium- to long-term. Analysis reveals that Pakistan do not have enough exportable surplus of zero-rated 313 tariff lines therefore, in order to increase exports of these items to China production capacity has to be enhanced otherwise it may result in just relocation of exports destination. During 2020-21, government will provide enabling environment to private sector by focusing on potential areas which includes agriculture (livestock- frozen meat, milk & cream, cotton etc.), textile (items made by cotton, silk & fibre e.g. coats, jackets, trousers, shirts, pyjamas, hosiery, track suits and baby garments) and other manufacturing items (leather products, sports items etc.).

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.

To increase remittances inflows through formal channels a number of incentive schemes for remitters, beneficiaries and financial institutions have been planned by the government like; increase in reimbursement of T.T charges to banks against home remittance; revision in incentive scheme based on tiered growth in remittances for banks and exchange companies under marketing expenses and promotional activities; provision of loyalty card to emigrants, wherein various products would be offered to the remitters by the banks, NADRA, FBR, OPF, CAA, CDNS, Utility Stores Corporation, BE&OE, and PIA. Moreover, 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 will be ensured by the government.

Foreign Direct Investment is non-debt creating inflows and provides the much needed support to balance of payments, brings in new technology, increases production and contributes in socio-economic development. Government is endeavouring to boost investment by following a liberal investment regime and facilitation being its foremost cornerstone for investors' confidence and conducive environment to attract both local and foreign investment. According to World Bank's top-20 improvers in Doing Business 2020 Pakistan improved in six areas measured by Doing Business i.e. starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders. Hence, Pakistan jumped up 28 notches on the Word Bank's Ease of Doing Business Index and ranked at 108th position due to reforms introduced by federal and provincial governments. In the backdrop of signs of recovery & stability in the economy and improvement in Ease of Doing Business Index, it is expected that foreign investors will further invest in new projects. Moreover, second-phase of industrial development under CPEC is likely to revive investment. 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. BoI has prepared draft Investment Policy 2020 and Investment Strategy 2020-24 which will be finalized after consultation with stakeholders. During 2020-21, BOI intends to organize investment conferences/road shows in UK, China, Saudi Arabia, and UAE to showcase Pakistan's prospects of investment and to create business-to-business networking.

COVID-19 Responsive Measures

- Federal government in close coordination with provincial governments will devise the Standard Operating Procedure (SOP) following standard health protocols for resuming operations at factories, particularly those manufacturing export goods and agricultural workers
- Exporters should also capitalize the opportunity that is coming from increased demand for medical instruments, health clothing, pharmaceutical products, bed linen, towels, and simple garments and clothing. All of these are normally produced by the Pakistan industry, but all of these requires that supply chains domestically and globally be kept intact
- China is now back to business and economic activity has been resumed. CPFTA-II became effective since January 2020 hence efforts will be made to reap maximum benefits out of CPFTA-II
- As most of African countries are not hard hit by the pandemic, Pakistan will activate its "Look Africa Policy" and explore avenues for higher demand of Pakistani goods
- Government will keep ports open and customs service operational in order to ensure flow of trade

Box-I: Measures taken by State Bank of Pakistan to support exporters affected by loss of demand due to COVID-19

SBP has a strategic objective to support exports for sustained improvement in Pakistan's balance of payments and growth. To this end SBP provides refinance to banks to provide cheap credit at interest rates that vary between 3 to 6 percent to exporters for working capital and new projects under Export Finance Schemes (EFS) and Long Term Financing Facility (LTFF) schemes. The total subsidized credit to exporters outstanding under both these schemes is currently approximately Rs660 billion. Due to the COVID-19 pandemic Pakistan's exporters are facing declining demand in overseas markets and problems in executing existing orders. To support exporters in these circumstances and to prevent current liquidity problems from turning into solvency problems amongst exporters, SBP has announced following several measures;

Relaxation in matching amount. Availing cheaper credit under EFS is linked with the export performance. Currently, exporters are required to export twice the amount of borrowed funds. In case of failure in meeting the requirement penalties are imposed and the credit limit for the next year is also reduced accordingly. SBP has reduced the performance requirement from twice to one-and-half times that will be effective for the current year as well as for 2020-21. **Extension in time period to meet performance requirements.** Exporters were required to show performance under the EFS schemes by end-June 2020. This period has been extended by 6 months to end Dec. 2020. Since the additional period will also be counted towards setting new limits, this will help the exporters in availing higher limits for 2020-21.

Extension in time period to ship goods. Exporters availing the subsidized credit schemes are required to ship their goods within 6 months of availing credit under EFS. In case of failure, penalties are imposed.

This period has been extended from six to twelve months. Therefore, exporters will not be liable to pay penalties due to breach of this condition during January to June 2020.

Relaxation in conditions for Long Term Financing Facility. Exporters who want to avail credit under Long Term Financing Facility (LTFF) are required to have exports worth 50 percent, or US\$ 5 million, of the total sales to become eligible. This limit has been reduced to 40 percent or USD4 million for all the borrowings under LTFF during the period January 01, 2020 to September 30, 2020. Moreover, under the requirement of annual projected exports performance for four years to avail LTFF for new or BMR projects has been extended by another one year. Now the projected exports performance will be measured in 5 years.

Other relaxations. Another major relaxation has been provided to the exporters on foreign exchange side. Keeping in view the difficulties faced by the exporters, SBP has also allowed banks to enhance the time period for realization of exports proceeds from existing requirement of 180 days to 270 days on a case by case basis where the delay is related to COVID-19. This would help exporters to provide extended time to their buyers in making payment due to above pandemic. Likewise, to facilitate importers, SBP has extended the time period for import of goods into Pakistan against advance payment from existing requirement of 120 days to 210 days.

Annex-I

Balance of Payments

(US\$ million)

Items	2018-19	Jul-Apr		2019-20		2020-21
		2018-19	2019-20	Target	Proj.	Proj.
Current Account Balance	-13,434	-11,449	-3,343	-8,312	-3,882	-4,447
Balance on Trade in Goods	-27,612	-23,312	-16,441	-27,476	-19,574	-19,698
Exports (FOB)	24,257	20,135	19,650	26,187	22,369	22,714
Imports (FOB)	51,869	43,447	36,091	53,664	41,943	42,412
Balance on Trade in Services	-4,970	-3,930	-2,617	-2,154	-3,049	-3,011
Balance on Primary Income	-5,610	-4,318	-4,808	-5,554	-5,197	-5,992
Balance on Goods, Services and Primary Income	-38,192	-31,560	-23,866	-35,184	-27,820	-28,701
Balance on Secondary Income	24,758	20,111	20,523	26,872	23,938	24,254
Workers' Remittances	21,740	17,802	18,781	24,030	21,279	21,534
Capital Inflows	229	168	248	350	312	320
Financial Inflows	-11,759	-10,871	-7,380	-8,966	-6,275	-10,297
Direct Investment (Net)	-1,436	-1,039	-2,243	-4,340	-2,680	-3,000
Portfolio Investment (Net)	1,274	1,280	300	-2,250	420	-1,250
General Government	4,294	4,251	5,221	-40	3,309	4,617
Disbursements	8,255	6,248	9,854	10,493	11,692	12,103
Amortization	5,982	4,007	4,665	10,533	8,426	7,486
Memorandum Items						
Current Account Balance (percent of GDP)	-4.7	-4.8	-1.5	-3.0	-1.5	-1.6
Exports FOB (growth rate percent)	-2.1	-1.7	-2.4	6.2	-7.8	1.5
Imports FOB (growth rate percent)	-6.8	-4.6	-16.9	0.8	-19.1	1.1

Source: SBP & Planning Commission Estimates

CHAPTER 3

FISCAL, MONETARY AND CAPITAL MARKET DEVELOPMENT

Fiscal and monetary policies are the main tools through which the government can provide a conducive environment to stimulate economic activities, increase welfare and protect vulnerable people. After experiencing a historically high fiscal deficit of 9.1 percent of GDP in 2018-19, fiscal performance during the first nine months of 2019-20 showed significant improvement as revenues enhancing and expenditure curtailing measures, planned under IMF programme, started to bear fruit. Monetary tightening was pursued during major part of 2019-20 in line with IMF-supported stabilization programme. In later part of the year, inflation showed signs of deceleration and the policy rate was, therefore, reduced drastically.

However, the outbreak of COVID-19 pandemic posed serious downside risks to contain fiscal deficit. In order to mitigate the fallout of COVID-19, the government announced a fiscal stimulus package. Similarly, monetary authority responded by cutting the policy rate and also announced refinancing facilities and regulatory measures to counter the challenges stemming from contraction in global and domestic demand. The refinancing facilities encompass strengthening health infrastructure, facilitating investment in new and BMR of existing manufacturing units and incentivising firms for protecting employed workforce. Drop in aggregate demand and commodity prices further decelerated the inflationary pressures.

During 2020-21, the thrust of fiscal and monetary policies would be to counter the COVID-19 disruptions, put the economy on revival path and ensure overall macroeconomic stability. In this regard, various initiatives in fiscal, banking and financial sectors will be introduced. Capital market development plan is focused on initiating various tax and legal reforms, increasing product development to attract investors and improving ease of doing business.

Review of Fiscal Developments 2019-20

Total revenue for 2019-20 was budgeted at 16.7 percent of GDP as compared to 12.9 percent of GDP (actual) in 2018-19. Total expenditure was estimated at 23.8 percent of GDP as compared to 22 percent of GDP in 2018-19. Fiscal deficit was estimated at 7.1 percent of GDP as compared to 9.1 percent of GDP in 2018-19.

Fiscal performance during July-March 2019-20 remained on track as fiscal deficit was confined to 4 percent of GDP as a result of a significant growth in total revenue (both tax and non-tax revenues) and curtailment of current expenditure. A summary of consolidated fiscal operations is given at Table-1 whereas their details are at Annex-I.

Total revenue during July-March 2019-20 stood at Rs4,689.9 billion, posting 30.9 percent growth over total revenue of Rs3,583.7 billion during the corresponding period of last year. Tax revenue at Rs3,594.3 billion recorded a growth of 13.7 percent. Federal and provincial tax revenues recorded growth of 13.9 percent and 11.6 percent, respectively.

Table-1: Consolidated Fiscal Operations (July-March 2019-20)

(Rs billion)

	Jul-Mar 2018-19	Jul-Mar 2019-20	Percent Change	As Percent of GDP Jul-Mar 2018-19	Jul-Mar 2019-20
Total Revenue	3,583.7	4,689.9	30.9	9.4	11.2
a. Tax Revenue	3,162.1	3,594.3	13.7	8.3	8.6
b. Non-Tax Revenue	421.6	1,095.6	159.9	1.1	2.6
Total Expenditure	5,506.2	6,376.1	15.8	14.5	15.3
a. Current	4,798.4	5,611.6	16.9	12.6	13.4
b. Development	655.9	751.7	14.6	1.7	1.8
Fiscal Deficit	1,922.5	1,686.2	-12.3	5.1	4.0
GDP (Current Market Prices)	37,972	41,727*			

* Provisional

Source: Finance Division

FBR collected Rs3,044.3 billion during the period under review with a growth of 12.6 percent which was contributed by growth of 14.9 percent and 11.2 percent in direct and indirect taxes, respectively. Within indirect taxes, collection of customs duties declined by 6.5 percent whereas sales tax and federal excise duty posted growth of 18.5 percent and 20 percent, respectively. FBR tax collection for 2019-20 was originally targeted at Rs5,555 billion which was later on revised down to Rs3,908 billion after realizing continuous shortfalls and anticipating a revenue loss due to COVID-19 disruptions. The slowdown in revenue is attributed to substantial compression in imports, decline in sales of automobiles, overall economic slowdown and lockdown / suspension of economic activities in late third quarter.

Other federal taxes registered an impressive growth of 34.7 percent which was driven by growth in ICT taxes, Natural Gas Development Surcharge and Petroleum Development Levy. Within provincial taxes, property taxes, sales tax on services and stamp duties grew whereas excise duties and motor vehicle tax declined.

Non-tax revenue during July-March 2019-20 stood at Rs1,095.6 billion, registering a phenomenal growth of 159.9 percent. Federal non-tax revenue grew by 185.1 percent mainly due to substantial increase in mark-up (PSEs and others), profits of PTA (renewal licences fee) and SBP profits on the back of higher interest on large holding of government securities and stable rupee value. Provincial non-tax revenue grew by 21.9 percent which is primarily attributed to growth in hydroelectricity profits transferred by the federal government, revenue from irrigation sector and other miscellaneous heads.

Total expenditure during July-March 2019-20 stood at Rs6,376.1 billion, registering an increase of 15.8 percent. Current expenditure grew by 16.9 percent with growth in both federal and provincial current expenditures by 22.2 percent and 6.6 percent, respectively. Federal current spending surged mainly due to 28.8 percent increase in debt servicing, 59.9 percent increase in current grants (other than provinces) and switch of BISP spending to current side from development side during 2019-20. Development expenditure recorded a growth of 14.6 percent. PSDP spending recorded an impressive growth of 24.9 percent with growth in both federal PSDP and provincial ADPs expenditures by 12.6 percent and 38.4 percent, respectively. At federal level during 2019-20, project approval process and funds release procedure were further simplified and made swift by increasing limits of approving forums and quarterly advance releases.

Fiscal deficit during July-March 2019-20 was contained at Rs1,686.2 billion (4 percent of GDP) as compared to Rs1,922.5 billion (5.1 percent of GDP) during the same period of last year. Federal fiscal deficit stood at Rs2,080.3 billion (5.0 percent of GDP) whereas provinces posted a surplus of Rs394.1 billion (0.9 percent of GDP). Fiscal deficit for 2019-20 is estimated to be above 9 percent of GDP in the wake of expected steep fall in revenue collection in last quarter and elevated current expenditure to provide relief and combat the COVID-19 pandemic. FBR anticipated a revenue shortfall of around Rs900 billion due to suspension of economic activities. Moreover, the relief package of tax incentives for construction sector announced will impact revenue collection. The cut in policy rate will reduce debt servicing burden; however, SBP profits earning speed may slow down partially. Unprecedented fall in crude oil price may also impact revenues.

In order to deal with the aftermaths of COVID-19 pandemic, large allocations were made for spending on health, relief and social protection. In this regard, the federal government announced a fiscal stimulus package of Rs1.24 trillion for emergency response, support to businesses and relief to citizens. The federal government also announced relief packages for construction and agriculture sectors and a subsidy of Rs30 billion under Naya Pakistan Housing Scheme. The provincial governments also announced relief packages for vulnerable people and exemption in taxes.

The stock of gross public debt stood at Rs35,207 billion on 31st March 2020 as compared to Rs32,707.9 billion on 30th June 2019, posting a growth of 7.6 percent during the period under review. Domestic debt increased by 8.4 percent whereas external debt, in rupee terms, recorded an increase of 6.3 percent. In dollar terms, public external debt (excluding foreign exchange liabilities) increased from US\$ 73.4 billion in June 2019 to US\$ 75.1 billion in March 2020.

Table-2: Pakistan's Public Debt (March 2020)

Item	Rs billion		Percent Growth	As percent of GDP	
	Jun-19 ^R	Mar-20 ^P		Jun-19	Mar-20
Domestic Debt	20,731.8	22,477.7	8.4	54.6	53.9
External Debt	11,976.1	12,729.4	6.3	31.5	30.5
Gross Public Debt	32,707.9	35,207.0	7.6	86.1	84.4
Total Debt of the Government	29,520.7	31,452.4	6.5	77.7	75.4
Memorandum Items	FY19	FY20			
GDP (Current Market Prices)	37,972	41,727*			
US\$ last day weighted avg. exchange rate	163.1	166.4			

* Provisional

Source: State Bank of Pakistan

Fiscal Outlook 2020-21

Fiscal policy during 2020-21 will focus on combating the COVID-19 challenges, supporting early revival of economic activities and ensuring fiscal discipline so that fiscal deficit can be contained within a manageable limit.

A growth reviving, progressive and non-discretionary tax policy will be pursued. Efforts will be made to document the economy to increase taxation in major commercial sectors and businesses (wholesale / retail trade and real estate, etc.). Measures will be taken for further simplification of tax regime, broadening of tax base and encouraging voluntary compliance through facilitation measures and increasing certainty of detection and enforcement of law. Anti-smuggling drive will be strengthened. Exemptions will be phased out except for basic food / nutrition items and medical establishments. Measures will be initiated for harmonization between federal and provincial taxation regimes by removing duplication of taxation and introducing uniform laws and procedures. Policy and implementation enforcement will be strengthened for revenues other than FBR taxes. FBR will work on removal of structural anomalies in the taxation regime such as anomalies from SROs (Statutory Regulatory Orders) / aligning certain SROs with the main statute and rules, simplified tax returns and forms.

On expenditure side, non-development expenses will be maintained at the level of existing expenditure in real terms. Austerity measures will be continued, structural changes will be made to improve efficiency in public expenditure and focus on outputs will be enhanced. Public Sector Enterprises (PSEs) will be restructured / privatized and energy sector reforms will be implemented to increase fiscal space for development and growth-led outlays. Necessary resources will be apportioned to address economic and social challenges caused by Coronavirus pandemic.

Tenth National Finance Commission has been constituted which will work on distribution of tax proceeds, provision of grant-in-aid to the provinces, exercise of borrowing powers (federal / provincial), assessment / allocation of resources to meet expenditure related to AJK, GB and newly merged districts of Khyber Pakhtunkhwa (erstwhile FATA) as well as expenditure made on security and natural disasters, total public debt and allocation for its repayments, rationalization and financing mechanism of federal and provincial subsidies, exploring ways to reduce losses of PSEs and agreeing on a mechanism for sharing of these losses between the federal and provincial governments.

The debt sustainability strategy will focus on reduction in fiscal deficit, gradual shift towards long-term debt maturity profile, zero borrowing from State Bank of Pakistan, accessing concessional external loans and avoiding foreign commercial borrowings.

Review of Monetary Developments and Inflation 2019-20

Monetary Developments

In July 2019, IMF Executive Board approved US\$ 6 billion 39-Month Extended Fund Facility Arrangement for Pakistan. The stabilization programme was based on fiscal consolidation, contractionary monetary policy and adoption of a flexible market-based exchange rate policy. Monetary Policy Committee (MPC), in its meeting held in July 2019, considered key developments in real, external and fiscal sectors and raised policy rate by 100 bps to 13.25 percent. The rate was kept unchanged in next three bi-monthly meetings of MPC to anchor inflation expectations and to support macroeconomic stabilization. This prudent monetary policy stance helped in smooth transition to a flexible market-based exchange rate arrangement and to instil macroeconomic stabilization, which is a prerequisite for a sustainable higher growth trajectory.

MPC in its meeting held on 17th March 2020 decided to reduce policy rate from 13.25 to 12.50 percent due to improved outlook for inflation in the backdrop of deceleration in domestic food prices, sharp fall in global oil prices, and decline in demand pressures due to Coronavirus pandemic. The pandemic caused slowdown in economic activity and increased uncertainty about future. In order to mitigate likely impact of Coronavirus on economy, MPC cut policy rate by 150 bps to 11 percent during the same month. However, worsening outlook for global and domestic scenario convinced MPC to cut the policy rate in April by 200 bps and 100 bps in May 2020 to 8 percent. In aggregate, MPC reduced the policy rate by a cumulative 525 bps in two months since beginning of the crisis. Besides, the State Bank introduced regulatory and refinancing steps to dilute COVID-19 impact and revive the slowing growth prospects. Details of SBP measures are given in Box-1:

Box-1: SBP Measures to Counter COVID-19 Challenges

SBP complemented the government efforts and announced various monetary measures to address challenges to employment and growth from COVID-19. Key measures are:

Reduction in Interest Rates: On 17th March 2020, Monetary Policy Committee (MPC) cut the policy rate by 75 bps. On 24th March, 16th April, and 15th May 2020 MPC reduced the policy rate by further 150 bps, 200 bps, and 100 bps to 8 percent. It was the cumulative easing of 525 bps over a span of two months.

SBP Relief Package for Households and Businesses: SBP, in collaboration with Pakistan Banks Association (PBA), announced comprehensive relief package for households and businesses (microfinance, SMEs, corporates, commercial, retails and agriculture) to ensure adequate liquidity amid growing disruptions. The salient features of the package are:

- **Banks' overall pool of loanable funds** was increased as SBP reduced the Capital Conservation Buffer (CCB) that enabled banks to lend an additional amount of Rs800 billion to businesses and households.
- **Regulatory limit on credit to SMEs** was permanently increased from Rs125 million per SME to Rs180 million. It will facilitate banks to provide more loans to SMEs, which currently stand at around Rs470 billion.
- **Borrowing limits for individuals** were increased for one year by relaxing Debt Burden Ratio (DBR) for consumer loans from 50 percent to 60 percent. This measure will allow about 2.3 million individuals to borrow more from banks.
- **Payment of principal on loan obligations** will be deferred for one year by banks and DFIs subject to fulfilment of certain conditions. The total amount of principal coming due over the next year is about Rs4,700 billion.
- **Regulatory criteria for restructuring/rescheduling of loans** was temporarily relaxed till 31st March 2021. The facility was available to those borrowers whose financial conditions require relief beyond extension of principal repayment for one year.
- **Margin call requirement vis-a-vis banks' financing against listed shares** was significantly reduced from 30 percent to 10 percent. The step will help stabilize the share prices.
- **Relief package extended to borrowers availing loans under Refinance Schemes.** The scope of relief package was expanded by allowing similar relaxations to borrowers availing loans under various refinance schemes. Borrowers from corporate, consumer, agriculture, SMEs and microfinance sectors can avail deferment of principal amount for one year while continue

servicing mark up. They can also apply for rescheduling/restructuring if they are not able to service mark-up payment.

Supporting Health Sector to Combat the Virus: SBP will support provision of cheap loans for hospitals and medical establishments to purchase medical equipment for combating COVID-19. Under “**Refinance Facility for Combating COVID-19 (RFCC)**”, SBP will refinance banks to provide financing at a maximum end-user rate of 3 percent for 5 years for the purchase of equipment to detect, contain and treat Coronavirus. SBP also allowed all federal and provincial government departments, hospitals in public and private sectors, charitable organizations, manufacturers and commercial importers to make **Import Advance Payment** and **Import on Open Account**, without any limit, for the import of medical equipment, medicines and other ancillary items for the treatment of COVID-19.

Facilitating New Investment: SBP has announced a “**Temporary Economic Refinance Facility (TERF)**” and its Shariah compliant version to stimulate new investment in manufacturing. Under this scheme, the SBP will refinance banks to provide financing at a maximum end-user rate of 7 percent for 10 years for setting up of new industrial units. Total size of the scheme is Rs100 billion, with a maximum loan size per project of Rs5 billion.

Financing for BMR and expansion under Temporary Economic Relief Facility (TERF): SBP has opened up subsidized Temporary Economic Relief Facility (TERF) for Balancing, Modernization and Replacement (BMR) and expansion of existing projects. The measure has been taken to support investment in the country for modernizing or expanding manufacturing / production units.

Ensuring the Availability and Continuity of Financial Services: SBP introduced measures to fight the spread of COVID-19 through the financial system by increasing awareness among staff and customers and banks, and issued detailed directives to ensure the availability of uninterrupted financial services to bank customers.

Relaxing Credit Requirements for Exporters and Importers: SBP eased the requirements on exporters and importers to gain access to cheap finance under existing facilities. Measures included (i) relaxation in matching amount, (ii) extension in time period to meet performance requirements, (iii) extension in time period to ship goods, (iv) relaxation in conditions for Long Term Financing Facility (LTFF), (v) extension in time period for realization of export proceeds, (vi) abolishing limit on exporters regarding direct dispatch of shipping documents, and (vii) increase in limits on advance payments for imports.

Incentivizing Businesses to Support Employment and Prevent Layoff of Workers: SBP introduced incentives for businesses under refinance scheme for payment of wages and salaries to the workers and employees to prevent layoffs. To shoulder the scheme, Federal Government has allocated Rs30 billion under a credit risk sharing facility for the banks spread over four years to share the burden of losses due to any bad loans in future.

Source: State Bank of Pakistan

As result of stabilization policy and COVID-19 disruptions, economic activities slowed during the year. In major part of the year, interest rate remained high that slowed expansion in Private Sector Credit (PSC). During 1st July 2019 to 22nd May 2020, it expanded by Rs293 billion as compared to Rs558 billion during the same period last year. Money supply as measured by broad money (M2) expanded by Rs2,378 billion (13.36 percent) as compared to its expansion of Rs799 billion (4.99 percent) during the same period last year (Table-3). As a result of adjustment measures, driving forces for change in money supply remained different from that of last fiscal year. During 1st July 2019 to 22nd May 2020, there was expansion of Rs939 billion in Net Foreign Assets (NFA) of the banking system; while Net Domestic Assets (NDA) expanded by Rs1,439 billion.

Table-3: Monetary Aggregates (Rs billion)

Factors Affecting Broad Money (M2) Growth	Stocks at End Jun-19	Monetary Impact	
		July 1, 2019 to May 22, 2020	July 1, 2018 to May 24, 2019
A. Net Foreign Assets of the Banking System	-1,507.1	938.8	-1,002.7
B. Net Domestic Assets of the Banking System (1+2+3)	19,305.6	1,438.8	1,801.3
Growth		7.45 percent	11.12 percent
1. Net Government Sector Borrowing (a+b+c)	12,336.7	1,781.5	1,153.3
a. Borrowings for Budgetary Support	11,596.5	1,722.4	1,225.0
i. From SBP	6,691.9	-206.7	2,454.1
ii. From Scheduled Banks	4,904.6	1,929.1	-1,229.0
b. Commodity Operations	756.4	58.7	-72.2
c. Others	-16.2	0.4	0.5
2. Credit to Non-Government Sector (a+b+c+d)	8,072.8	395.4	879.6
a. Credit to Private Sector	6,666.5	292.5	558.5
b. Credit to Public Sector Enterprises (PSEs)	1,394.2	100.7	319.4
c. PSE Special Account-Debt Repayment with SBP	-24.2	0	0
d. Credit to Non-Banking Financial Institutions (NBFIs)	36.3	2.1	1.7
3. Other Items (Net)	-1,103.9	-738.1	-231.6
Broad Money (M2) (A+B)	17,798.5	2,377.6	798.6
Growth		13.36 percent	4.99 percent

Source: State Bank of Pakistan

Net government borrowings for budgetary support, from the banking system stood at Rs1,722 billion. For budgetary financing, government shifted reliance from SBP to scheduled banks. Government paid back Rs207 billion to SBP while borrowed Rs1,929 billion from scheduled banks. The shift in government borrowing recourse from SBP to scheduled banks augurs well for further containing the inflationary pressures.

In April 2020, Executive Board of IMF, on the request of GoP, approved financial assistance of US\$ 1.386 billion under the Fund's Rapid Financing Instrument (RFI) to meet the balance of payments requirements due to sharp drop in exports, fall in workers' remittances and other inflows amid the Coronavirus pandemic. IMF also acknowledged the GoP fiscal and monetary measures announced to combat the COVID-19 challenges.

Inflation

National CPI inflation, during July-May 2019-20, stood at 10.9 percent in comparison to 6.7 percent in the same period of last year. During this period, CPI inflation in urban and rural centres stood at 10.4 percent and 11.8 percent, respectively as compared to 7.0 percent and 6.2 percent in the corresponding period of 2018-19 (Table-4). The base year of price statistics has been changed from 2007-08 to 2015-16 to capture the changing consumption patterns and tastes. The Urban CPI covers the retail prices of 356 items (94 commodities) in 68 markets of 35 major cities; whereas, newly introduced Rural CPI covers the retail prices of 244 items in 27 markets of 27 rural areas. National CPI is computed by combining the 12 Groups of Urban and Rural CPI. Wholesale Price Index (WPI) covers the wholesale prices of 419 items prevailing in 19 cities.

Sensitive Price Indicator (SPI) covers prices of 51 essential items which are collected from 17 urban centres.

Table-4: Changes in Various Price Indices (Percent)
(Base Year 2015-16)

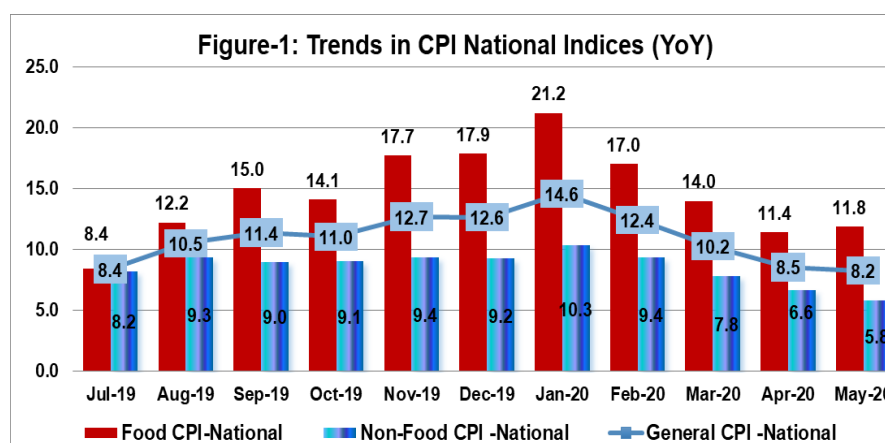
Indices	Weights	Percent Change July-May	
		2018-19	2019-20
National - Consumer Price Index (CPI)	100	6.7	10.9
Food	40.44	4.4	14.6
Non-Food	59.56	8.2	8.5
Urban - Consumer Price Index (CPI)	100	7.0	10.4
Food	36.8	4.4	13.7
Non-Food	63.2	8.5	8.7
Rural - Consumer Price Index (CPI)	100	6.2	11.8
Food	45.95	4.4	16.0
Non-Food	54.05	7.7	8.4
Wholesale Price Index (WPI)	100	16.2	11.1
Sensitive Price Indicator (SPI)*	100	7.6	14.9

*SPI for all income groups combined

Source: Pakistan Bureau of Statistics

Main contributors to inflation were increase in food items prices emanating from unfavourable supply shocks, house rent, motor fuel, gas prices, education, drugs and medicines, and personal effect items and lagged impact of depreciation. Average WPI increased by 11.1 percent during July-May 2019-20 as compared to an increase of 16.2 percent during the corresponding period of last year. During this period, average SPI (for all income groups combined) registered an increase of 14.9 percent as compared to last year's increase of 7.6 percent.

General CPI (National), on Year on Year (YoY) basis, has witnessed a substantial deceleration of 6.4 percentage points in May 2020 from peak of January 2020. Similarly, food and non-food CPIs (National) have dropped by 9.4 and 4.5 percentage points respectively in May 2020 from peak of January 2020. The trends in national general, food and non-food CPI on YoY basis are reflected in Figure-1.



The government regularly reviewed price situation in the country. Relevant agencies took various measures to control hike in prices by curbing cartelization, hoarding, smuggling, undue profit margin of wholesalers and retailers, and ensuring adequate availability of essential food items to keep check on speculative increase in prices. The government also took measures for adequate wheat supply to stabilize the wheat flour prices. Subsidy was provided to Utility Stores Corporation to ensure supply of essential food items at affordable prices. As a result of fall in global oil and commodity prices and improved supply situation, domestic prices have been on downward trajectory since February 2020.

Monetary and Inflation Outlook 2020-21

Monetary policy during next fiscal year will focus on revival of the economy disrupted by COVID-19 pandemic. In line with credit conditions of the economy, an appropriate growth-oriented monetary policy will be followed and borrowing limits of businesses and households can be further enhanced to encourage business environment. SBP will be in contact with the stakeholders for timely measures to address the challenges of contained inflation, healthy banking and payments system as well as ensuring financial stability.

Government budgetary borrowing from the SBP will be discouraged. Moreover, the government will gradually reduce SBP stock of net budgetary borrowing. This will help to keep inflation low and bring it down to the central bank's medium-term target range of 5-7 percent. For enhancing financial inclusion, relevant banking laws and regulations will be simplified and reforms will be introduced to make banking sector vibrant. Regular meetings of Monetary and Fiscal Policies Coordination Board will be helpful to review the economic situation and suggest steps for pro-growth and business-friendly policies.

The central bank will maintain price stability in the economy over the medium term. In order to achieve the medium-term target of 5-7 percent inflation, SBP will actively follow different strategies, in addition to policy rate. Particularly, SBP will improve ownership of monetary policy among stakeholders through interaction with them. These interactions provide forward guidance regarding the monetary policy stance to anchor market expectations. Accordingly, Governor SBP holds regular meetings with the representatives of the chambers of commerce, exporters, small scale and other businesses to update about the key macroeconomic developments including inflation. The objective of such communication is to restore investor's confidence. Moreover, SBP is moving towards adoption of Flexible Inflation Targeting (FIT) framework for which key groundwork is complete. However, SBP plans to further fine-tune the framework through discussion process.

Factors like decline in global oil and commodity prices due to COVID-19 pandemic, ongoing fiscal consolidation measures, government retirement of budgetary borrowings to SBP, and improvement in supply of essential kitchen items have resulted deceleration in inflation during last quarter of 2019-20. The trend is expected to continue and average inflation is projected at around 6.5 percent during 2020-21.

Review of Capital Market Developments 2019-20

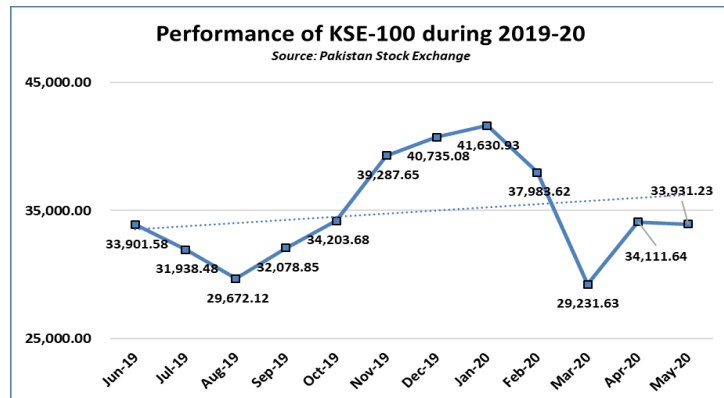
During 2019-20, the Securities & Exchange Commission of Pakistan (SECP) initiated a multipronged strategy targeting various structural, legal and fiscal reforms to strengthen process of capital market development. Some of the key initiatives of the SECP during 2019-20 include:

- Listing Committee at Pakistan Stock Exchange (PSX) has been abolished and timeline for approval of the listing application has been reduced to 15 working days
- Fixing appointment of CEO of PSX after eight (8) months and establishment of Centralized Adjudication Division for strengthening enforcement and supervision
- Issuing Companies (Amendment) Ordinance 2020, containing new measures for ease of doing business and protection of minority investors for public comments
- Reviewing Securities Act, 2015 and Futures Markets Act, 2016 to explore potential merger of the laws and amendments for simplification and improvements
- Revised regulatory framework for securities brokers regime to categorize brokers for limiting the custody of client's assets
- Revamping and centralizing the inspection regime for the capital market to reduce redundancies, overlaps and inefficiencies
- Introducing market halts that would trigger temporary suspension of trading at stock exchange to prevent irrational price fluctuations and enable National Clearing Company of Pakistan (NCCPL) to collect mark to market losses
- Operationalizing the centralized Know Your Customer (KYC) organization for securities and commodity brokers which enables verification of investor's identity, centralized maintenance of investors' KYC information for providing ease in account opening process
- Introducing customer feedback mechanism for company incorporation
- Launching series of investor awareness videos on social media pages and 'Jamapunji' website to promote awareness among insurance policyholders
- Implementation of second phase of centralized E-IPO (Initial Public Offering) system whereby the Trading Right Entitlement Certificate (TREC) holders / brokers would be allowed to submit the application on the behalf of their clients in IPO
- Major reform initiatives undertaken in relation to the NBFC sector were offering document for two Exchange Traded Funds; removing regulatory pricing sub caps on Asset Management Companies; facilitating product innovation by allowing government securities-based funds/plans and infrastructure sector equity fund; reducing SECP Annual Fee charged to mutual funds, etc.

The SECP provided regulatory relief to dilute the impact of COVID-19 on the corporate sector. Further, the SECP advised all companies to divert their Corporate Social Responsibility (CSR) activities and budget for COVID-19 prevention, detection and cure including by generously contributing towards research and development activities related to COVID-19.

Performance of Pakistan Stock Exchange

Pakistan Stock Exchange recorded an overall positive and upward trend during the period June 2019 to May 2020. The benchmark KSE-100 Index witnessed two major dips in the period under review; the first in August 2019 and the second in March 2020 by closing at 29,672 and 29,231.63 points, respectively. In March 2020, the market lost 8,751.99 points as



compared to the previous month mainly due to Coronavirus pandemic. The situation improved owing to better government policies when the market regained 4,699.6 points (16.08 percent) to close at 33,931.23 points in May 2020, and this was in line with the overall average of 34,892 points for June-May 2019-2020. Market capitalization stood at Rs6,887 billion at end of June 2019 and at Rs6,484.97 billion at end of May 2020. Foreign portfolio investment (private) exhibited total outflow of US\$ 182.7 million during July-April 2019-20 as compared to its net outflow of US\$ 408.1 million during the same period of last year. Foreign portfolio investment (public) in debt securities recorded an outflow of US\$ 234.5 million during July-April 2019-20 as compared to its outflow of US\$ 1,000.6 million during the corresponding period of last year.

The global stocks displayed an overall negative trend during the period under review due to heavy losses witnessed in the months of February and May 2020 owing to the widespread Coronavirus pandemic. NASDAQ 100, however, was able to register gain of 18.5 percent in the period under review, followed by S&P 500 INDEX (3.5 percent). HANG SENG HK suffered the most by losing 22,961.47 points (19.6 percent), followed by SENSEX 30-BSE (17.7 percent) and FTSE 100 INDEX (16.3 percent). The table below presents changes in the leading world stock market indices from end June 2019 to end May 2020.

Table-5: Global Comparison

Indices	June 2019	May 2020	Percent Change
NASDAQ 100	8,006.24	9,489.87	18.5
S&P 500 INDEX	2,941.76	3,044.31	3.5
NIKKEI 225	21,275.92	21,877.89	2.8
KSE-100	33,901.58	33,931.23	0.1
MOEX Russia Index	2,765.85	2,734.83	-1.1
SSE Composite Index	2,978.88	2,852.35	-4.2
DOW JONES	26,599.96	25,383.11	-4.6
FTSE 100 INDEX	7,434.11	6,218.79	-16.3
SENSEX 30-BSE	39,394.64	32,424.10	-17.7
HANG SENG-HK	28,542.62	22,961.47	-19.6

Source: Securities and Exchange Commission of Pakistan

Prospective Capital Market Reforms / Initiatives 2020-21

The reforms proposed for 2020-21 will focus on improving governance of capital markets, simplifying procedures and processes to help increase ease of doing business, strengthening institutions, bringing legal and regulatory reforms and increasing efficient service delivery.

Major planned initiatives include: amending the Companies Act, 2017, launch of integrated / unified secured transaction registry aiming to improve access to finance for SMEs and farm credit, revision of Bancassurance Regulatory Framework with focus on Market Development and Consumer Protection, enhancement of Paid-up Capital for insurance companies to strengthen the insurer's risk-taking capacity resulting in overall retention of risks locally, promulgation of amendments in the Securities Act, 2015 and Futures Markets Act, 2016, exploring concept of centralized KYC at national level, providing assistance to the Federal Government to draft new law to introduce the concept of a single business registry in Pakistan, work on improvement in Pakistan's ranking in World Bank Doing Business Index, review of legal and regulatory framework with focus on ease of doing business and to bring it in line with international best practices, simplify and automate processes and encourage use of digital payments, implementation of third phase of Centralized e-IPO system, introduction of electronic platform for Book Building to allow bidders to submit bids electronically, steps for extending Virtual One-Stop-Shop (VOSS) facility of company registration to Khyber Pakhtunkhwa and Balochistan, establishment of business centers at Islamabad, Lahore, Karachi exclusively for company registration, enhancing corporatization through facilitation and conducting awareness sessions with Chambers, Bar Associations and others, grant of license to NBFC with sole focus on SME lending, providing tax incentives for REITs sector, formation and licensing of new Housing Finance Companies to promote housing finance business under the NBFC regulatory ambit, etc.

Annex-I

Consolidated Fiscal Operations

(Rs billion)

Item	Jul-Mar 2018-19	Jul-Mar 2019-20	Percent Change	As Percent of GDP	
				Jul-Mar 2018-19	Jul-Mar 2019-20
Total Revenue	3,583.7	4,689.9	30.9	9.4	11.2
A) Tax Revenue	3,162.1	3,594.3	13.7	8.3	8.6
a) Federal	2,874.4	3,273.1	13.9	7.6	7.8
i) FBR Taxes	2,704.5	3,044.3	12.6	7.1	7.3
- Direct Taxes	997.4	1,146.1	14.9	2.6	2.7
- Indirect Taxes	1,707.1	1,898.2	11.2	4.5	4.5
Customs Duties	507.2	474.1	-6.5	1.3	1.1
Sales Tax	1,048.5	1,242.3	18.5	2.8	3.0
Federal Excise Duty	151.5	181.8	20.0	0.4	0.4
ii) Other Taxes	169.9	228.8	34.7	0.4	0.5
b) Provincial	287.7	321.2	11.6	0.8	0.8
B) Non-Tax Revenue	421.6	1,095.6	159.9	1.1	2.6
a) Federal	356.3	1,015.9	185.1	0.9	2.4
b) Provincial	65.3	79.6	21.9	0.1	0.2
Total Expenditure	5,506.2	6,376.1	15.8	14.5	15.3
A) Current Expenditure	4,798.4	5,611.6	16.9	12.6	13.4
a) Federal	3,180.9	3,887.7	22.2	8.4	9.3
- Mark-up Payments	1,459.2	1,879.7	28.8	3.8	4.5
- Servicing of Domestic Debt	1,276.8	1,645.6	28.9	3.4	3.9
- Servicing of Foreign Debt	182.4	234.1	28.3	0.5	0.6
- Defence	774.7	802.4	3.6	2.0	1.9
b) Provincial	1,617.4	1,723.9	6.6	4.3	4.1
B) Development Exp. & Net Lending	684.2	781.4	14.2	1.8	1.9
a) Development Expenditure	655.9	751.7	14.6	1.7	1.8
i) PSDP	578.5	722.5	24.9	1.5	1.7
- Federal	302.4	340.5	12.6	0.8	0.8
- Provincial	276.0	382.0	38.4	0.7	0.9
ii) Other Development Expenditure	77.4	29.2	-62.2	0.2	0.1
b) Net Lending to PSEs	28.3	29.7	4.9	0.1	0.1
Statistical Discrepancy	23.7	-16.9	-	-	-
Fiscal Deficit	1,922.5	1,686.2	-12.3	5.1	4.0
Financing	1,922.5	1,686.2	-12.3	5.1	4.0
a) External	524.5	682.4	30.1	1.4	1.6
b) Domestic	1,398.0	1,003.8	-28.2	3.7	2.4
- Bank Borrowing	787.7	601.8	-23.6	2.1	1.4
- Non-Bank Borrowing	610.4	402.0	-34.1	1.6	1.0
Primary Balance	-463.3	193.5	-	-1.2	0.5
Revenue Balance	-1,214.6	-921.7	-	-3.2	-2.2
Gross Federal Receipts	3,243.3	4,307.0	32.8	8.5	10.3
Transfers to Provinces	1,779.1	1,931.6	8.6	4.7	4.6
Net Federal Receipts	1,464.2	2,375.4	62.2	3.9	5.7
Federal Deficit	2,214.1	2,080.3	-6.0	5.8	5.0
Provincial Surplus	291.6	394.1	35.2	0.8	0.9
GDP (Current Market Prices)	37,972	41,727*			

Source: Finance Division

* Provisional

CHAPTER 4

PUBLIC SECTOR DEVELOPMENT PROGRAMME

Public Sector investment plan has a pivotal role in mobilization of indigenous and foreign resources in the economy. Public Sector Development Programme (PSDP) is an integral part of public investment which is prepared through a consultative process by engaging all stakeholders to achieve the development objectives planned for economic growth, keeping in view a strong correlation between them. However, there is no consensus in empirical literature regarding the type of investment (Ahmad & Javed, 2017). PSDP plays a significant role in determining economic growth in an economy.

Accordingly, the federal PSDP, provinces, public sector corporations, national and local authorities, enterprises also mobilize their own resources for undertaking development activities in priority sectors of the economy. In order to integrate the national resources, all stakeholders including Provincial Governments and Special Areas are coordinated and persuaded to design development programmes as per regional and sectoral priorities. Ultimate goal of development expenditure under PSDP is to strengthen social and physical infrastructure through making targeted interventions to put economy on sustainable and high growth trajectory.

Performance Review of PSDP 2019-20

The federal PSDP 2019-20 was approved by the National Economic Council (NEC) on 29th May, 2019 at a size of Rs701 billion including foreign assistance of Rs128 billion. To expedite the pace of utilization of allocated funds, Ministry of Planning, Development & Special Initiatives took several steps in consultation with Finance Division and approval of ECNEC from the beginning of the fiscal year to streamline the quarterly authorization, enhancing the approving powers of DDWPs to the tune of Rs2000 million etc. The following table indicates the sectoral allocations in overall PSDP 2019-20.

Table-I: Sectoral Allocations 2019-2020

(Rs billion)

Sectors	PSDP Allocation
Infrastructure	383
Transport & Communications	197
<i>NHA</i>	155
<i>Railways</i>	16
<i>Ports</i>	3
<i>Others (Aviation, Provincial Roads etc.)</i>	23
Power	79
Water	71
PP&H	36
Social	61
Health & Population	18
Education/ Higher Education	33

Sectors	PSDP Allocation
Climate Change	8
Others	2
Science & IT	16
Governance	3
Production	13
Food & Agriculture	11
Industries	2
Special Areas (AJK and GB)	40
Special Programmes – SDGs	30
ERRA	5
Sub-Total	551
Programmes Managed by Finance Division including Merged Districts 10 Years Dev Programme and ADP of merged districts	150
Total:	701

The exhaustive and regular quarterly reviews of PSDP 2019-20 under the Chairmanship of Deputy Chairman, Planning Commission were undertaken with the sponsoring and executing agencies (1st Quarter Review from 21st October to 01st November 2019, Midyear Review from 21st January to 20th February, 2020) and 3rd Quarter Review during the last week of April, to assess the physical and financial progress of projects. First time, it was made mandatory for PAOs to participate in reviews sessions. The meetings were attended by the concerned PAOs and representatives from all ministries, divisions and provincial governments including Azad Jammu & Kashmir and Gilgit Baltistan Governments. Sectoral issues/ bottlenecks were also discussed and remedial measures were suggested by the forum to expedite the utilization of PSDP funds and to complete maximum number of projects.

During the review meetings ministries/ divisions were advised to undertake in house reviews and monitor the progress of ongoing projects to remove the bottlenecks at execution level. The Technical Sections of the M/O PD&SI were advised to review the progress of their projects on monthly basis, at their end. Following issues and the respective remedial measures were discussed:

- CDWP would also discuss the other issues apart from approving the projects including the progress on PC- IVs and PC-Vs to gauge the impact of the development spending. The CDWP may also discuss the issues of monitoring to settle them in consultation with all stakeholders
- Provincial Finance Departments were directed to immediately transfer the federal development funds to projects authorities once credited by the Federal Government. Finance Division should also issue an advisory to the Provinces for smooth transfer of funds to project authorities
- Senior level officers from both the PD&SI and Finance Division to attend the DDWP meetings to assist the forum in taking appropriate decision
- Monitoring & Evaluation framework should be the integral part of the PC-Is

- All ministries/ divisions to comply with the instructions for up-dation of the data in PMES System for better and timely reporting
- Ministries/ divisions/ agencies to regularly up-date project-wise expenditure in SAP system including foreign aid disbursement

Accomplishments

The focus of PSDP 2019-20, inter-alia, remained focused on project completion to benefit from public investment. In order to rationalize the demands for funds and to meet the requirement of fast-moving projects, inter and intra sectoral re-appropriations as per rules, were allowed. Moreover, ministries/ divisions were empowered and allowed to manage respective portfolio by approving projects costing upto Rs2.0 billion. As a result, around 149 projects costing upto Rs827 billion would be expected to complete by June, 2020. To facilitate the ministries/ divisions, the Ministry of Planning, Development & Special Initiatives took decisions in consultation with Finance Division to simplify the procedure for release of funds, fast track approval of re-appropriation proposals, making available budget in the SAP system etc.

In order to rationalize the demands for funds and to meet the requirement of fast-moving projects, Rs136 billion was additionally allocated through re-appropriation / adjustment to about 148 projects within existing size of PSDP 2019-20 in the light of NEC decision dated 29.05.2019. The updated position of allocation and releases for the PSDP 2019-20 emerged as under:

Table-II: Federal PSDP (2019-20) Allocation and Authorization (upto May 2020)

Agency	Budget	Authorization/ Disbursement	(Rs billion)
			percent
Rupee Component	573	464	81
Foreign Aid	128	128	100
Total	701	592	84.5

COVID-19 challenges

The emergence of COVID-19 has changed the national and international economic and social landscape. COVID-19 is not only a health challenge but has adverse socio and economic impact at large. The outbreak of pandemic is quite significant since the emergence of the first case COVID on 26th February 2020. Pakistan's economy is highly reliant on manufacturing and services sectors. Lockdown measures resulted in disruption of supply chains negatively impacted the economy and society, particularly the poor.

The reduction in the development expenditures is an important challenge in pre and post COVID-19 scenario. The development expenditures registered a drastic decline during the period February-April 2020. The expenditures in March, 2020 were Rs19 billion against Rs106 billion reported in February, 2020. The utilization of funds further declined during April 2020 where total expenditures remained as low as Rs8 billion.

Government response

The significance of the PSDP arises even more in the backdrop of emerging economic crises due to ongoing pandemic. Government is fully cognizant of the fact and is aimed in general to align the development agenda with the emerging situation. The PSDP programme inherently is focused

on sectors which contribute to employment generation and revival of economy coupled with mitigating the adverse impact of COVID-19.

Outlook 2020-21

Indicative Budget Ceiling (IBC) for PSDP 2020-21 was fixed as Rs650 billion for ministries/ divisions. Meetings/ consultations rounds were held with ministries to prioritize respective portfolios, in the wake of COVID-19 and limited fiscal space has been indicated by Finance Division. As a result, the respective portfolios were rationalized within the size of PSDP 2020-21. The PSDP 2020-21 has been formulated by adopting inclusive, consultative and participatory approach.

Table-III: National Development Outlay 2020-21

(Rs billion)

Agency	Rupee	F.Aid	Total
Federal PSDP	578	72	650
Provincial ADPs	555	150	705
Total	1,133	222	1,355

The federal PSDP 2020-21 has focused, inter-alia, on completion of on-going projects by earmarking substantial funds (approximately – 73 percent), adequate rupee cover to foreign funded projects, sufficient funds for CPEC initiatives, projects supporting the priorities of the economic growth and equity strategy, regional balanced development by addressing the needs of the less developed areas of the country, promote initiatives on innovative financing modes (PPP/BOT etc) to reduce burden on PSDP.

Sectoral Objectives

The Govt. is very keen to take measures to invite private investment and believe in participating development efforts under PSDP+ initiative where more than Rs5 trillion investments is expected. Long term, medium term and short-term projects with sufficient government interventions, less government interventions and with no government interventions will be distinctive characteristic of this programme.

The following are the major objectives of PSDP 2020-21:

- Infrastructure Development and regional connectivity
- Energy, water and food security
- Developing a Competitive knowledge economy
- Provincial programmes to be integrated and harmonized with overall growth strategy
- Governance and security measures
- To mitigate impact of COVID-19

Sectoral Plan/ Strategy 2020-21

The Sectoral Strategy adopted in formulation of PSDP 2020-21 is highlighted as under:

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, Merged Areas and Gilgit-Baltistan. East west regional connectivity and inter-provincial connectivity have been placed on top priority improve the linkages aiming at enhancing international trade and trade within the country.

Agriculture: The sectoral objectives in agriculture sector included enhancing productivity of major crops bridging the yield gaps and ensuring farm profitability for the sustainability of the agriculture sector, promotion of cultivation and utilization of pulses and oilseeds as alternate crops for import substitution, provision of indicative prices for sustainable production, contractual production linkages of alternative crops with private sector food chains and public sector food departments including utility stores and CSDs.

Industries: Several initiatives have been undertaken by the Government to boost the industrial sector performance. These initiatives include SEZs, ease of doing business & Competitiveness, investors facilitation services more amenable industrial policy. Extension in GSP plus status and China-Pakistan Free Trade Agreement will boost investment and exports. Similarly, Government is focusing on various programmes for mineral sector development which include mineral investigation, geological mapping, exploration and evaluation of coal etc.

Energy: The Government is giving priority to transmission and distribution projects more than ever before. A transmission line policy for private sector is implemented to attract private investment in transmission system.

Science & Technology: Promote capabilities in emerging and new technologies, train manpower in state-of-the-art technologies and establishment of incubators, accelerators and S&T parks.

Higher Education: Emphasis on improving access to and quality of higher education; focusing on R&D to address the national needs in changing environment and embracing the 4th Industrial Revolution will remain the main objectives in the higher education sector.

Information Technology: Pakistan is still lagging behind regarding the technology adoption. In order to catch up with rest of the world, this government has adopted two major initiatives. The timely action-oriented emphasis on the knowledge economy and Digital Pakistan will have long term positive impact on the economy at large.

Health: Improved access to health services access and capacity, enhanced focus on primary healthcare, prevention and control of communicable diseases. The focus would also be on newly emerged viruses i.e. COVID-19 and other sort of pandemics.

Education: Improving education standard through modernizing curriculum & same examination system; Establishment of smart schools; mainstreaming of madaris; skill development of youth to embrace the modern world challenges.

Table-IV: Sectoral Summary of PSDP 2020-21

(Rs billion)

Sector	Projections for 2020-21
Infrastructure	364
Transport & Communications	179
<i>NHA</i>	114
<i>Railways</i>	24
<i>Ports</i>	3
<i>Others (Aviation, Provincial Roads etc.)</i>	38
Energy	80
Water	70
PP&H	35
Social	249
Health & Population	20
Education including Higher Education	35
Climate Change	6
SDGs Achievement Programme/Initiatives	24
Special Areas (AJK and GB)	40
Merged Districts including 10 Years Dev. Plan	48
Governance	4
Special Programme to Improve Quality of Life	70
Others	2
Science & IT	20
Production	14
Food & Agriculture	12
Industries	2
ERRA	3
Total	650

Salient Features

Transport & Communication: The T&C sector consists of portfolio of NHA, Railway, Maritime Affairs, Defence Production and other provincial road sector projects. A total of Rs179 billion are earmarked in 2020-21 to meet the minimum requirements including CPEC and other priority projects such as Peshawar – Karachi Motorway; Abdul Hakeem-Lahore Section, Sukkur Multan Section, Burhan – Hakla, Sialkot-Lahore, Burhan – Havelian Expressway, Thakot to Havelian 120 KM (Construction) (Phase-I), M-8 Gwadar, Turbat, Khuzdar in Balochistan and Kamber, N-50 (Zhob-Mughal Kot 81 km), D.I.Khan-Mughal Kot 50 km, M-4 Construction of Faisalabad-Khanewal Expressway (184 Km), Zhob-Kuchlak Road, Construction of Eastbay way Expressway (Gwadar), Construction of Break Waters (Gwadar), Fresh Water Treatment and Supply (Gwader), Jaglot-Skardu Road etc.

Energy/ Power: The power sector portfolio is mainly self-financed by WAPDA / PEPCO / NTDC etc. However, the rupee cover for foreign aid is provided through budget (within the size of PSDP) to foreign aided power sector projects. Besides budget support of local component provided to a number of energy sector projects including requirement for provision of utilities to SEZs etc. Therefore, a sum of Rs80 billion will be available to finance power sector projects under PSDP 2020-21.

CPEC: About 34 projects under CPEC, costing overall Rs1625 billion, are being implemented by various ministries/ divisions. These projects are at different stages of implementation. CPEC projects would carry a likely throw-forward of Rs830 billion at the start of forthcoming financial year 2020-21 which need substantial allocation for timely completion of the projects.

Education/ Higher Education: The priority in the higher education sector has been given for completion of the ongoing projects including knowledge economy related projects. To produce trained human capital as well as modernize infrastructure in higher education institutes to compete in the global market, a sum of Rs35 billion has been earmarked for the year 2020-21 for Higher Education /education sector to finance its ongoing and new initiatives.

Federal Government aims to enhance access to education and reducing the number of out of school children. Another area of intervention is to introduce the uniform education system. Quality of education is an area that fetched top priority of the government. Federal Government intends to increase the literacy rate and introduce technology in education sector. These steps will raise the quality of life and contribute to the economic growth of the country.

Health and Population: Health and Population sectors have gathered more importance amid COVID-19 for federal government's development agenda. Despite devolved sectors, an amount of Rs20 billion has been allocated for these sectors to overcome adverse impact of COVID-19 and finance other important initiative during 2020-21.

Water Resources: In Water Sector, priority is assigned to construction of large, medium and small dams to increase water storage, water conservation, rainwater harvesting and integrated water resource management along with generation of electricity. Major dam projects of Diamer Basha, Dasu, Mohmand Dam. are priority of the government. Whereas, provinces are also being persuaded to undertake small scale dams and irrigation related schemes falling in domain of provinces from their ADPs. An amount of Rs70 billion has been earmarked for water sector schemes for PSDP 2020-21.

Special Areas: Financing of programmes of special areas is the responsibility of the Federal Government. Block allocations are provided to AJ&K and GB for formulation of their respective ADPs as per their sectoral / regional priorities. For ADPs of Azad Jammu & Kashmir and Gilgit-Baltistan, Rs40 billion are allocated for 2020-21.

Production: The production sector includes the industries and production, textiles, petroleum and natural resources, food and agriculture, minerals etc. The development of these sectors is mainly covered by the private sector. However, for innovation, entrepreneurial and technological inputs, the Federal Government is providing funds to the ministries for boosting the productivity and ensuring food security and self-sufficiency in agriculture sector including livestock and fisheries.

The development of agriculture with the allied subsectors have potential to achieve the objectives of poverty alleviation and socio-economic uplift. The Federal Government has recently announced "**National Agriculture Emergency Programme**" which intends to uplift agriculture and livestock sector on modern lines. A total amount of Rs14 billion has been earmarked for this sector in PSDP 2020-21, including Rs12 billion for Food & Agriculture & Food Security and Rs2 billion for Industrial Sector.

Science & Information Technology: To promote technological and scientific research in the country, Rs20 billion has been allocated for science and information technology sector for the year 2020-21 including financing initiatives under technology driven knowledge economy.

Environment & Climate Change: Climate change has turned as one of the major challenges to the humanity. The appropriate actions are required to be taken due to its imminence and devastating effects on human lives, economic growth and prosperity. The PSDP allocation for the Climate Change Sector has been kept at Rs5 billion for the year 2020-21. The main focus is on Ten Billion Tree Tsunami Programme, Phase-I, formulated to create a clean green Pakistan with improved carbon sinking capacity, not just benefiting Pakistan but to extend it globally.

Governance: To support the reforms agenda of the Government, innovations, capacity building and institutional programmes alongwith provision of security in the country, an amount of Rs4 billion has been allocated for governance sector.

Merged Districts including 10 Years Dev. Plan: To uplift the newly merged districts and bring them into mainstream, Rs48 billion have been earmarked.

SDGs Achievement Programmes: Pakistan is signatory to the Global Development agenda 2030 by adopting the Sustainable Development Goals (SDGs) as its national development agenda. The funds are earmarked every year for the projects to be carried out under the SDGs. An allocation of Rs24 billion has been earmarked for the Special Programmes in PSDP 2020-21 where main focus is on SDGs along with other small areas for intervention.

Special Programme to Improve Quality of life: Federal Government will initiate a COVID-19 responsive programme primarily to improve quality of life of common man and generate employment. An amount of Rs70 billion has been earmarked in PSDP 2020-21.

PSDP+: A Public Private Partnership Authority is mandated to promote domestic and foreign private investment in infrastructure, increase availability of public infrastructure, reduce transaction costs, ensure appropriate regulatory control and provide legal and economic mechanism. The authority has over 40 projects in pipeline covering Railways, Roads, Bridges, Real Estate, Science & Technology, Water, Aviation and Health. The estimated cost of these projects is about Rs2,000 billion. Of this pipeline projects, authority is actively working on 4 projects with tentative cost of Rs300 billion with NHA, Pakistan Railways, NUST and Foreign Office. It is estimated that Rs50 billion would be invested during 2020-21. The PPP framework is also being revisited to make it more facilitative and attracting the private sector.

CHAPTER 5

FOOD SECURITY AND AGRICULTURAL DEVELOPMENT

Food security is dependent upon agriculture along with its allied sub-sectors. In Pakistan agriculture is the one of the major sectors of the economy which contributes 18.5 percent to country's Gross Domestic Product (GDP) and provides 38.5 percent of employment to national labour force. It is a main source of raw material for most of the industries. It provides a market for industrial products and has a vital role in exports earnings (Pakistan Economic Survey 2018-19). High performing agriculture is a key to economic growth, poverty alleviation along with socio-economic uplift and ensuring food security through inclusive growth of both farming and non-farming segments of rural economy. Pakistan has made significant progress in food production over the last several decades and transformed from net wheat importing to exporting country. However, food security is still a key challenge due to low yield, poor quality of seed, non-availability of latest technology and food processing, high input cost. Besides these, population growth, rapid urbanization, low level of value addition, loss of productive agricultural land for other purposes, curtailed purchasing power, high price fluctuations, erratic food production, unorganised food distribution and marketing systems are also influencing negatively. As per Global Food Security Index (December, 2019), Pakistan with overall score of 56.8 out of 100 is ranked at 78th among 113 countries of the world (Table-1). Though it has improved since 2018 (56.2 percent), but still a lot is required to be done.

Table 1: Performance of Countries based on their Food Security Score (2019)

Country	Global Ranking	Overall	Affordability	Availability	Quality & Safety
Singapore	1	87.4	95.4	83.0	79.4
Ireland	2	84.4	90.5	76.8	87.7
United States	3	83.7	87.4	78.3	89.1
China	35	71.0	74.8	66.9	72.6
Sri Lanka	66	60.8	65.0	60.0	52.4
India	72	58.9	64.2	58.4	47.0
Pakistan	78	56.8	63.2	55.7	43.6
Nepal	79	56.4	58.5	55.4	53.7
Bangladesh	83	53.2	60.4	54.8	30.6

Source: Global Food Security Index (<https://foodsecurityindex.eiu.com/Index>)

National trends reveal that Pakistan has made significant progress regarding food security and agricultural production during the last few decades. Country's agricultural productivity ranges between 29 to 52 percent for major agricultural commodities, far lower than the potential and world's best averages even it is relatively low as compared with countries having similar agro climatic conditions, mainly due to less per unit yield of crops and production of animals.

Overall challenges faced by agriculture sector includes less resource efficiency, low per unit productivity, water scarcity, inadequate research and extension services, governance issues, ineffective coordination with industries, and lack of availability, distribution and adoption of certified seeds of approved varieties, climate change disease infestation and insufficient marketing systems.

National priorities of the sector set in the National Food Security Policy (2018) include increasing productivity of major crops, bridging the yield gaps and promotion of pulses and oilseeds cultivation through provision of indicative prices, contractual production linkages of alternative crops with private sector food chains and public sector food departments, introduction of new species of high value fruit crops, development of new fortified cultivars of crops rich in micronutrients, etc. Patronization and certification of potential private livestock breeding farms, introduction of improved rural poultry, kitchen gardening, fish farming and medicinal herbs and development of processing clusters of high value crops, livestock and fisheries.

Performance Review 2019-20

Financial Review

Details of the allocation and expenditure of PSDP of 2019-20 for the agriculture sector are given in the Tables 2 and 3 respectively:

Table 2: Food & Agriculture Sector, Federal PSDP Allocations 2019-20

(Rs million)

Ministry/Division/Agency	No. of Schemes			Total Cost (Agriculture)	Allocation (2019-20)
	Ongoing	New	Total		
National Food Security & Research	16	24	40	102,558.02	12,047.52
Higher Education Commission	09	01	10	12,212.19	1,844.09
Sci. & Tech. Research Division	03	03	06	1,840.88	952.28
Water Resources Division	05	03	08	100,577.75	788.50
Interior Division	03	01	04	223.92	110.61
Pakistan Atomic Energy Commission(PAEC)	01	01	02	839.31	331.17
Industries & Production Division	01	--	01	59.94	25.89
Climate Change Division	--	01	01	105.43	25.00
Total	38	34	72	218,417.45	16,125.06

Source: PSDP 2019-20 (Estimates)

Table 3: Provincial Annual Development Plans 2019-20

(Rs million)

Province / Region	Sector-Wise Allocations					
	Agriculture	Irrigation	Food	Livestock	Fisheries	Total
Punjab	15,500.00	23,400.00	500.00	3,500.00	1,050.00	43,950.00
Sindh	4,767.60	4,582.41	100.00	1,364.22	807.00	11,621.23
Balochistan	3,518.29	5,384.36	170.00	722.01	838.91	10,633.57
Khyber Pakhtunkhwa	3,370.86	5,136.59	404.00	995.78	207.46	10,114.69
Gilgit- Baltistan	139.72	25.01	25.87	84.59	41.96	317.15
AJ&K	589.00	97.00	--	152.00	35.00	863.00

Source: Provincial/Regional ADPs 2019-20

Sectoral Review

As per estimates of 102nd meeting of National Accounts Committee (NAC) the overall growth of agriculture sector during 2019-20 was 2.7 percent. The sector fell short of its targeted growth of 3.5 percent. Growth rate of major crops remained 2.9 percent against target of 3.5 percent. The

production of wheat, rice and maize increased, however, the cotton and sugarcane crops have witnessed negative growth. Other crops showed positive growth of 4.6 percent against target of 3.1 mainly because of increase in production of pulses, oil seeds and vegetables. Meanwhile, livestock sector registered a growth of 2.6 percent against target of 3.7 percent and deviated from its historical growth, primarily because of shrinkage in demand for dairy and poultry. The forestry has grown at 2.3 percent; however, fishing grew only by meagre 0.6 percent. The details are given in Table-4. Targets for 2020-21 are to be finalized as meeting of Federal Committee on Agriculture is yet to be convened.

Table 4: Growth Rate of Agriculture Sector

Item	(Percent)		
	2018-19 (R) Actual	2019-20 Target	2019-20 Achievement
Crops	-4.9	3.5	2.9
-Major crops	-7.7	3.5	2.9
-Other crops	2.6	3.1	4.6
-Cotton Ginning	-12.7	2.5	-4.6
Livestock	3.8	3.7	2.6
Forestry	7.9	2.0	2.3
Fishing	0.8	4.0	0.6
Agriculture	0.6	3.5	2.7

Source: Pakistan Bureau of Statistics & Ministry of National Food Security & Research

Production of Important Crops

As per estimates of 102nd meeting of National Accounts Committee (NAC), during 2019-20, wheat production has been estimated as 24,946 million tonnes which is 2.45 percent higher as compared to previous year due to increase in area. Rice crop area increased by 7.97 percent due to better marketing during preceding year as global prices and exports from Pakistan were increased. However, rice production did not increase accordingly and was 7,410 million tonnes which is 2.89 percent higher as compared to previous year. Maize crop showed an increase by 2.84 percent in area and 6.01 percent in production than that of previous year. Sugarcane area declined by 5.63 percent and production by 0.44 percent. Cotton area increased by 6.49 percent, however, production relegated by 6.93 percent than previous year, mainly due to unfavourable weather, pest infestation which resulted less per hectare yield. Details are given in Table-5.

Table 5: Area and Production of Important Crops

Crops		(Area 000' hect.)			Percent Change
		2018-19 Actual (R)	2019-20 Targets*	2019-20 Achievements (P)	
Wheat	Area	8,678	9,062	8,825	1.69
	Production	24,349	27,030	24,946	2.45
Rice	Area	2,810	2,876.9	3,034	7.97
	Production	7,201.9	7,431.7	7,410	2.89
Maize	Area	1,374	1,321	1,413	2.84
	Production	6,826	6,297.7	7,236	6.01
Sugarcane	Area	1,102	1,178.5	1,040	-5.63
	Production	67,174	68,701.7	66,880	-0.44
Cotton	Area	2,373	2,895	2,527	6.49
	Production	9,861	9,181	9,178	-6.93

Source: Pakistan Bureau of Statistics (PBS), M/o PD&SI

Other Crops

The category of “other crops” generally influences “Food Price Index” and “Sensitive Price Index” as they are main contributors towards kitchen items. As per estimates of 102nd meeting of NAC, data reveals that during 2019-20, area under gram reduced by 4.4 percent, however, production as estimated at 544.6 thousand tons higher by about 22 percent against last year, nevertheless, it remained below than target (Table-6). The production of potato, onion and sunflower declined than last year. The gross output of pulses has shown an increase of 19.36 percent than previous year. Performance of other Crops is given in Table-6.

Table 6: Area and Production of Other Crops

				(Area 000' hectares)		(Production thousand tonnes)
Crops		2018-19 Actual (R)	2019-20 Targets*	2019-20 Achievement (P)	Percent Change over 2018-19 (R) 2019-20 Target	
Gram	Area	943.06	983.00	940.02	-0.30	-4.40
	Production	446.60	525.53	544.60	22.00	3.60
Potato	Area	195.70	191.55	188.60	-3.60	-1.50
	Production	4,869.30	4868.65	4,609.60	-5.30	-5.30
Onion	Area	148.30	148.34	146.10	-1.50	-1.50
	Production	2,079.60	2105.90	2058.20	-1.00	-2.30
Tomato	Area	55.30	49.40	56.10	1.50	13.60
	Production	561.30	530.90	562.30	0.20	5.90
Sunflower	Area	103.60	108.00	93.80	-9.50	-13.20
	Production	132.70	141.00	122.80	-7.50	-12.90

Source: Pakistan Bureau of Statistics (PBS), M/o PD&SI

Agricultural Inputs

Fertilizer

During 2019-20, the overall fertilizer off-take has declined. The off take of nitrogen (N), phosphate (P) and potash (K) decreased by 2.58, 8.50 and 15.09 percent, respectively over previous year. Product wise off take of both Urea and DAP also relegated by about 2.19 and 12.54 percent respectively, mainly due to rise in prices and low purchasing power of farming community. Consequently, imbalanced use of fertilizers has been augmented as it declines productivity of crops and soil health. It can be mitigated by decreasing fertilizer prices especially those including P&K as chief nutrients coupled with awareness campaigns. Due to COVID-19, federal government has announced a package of subsidy to the tune of approximately Rs37 billion on fertilizers for Kharif 2020 crops. Detail of fertilizer off-take and forecast is in the table below:

Table 7: Fertilizer Off-Take, Forecast and Achievement

						(000' tonnes)
Nutrient/Products	2018-19	Benchmark	2019-20 (Estimated)	Difference (Percent)	2020-21 (Forecast)	
Nitrogen	3,408	3,311	3,320	-2.58	3,478	
Phosphate	1,153	1,137	1,055	-8.50	1,253	
Potash	53	40	45	-15.09	44	
Total (NPK)	4,614	4,487	4,420	-4.20	4,775	
Urea	5,971	5,732	5,840	-2.19	6,023	
D.A.P.	2,000	2,079	1,924	-12.54	2,292	

Source: NFDC, MNFS&R. Note: Figures up to March, 2020 are actual

Improved Seed

Availability of improved seed has pivotal role in agricultural productivity. The demand for seeds, is still untapped and provides various opportunities for expansions. The country is shifting toward the adoption of high-quality seeds, due to the export potential of vegetable seeds from the global demographics. The adoption of high-yielding variants is on the rise in Pakistan, due to the export potential. The rising investments in R&D of hybrid seeds are a key element to the success of the seed industry. The increasing development of GM crops, especially in the vegetable seed sector, is fuelling the market for vegetable seeds. After the approval of Plant Breeders' Rights Act, 2016, investment in seed sector is expected to be expanded by local and international firms. It will encourage the development of new plant varieties and to protect the rights of breeders. The available data regarding seed situation is given in Table-8. Due to COVID-19, the federal government has announced an agriculture package, including subsidy on cotton seed at a cost of Rs2.3 billion for Kharif 2020 crops.

Table 8: Improved Seed Requirement and Provisional Availability

Crop	Total sees Requirement	Local	Imported	(tonnes)
				Total (Local+ Imported)
Wheat	11,31,260	0	0	0
Cotton Seed	57,205	21,144	0	21,144
Bt. Cotton	-	19,030	0	19,030
Non-Bt. Cotton	-	2,114	0	2,114
Paddy	42,393	66,868	5,755	72,623
Maize	32,794	3,269	7,488	10,757
Pulses	42,674	2,817	0	2,817
Oilseeds	10,790	817	755	1,572
Vegetables	8,400	35	2,792	2,826
Fodders	61,140	5,210	19,590	24,800
Potato	11,63,500	10	5,211	5,221
Total	25,50,157	1,00,170	41,591	1,41,760

Source: Federal Seed Certification Department, MNFS&R

Agricultural Credit

As per State Bank of Pakistan, the Agricultural Credit Advisory Committee (ACAC) has set the indicative agricultural credit disbursement targets of Rs1,350 billion for FY 2019-20. It is 15 percent higher than that of last year which was Rs1,174 billion. During the period from July, 2019 to March, 2020, financial institutions have disbursed Rs912.2 billion which is 67.6 percent of overall annual target. Moreover, it is 13 percent higher than the disbursement of Rs805 billion made during corresponding period of last year. The institution/bank wise details of agriculture credit, targets and disbursements are given below (Table-9). In the backdrop of COVID-19, the federal government has announced an agriculture package, including reduction in mark-up of agriculture loans to farmers at the total cost of Rs8.8 billion.

Table 9: Agricultural Credit -Targets and Disbursement

(Rs billion)

Financial institution/ Banks	2018-19 (July-March2019)			2019-20 (July-March2020)			Percent Change over the period
	Target	Disbursed	Percent-age achieved	Target	Disbursed	Percent-age achieved	
Commercial Banks (5Major)	651	450.01	69.1	705	515.25	73.1	14.5
ZTBL	100	45.1	45.1	100	52.5	52.5	16.4
PPCBL	13	5.5	41.9	13	6.4	48.8	16.4
DPBs (14)	245	143.2	58.5	253.6	169.3	66.8	18.2
Islamic Banks (5)	50	22.4	44.7	55	31.0	56.3	38.5
MFBs (11)	156	114.7	73.5	184	115.2	62.6	0.4
MFIs/RSPs	35	24.0	68.8	39.4	22.6	57.5	-5.9
Total	1,250	804.9	64.4	1,350	912.2	67.6	13.3

Source: State Bank of Pakistan

Irrigation Water

Pakistan's agricultural economy depends a lot on availability of water for irrigation as about 90 percent of its agricultural output comes from irrigated lands. Water resources are not only finite but also exhaustible. The existing strategy "Integrated Water Resources Management (IWRM)" 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. The season wise availability of water for irrigation during 2018-19 and 2019-20 is given (Table-10). Indus River System Authority (IRSA) has expected on the base of rainfall and rising temperatures in the upper Indus basin that the sufficient water would be available in the upcoming crop seasons during 2020-21.

Table 10: Irrigation Water Availability

(MAF)

Season	2018-19	2019-20
Kharif	59.617	65.233
Rabi	24.763	29.196
Total	84.380	94.429

Source: Indus River System Authority (IRSA)

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. The attack of whitefly and bollworm influenced cotton productivity as cost of pesticides has escalated. As a relief measure to mitigate effects of COVID-19, the federal government has announced an agriculture package, including subsidy on white fly controlling pesticides at a cost of Rs6 billion for Kharif, 2020 crop. The indiscriminate application of pesticides, especially on horticultural crops needs to be addressed. The menace of locusts has re-emerged after more than two decades and loss of crops have been reported in various parts of the country especially in Sindh, Balochistan and some parts of Punjab. Government has declared a national emergency over locust swarms, issued sufficient

funds and has adopted strategy in coordination with respective provincial governments to mitigate the issue and to avoid adverse situation. There is a need to establish a comprehensive locust surveillance and control system for future.

Agricultural Mechanization

The overall demand for agricultural machinery has increased due to non-availability of labour for farming. There is need of complete mechanization package comprising of soil preparatory implements, 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 2019-20 (July-April) around 25,008 tractors have been manufactured, which are 42 percent less as compared to corresponding period of 2018-19 (July-April) which was 43,130. Similarly, in 2019-20 (July-April) 25,541 tractors were sold in the market as compared to 43,172 tractors in corresponding period of previous fiscal year, showing a decline of about 40 percent also (Pakistan Automotive Manufacturers Association (PAMA)). there is need to involve private sector more effectively to popularize farm machinery especially for small land holdings. The federal government has announced a package including Rs2.5 billion subsidy on sales tax on the locally-manufactured tractors for a period of one year to provide relief in the wake of COVID-19 pandemic.

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. The details are given below (Table-10).

Table 10: Livestock and Poultry Achievements and Targets

(000 tonnes)

Items	2018-19 Actual	Targets	2019-20 Achievements (P)	Percent Change 2018-19 Actual	Targets 2020-21
Meat	4,478	4,708	4,708	5.14	4,955
- Beef	2,227	2,303	2,303	3.41	2,380
- Mutton	732	748	748	2.19	765
- Poultry	1,518	1,657	1,657	9.16	1,809
Milk	48,185	61,690	49,738	3.22	51,340
Eggs (million Nos.)	19,052	20,133	20,133	5.67	21,285
Hides(million Nos.)	17.5	18.139	18.139	3.65	18.751
Skins (million Nos.)	58.116	59.460	59.460	2.31	60.837
Wool	46.8	47.3	47.3	1.07	47.9

Source: MNFS&R, Economic Survey, PBS

Livestock and Dairy

Over the years, livestock subsector has surpassed the crop subsector as the biggest contributor to value added agriculture. As per Pakistan Economic Survey 2018-19, it contributed 16.5 percent to the overall agriculture and 11.2 percent to the GDP during 2018-19. Gross value addition of livestock has increased from Rs1,384 (2017-18) to Rs1,440 billion (2018-19), showing an increase of 4 percent over the same period of last year. Pakistan is one of the largest milk producers in the

world nevertheless only about 3 percent 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 private sector. 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 34 percent of the total meat production in the country and plays vital role in soothing demands of mutton and beef. Poultry Development Policy envisages sustainable supply of wholesome poultry meat; eggs and value-added products to the local and international markets and aimed at facilitating private sector development for sustainable poultry production. The strategy revolves around supporting private sector through regulatory measures. Backyard poultry has declined over the years. To revive it, a project has been launched under “National Agriculture Emergency Programme” in collaboration with provincial governments to improve livelihood and diet requirement of poor segments of society.

Fisheries and Seafood

Fishery plays a significant role in the national economy and towards the food security of the country as it reduces the existing pressure on demand for mutton, beef and poultry. Fishing and allied industries 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. Pakistan is a less fish-eating country as out of total fish production only about 50 percent of is consumed locally, 20 percent is exported and the remaining is utilised for 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. The Pakistan has huge potential of export of fisheries and sea food. The country has exported fish and fish preparations of value Rs39,246 million during 2018-19 (Pakistan Economic Survey, 2018-19). The potential of sea export especially to China need to be encouraged through policy incentives. The targets and achievements related to fisheries are given below (Table-11).

Table 11: Fisheries Achievements and Targets

(000 tonnes)

Items	2018-19	Targets	2019-20	Percent Change		2020-21
	Actual		Achievements (P)	2018-19 Actual	2019-20 Targets	Targets
Fish						
-Inland	301	306	305	1.33	-0.33	310
-Marine	498	504	503	1.00	-0.20	508
Total	799	812	808	1.13	-0.49	818

Source: Marine Fisheries Department, Ministry of Ports and Shipping

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. The government has launched Clean and Green Pakistan Programme as well as Ten Billion Trees Tsunami Programme – Phase-I Up scaling of Green Pakistan Programme. Initiatives regarding promotion of farm forestry and plantation along canal banks, highways and railway tracks are also being undertaken.

Climate Change

Pakistan is ranked as one of the most vulnerable country to the climate change and facing certain implication on its farming sector too. Country has faced unusual patterns of rainfall, flash floods, droughts along with abrupt fluctuations in temperature and local weather conditions in the past. A comprehensive and coordinated policy to mitigate negative effects of climate change is needed.

Development initiatives

The major initiatives being under taken for the development of food and agriculture sector to improve its productivity are given below (Table-12)

Table 12: Development Initiatives in the Food and Agriculture Sector

		(Rs million)
Sr. No.	Name of the project	Allocation 2020-21
A	Ongoing Initiatives	
	Prime Minister's Agriculture Emergency Programme	
1.	Cage Culture Cluster Development Project	150.00
2.	Calf Feedlot Fattening in Pakistan	160.00
3.	PM Initiative for Save the Calf	225.00
4.	National Oilseed Enhancement Programme	300.00
5.	Pilot Shrimp Farming Cluster Development Project	300.00
6.	Prime Minister's Initiative for Backyard Poultry	65.00
7.	Productivity Enhancement of Rice	300.00
8.	Productivity Enhancement of Sugarcane	150.00
9.	Productivity Enhancement of Wheat	650.00
10.	Promotion of Trout Farming in Northern Areas of Pakistan	250.00
11.	Horizontal Development of Cotton in KP and Balochistan through Capacity Building under PM Emergency Programme.	100.00
12.	Up gradation of Central Cotton Research Institute Sakrand and Cotton Productivity Enhancement through Capacity Building and Management of PBW in Sindh under PM Emergency Programme.	250.00
13.	Cotton Productivity Enhancement through ECO Friendly Pink Boll Worm Management and Capacity Building under PM Emergency Programme.	250.00
B	Other Projects	
14.	Promotion of Olive Cultivation on Commercial Scale in Pakistan	400.00
15.	National Pesticides Residue Monitoring System in Pakistan	200.00
16.	Promoting Research for Productivity Enhancement in Pulses	300.00
17.	Up-gradation and Establishment of Animal Quarantine Stations in Pakistan Phase-II	40.00
18.	Establishment of Plant Breeders Rights Registry and Strengthening of DUS Examination System	100.00
19.	National Pest Des Petits Ruminants (PPR) Eradication Programme: Phase- 1 – Risk Based PPR Control in Sheep and Goats of Pakistan	200.00
20.	Geospatial Monitoring of Major and High Value Crops	25.00
21.	Sino-Pak Agricultural Breeding innovations Project for Rapid Yield Enhancement.	71.00
22.	Strengthening of Mountain Agriculture Research Centre (MARC) Gilgit	50.00

Sr. No.	Name of the project	Allocation 2020-21
23.	Construction of Office and Laboratory Buildings of Animal Quarantine Department, Karachi	40.00
24.	Risk Based Control of Foot and Mouth Disease in Pakistan	110.00
25.	Updation of Agro Ecological Zones of Pakistan through Satellite and In-situ Data Mapping	25.00
26.	Strengthening and up-gradation of Plant Quarantine Laboratories, Malir Halt Karachi	26.00
27.	Strengthening of Monitoring and Evaluation Cell in NFS&R	15.00
28.	Better Cotton Initiatives for sustainable Cotton Production in Pakistan	80.00
29.	Development of Yak at high altitude areas of Pakistan	28.62
30.	Strengthening / Up-gradation of Agriculture and Livestock Research System of Arid Zone Research Institute, Umerkot - Sindh	100.00
32.	National Programme for Improvement of Watercourses in Pakistan - Phase II	5,500.00
33.	Conservation and Efficient use of water in Barani Areas of KP	600.00
34.	National Programme for Enhancing the Command Area in Barani Areas of Pakistan	900.00
35.	Upgradation and Accreditation of testing laboratory of FSC&RD Karachi	15.00

Accomplishments

Successful Initiatives/ Programmes/ Interventions initiated in 2019-20	Federal/ Provincial
Besides PSDP, 14 projects were processed and launched under "Prime Minister's Agriculture Emergency Programme", covering crop, livestock, fisheries and water sector	Federal/Provincial
The agriculture package is part of the Rs100 billion earmarked out of the Rs1 200 billion corona virus relief package, for the Small and Medium Enterprises (SMEs) and the agriculture sector	Federal
Inclusion of agriculture cooperation in CPEC framework	Federal
Established "Agricultural Forum" in the Planning Commission to enhance coordination with federating units for development of agriculture, allied sub-sectors and improve level of national food security	Federal

COVID-19 Specific Sectoral Challenges

COVID-19 Situation and Confronting Challenges

- Health related issues and risk for people involved in the whole production, storage and supply chain of farm products especially in rural and far flung areas
- The already scarce manual labour has been further reduced because of mobility issues and charges increased
- Economic impact on food chain due to decline in sale price of farm products, especially the perishables including dairy and horticultural products as well as poultry
- Disruption in availability of farm inputs, machinery services, raw material for agro-based industry both for local consumption and for products to export

- Delay in exports related activities especially of mangoes

Impact due to Outbreak of the Pandemic on Sectoral Performance

Low performance due to restricted movement of labour due to lack of public transport especially during critical stages of crop sowing and harvesting season and other farm operations

- Reduction in income of farmers due to interruption in supply and availability of quality farm inputs on reasonable prices especially for season bound farm operations could lead to delays and disruptions in the sowing of *kharif* crops (Sown in summer and harvested in winter)
- Apprehension of unusual morbidity or mortality of animals due to COVID-19 or any other infestation
- Disruption in logistics and marketing of farm products, especially the perishables i.e. dairy, vegetables, fruits, flowers etc.
- Exploitation of market agents and fear of less income of animal sale, especially before *Eid-ul-Zuha*
- Enhance of economic burden as interest on borrowers due to delay in payments to private lenders
- Enhancement of poverty, undernourishment and social unrest due to joblessness at local level

Decline in country's earning due to delay in processing and exports of farm products.

Government Response to COVID-19

COVID-19 Responsive Steps Taken by the Government	Federal/ Provincial
Honourable Prime Minister announced Rs1.13 trillion (\$7 billion) stimulus package to offer relief to the economy and people during COVID-19	Federal
Rs280 billion (\$1.7 billion) allocated for wheat procurement, around Rs100 billion (\$627 million) for deferred payment of loans for small and medium enterprises and agriculture sector	Federal
One of the biggest reliefs was <i>Ehsaas</i> Emergency Cash programme and <i>InsafImdad</i> Programme offering a one-time cash assistance of Rs12,000 each to support 12 million families	Federal/ Provincial (Punjab)
The Punjab government offered Rs15 billion worth interest-free loans to farmers, crop insurance for 250,000 farmers and 1.2 million sacks of seeds for the next wheat crop	Provincial
Rs75 billion allocated for labourer and daily wage earners who lost jobs due to the pandemic	Federal

Federal Government approved a subsidy scheme amounting to Rs50 billion for agriculture sector which will be implemented by the provinces. The envisages: • A package of Rs50 billion has been announced for the SMEs to provide indirect cash flow support to nearly Rs3.5 million people through pre-paid electricity • Approval of subsidy to the tune of approximately Rs37 billion to farmers on the purchase of fertilizers • Reduction in mark-up of agriculture loans to farmers at the total cost of Rs8.8 billion and subsidy on cotton seed at a cost of Rs2.3 billion and White Fly pesticides at a cost of Rs6 billion were also approved • Rs2.5 billion subsidy on sales tax on the locally-manufactured tractors for a period of one year • Commercial banks along with ZTBL are included in the scheme to enhance outreach of farmers with focus on subsistence farmers with a land holding of Rs12.5 acres	Federal/ Provincial
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Outlook 2020-21

Overall Sectoral Objectives

- Rationalization of 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, oilseeds and high value horticultural crops to reduce their imports
- Reduce food insecurity in line with SDGs and Zero Hunger by policy support and crop diversification
- Promotion of value-added agricultural products to raise incomes and reduce rural poverty by creating higher wage jobs to improve livelihood and socio-economic conditions of farming and non-farming segments of rural communities as well as boost country's value-added agricultural exports
- Promotion of digitization in agriculture sector, especially e commerce in marketing of farm products

COVID19-Responsive Sectoral Objectives

- Raising level of awareness among farming community about the pandemic and provision of basic health related infrastructure to mitigate
- Establishment of safe supply chain, storage and marketing system to minimize the impact of pandemic
- Maintenance of database of farm labor and Inclusion of farm labor among beneficiaries of cash support system
- Establishment of a comprehensive system and strategy to formulate and update mitigating impacts of COVID-19 from farm to fork, in collaboration with provincial/regional government, private sector, development partners and international institutions

- Surveillance of livestock, wildlife and any other possible source of dissemination of such menace in future
- Maintenance of strategic reserves of food and feed items at various places to fulfill needs urgently in case of emergency
- Reduce post-harvest losses and ill practices regarding storage of grains and other food items

Sectoral Plan / Strategy 2020-21

The plan focuses to enhance level of food security through productivity enhancement, better management of resources, improvements in supply chain systems, marketing infrastructure, import substitution, food quality and accessibility and overall economic betterment of people involved in production, supply and marketing of farm products. Such efforts will help to achieve targets of SDGs, improvement of livelihood, mitigate challenges of future and contribute effectively in overall economic growth of the country.

COVID19-Responsive Interventions / Programmes 2020-21

COVID-19 Responsive Intervention	Time Frame (ST/MT/LT)	Subject (Federal/Provincial)
Awareness campaign and community engagement in rural areas and communities involved in production, logistics and marketing of farm products	MT	Federal/Provincial
Embedment of preventive and control measures to obstruct spread of pandemic	LT	Federal/Provincial
Establish isolation rooms, quarantine stations, mobile health units and medical facilities in rural areas	LT	Federal/Provincial
Provide cash assistance and jobs to the rural daily wage labor class in country, who lost their jobs due to COVID emergency	ST	Federal/Provincial
Coordination with provincial/regional governments and stakeholders	LT	Federal/Provincial

Financial Outlay

Overview of Funding of Federal PSDP, 2020-21

(Rs million)

Line Ministry	No. of projects	PSDP Allocation 2020-21
National Food Security & Research (NFS&R)	35	12,000.00
Higher Education Commission	10	1,844.09
Science & Technology Research Division	06	952.28
Water Resources Division	08	788.50
Interior Division	04	110.61
Pakistan Atomic Energy Commission (PAEC)	02	331.170
Industries & Production Division	01	25.89
Climate Change Division	01	25.00
Total:	67	16,077.54

CHAPTER 6

MANUFACTURING, MINERAL AND COMMERCE SECTORS

Industrial sector of Pakistan is 2nd largest sector after Services sector, with around 20 percent of share to GDP in 2018-19. Industrial sector is further segregated into four (4) sub-sectors i.e. i) Mining & Quarrying, ii) Manufacturing, iii) Electricity generation, distribution & Gas distribution and iv) Construction. Manufacturing sector of Pakistan serves as a backbone of the economy and mainly consists of Large-Scale Manufacturing (LSM), Small & Medium Scale Manufacturing (SME). The share of Pakistan's manufacturing sector has been stagnant around 13 percent of the GDP for the past decade due to structural bottlenecks, high cost of doing business, energy supplies constraints, adverse law and order situation, limited access to credit especially to SMEs, lack of sophisticated technology and unskilled workforce. Furthermore, the absence of a dynamic industrial vision & policy for the last three decades is further exacerbating the already ailing condition of manufacturing sector.

Performance Review 2019-20

Financial Review

In order to speed up the implementation and completion of development projects, the government has further simplified the release process to avoid red tape and to enable sponsors to get funds from Finance Division swiftly. The allocation for Industries and Production Division in PSDP 2019-20 stood at Rs2,343.29 million. Rs607.07 million were allocated for nine (09) ongoing projects and Rs1,736.22 for nine (09) new projects. Out of these nine (09) ongoing projects, three projects were due for completion till June, 2020. Until May 29, 2020, Rs842.08 million were authorized for Industries and Production Division.

Sectoral Review

According to National Accounts Committee (NAC), during fiscal year 2019-20, overall industrial sector contracted by -2.64 percent against target of 2.3 percent, manufacturing sector by -5.56 percent against target of 2.5 percent and the Large Scale Manufacturing (LSM) by -7.78 percent against target of 1.3 percent. While SME was the only sector that grew at the rate of 1.52 percent against target of 8.2 percent. Main growing sectors during July-March 2019-20 were Fertilizers, Non-Metallic Mineral products, Paper & Board and Leather and Rubber products.

Ongoing Initiatives

There are 12 projects of Industries and Production Division which will be carried forward and executed in 2020-21. Details tabulated on next page.

(Rs million)			
S. No.	Name of the Project	Approved Cost	Likely Utilization up to June 2020
1.	Fruit Dehydration Unit, Swat	59.94	47.95
2.	Hyderabad Engineering Support Centre (HESC), Hyderabad.	257.01	249.76
3.	Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC), Hub Lasbela.	250.57	241.92
4.	National Business Development Programme for SMEs, All over Pakistan	1,954.98	217.45
5.	Peshawar Light Engineering Centre (PLEC), Peshawar.	265.14	228.39
6.	Product Development Centre for Composites Based Sports Goods, Sialkot	487.97	153.68
7.	Business Skill Development Centre for Women at D.I. Khan	59.49	14.10
8.	Establishment of Metal Park in Balochistan (Feasibility)	300.00	40.00
9.	Footwear Cluster Development through CAD/CAM & Machining, Lahore	78.69	24.88
10.	Industrial Designing & Automation Centres at Karachi, Lahore and Sialkot	972.97	100.00
11.	SME Business Facilitation Centre, Multan	59.89	5.93
12.	Development of Marble and Granite Sector all over Pakistan	2,276.88	1,830.03

Federal Government has taken several initiatives leveraging SMEs through establishment of Common Facility Centres where they can avail facilities in order to further acquire professional acumen in respective sectors. Similarly, to augment the performance of light engineering sector to improve skills, precision, technology and market linkages to produce and export value-added products, several initiatives were undertaken like “Hyderabad Engineering Support Centre (HESC), Hyderabad”, “Light Engineering Upgradation Centre for SMEs in Balochistan (LEUC), Hub Lasbela” and “Peshawar Light Engineering Centre (PLEC), Peshawar”.

In order to bank upon the opportunities unveiled in the realm of CPEC, project of “Establishment of Hub Special Economic Zone” was approved in May 2020. The project envisages provision of basic amenities and development of land for the prospective investors in Hub, District Lasbela, Balochistan which is optimally adjacent to the business hub of Pakistan (i.e. Karachi).

Accomplishments

Three of the ongoing projects are about to complete by June, 2020. These are:

- Establishment of Bostan Industrial Estate (Phase-I)
- Establishment of Infrastructure in Quetta Industrial and Trading Estate (Phase-II)
- Provision of Infrastructure in Quetta Industrial Estate (Phase IV)

Key objectives of these schemes were to establish industrial Estate and provide basic infrastructure, so that the Province of Balochistan may get developed through rapid

industrialization in the respective areas. Physical and financial progress of these projects up till 31 May, 2020 are above 90 percent and will be successfully completed by year end.

Challenges to Industrial Sector due to COVID-19 pandemic

The outbreak of COVID-19 pandemic has posed several challenges to the industrial sector of Pakistan. Upsurge in death tolls has compelled the Government to confine public to their homes therefore, imposed smart lockdowns across the country with only a few identified industries to remain open. Resultantly, COVID-19 has not only plummeted demand of goods and services by local/ foreign customers but also compelled industrial sector to slow down or even close their activities.

Government Response to COVID-19

The Government approved 02 special schemes for SMEs in April 2020, with the name of “Chota Karobar-o-Sannat Imdadi Package” to relieve businesses from the widespread pandemic COVID-19. Around 3.5 million small businesses (95 percent commercial and 80 percent industrial customers) will benefit from this package. The package includes payment of electricity bills by Government for three months (i.e. May, June and July 2020) for those consuming 5 kilowatts (commercial SMEs) or 70 kilowatts (industrial SMEs) of electricity. Moreover, Rs100 billion of relief package as refund of taxes was announced on April 03, 2020 for construction sector. It will solve liquidity issues of SMEs mounted during lockdown, at least partially.

Outlook 2020-21

Sectoral Objectives

Government is making all out efforts to improve business environment and liberalize the regulatory regimes in the country. Doing Business ranking is one of the indicators which provide insights to the regulatory regime and working environment in an economy. Pakistan ranking according to the latest report is 108 out of 190 countries which has improved 28 ranks from 136 in 2019. This improvement of 28 points can be considered as historic achievement since start of Doing Business rankings in 2002.

Allocation in PSDP for a sector is another tool for the government to accelerate the pace of industrialization through development projects. Industries & Production Division has been allocated Rs800 million in 2020-21 as compared to Rs2,343.29 million in 2019-20. Government will be focusing on industrial infrastructure development/ establishment of SEZs, SMEs development, skill development of workforce, technology upgradation, enhancing competitiveness of Pakistani products in international markets, encouraging Foreign Direct Investment (FDI), promotion of exports through more liberal incentives, ensuring competitive environment and facilitating Business-to-Business (B2B) interactions.

Special Economic Zones

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. Board of Investment act as Secretariat for SEZs to date has approved / notified the following SEZs:

- M3 Industrial City, Faisalabad
- Value Addition City, Faisalabad
- Quaid-e-Azam Apparel Park, Sheikhpura
- Korangi Creek Industrial Park
- Bin Qasim SEZ
- Khairpur SEZ
- Hattar SEZ
- Rahim Yar Khan SEZ
- Vehari Industrial Estate
- Bhalwal Industrial Estate
- Oil Village SEZ, Rawalpindi
- Rachna Industrial Park
- Rashakai SEZ (CPEC)

Fiscal incentives provided in SEZs by Government are:

- One-time custom duties exemption on plant and machinery and Income Tax exemption for 5 years for developers
- One-time custom duty exemption on plant and machinery and Income tax exemption for 10 years for units starting production by 30-06-2020 and 5 years for the units starting production thereafter

Programmes 2020-21

Federal Government in view of fast-tracking industrialization undertakes interventions to achieve desired goals. Some of the key initiatives by Federal Government in industrial sector are as under:

Proposed New Projects

- Establishment of Hub Special Economic Zone
- National Strategic Programme for Acquisition of Industrial Technology (NSPAIT) including Feasibility (Knowledge Economy Initiative)

COVID-19 Responsive Interventions

Industrial Sector

In order to respond optimally to the evolving situation, the Plan suggest ways to retard economic haemorrhage in short, medium and long term with a view to; Save Lives, Save Livelihoods and Salvaging the Economy.

Short-Term (up to 6 months)

Advent of the virus has taken Pakistan's economy by surprise (like other countries). Hardly any country, including Pakistan, was prepared for to tackle the adverse effects of COVID-19, be they economic, socio-economic or medical. In the short-term, fiscal and monetary interventions are the only means to sustain the economic engine and save livelihoods. Some of the measures which are already in place or may be considered are as follows:

- Abolish turnover tax for export sectors in the form of wage subsidies. However, these sector (which are largely organized) must commitment to retain/pay employee base
- Defer Corporate Tax for SMEs for at least a year
- Suspend contributions to provident fund for at least 3 months
- Across the board reduce interest rate for SMEs (around 7-8 percent of total private sector credit) to 7 percent
- Substantial reduction (up to 30 percent) in electricity bill for registered SMEs for at least 6 months
- Credit risk-sharing scheme(s) to ensure that banks continue to lend to the SME sector

Medium/Long Term Themes (up to 3 years)

Other key programmes/theme/measures which may be enacted to reorient Industry direction (medium and long term):

SOPs for gradual opening of industry and trade

- Guidelines for Industrial Sector to operate in current COVID-19 crisis formulated by Ministry of National Health Services, Regulation and Coordination are already in place
- Develop SOPs for a phase while "living with virus" and post-pandemic period
- Opening up of industry and trade must be subject to following of SOPs
- Consultation with Provinces, industrial and trade organizations are must to develop these SOPs and subsequently follow the same with robust M&E mechanism. In this regard, National Coordination Committee (NCC) on COVID-19 under the Prime Minister of Pakistan has been constituted to maintain close coordination through National Command and Control Centre (NCOC) among Provincial and Federal Government and take harmonized decisions thereof

Data Improvement for Better Decision Making

- Programme to fully document the SME sector digitally with the assistance of PBS if required

IT Enhancement for Making Businesses Nimble and More Efficient

- Programme for development of ICT-based programme and software for SMEs for Continuity of Business (CoBs), workforce engagement from home
- Special focus on improving on-line learning delivery structure for businesses in the education sector

Improving and Introducing more Efficient Market Channels

- Government facilitated, B-2-B trading channels (IT based) for SMEs to market products to supplement existing supply chains

Engaging with Employment Force to Re-engage with the Industry

- Registration of laid-off workers, Pre-work cash cards for job seekers (monthly stipend to sustain) and assisting in continued engagement with Industry for placements. Consideration to share re-employment salary with the company for up to first two/three months

Supporting Indigenization of Essential Medical Equipment Manufacturing

- Sponsoring private sector's expenses for R&D and feasibility for any equipment (Ventilators, PPE, Lab equipment amongst others) related to medical needs and hygiene which will be manufactured in Pakistan
- Programme for Tax holiday/credit on sale of any medical equipment which leads to import substitution

Focusing on locally Produced Raw Materials for Value-Addition, Diversifying Value-Added Base

- Sponsoring private sector demanded Industrial research and development of value-added prototype product(s) from locally produced agriculture commodities with export potential

Diversifying Export Markets by Encouraging Value-Addition of Essential Products

- Encouraging and introducing programmes which diversify industrial product base by integrating agriculture sector in the value-chain and launching specific agriculture-related export-oriented programmes to diversify product base, value chain feeding into essential items such as food or pharmaceuticals. New export products to help diversify export destination bases leading to lower export concentration risk

Capital productivity

- Focus should be on judicious utilization of public funds. In this regard, one step should be closing down unviable public sector undertakings and improving productivity of assets held by Federal and Provincial governments. Two, every proposed public expenditure should be subject to the test of yielding quick and robust economic returns

National Electric Vehicle Policy 2019

Global environmental changes have compelled nations to take sustainable initiatives. In this regard, National Electric Vehicle Policy prepared by Ministry of Climate Change was approved in principle by the Cabinet in 2019. The policy basically provides a roadmap to automobile industry for transformation from production of Fossil Fuel Vehicles to Electric Vehicles. This objective will be achieved in few years as planned below:

- Market development and public awareness through incentives and subsidies on EVs especially to the companies willing to setup EV related industry in Pakistan. (Years 1 and 2)
- Fuel import bill substitution through targeted penetration of EVs through local assembly and manufacturing. (Years 3 and 4)
- Reasonable local adoption and export of electric vehicles and their components through indigenous research, development, assembling and manufacturing. (Years 5 and beyond)

Automotive Development Policy 2016-21

Government's bid to promote and restructure automotive industry through open door policy formulated Automotive Development Policy 2016-21. Salient features of this policy include:

- Lowering of entry threshold for new entrants
- Create enabling tariff structure
- Rationalise automobile import policy
- Provision of regulatory framework for ensuring quality, safety and environmental standards
- Ensure consumer welfare through freedom of choice, safety, quality and value for money

Under Automotive Development Policy 2016-21, 19 companies were awarded status of Greenfield where the investors were allowed to install independent manufacturing facilities for production of vehicles which are neither assembled nor manufactured in Pakistan. 2 companies were awarded Brownfield status for revival of facilities which are either non-operational or closed.

Mobile Device Manufacturing Policy

Ministry of Industries and Production initiated Mobile Device Manufacturing Policy in January 2019 by designating Engineering Development Board (EDB) as a secretariat for policy formulation. The Economic Coordination Committee (ECC) of the Cabinet in May 2020 approved in principle Pakistan's first Mobile Device Manufacturing Policy. Broad contours of the policy include:

- Brand creation of Made in Pakistan

- Technology Acquisition and localizing manufacturing of mobile devices
- Promoting JVs, Partnerships and attracting FDI
- Creation of jobs and reduction in prices of mobile devices
- Increase in digitization through 4G/5G technologies
- Development of efficient manufacturing eco-system
- Enhancement of export through production of competitive mobile devices
- Achievement of Security Objectives

Textile Sector

Government in December, 2019 approved merger of Textile Division and Commerce Division as Ministry of Commerce & Textile.

Performance Review 2019-20

Financial Review

Textile sector has been allocated an amount of Rs202.83 million in 2019-20, against which an estimated expenditure of Rs102.83 million will be incurred till 30th June 2020. Projects implemented in 2019-20 include “Faisalabad Garment City Training Centre, Faisalabad”, which stands completed with submission of PC-IV. Similarly, the project titled “1000 Industrial Stitching Units” remained under implementation in 2019-20 and short listing of candidates for award of machinery support has been finalized and 25 Stitching Units would be awarded by June 2020.

Sectoral Review

The inconsistent growth in textile sector in preceding years could be attributed to high energy cost, unfavourable business conditions, adverse government policies, inferior cotton production, increased cost of doing business, lack of proper implementation of textile policies, and stiff foreign competition. This has caused Pakistan’s share to drop in foreign markets. The production of synthetic fibers and its introduction in the textile value chain remained slow despite its popularity and demand in the international market. Exploration of new potential markets for our exports such as Africa, Latin America etc. was not perused aggressively. Holding market access, entering global value chain and up gradation of technology are key to signing of FTAs, RTAs. There is a need for Ministry of Commerce to review trade and export policies with a keen focus on value-addition for sustainable economic path by developing industry’s capacity to manufacture textile articles based on man-made fiber and penetrate global man-made fibers (MMF) markets.

Impact of COVID-19 on Textile Sector

As a result of the global outbreak of COVID-19 pandemic, the demand for textile exports/products, especially apparel, has been severely curtailed. To control the COVID-19 spread, Pakistan’s major international markets have locked-down, resulting in closure of brands and

retailer stores in our major export markets of US and EU. This situation is likely to further worsen over the next three months, potentially resulting in delayed payments and export loss of approximately US\$2-2.5 billion. As a result of it, Pakistan's textile exports are likely to suffer a serious setback in the coming months. To mitigate the losses especially in exports and employment, the government has provided Prime Minister Stimulus Package under which the textile sector has been provided facilitation including payoff the pending liabilities of various schemes.

Ongoing Projects

The project titled "1000 Industrial Stitching Units" approved at a total cost of Rs350.55 million is likely to utilize an amount of Rs50.60 million by June 2020.

Outlook 2020-21

In 2020-21, Textile Wing of Ministry of Commerce will be targeting establishment of facilities/ infrastructure for textile industry sector to support low cost production of textile and its made ups. Commerce and Textile Division has been allocated an amount of Rs500 million in 2020-21 as compared to Rs702.83 million during 2019-20.

Programmes for 2020-21

In 2020-21, Textile Wing intends to launch two new development projects i.e. "Lahore Garments City Phase-II" and "Faisalabad Garments City Phase-II" subject to approval. Detailed designing of both the projects has been completed in 2019-20.

Commerce Sector

Performance Review 2019-20

Financial Review

The Commerce Division was allocated Rs500.00 million in PSDP 2019-20, against which Rs320.00 million were released till May 29, 2020.

Sectoral Review

Pakistan's e-commerce industry is emerging rapidly and has the potential to strengthen country's economy. E-commerce policy was announced in October 2019 which primarily aims to improve and provide cost effective market accessibility for enterprises to become part of the e-commerce environment by ensuring consumer protection, availability of e-payment solutions and global connectivity of goods and services providers for cross border trade.

Government announced National Tariff Policy 2019-24 in November 2019 which aims to i) improve competitiveness of manufacturing, including export sector, through duty free access to imported raw materials by rationalizing tariff structure; ii) increase employment opportunities by attracting efficiency seeking investment in manufacturing sector by making tariff regime transparent and predictable; iii) lessen distortions in domestic price structure and improve consumer welfare by reducing the burden of excessive protection; and iv) remove anomalies in the tariff structure, which is causing distortions between sectors and in the value chain of the same sectors.

China-Pakistan Free Trade Agreement (Phase-II) – signed on April 28, 2019 – became effective from January 01, 2020. Both countries have committed to offer enhanced market access to each other, with China immediately eliminating tariff on 313 most priority areas of exports. Similarly, 1760 tariff lines have been included in the protected industry list including but not limited to textile, meat, engineering goods including auto parts, tractors and others. Pakistan's GSP Plus status was granted extension till December 2022 by EU in March 2020 and it is expected that textile, garments, leather, footwear sectors, etc would get the most benefit.

Outlook 2020-21

In 2020-21, Ministry of Commerce will implement the ongoing three (3) projects.

"Expo Centre, Peshawar" project approved at a total cost of Rs2,500.00 million is likely to utilize an amount of Rs1,690.00 million by June 2020. Similarly, "Expo Centre, Quetta" was approved at a total cost of Rs2,500.00 million. Another project titled "Remodelling and Expansion of Karachi Expo Centre (Component-I)" was approved at a total cost of Rs2,677.43 million.

Minerals

Performance Review 2019-20

Financial Review

There were four development projects in PSDP 2019-20 which were allocated Rs433.85 million, out of which Rs179.00 million were released till March 10, 2020.

Sectoral Review

Pakistan is blessed with abundant natural resources. These natural resources can play great role in economic growth. At the time of independence, only six mineral commodities appreciable quantities in Pakistan but now, large to medium scale production of over sixty mineral commodities has started. The data on geology and exploration of minerals after carrying out all integrated steps like geochemical sampling, geophysical surveys, drill exploration, reserve estimation etc. is generated and maintained by the Geological Survey of Pakistan (GSP) and this research work is regularly published by GSP. Despite huge potential, mineral resources of Pakistan are not properly tapped due to various factors like inadequate facilities at sites, poor management, financial constraints, and non-availability of new technology.

Ongoing Projects Related to Mineral Sector

The project titled "Acquisition of Four Drilling Rigs with Accessories for the Geological Survey of Pakistan" approved at a total cost of Rs665.81 million is likely to utilize an amount of Rs249.27 million by June 2020.

Outlook 2020-21

A number of annual field programmes /projects like minerals investigation, geological mapping, geophysical exploration, exploration and evaluation of coal, geochemical exploration of precious metals, geo-environmental, ground water studies, exploration of metallic non-metallic minerals, geo hazard assessment & geotechnical projects, geochemical analysis and medical

geology projects have been designed. Petroleum Division has been allocated an amount of Rs500.00 million in 2020-21 as compared to Rs581.81 million during 2019-20

Programmes for 2020-21

In 2020-21, following new projects are proposed:

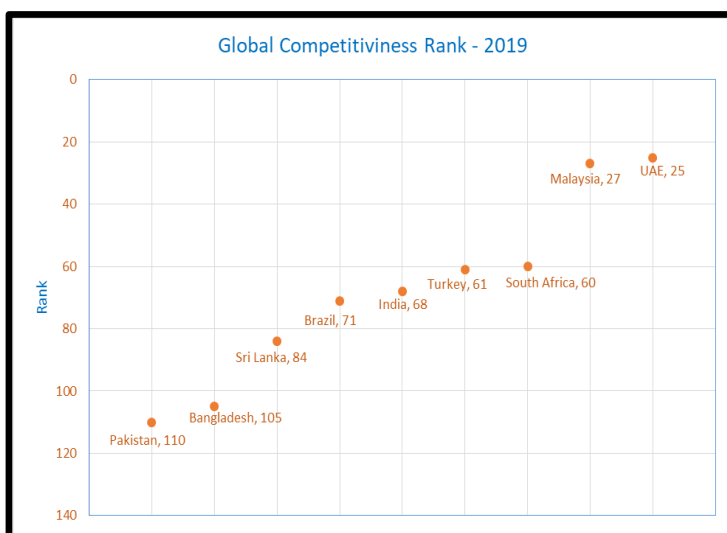
- Geological Mapping of 50 Toposheets out of 354 Unmapped Toposheets of Outcrop Area of Balochistan (2020-23) (Total Cost: Rs127.60 million)
- Establishment and Strengthening of Research Laboratories at Geological Survey of Pakistan, Regional office Peshawar (2020-22) (Total Cost: Rs96.17 million)
- Establishment of National Minerals Data Centre (2020-22) (Total Cost: Rs295.00 million)

CHAPTER 7

INFORMATION AND COMMUNICATION TECHNOLOGIES

The turbulent global economic conditions are making many countries to re-prioritize their policies more aggressively towards technology adoption and innovation for improving productivity and living standards. New and emerging technologies such as 5G, Industrial Internet of Things (IIoT), and Artificial Intelligence (AI), Machine Learning (ML), are at the forefront of this new trend, commonly known as 4th Industrial Revolution (4IR). The rising trend in availability of venture capital is providing a boost in adoption of technology and innovation. In this backdrop, Pakistan also needs to improve its productivity growth and consequently living standard of its people through harnessing ICT innovations for creation of national wealth.

According to the Global Competitiveness Report 2019, Pakistan still ranks very low (110) even when compared to emerging and regional economies, e.g. UAE (25), Malaysia (27), India (68), South Africa (60), Turkey (61), Brazil (71), Sri Lanka (84) and Bangladesh (105). In spite of having a fairly good skillset of graduates (Rank 49) and a vibrant entrepreneurial culture (rank 59), Pakistan still needs to push very strongly on “Adoption of ICT” (rank 131/141) through provision of content on internet in local languages and faster mobile broadband services throughout the country.



Challenges of governance across various sectors impede development and public service delivery. To address multifarious challenges, intervention through widespread adoption of technology is a promising approach. As such, Digital Pakistan initiative launched recently would help in laying a strong foundation in public service delivery. Additionally, Pakistan needs to improve upon its connectivity infrastructure, especially broadband access, as well as make concerted efforts in talent adaptability to spur development of innovative products and services using ICTs, thus enabling inclusiveness of all segments of the society.

Performance Review 2019-20

Financial Review

For the year 2019-20, a total of Rs11,140 million was allocated for the ICT sector projects. The ICT projects include Information Technology, Telecom and Space Technology domains. Most of the projects are executed through Ministry of Information Technology and its subsidiary organizations.

Sectoral Review

As of December, 2019, there are more than 2,163 IT/ ITeS companies registered under Pakistan Software Export Board (PSEB), which is an increase of more than 15 percent over the previous year. The PSEB also organized and facilitated domestic IT/ ITeS companies to participate in various international events and exhibitions. Under the DigiSkills programme being

executed by Ignite, till now more than 831,000 students have signed up for various training courses. Many youth trained under this programme are earning a decent amount of business as freelancers. As a result of vigorous effort and continuous growth in IT sector, the IT/ ITeS exports is expected to cross USD 3.5 billion by the end of 2019-20. Besides, National Incubation Centres established in 5 cities across the country are facilitating around 350+ startups in developing various marketable innovative products and services.

In telecommunication sector, as of December 2019, cellular tele-density increased from 75 percent to 78 percent. The 3G/4G broadband services further increased subscribers from 69 million to 76 million. The key indicators are as follows:

Key ICT Indicators

Description	June, 2019	December, 2019
Mobile Cellular Tele-density	75 percent	78 percent
Total Subscribers	161.02 million	165.41 million
Total Broadband Subscribers	71 million	78 million
3G/4G Broadband Subscribers	69 million	76 million

Source: Pakistan Telecommunication Authority

Ongoing Initiatives and Accomplishments

Some of the major projects executed in the ICT sector during 2019-20 are:

- Through Ministry of IT's project titled "Enhancing IT Exports through Industry Support Programmes" 20 companies were provided consultancy to attain certification of CMMI level-2, CMMI level-3, CMMI level-5 and ISO 27001/ 20000 international standards
- Under the "E-Office Replication at All Divisions of Federal Government", 31 Divisions have now E-office system implemented in their offices, training provided to their staff and have started using it in their work routine. Multi-ministry application and work from home option of E-office is in process
- Technical Training institute has been established in Gilgit-Baltistan
- Expanding internet and broadband services in AJ&K and Gilgit-Baltistan

- ICT infrastructure and office automation in Aiwan-e-Sadr (President Secretariat) has been completed
- 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

COVID-19 Specific Sectoral Challenges

The unexpected and unprecedented occurrence of COVID-19 global pandemic, has also reached the country in the last quarter of the fiscal year. The full impact of this pandemic on the economy and especially on the ICT sector has yet to be ascertained. However, ICT sector's growth is mostly dependent on exports. However, a clear first visible sign of this has started showing in reduction of salaries and layoffs in some of the ICT companies reliant on export related revenues. This may aggravate as the pandemic's duration prolongs.

Summarily, following are the main challenges:

- Public sector services, especially citizen facilitation, at all levels of the government have to be made accessible online with high quality of response
- Digitalizing the government workflows to act as "new normal" in the post-COVID-19 environment
- Reversing the immediate negative impact on IT/ITeS exports businesses as well as freelancing community in wake of global economic meltdown
- Increasing the reach / access of un-interrupted and high speed broadband services to all areas in the country
- Demand for online services has increased, due to which security, fraud prevention and privacy have gained more importance. Resultantly, stronger control and preventive measures will have to be put in place for increasing 'trust' in the online services and transactions

Government Response to COVID-19

A number of IT applications are now being used by the government for response to COVID-19 in different areas. In this respect, Pakistan Citizen Portal that was built for resolving issues of the common man and provide him relief, is now also being used for registering volunteers for relief efforts being made by the Federal Government for COVID-19. Under the Digital Pakistan initiative, online provision of all public services is vigorously being pursued. Similarly, video conferencing solutions and applications are being used while restrictions of physical movement are enforced as a precautionary measure.

A Tele School Channel has also been opened to reach out to school children of grade 1 to 12 to give them relief during closure of educational institutions. In the long run this will benefit students of rural and remote areas to get distance education.

Outlook 2020-21

The outlook for 2020-21 is promising for the ICT sector. Government's strong commitment and priority for this sector will accelerate the momentum further in digitalization, launching innovative services to address the local issues, and availability of skilled IT human resource.

However, to sustain this accelerated growth trend in IT, access to high-quality mobile broadband networks and affordable services would be crucial. This would help not only in increasing the mobile broadband penetration and data usage but also help in digital inclusion of under-privileged segment of the country. On the trade and commerce side, wider usage of e-commerce and online business would enable more people to reach out to new markets as well as open new avenues for earnings. This would also help in flourishing the startup environment. To attract venture capital and foreign investment on large scale, emphasis on establishing software technology parks would be required along with improving regulatory and financial policies.

Overall Sectoral Objectives

- Universal access to high quality broadband services.
- Reaching out to new international markets for increased IT/ITeS exports.
- Digitalizing all public sector services and government workflows.
- Highly skilled, high volume of IT workforce for Knowledge Economy.
- Establishing a strong entrepreneurial ecosystem by attracting international investments and technology businesses.
- Emphasis on local research and indigenized solutions to strengthen academia-industry linkages.

Exports in IT/ ITeS-BPO are estimated to have already crossed USD 3.5 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.

Sectoral Plan / Strategy 2020-21

The Plan envisages ICT sector to grow rapidly in terms of job creation, contribution towards GDP, and increased software exports. This would be possible with opening of new vistas, such as venture capital funding, enlarging base of exportable ICT skills and financial inclusion of the marginal. Setting an accelerated pace now would enable to accomplish the strategic goals set for next three years.

Annual Plan 2020-21 not only puts emphasis on completing on-going projects, it also focuses on launching new initiatives for embracing the knowledge economy. The allocation made for Annual Plan would thus enable high priority on-going projects to be completed as planned. For knowledge economy initiative, sizeable allocation has been made for projects for establishment of Software Technology Zones, National Centres for IoT and Artificial Intelligence and other important projects. Also, laying of cross-border OFC from Khunjerab-Gwadar-Karachi would provide alternative international internet connectivity and act as an important component for the flagship mega-project of CPEC. These very important initiatives would provide impetus for

increasing IT exports, 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, digitalization and improved usage of automated systems in the government departments will ensure better delivery of public services in health, education, agriculture, and other sectors of the economy. Furthermore, introduction of smart office concept in federal government departments and replication of e-office system in all federal government divisions would create help in creating 'future of work' environment.

Key Interventions / Programmes 2020-21

The key interventions are aimed to strengthen and improve the already built infrastructure, enhance facilities and move towards knowledge economy. This will help in building a high-quality digital ecosystem for startups and small IT businesses, increasing the quality of skills and capacity of the organizations to 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.

As part of the Knowledge Economy Initiative some of the important projects planned to be executed are:

- Establishment of Software Technology Zones based on Feasibility Study is proposed in this year. This would facilitate rapidly growing entrepreneurial ecosystem in the country
- A Centre for Artificial Intelligence in collaboration with China is planned to be established
- A National Centre of IoTs and expansion of National Incubation Centres (NICs) are also planned
- To enhance IT/ITeS exports, a Marketing Strategy feasibility study and implementation programme will also be initiated
- A pilot project to develop a Digital Agriculture ecosystem in the country is also in the pipeline
- Feasibility study related to application of digital technologies in high-tech bio-facility is envisaged
- Through Ministry of IT's project titled "Enhancing IT Exports through Industry Support Programmes" 30 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
- Similarly, a "Certification of IT Professionals" programme will provide subsidized certification training in areas such as big data, cloud computing, cyber security, machine learning, quality assurance, project management, etc.
- Pakistan Space Centre (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
- Strengthening of Ministry of Planning, Development & Special Initiatives in IT, Monitoring and Evaluation

COVID-19 Responsive Interventions for 2020-21

The pandemic of COVID-19 will be impacting the global economy, hitting adversely even the most advanced nations. In this backdrop, Pakistan's economy that started to show signs of being on track, will slow down considerably. In spite of this economic downturn forecast, Information Technology has the potential to respond and play a significant role in the "COVID-19 Recovery Strategy". For this, government is working on many dimensions. To keep the work of government unhindered, it will be introducing Smart Office applications to provide secure online communication between public sector offices. Similarly, implementation and use of video conferencing solutions and applications will further be encouraged within the government offices.

To provide relief to the common man, social programme "EHSAAAS" will be using Information Technology pervasively to reach out and disburse relief packages to the effected population, specially the lowest strata, on a national level. ICT sector heavily relies on work from abroad, both companies and freelancers. In this respect, SBP has already announced special loan packages for those companies that don't lay off employees in the COVID-19 situation. However, a large number of freelancers will be hit hard. Therefore, the government will have to launch a special initiative to get them work from within the country. In this respect, a big initiative will be planned to utilize the skills of this workforce to digitalize all aspects of the economy, such as health, education, agriculture, business, industry, etc thus, taking a major step in moving towards Knowledge Economy. In addition, Virtual University will be launching Blended Education for university students through its online infrastructure, thus enabling education to continue during this crisis.

IT being the most promising sector to rebound in 2020-21 and beyond from the impact of COVID-19 pandemic, is the primary focus of the government for 2020-21. In this respect, development programme has given special emphasis on enhancing connectivity, innovation, entrepreneurship and online access to public sector services.

CHAPTER 8

POPULATION

The demographic dispensation of the world having a populace of around 7.8 billion has been subjected to chronic challenges prevalent primarily in the developing world. The developed countries have enough resources to be spent on welfare of the people and to utilize the demographic potential towards economic development but the developing world faces challenges of excessive population growth primarily due to lack of population welfare facilities, limited outreach to potential users and illiteracy besides other protracted issues. Pakistan also faced certain persistent complications and could not scale down the population growth rate because of half-hearted efforts by the government in the past years. The neighbouring countries such as Iran, Bangladesh and Sri Lanka have been able to control population growth through overt operations in the population domain. Over 60 percent of our population is younger than 30 years of age and about a third of the population is living in poverty. The present government has been able to create sensitization about factoring population as a priority agenda in mainstream policy making. The government declared national population control emergency, and marked population control as a national priority agenda to be mainstreamed in national and provincial policy-making aligned with SDGs Goal 3 and Goal 5. Now there is the highest level forum of Federal Task Force (FTF) on population, chaired by the President of Pakistan and having representation from all provinces and key stakeholders. The most anticipated decisions to improvise the population sector which were lagging since decades are expected to be taken in at this forum.

The arenas of learning from the global best practices has led us to dedicate more financial resources and make investment in social portfolio particularly population and demographic domain. For a populous country such as Pakistan, there are multiple areas which require attention with respect to population namely, reproductive health, contraceptives commodities and its supply chain mechanism, approach and access to service delivery, qualified human resource, specialized training facilities, field personnel and the like. Enabling of economic growth at national level requires mainstreaming of population sector dynamics, to maintain a balanced population growth rate through coordination and consensus between federation and provinces. In the wake of COVID-19 outbreak, the Plan being responsive and agile, may bring human, economic and social loss to the minimum. Certain interventions have been proposed for the sake of continuation of public service delivery.

Performance Review 2019-20

Financial Review

A summary of the allocations for population welfare in the federal PSDP and provincial ADPs during 2019-20 is tabulated on next page:

(Rs million)

Province/ Area	Total PSDP/ADP Allocations*
Punjab	2,000.00
Sindh	375.00
Khyber Pakhtunkhwa	70.00
Balochistan	246.92
Azad Jammu & Kashmir	145.76
Gilgit Baltistan	272.84
Total	3,110.52

* **Source:** Ministry of PD&SI and Population Welfare Departments of provinces.

The Population Welfare Programmes AJ&K and Gilgit-Baltistan are being funded by the Federal Government, while the provincial governments have allocated some amount for their development activities from their ADPs in addition to the expenditures from regular budget for the provincial programmes.

Sectoral Review

All programmes and interventions proposed in last year's population plan are on track. At national level the rapidly increasing population and need of population control were highlighted by the national leadership as a priority last year. Federal and provincial task forces for population control were mobilized. This action plan chartered a roadmap of targets, timelines and responsibilities, highlighting areas where additional funding would be required, aiming to bring contraceptive prevalence rate (CPR) 50 percent, fertility rate 2.8 births per woman and lower the population growth rate 1.5 percent by 2025. It also stipulated to bring down maternal mortality from 170 to less than 70 per 100,000 live births by 2030, reduce unmet need from 17 percent to zero and create an annually replenishing population fund worth Rs10 billion. To prevent early marriage of girls, provincial governments have promulgated supporting legislations.

However, with a global crisis as mammoth as the COVID-19 pandemic, the world stands to lose a lot, with a profound impact on health, social sector and national and sub-national economies including any headway made in population control, as well as sexual and reproductive health.

Supply Side

FP Commodity Insecurity: The shortage of contraceptives commodities and medicines is anticipated as many of the producing companies are facing shortage of raw material labour and because of lockdown. To cope the situation, provincial Population Welfare Departments (PWDs) need to evolve strategies to support back up supplies to avoid potential stock-out situations in the months ahead.

Limited Access: To meet the expected COVID-19 patient and suspect load, screening and quarantine facilities have been set up in available public buildings, including offices and Mobile Service Units of PWDs resulting in disruption in FP service delivery. This challenge is further underscored by ambiguity of understanding FP as a non-essential service at the district level, due to which private sector FP services providers are not working.

The FTF on population approved the national strategy and action plan prepared by Ministry of National Health Services Regulation and Coordination in consultation with provinces and other stakeholders.

Demand Side

Mobility Restriction: Women are unable to seek FP counselling or visit an FP service delivery point due to lock down situation and other responsibilities at home i.e. care of children who are off from school, other family members etc., non-availability of public transport and closure of nearby FP facilities. Women in the lowest socio-economic strata have had higher risk associated with their status on most maternal indicators. This limited or restrained mobility or lack of transport further undermines their right to access healthcare and may lead to deteriorate national maternal health indicators in the medium term.

Halted Community Mobilization: With the social distancing and imposed lockdowns, community service providers are also staying at home, thereby resulting in discontinued FP counselling services. Furthermore, currently personal protective equipment is only being provided to healthcare staff at hospitals looking after COVID-19 positive and suspected cases. Hence FP service providers and community health workers (LHWs, CMWs, FWWs) would be at risk and reluctant if asked to move in the communities.

Fear and Diverted Focus: Presently there is also little understanding of the infection and modus of spread. This coupled with the already low prioritization of family planning at community level, has compounded the situation, with women reluctant to leave houses and visit an FP service provider. The current national and provincial helplines also only provide advice on COVID-19 screening, testing and quarantine.

Overall FP Governance

At present health services have been declared essential but most of the family planning outlets in the country are either closed or being used for Coronavirus patients as quarantine centres. The FP staff is also working for the pandemic and there is disruption of services. All these impacts will be multiplied if there is a diversion of financial and human resources from reproductive health programmes to COVID-19 response, as is the case in other regions. In countries like Pakistan which are already critically deficit of requisite health workforce, this may result in an extreme pressure on the already strained FP service delivery system. Partnerships between governments, territorial health agencies, private partners and non-profit organizations are critical to address a number of areas, such as securing reversible contraceptives, building capacities etc.

Under these circumstances, extraordinary efforts will be required to continue the ongoing initiatives of the government. These include: expansion of family welfare centres; introduction of Community based family planning workers; establishment of adolescent sexual and reproductive health centres, and capacity-building of new inductees, and inclusion and expansion of digitized services for FP at wider scale.

Accomplishments

The government is committed to prioritize population by introducing measures to control it and leveraging on its dividend. During 2019-20, a number of successful FP initiatives were rolled out, the first and foremost being the progress of Federal Task Force on Population and convening of two Federal Task Force (FTF) meetings on Population were held under the Chair of Honorable

President of Pakistan and attended by Provincial Chief Ministers and other members of FTF. The FTF approved the Population Action Plan (PAP), developed by the Ministry of National Health Services, Regulation and Coordination (M/o NHR&C), in consultation with provincial governments and other stakeholders. Targets for the PAP were approved in the ICPD25 Nairobi Summit.

Pakistan Population Fund was also approved and FTF directed the provincial governments to prepare roadmaps for implementation of Action Plan and provincial targets. A committee was established under the chair of Dr. Sania Nishtar SA to PM on PA&SS to review and strengthen the national narrative and the outcomes, to be incorporated in the provincial roadmaps. During the year, a collaboration was also established with Harvard University for the establishment of the Population Resource Centre to collate and consolidate the efforts of provincial governments, public and private sector entities in generation of authentic, reliable and credible demographic data for evidence-based policy framing. Additionally, multiple high-level policy consultations were arranged by the Planning Commission, to put population and family planning agenda on fast track and make specific and effective interventions to functionally integrate health and population departments, improve procurement plans, contraceptives import-related challenges and collection of population service statistics to contribute to a national population digital portal etc.

Outlook 2020-21

Annual plan for 2020-21 has been developed to be more responsive to COVID-19 in addition to its alignment with the PAP approved by FTF. The provincial governments and development partners are on board with the Planning Commission and have contributed to the final interventions for the next year. Initially an allocation of Rs2 billion was approved for the financial year 2020-21, with the M/o NHR&C mandated to explore the possibility of seeking seed money through interested development partners and tapping potential of private sector contribution as corporate social responsibility for the business-as-usual FP services. However, with the COVID-19 situation, there is even a greater need to exploit the existing partnerships to meet the population's demand, while building new linkages.

There will be focus on addressing both the supply and demand side barriers. Through multiple consultations and inputs received from development partners and relevant sections and ministries, key areas for interventions have been identified so that continuation of FP services to the public may be ensured. The Plan will endeavor to mitigate the FP challenges emerging as a result of COVID-19 by:

- Ensuring continuity in FP supply chain through improved planning, forecasting, exploring new delivery channels and local production, and provision of alternate methods to women to meet their immediate needs in absence of FP supplies
- Expanding access and reach by
 - ensuring fully functional PWDs facilities
 - activating, training and properly protecting community workers for mobilization, counselling and services
 - exploring modern (IT/phone-based) modalities to provide FP counselling and services

- rolling out national multi-layered communication strategy for FP
- Strengthening data collection of FP services for developing effective monitoring system
- Activating and strengthening collaborations, networks and partnerships at federal, provincial and local levels to expand the reach of services provision
- Capturing learnings and re-visiting the knowledge generation plans and proposals in place to be re-oriented to COVID-19 and the ensuing realities

Financial Outlay

Financial Plan of Federal and Provincial Governments

In 2020-21, Rs2 billion will be given by federal government to Population Fund, to be disbursed by federal and provincial governments as approved by the Prime Minister of Pakistan. The Population Welfare Departments of Punjab, Sindh, Khyber Pakhtunkhwa and Balochistan, have proposed some funding in their Annual Development Plans (ADP) from their own resources. The federal government has allocated funds to Population Welfare Departments of Azad Jammu & Kashmir and Gilgit Baltistan in PSDP 2020-21. The total federal and provincial allocation from the development budget for the population sector projects is Rs8167.01 million. The details of allocations are given below:

Overview of Funding from PSDP and ADP 2020-21

(Rs million)

Sr. No.	Name of Project	Proposed Allocation
1	Population Welfare Department, Punjab	4246.142
2	Population Welfare Department, Sindh	788.836
3	Population Welfare Department, Khyber Pakhtunkhwa	1016.280
4	Population Welfare Department, Balochistan	1930.000
5	Population Welfare Program Azad Jammu & Kashmir	20.000
6	Population Welfare Program, Gilgit Baltistan	165.749
Total:		8167.007

Sectoral Plans and Strategies

Prior to COVID-19, the annual plan for population was being developed fully in line with PAP 2020-25 for implementation by federal and provincial governments. However, with COVID-19, the scale, pace and urgency of interventions and activities for 2020-23 have changed significantly. While some of the key actionable items identified in the PAP will still be expedited and implemented, most of the activities will now be addressing the critical FP needs arising in the wake of COVID-19 as follows:

Combating disruption in FP Supply Chain

In addition to undertaking revised projection and planning for contraceptive needs for the next 1-3 years, efforts will be made to ensure un-interrupted supply by encouraging and pursuing local/ indigenous contraceptive production, procurement and supply chain systems on WHO standards.

Expanding Reach

Innovative models will be explored to strengthen the supply side: including activation of mobile service units, and IT modalities for screening, counselling and provision of FP services. Minimum Initial Service Package (MISP) for FPRH will be introduced, and joint communication action plan will be developed for maximum scaling and avoiding of duplicated efforts. PWDs facilities currently being used for quarantine/screening will be vacated for provision of FP services. Frontline FP workers including family welfare workers, LHWs, LHV and other PWDs staff will all be mobilized. They will be trained digitally on COVID-19 vis-à-vis FP, including basic information on health and hygiene for women. They will also be provided with standardized PPEs and trainings to use them while ensuring continuity of FP services.

Activating Coordination and Collaboration platforms

Efforts will be made to functionally coordinate the departments of health and population, and to link population programmes with social safety net programmes to introduce innovative incentivized schemes like FP vouchers or conditional cash transfers for FP related services. Innovative engagement and partnership models with private sector will be explored too. This collaboration is critical to develop a national narrative in consultation with provinces and other stakeholders to create a sense of urgency and necessity of reducing population growth rate and achieving socio-economic wellbeing for all.

Learning and Knowledge Management

Planning Commission is initiating the population situation analysis (PSA) to develop insights around population projections, needs and demands for an integrated appraisal of population and development variables, their linkages and impacts on poverty and economic development. PSA will be conducted in collaboration with UNFPA, provincial population and health departments, NIPS, PBS and development partners etc. Other planned learning initiatives for 2020-21 are the Panel Study Using Performance Monitoring for Action (PMA) Framework 2020 jointly by UNFPA and NIPS, Pakistan Demographic Survey (PDS) -2020 by Pakistan Bureau of Statistics, and Baseline Indicators on Demography and 2030 Projections by the provincial PWDs, UNFPA and development partners to develop demographic projections up-to the year 2030. Other exploratory reviews and assessments will be launched with support of development partners to assess the revised population needs and demands post-COVID19.

Key Interventions / Programmes 2020-21

In the wake of COVID-19 outbreak, the population-related activities for the year 2020-21 will now primarily focus on ensuring continuity of FP services during the ongoing pandemic, anticipating the challenges resulting from the disruption of the supply chain and mitigate them. The proposed interventions for the year are given below:

Intervention	Time frame*	Subject
Support un-interrupted supply chain (contraceptives drugs and supplies, related equipment etc.)	MT	Federal / Provincial
Develop revised contraceptive procurement calendar for next 10 years keeping current needs and COVID-19 related consequences in perspective	ST	Federal
Ensure availability and access to essential sexual reproductive health and rights (SRHR) including maternal and newborn health services and supplies; with implementation of the Minimum Initial Service Package (MISP)	MT	Federal / Provincial
Pursue and encourage indigenous contraceptive production, procurement system, supply chain and inventory management system and enabling policy environment to facilitate their rapid entry in the market	LT	Federal
Ensure contraceptives and commodities available at door steps with due personal safety measures taken by the staff	ST	Provincial
Activate mobile service units (MSUs), develop SOPs and resume FP/RH services ensuring all precaution in the wake of COVID-19	ST	Provincial
Shift isolation/quarantine centres established in FP/RH facilities to other buildings for FP service continuity.	ST	Provincial
Explore modalities for online screening, education and FPRH counselling services, mobile phones e.g. WhatsApp, apps etc.	MT	Federal / Provincial
Ensure availability of personal protective equipment (PPEs) (as per WHO standards) for frontline FP SH RH workers	ST	Federal / Provincial
Prepare and train LHVs/LHWs and FWWs to use PPEs while dispensing FP services.	ST	Provincial
Provide digital training to 100 percent of PWD staff on COVID-19 and MISP	ST	Provincial
Train FP workers on emergency contraceptive guidelines	ST	Provincial
Review and update policies and strategies to facilitate access and minimize disruption to FP services during a crisis event like COVID-19	ST	Federal / Provincial
Functionally integrate health and population welfare departments at federal and provincial levels to ensure continuity of FPRH services, esp. during COVID-19	ST	Federal / Provincial
Engage the private sector through effective and innovative partnership modalities to reach women through existing social franchising and social marketing networks, as well as support in supply chain challenges	MT	Federal / Provincial
Revisit Population Action Plan (2020-25) implementation deliverables in the wake of COVID-19 Impact and Learning.	ST	Federal / Provincial

*ST stands for short term (3-5 months), MT for medium term (6-12 months) and LT for long term (beyond 12 months)

In addition to these activities, some of the regular activities planned by the sector to implement the Population Action Plan will also continue to ensure that the momentum continues. This includes establishment of Population Resource Centre with the assistance from the development partners, functional integration of health and population welfare departments, establishment of local procurement, supply chain and inventory system with local/indigenous production of FP commodities. The government is also pursuing revision of the resource sharing formula between the federal and provincial governments through the NFC award. There are also on-going discussions on mandating all public sector health facilities to train providers and deliver FP services as part of the essential service packages. The government is also committed to bridge all legislative gaps pertaining to women reproductive rights and implementation of family planning policies cogently to achieve SDGs targets.

Key Initiatives of Provincial Population Welfare Departments

Punjab

- Uplifting of Service Delivery Outlets and Interpersonal Communication
- Automation of Population Welfare Department Services across Punjab
- Advocacy campaign leading to call of Action-Social and Behaviour Change
- Establishment of three new Family Health Clinics and revamping / extension of buildings of 04 existing Family Health Clinics
- Support of religious leaders to promote family planning
- Strengthening of Supply Chain Management and Commodity Security

Sindh

- Through the Population Welfare Programme, the services will be enhanced to reach in the community as well in the public of the remote areas
- The contraceptives will be distributed among the clients free of cost to ensure universal access through functional integration and task sharing with Department of Health, PPHI and Public Private Partnership especially RHS-B
- For Behavior Change Communication (BCC), 210 Sukhi Ghar Councillors will be engage at village level
- 1700 Women Medical Officers (WMOs) will be trained on Post-Partum Family Planning (PPFP) and 60 Medical Officers of Health Department. NGOs have been trained at Karachi, Hyderabad, Larkana, Sukkur and Shikarpur in coordination with Pathfinder International, Jhpiego and Save the Children

Khyber Pakhtunkhwa

- Inclusion of life skills-based education in secondary schools and population dynamics in syllabi of universities
- Introduction of pre-marital counselling documents
- Joint purchase of Contraceptives with Department of Health
- Advocacy and Communication campaign through print and electronic media.
- Expansion in service delivery outlets
- Districts based surveys in all Districts on family planning indicators
- Involvement of 3723 of Religious Leaders at Village Council level and 200 Religious Scholars as Social Mobilizers
- Establishment of 14 Adolescent Sexual Reproductive Health Centres

- Involvement of private sector through franchising of FP services
- Establishment of Independent Monitoring Units
- Establishment of 200 Family Welfare Centres (FWCs) towards Ensuring Universal Access to Family Planning Services in Khyber Pakhtunkhwa
- Franchising of Clinical Services in Seven Districts of Khyber Pakhtunkhwa

Balochistan

- The Existing Data Collection system will be strengthened through training of PMCT staff
- All public health facilities (BHUs, RHCs, THQs, DHQs, Teaching Hospitals) to be mandated to deliver family planning services as part of the essential service package
- Identification and Registrations of RMPs and Private Hospital and their staff training
- Provision of contraceptives to RMPs and private hospitals service providers
- Identification of uncovered areas in district/ province
- Sharing of the global best practices and documents with stakeholders
- Amendment in the Nikkah Registration Form
- Develop Android app for real time reporting on performance and availability of contraceptives at District offices and SDPs
- Organizing meetings of Ulema of various schools of Islamic jurisprudence

Azad Jammu and Kashmir

- Like other provinces, PSU (Provincial Support Unit) may be established in AJK with the support of UNFPA
- Adequate training of AJK Population Welfare Department for pursuance of indicators under Track20
- Updation of MSUs for provision of MNCH and FP/RH services

Gilgit Baltistan

- Provision of Family Planning services through Mobile Camps in 10 districts of Gilgit Baltistan has been planned
- Awareness Sessions/ Conferences for Ulema, Khateebes, Social activists, Teachers, Media persons, Youth and students
- Promotional activities and Mobile Camps

CHAPTER 9

BASIC AND COLLEGE EDUCATION

Quality education one of the fundamental driving forces of economic development of a country, by providing social and human capital. Quality education system helps prepare quality professionals, revolutionizes people's thinking, and enable them to contribute better in economic development. We have to go a long way to reshape our existing education structure so as to generate desired social and human capital to help accelerate the pace of economic growth. Challenges are uphill such as huge burden of out of school children, gender and regional disparities, poor access and weak governance & institutional capacity. However, these challenges can be dealt with by allocating more resources for the sector, improving governance, providing requisite human resource and ensuring better coordination among Federal and Provincial Governments.

In the wake of COVID-19 outbreak, schools have been temporarily closed across the country that has badly affected the delivery of educational services. 34 percent of our population living in rural and urban informal settlements that has already limited access to education is likely to be impacted severely being at the frontline of the crisis. Already existed inequalities in education will be widening further. Loss of learning due to the closures of schools across the country will increase the dropout rates and out of school children as 42 million school going children from pre-primary to college level have been directly impacted alongside 23 million out of school children. The spill over effects of economic decline due to COVID-19 will further widen already widespread regional, socio-economic and gender disparities.

According to Pakistan Education Statistics 2016-17, 625 thousand women are employed as teachers in private sector that are likely to be impacted severely, particularly, those in low-cost private schools. Most of them will be laid off as schools remain closed. This state of affairs may result in affecting the pace of combating challenges in the avenue of education. In addition, allocation of more resources for the sector and provision of desired human resource are likely to be constrained. Consequently, alternate ways to fill the expected gaps will have to be explored.

Performance Review 2019-20

Financial Review

Twenty-Six projects worth total cost of Rs18,720.57 million were fixed in Federal PSDP 2019-20. A sum Rs3,805.12 million was allocated to 26 projects in the Revised Federal PSDP for basic and college education. Ministry / Division wise detail given as under:

(Rs million)		
Ministry/ Division	No. of projects	PSDP Allocation 2019-20
Federal Education & Professional Training (FE&PT)	23	3,554.19
Finance	01	165.43
Defence	02	85.50
Total	26	3,805.12

Realizing the importance of investment in Education Sector, Provincial and Area Governments widened the portfolio of their ADPs and allocated a total of Rs77,506 million for the basic and college education during 2019-20. Province / area-wise ADPs allocations for the sector are given below:

(Rs million)

Area/ Province	PSDP/ ADP Allocation (2019-20)
Punjab	34,600
Sindh	17,800
Balochistan	17,380
Khyber Pakhtunkhwa	7,726
AJK	3404
Gilgit Baltistan	1,148

Provincial and Area governments utilized their resources mainly for: Establishing new institutions upgrading existing institutions; improving gender parity; training & development of teachers, head teachers and educational managers; provision of missing facilities; incentivizing girl's education; increasing enrolments, enhancing literacy rates through formal and non-formal education; sectoral reforms; strengthening of science and computer labs; and, recruiting highly qualified teachers.

Sectoral Review

In 2019-20 the federal and provincial governments introduced several programmes and initiatives to expand access to quality education in urban and rural areas including far to reach marginalised geographic regions through infrastructure development, scholarships provision and special focus on girls' education; build institutional capacity of education managers and teachers; and, undertake thorough curriculum reviews through National Curriculum Council (NCC) to develop a single national curriculum.

Two ongoing projects initiated by the Ministry of FE&PT in 2019-20 include; "Pilot Project for STEM teaching Grades 9-12" in 30 schools in FDE and "Pilot Project for Blended E-learning in 200 x classrooms of Federal Capital (Grade 1-10)". These are being rolled out under Prime Minister's Task Force on Knowledge Economy. Academy of Educational Planning and Management (AEPAM) undertook capacity building exercises of education managers through a project titled, "Capacity Building of Education Managers". The project was approved on 09-03-2020. While national participation in 'trends in international mathematics science' global study was done for Grade IV. Directorate General of Religious Education was established to mainstream 32,000 *deeni Madaris* across the country within the formal education system.

In the wake of COVID-19 outbreak, 50 million learners have been affected across the country particularly 70 percent enrolled students and out of school children residing in rural and urban informal settlements, widening existing inequalities of access to education and digital divide. This challenge is further compounded by the non-universal penetration of TV in rural areas. COVID-19 related shut downs and social distancing measures led to affecting: 75 percent young people targeted through Hunarmand Pakistan Programme; 350,000 students registered with Federal Board affected due examination delays; 5 percent cost escalation in civil works; and, delay in development single national curriculum. Furthermore, 1.6 million teachers are also affected with limited training in distance learning pedagogy and having fears of job insecurity.

According to Pakistan Education Statistics 2016-17, 624555 women are employed as teachers in private sector that are likely to be impacted severely, particularly, those in low-cost private schools. Most of them will be laid off as schools remain closed.

COVID-19 Responsive Actions

Besides the challenges, upon confirmation of the first COVID-19 case in Pakistan, the Government enacted one of the fastest shutdowns of educational institutions nationwide by mid-March 2020 which was later extended to end of May. All national (matric/ intermediate) and international (O/A level) examinations were postponed in Pakistan. In order to reach out to maximum number of learners across Pakistan, television was chosen as the optimal entity and Tele-School was launched in collaboration with PTV, in a record time of less than 10 percent it usually takes to launch a new channel, providing national curriculum content for Grades 1-12. Government of Punjab also deployed content through 'Taleem Ghar' via cable, web and mobile application, and collaborating with over 750 cable TV operators across the province.

Outlook 2020-21

General Sectoral Objectives

Plan focuses on to improve:

- Access to and introduce a uniform education system
- Improve quality of education for all including vulnerable girls
- Increase adult literacy rate and skill development-enhance access to and relevance of skills training
- Regulation and Promotion of Private Education Sector
- Reducing out of school children
- Jacking up of education share in GDP on annual basis
- Elevating gender parity index and enrolment at all levels of basic and college education

COVID-19 Specific Objectives

- Education Continuity and Learning through Tele Schools and Digital Platforms
- Reducing gender inequalities arising out of COVID-19 implication
- Leveraging on expertise of Laid off Female Labor Force by ensuring job security

Financial Outlay 2020-21

The Federal Government envisages a total of 27 schemes (19 ongoing-and 08 new) during 2020-21 for the basic and college education sector. An amount of Rs4,500 million has been envisaged in 2020-21 for M/o FE&PT.

Following COVID-19 specific interventions are planned at federal level during 2020-21:

- National Action Plan on Education related to Mitigate COVID-19 impact
- Development of remote/ distance learning, e-learning and online technical courses
- Rescheduling of exams to safeguard 350,000 students registered with Federal Board
- Development of alternative learning models and programmes to serve hard-to-reach areas
- Distribution of learning material to go along with distance learning TV and radio platforms
- Provision of safe school environment that includes cleaning, disinfection, decontamination and WASH facilities

Proposed Actions/ Reforms

- Ramping up of 'Tele School' and Digital Platform initiative particularly for females to insulate learning outcomes for them
- Existing widespread access to television and smartphones may be capitalized for remote learning
- Involvement of and incentives to Private Sector Education
- To reduce educational gap particularly for girls remedial classes may be introduced in consultation with the relevant ministries.

CHAPTER 10

HIGHER EDUCATION

Higher education sector has a close relation with growth; productivity and employment as the trained manpower from universities is responsible for innovation and ultimately enhancing productivity. The productivity enhancement comes with employment opportunities as well as overall economic growth. The role of higher education is pivotal in production of fresh human capital and further training of existing social and human capital. Hence focus will be not only on production of quality manpower but also instil in them the entrepreneurial culture.

The recent focus of higher education sector has remained on three main areas including: Increasing Access to Higher Education; Improve Quality; and Undertake Research and Development Relevant to national needs. In 2019-20, the fourth dimension added to this trio was Embrassing the Fourth Industrial Revolution i.e. 4IR. In recent past, there has been a feeling that expansion of higher education sector especially establishment of universities and campuses should not compromise on quality. In 2020-21, investment in higher education sector will be done in smart, strategic and comprehensive manner without compromising on quality.

Performance Review 2019-20

Financial Review

An amount of Rs29.05 billion was allocated in PSDP 2019-20 to Higher Education Commission (HEC) for implementation of 138 development projects (128 ongoing & 10 un-approved projects). The detail is given below:

(Rs billion)					
S.No.	No. of Projects	Original PSDP Allocation 2019-20	Revised PSDP Allocation 2019-20	Releases by 10 th May 2020	Utilization by 10 th May 2020
	138	29.05	28.50	26.94	20.00

* **Source:** PSDP 2019-20 Document and Higher Education Commission

An amount of Rs26.94 billion (around 95 percent of the revised allocation 2019-20) has been released to HEC by 10th May 2020. HEC has reported utilization of Rs20.00 billion which is 74 percent of released funds.

Sectoral Review

Increase in Access

Prior to 2019-20, there was a policy to establish a university or university campus in each district of the country. However, in 2019-20, HEC resolved to increase access of higher education without compromising the quality. For this purpose, need assessment was made mandatory before establishment of any university or campus of existing university. In most of the cases, this policy has been implemented and new campuses have only been established after need assessment.

Total number of universities in the country both in Public sector & Private sector which was 195 last year has been increased to 211 (Public Sector: 128 & Private Sector: 83). Similarly, the number of sub-campuses of these universities has also been expanded to 122 (Public Sector: 87 & Private Sector: 35). Ultimately, the total enrollment has also been increased to around 1.6 million. It was decided in 2019-20 that establishment of the new universities will not affect the funding for existing universities. The review shows that the same has been followed and higher education sector has largely gone for consolidation instead of unchecked expansion.

Quality of Higher Education

The Annual Plan 2019-20 insisted on HEC to ensure that all existing and new universities will have Quality Enhancement Cell (QEC) to comply the standards/ guidelines being set for curricula, faculty, examination, governance and digital resources. Accordingly, now it has been reported that there are 196 universities which have established their QECs. The scope of these QECs has been enhanced with six major parameters including institutional performance evaluation, self-assessment of programme, accreditation of programmes, satisfactory programme review, functioning of QECs and implementation of HEC's quality assurance policies.

The quality of education imparted by universities in a country is also reflected by their global and regional rankings. Globally, Quacquarelli Symonds (QS) World University ranking is one of the standard ranking systems. In 2019, seven Pakistani universities made it to top 1000 universities of the world as per QS Ranking. This year (2020) again seven universities achieved the same result. These included: Pakistan Institute of Engineering & Applied Sciences (PIEAS) at 375, National University of Science & Technology (NUST) at 400, Quaid-i-Azam University (511-520) and Lahore University of Management Sciences (LUMS) (701-750). COMSATS University Islamabad, University of Engineering & Technology (UET) Lahore and University of the Punjab were among 801-1000 ranking bracket. At regional level, as per QS Asian Ranking 25 Pakistani universities were ranked in Top 500 Asian Universities.

The quality of higher education is directly related to availability of trained faculty; therefore, HEC has for over a decade been involved in implementing the Human Resource Development (HRD) projects throughout the country. HEC provides undergraduate and graduate level scholarships to the university faculty and fresh candidates by implementing these schemes. Following is brief progress review of scholarship initiatives:

Overseas Scholarships

A total of 716 scholars proceeded abroad for their PhD studies during 2019-20. Overseas Scholarship Scheme Phase-III was main project of PhD scholarship under which 487 scholars proceeded abroad. In addition to these, 501 local PhD scholars were provided opportunity to spend 6-months abroad under International Research Support Initiative Programme (IRSIP) during the said period.

Indigenous Scholarships

A total of 1975 indigenous scholarships were awarded for Under-Graduate, Post-Graduate and PhD studies under various schemes during 2019-20.

Need Based Scholarships

Under this programme, a total of 2703 needs based scholarships were awarded during 2019-20. Various need based initiatives include: HEC-Needs based scholarships, USAID, & OGDCL Needs based scholarship programme.

Post Doc

PhD faculty was provided with 156 Post-Doctoral fellowships under this scheme.

The Ehsaas undergraduate scholarships initiative was formally launched by the Prime Minister on 4th November 2019. This is the largest ever needs-based undergraduate scholarship programme in the history of Pakistan. Under this programme, starting from 2019-20, every year 50,000 students from low-income families will be awarded scholarships for 4 to 5-year undergraduate degree programmes. The selection of scholars for 2019-20 and award of scholarships is in progress.

Faculty Development Programme

Ninety scholarships have been awarded whereas 268 provisionally awarded in Batch-II of Faculty Development Scholarships.

Relevance of Research & Development

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. Streamlined research, generated by strategic academic processes that build strong societies and economies has now entered a takeoff phase of commercialization. Business and Technology Incubators are being established in universities across Pakistan to promote university-industry collaboration. Universities have initiated different research projects related to agriculture, business, industrial needs, which are shared with the related stakeholders and other sections of the society.

In order to sustain the trend and to expand the horizon of research activities in HEIs while reaping the benefits of research in real term of community impact and research commercialization, HEC focused on research activities those have direct impact on community wellbeing and economy of the country. These are;

- Under NRPU, 544 Projects were awarded in 2019-20 whereas 381 projects were completed during 2019-20
- Innovative & Collaborative Research Grant (ICRG), Grand Challenge Fund (GCF), Local Challenge Fund (LCF) & Technology Transfer Support Fund (TTSF) were conceptualized, 06 awareness sessions held with the stakeholders, and programmes were launched for online intake
- Call for proposals under grand challenge fund have been received and the review is under process
- Six collaborative research grants jointly submitted by Pakistani and UK faculty will be supported under ICRG up to Max Rs50 million for each partner by HEC & British Council with their respective shares

- 25 Travel Grants to Pak-UK researchers to establish linkages and strengthen research partnership have been awarded
- Under Pak-France Research Mobility Programme and Pak-Turk Research Mobility Programme review of applications is under process to be awarded in the current financial year
- The existing policies of ORICs and BICs were presented before National Committee on R&D and a revised draft of both have been prepared for approval in next Commission meeting

Embracing Fourth Industrial Revolution

HEC has been involved to establish National Centres in cutting edge technologies since 2018-19. These include National Centres for Artificial Intelligence; Cyber Security; Robotics & Automation; and Big Data & Cloud Computing. Recently, another National Centre for GIS & Space Applications has also been established. All these National Centres have consortium of universities working on various sub themes of respective areas for research, innovation and product development. These centres were provided ample funds with periodic reviews of progress made in the current year. HEC has also developed general SOPs to be followed pertaining to different actions of these National Centres. One of the important initiative to promote research in emerging technologies is Technology Development Fund (TDF). Under this programme, grants were released to 139 research projects already awarded against various Calls of proposals.

Ongoing Initiatives

Following are ongoing initiatives taken in 2019-20:

- Development and Extension of Bolan University of Health Sciences, Quetta
- Establishment of National Centre for GIS and Space Application
- Establishment of New Campus of National University of Technology (NUTECH)
- Higher Education Development Programme of Pakistan (HEDP)
- Strengthening & Development of Physical and Technological Infrastructure at the University of Haripur
- Construction of University of Mines and Minerals in Naukandi
- Establishment of China-Pakistan Joint Research Centre (CPJRC) on Earth Sciences, Quaid-i-Azam University, Islamabad

Accomplishments

Key higher education projects to be completed in 2019-20 is given below:

- Commencement of 4 Year undergraduate programme in Water Resource Engineering and Petroleum engineering at UET Taxila
- Development of New Campus of Government College University (GCU), Faisalabad

- Essential infrastructure for Lahore College for Women University (LCWU), Lahore, Jhang Campus
- Establishment of I.T and Library Infrastructure for new disciplines of Food and Energy Engineering and Science at University of Agriculture, Faisalabad
- Provision of basic amenities at Balochistan University of Engineering & Technology, Khuzdar
- Strengthening of Academic and Research Facilities at Gomal University D. I. Khan
- Strengthening of Academic & Research Facilities of University of Health Sciences, Lahore
- Strengthening of Academic Facilities at Shah Abdul Latif University, Khairpur
- Strengthening of Existing Departments at Islamia University of Bahawalpur
- Strengthening of National Textile University (NTU), Faisalabad
- Strengthening of Quaid-e-Awam University of Engineering, Science and Technology (QUEST), Nawabshah
- Strengthening of University of Balochistan, Quetta and its Campuses
- Up gradation of Academic Facilities at Sindh Agriculture University, Tandojam
- Up-gradation of University College of Engineering & Technology Mirpur into Mirpur University of Science & Technology, Mirpur, AJ&K

COVID-19 Specific Sectoral Challenges

- Developing prototypes for indigenous medical products like Personal Protection Equipment (PPEs), Sanitizers, gloves, shields, masks and Ventilators
- Academic research to develop medicines / vaccine for COVID-19 and infectious diseases.
- Developing database of infectious disease and its analysis
- Continuity of education by online resources without compromising quality of content.

Government Response to COVID-19

- HEC invited COVID-19 related research proposals for funding under their approved project, “Higher Education Development in Pakistan (HEDP)” for its components like Grand Challenge Fund; Innovation Seed Fund; and Technology Transfer Support Fund
- Initially it was thought to reserve US\$ 1 million for these proposals, however, HEC later negotiated with World Bank for expanding the funding to US\$ 10 million
- In response to the call, 214 applications for Grand Challenge Fund with maximum Rs15 million per proposal were received

- Similarly, 164 applications for Innovation Seed Fund with maximum Rs5 million per proposal and 49 applications for Technology Transfer Support Fund with maximum Rs7.5 million per proposal were received
- Main themes of these proposals include Disinfectants Development; Diagnostic Kits; Disease Modelling; Data Collection; Pandemics Data Usage (Developing Big Data); Immune Patterns; Intensive Care Equipment; Personal Protective Equipment (PPEs); Vaccines/ Medication; and Online Education Technology
- In order to save precious time of students and keep them engaged, HEC allowed the universities to start online classes. However, most of universities being new to this challenge faced several issues in this regard
- HEC intervened and some of the universities were barred to continue the classes due to lower quality of content, videos, digital infrastructure and lack of trained faculty

Outlook 2020-21

Sectoral Objectives

In 2020-21 the main focus of higher education sector will remain on following areas:

- Enhancing access to higher education without compromising on quality
- Improving quality of higher education
- Ensuring relevance of higher education to national needs
- Embracing the Fourth Industrial Revolution (4IR)

COVID-19 responsive Sectoral Objectives

- Developing national knowledge database for viral and other diseases
- Developing vaccines and understanding genetics / genomics of COVID-19
- Pilot / full scale production of COVID-19 related medical equipment based on local R&D
- Going to next level of tele-education by providing affordable digital gadgets, internet and other facilities to students as well as capacity building of universities and faculty

Sectoral Plan/ Strategy 2020-21

Access to Higher Education

In continuation of policies for previous years, HEC will be ensuring to establish new universities or their campuses only after need assessment. The Commission will be required to conduct feasibility studies and/or hold stakeholder consultations before coming up for any proposal for establishing a new university or its campus. It is also very important that HEC takes Provincial Government onboard about expansion of higher education sector. The Commission will be required to oversee/ monitor provincial development initiatives to avoid duplication of funding. The availability of faculty, feeder institutions and size of kitty to fund the new initiatives as well

as priority based on feasibility for setting new institutions will be taken into consideration in this regard. It will be assured that the funding of newly established universities does not realize at the expense of existing universities.

Quality of Higher Education

In order to provide quality higher education to masses, it is imperative to invest in human resource. HEC will hence continue to offer scholarships to faculty and fresh scholars for training at prestigious local and foreign institutions. Following is the overview of scholarships and trainings to be offered by HEC in 2020-21:

- **Master Leading to PhD Scholarships Programmes**
A total number of 197 scholars will be awarded
- **Indigenous Scholarships**
700 undergraduate/ MS/ MPhil scholarships will be awarded for students of Balochistan and merged districts of Khyber Pakhtunkhwa
- **Need Based Scholarships**
3000 needs based scholarships will be awarded
- **Post Doc**
250 Post Doc scholarships will be awarded
- **The *Ehsaas* undergraduate scholarships**
Over four years, 200,000 undergraduate scholarships will be awarded (50,000 per annum) on need and merit basis. 50 percent of awardees will be girls and 2 percent of awardees will be differently abled

Relevance of Research & Development

HEC has recently revamped research grants framework in order to meet national and local needs as well as to achieve a much wider societal impact. The overall landscape of research and innovation grants offered by HEC is as under:

- NRPU – National Research Programme for Universities
- TDF- Technology Development Fund
- GCF – Grand Challenge Fund
- LCF – Local Challenge Fund
- TTSTF – Technology Transfer Support Fund
- ICRG – Innovative & Collaborative Research Grants

In order to promote research for Innovation culture in academia of Pakistan and ensure sustainable economic growth, HEC will take following steps:

- Revamping Office of Research Innovation & Commercialization (ORICs) in universities

- Revitalize existing Business Incubation Centres (BICs) and establish new BICs at public Sector universities to produce successful startups / firms and facilitate young entrepreneurs
- Continue Patent Support Programme
- HEC will incentivize universities by co-funding 75 percent of their research requirements for activities like: Seed grants to new faculty; Conference/ travel grants; access to digital resources, lab resources; and graduate student research
- Implement 3-tier model of universities including: P-15 Research Intensive Universities, comprehensive universities in each district and affiliated colleges. Enhanced funding will be provided to P-15 to bring them in top global ranking
- HEC has framed concept paper for National Research Agenda (NRA) with primary objective to develop a comprehensive NRA framework to conduct solution focused research across multiple disciplines, essential for addressing challenges faced by the country for sustainable development and to bring together researchers, government agencies, private organizations, industries and civil society to identify potential research priorities of national relevance
- Development of Research Excellence Framework (REF) that will be used as a tool to assess research performance of the Universities and individual faculty

Embracing Fourth Industrial Revolution

HEC has so far established five National Centres, while two are in pipeline. The new centres will be established in areas of Nano-Science & Nanotechnology and Human Nutrition. This will bring the total number to seven. Some of the centres are in 2nd year of their establishment like Centres of AI and Cyber Security. It is hoped that the research undertaken by these researches will transform into tangible products / prototypes in 2020-21. HEC will focus to keep track and monitor progress made by these centres and then facilitate for the commercialization of research undertaken. These centres will be provided adequate funding like previous years for expected results. HEC will ensure to implement the SOPs pertaining to different actions of these National Centres.

Key Interventions/ Programmes 2020-21

In 2020-21, the focus will remain on consolidation by allocating more funds to complete ongoing projects and only start top priority new projects. HEC will negotiate with World Bank to double the TA support in HEDP project to take it to US\$ 100 million for conducting meaningful research in health sector in pandemic and post pandemic period. The overall cost of the project may also need to be reworked. For rest of the initiatives of higher education sector, some priority new projects are listed below:

(Rs billion)			
Sr.#	Project Name	Estimated Cost	Proposed PSDP Allocation 2020-21
1	Missing Necessities for the operational needs of the King Abdullah Campus of the University of AJK, Muzaffarabad	0.40	0.35
2	Establishment of MUST Campus at Pallandari (Phase-I)	1.20	0.20
3	Development of Academic and Research Infrastructure of University of Gwadar (Phase-I)	1.50	0.25
4	Development of Infrastructure at Lasbela University of Agriculture & Marine Sciences (Phase-II)	1.15	0.15
5	Establishment of Four (04) new Departments at Balochistan University of Engineering & Technology (BUET), Khuzdar	1.70	0.25
6	Development of Main Campus, Bacha Khan University Charsadda (Phase-I)	1.08	0.25
7	Strengthening of Abbottabad Campus of University of Engineering & Technology, Peshawar	1.53	0.20
8	Infrastructure Development at University of Science and Technology Bannu	1.20	0.20
9	Provision of Missing Facilities in Women University Mardan	0.55	0.15
10	Feasibility Study for establishment of University in Waziristan	0.01	0.01
14	Development of The University of Buner (Phase-I)	1.86	0.20
15	Development of New Campus of Govt. College Women University Faisalabad (Phase-I)	1.50	0.25
16	Strengthening of Existing Facilities of Government Sadiq College Women University (GSCWU), Bahawalpur	0.73	0.10
17	Establishment of MNS University of Engineering & Technology, Multan (Phase-I)	0.70	0.15
18	Development of University of Okara	1.45	0.25
19	Development of University of Sahiwal	1.37	0.20
20	Development of Rawalpindi Medical University	1.53	0.25
22	Establishment of an Advance Molecular Genetics and Genomic Disease research and treatment centre at Dow University of Health Science, Karachi	0.33	0.10
23	Strengthening of Centre of Excellence in Arts & Design (CEAD), MUET Jamshoro	0.87	0.20
24	Provision of Missing Facilities for Shaikh Ayaz University, Shikarpur	1.41	0.15
25	Strengthening and Upgradation of Academic Research and Sports Facilities at LUMHS, Jamshoro	1.58	0.15
26	Smart Universities: Transformation through Smart Classrooms	2.35	0.50
27	Development of Strategic Plan for Higher Education	0.06	0.06

COVID-19 Responsive Interventions / Programmes 2020-21

In 2020-21, it is expected that investment made by HEC through various challenge funds of HEDP programme will realize into products. It is expected that many prototypes of masks, sanitizers, PPEs, Ventilators and other medical equipment will be developed and produced in collaboration with private sector. Some of the health and medical universities started clinical trials of existing medicines on COVID-19 and some others were studying genetics of virus as well as trying to

develop some drugs or vaccines for treatment. It is hoped that in 2020-21, considerable progress in this regard will be made. Government is committed to support any such efforts that can result in producing prototypes or products for this purpose.

HEC started online classes for students in 2019-20. In this regard, following issues were identified during implementation:

- Bad Quality of contents, interaction and digital connectivity of online education
- Affordability of laptops/ smartphones and internet packages
- Inadequate University Infrastructure/ lack of readiness
- Capacity of Faculty, University Staff & Students and lack of Technical Support

In order to be prepared to switch to online education at any point of time in future, HEC will work on following solutions:

- Developing local Standard courses/ materials or collaboration with global leaders in online contents like Coursera, Edexcel and Khan Academy
- Engage cellphone companies for providing smart phones to students at subsidized rates
- Discussing with Telecom Companies (Telcos) for subsidized internet + tax exemption
- Hiring university's own IT graduates for technical support with upto 15 K salary
- Training of university, faculty and staff for content development and IT use
- University support infrastructure for online education

In post-pandemic period, hopefully the emphasis will remain on following:

- One of the shortcomings for medical students is their poor background in IT and mathematics. HEC is planning to make IT Compulsory for all subject
- Develop quality "National Knowledge Database" for all disciplines so that we can go for online education in future at any time
- Health Sector R&D especially medical equipment, and health sector Surveillance
- Develop Health Sector Big Data for all diseases for analysis and requisite archiving
- Developing close Collaboration between Health and Engineering for indigenous development of medical equipment
- Establishing strategic assets for example disease surveillance and infectious disease rapid response centre along with rapid therapeutic production unit (such as antibody production customized to local viral or bacterial strains) may be proposed

Financial Outlay

An allocation of Rs29,000 million has been proposed for PSDP 2020-21 in respect of 131 HEC projects. This includes Rs24,395.016 million for 116 ongoing projects and Rs4,604.984 million for 15 new projects.

CHAPTER 11

SCIENCE AND TECHNOLOGY

Science and Technology (S&T) potential is a fundamental for social and economic progress in developing countries. It is imperative to integrate the existing technological infrastructure for strengthening of technology institutions, effective governance of Scientific & Technological Research (S&TR) and enhancing the capacity of indigenous innovation systems. The development in S&T shapes the future of nation and helps to make it compatible with nature. It can benefit to develop clean energy, enhance hi-tech products, manufacturing transport with less emissions and low-energy houses.

The Plan envisages focusing on demand driven Research and Development (R&D) and implementation of projects having significant economic impact. Investment in R&D for development of new products and to launch development initiative in the areas of Human Resource Development (HRD), Popularization & Promotion of Science, Small Medium Enterprises (SME) Facilitation, Water Resources & Conservation, Oceanography, Herbal Medicines, Quality Assurance and Standards, Halal Accreditation, Gems and Precious Stones, Medical Devices and Health, Renewable Energy, Electronics and Automation. Efforts will be made to increase productivity, outreach local industry for adopting indigenous technologies and processes, enhancing collaboration among R&D organizations, academia & industry and reorganization of R&D organizations of Ministry of Science & Technology (MoST) with new KPIs. There is also need to realizing collaboration among defense and civil R&D organizations.

Performance Review 2019-20

Financial Review

A summary of PSDP Allocation 2019-20 for MoST is given below:

(Rs billion)				
S.No.	No. of Projects	Allocation	Releases	Utilization (by 10 th May 2020)
	31	7.407	1.864	0.253

* *Source: PSDP 2019-20 Document and Ministry of Science & Technology*

Out of 31 projects, 08 projects related to Task Forces on Knowledge Economy and S&T. Out of Task Force projects, 03 projects have been approved, 03 projects are under approval process and 02 projects have been shifted to other Ministries.

Sectoral Review

- Ministry of Science & Technology (MoST) through a project for Certification Incentive Programme, supported Small & Medium Enterprises (SMEs) for compliance of internationally recognized standards. Out of total 486 applications received from various SMEs across country for the award of Incentive Grant against various Certification schemes, 242 applicant firms were approved for award of the Incentive Grant

- Under same initiative, training programmes for capacity building of SMEs personnel and MoST & its organizations were designed in consultation with the Chambers of Commerce & Industries, sector specific Trade Associations, SMEs and other stakeholders. The Training programme has been outsourced through open bidding. The hired firm conducts 2-Day (non-examination based) training courses against 19 certification standards and 5-Day (examination based) lead auditor courses against 08 certifications/ accreditation standards
- For Capacity Building and HRD in S&T Sector, Science Talent Farming Scheme (STFS) is being implemented to groom the selected youth by exposing them to advanced topics in science through application of inquiry-based approach. Following are main achievements of scheme:
 - Under the scheme selection of 4 batches of students (1200 total) has been completed
 - Inquiry Based learning sessions and motivational lectures were arranged. 550 students participated in the activities
 - Under the 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
- COMSATS University, Islamabad (CUI), National University of Science & Technology (NUST) and National University of Technology (NUTECH) are providing the quality education with prime focus on innovation in Science and Technology
- Upgradation of Overall R&D infrastructure of the Labs and Facilities of MoST Organizations was a prime objective of Annual Plan 2019-20. However, limited progress has been made in this regard. Some details are as under:
 - The Capacity Building project of 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) and fresh students to develop skills in planning and optimum utilization of available water supply infrastructure
 - Establishment of Precision Systems Training Centre (PSTC) and PCSIR Laboratories at Gwadar, Balochistan is also underway. These laboratories at Gwadar will not only create jobs but 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
- **Industry Focused R&D** is the prime impetus at the Ministry. Pakistan Council of Scientific and Industrial Research (PCSIR), with a network of 17 research laboratories/ units including 06 training institutes located all over the country supports industry in various sectors for providing cost-effective technology solutions to improve their economic performance. PCSIR provides services in energy, food, advance and composite material, leather, textile, food safety and value addition, herbal medicines and products. The council laboratories are providing testing & certification services to almost entire industrial sector and most of the exportable products are being tested by its ISO-17025

accredited labs. During 2019-20 (Jul-Dec) PCSIR filed/ obtained 72 patents, developed 325 technologies, leased-out 86 technologies, provided 63302 testing/ calibration services to 20400 clients, interacted with 3100 industries, prepared 410 technical reports and provided 788 consultancy services. 300 papers of PCSIR scientists and were published, and supervised 3374 students during said period

- Trade Related Interventions by MoST are being undertaken through Pakistan Standards and Quality Control Authority (PSQCA), Pakistan National Accreditation Council (PNAC) and National Physical and Standards Laboratory (NPSL). These organizations are actively involved in export enhancement, trade increasing and improving health and safety of consumers through mandatory and voluntary standards. PSQCA formulate and promulgate standards. PNAC assists in expansion of trade through accreditation of laboratories and certification bodies, whereas NPSL is responsible for traceability of metrology standards. During financial year 2019-20, PNAC has accredited testing and calibration lab and certification body in Bahrain and Qatar. Furthermore, PNAC has received applications for accreditation on various standards including halal accreditation from countries such as Kingdom of Saudi Arabia and Germany which are under process
- In Health Sector, the project “Establishment of Medical Devices Development Centre (MDDC) at NUST, Islamabad” was undertaken wherein full-fledged stent manufacturing system would be developed. In this regard, commissioning of equipment is complete, Infrastructure / construction work is in progress, preparation of Quality Management System for the manufacturing facility, consultancy agreement through tender is in process, local training of the MDDC team is completed; purchase of consumables has been completed
- There were eight (08) projects in PSDP 2019-20 recommended by Task Forces on Knowledge Economy and Science. So far 3 of these has been approved, 3 are in process of approval while rest of the two have been transferred to other Ministries / Organization for implementation. One of the approved projects is about biomedical technology institute at COMSATS University Lahore. This project has just started and will develop products for dentistry. Another approved project is for use of Artificial Intelligence in Health sector at Karachi University. Similarly, the third approved project focuses on nanotechnology research. However, large chunk of the PSDP allocation of above Rs6 billion earmarked for Task Force projects would not be utilized

Ongoing Initiatives

List of key ongoing initiatives taken in 2019-20 is given below:

- Establishment of PAK-KOREA Testing Facility for PV Modules & Allied Equipment, PCRET
- Up gradation of Polymers and Plastics Laboratory at PCSIR Laboratories, Complex, Lahore
- Establishment of Centre for Advanced Technologies in Biomedical Materials (Knowledge Economy Initiative)
- Establishment of Facilities for Industrial Production of Nanomaterials in Latif Ebrahim Jamal Nanotechnology Centre (Knowledge Economy Initiative)
- Establishment of a Centre for Artificial Intelligence in Health Sciences

- Establishment of National Centre for Industrial Biotechnology for Pilot Manufacturing of Bio Products using Synthetic Biotechnology and Metabolic Engineering Technologies (Knowledge Economy Initiative)
- Pak University of Engineering and Emerging Technologies (Knowledge Economy Initiative)
- Pakistan Research Reactor-3 (10MW upgradable to 20 MW)

Accomplishments

List of key Science & Technology projects to be completed in 2019-20 is as follows:

- Capacity building for tapping marine living resource potential of Pakistan, through biological oceanography- Phase-I, NIO
- Establishment of Medical Devices Development Centre (MDDC) at NUST, Islamabad
- Financial Support to Scientific Societies in Pakistan (Phase-II)

COVID-19 Specific Sectoral Challenges

- R&D for indigenous production of medical equipment and accessories to fight COVID-19
- Local prototype development of ventilators and other medical equipment
- Local production of Sanitizers, disinfectants, gloves, PPEs, shields and masks
- Promote health sector research to develop vaccines and medicines for viral diseases

Government Response to COVID-19

COVID-19 hit the world in early 2020. All the sectors of economy including Science & Technology felt the impact of this pandemic. Some R&D and testing / standardization organizations of Ministry of Science & Technology like PCSIR, PSQCA and NUST have already started working on indigenization of medical equipment. Some of these efforts are enlisted below:

- Sanitizers developed by PCSIR on WHO Standard and submitted to PSQCA for certification have been supplied/ being supplied to Punjab
- PCSIR has negotiated with CSD, Utility Stores, banks and ZTBL to provide same Sanitizer in bulk. These organizations will arrange its packing with PCSIR Logo after packing for their use for emergency response only
- Pakistan Engineering Council (PEC) invited designs of ventilators from public and private interested parties. More than 50 designs were submitted and 2 prototypes of ventilators from Private Sector have been selected which will go on trial soon
- NUST has developed their Testing Kits which are under trial at CMH and MH
- NUST has also developed Sanitizers being used by them and supplied to CMH and MH.

- Ministry through PCSIR and PSQCA provided technical support and help to Nishat Chunian; a private textile player for Mask Production
- PCSIR is supporting Punjab for medical equipment testing and ICU equipment testing
- PCSIR has developed & supplied disinfectants to Punjab

Defence Division/ SPD have already collaborated with NDMA and started producing following medical equipment and accessories at various defence entities like HMC, HEC, PAEC etc. The equipment includes: PPEs; Disinfectants; Sanitizers; PPEs; and Ventilators.

Outlook 2020-21

Sectoral Objectives

The Plan envisages focusing on following priority areas set in economic growth strategy and the manifesto of the present government for S&T sector:

- Human Resource Development (HRD)
- Industry-R&D Academia Linkage
- SME Facilitation
- Upgradation of lab infrastructure
- Restructuring/ revamping of MoST R&D Organizations
- Research and development in priority areas including: Water Resources, Oceanography, Herbal Medicines, Electronics, Quality Assurance and Standards
- Realizing close collaboration among Strategic organizations, civil R&D organizations and private sector to achieve civilian spillover of defence capabilities
- Undertake relevant important projects identified by Task Force on S&T

COVID-19 responsive Sectoral Objectives

- Research and Development for producing indigenous medical equipment including: Masks, PPEs, Gloves Shields etc
- R&D and subsequent Pilot/ full scale production of Ventilators and other such equipment through cooperation with private sector
- Promoting research in medical and health sciences with focus on infectious diseases.
- Developing vaccines and understanding genetics/ genomics of COVID-19

Sectoral Plan/ Strategy

- The efforts will be made to provide research grants to researchers to address the mega national issues and promote world class research

- 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
- R&D will continue to improving land and water conservation practices for enhancing waste land productivity in areas like Thal Desert and control of water logging in low lying areas of Sindh. New initiatives for conservation of Karezes for sustainable groundwater management in Baluchistan, will be proposed for implementation
- The MoST will focus on creating awareness in Pakistani manufacturers, exporters and traders regarding Halal Standards to build international credibility. A Testing Facility is planned to be established for Solar & Allied Equipment in order to ensure quality standards in renewable energy products available in the market
- The opportunities will be availed for collaborative ties with relevant international organizations as well other relevant forums to promote high quality basic and industry-oriented biotechnology research and development
- Facility for production of indigenous stent manufacturing system will be completed to assess the safety for medical devices for improving the regulations of the medical devices in the country. The employment generation and improvement of the patient safety are also in the agenda
- Some projects applied and suggested by Prime Minister's Task Force on Science and Technology for strengthening and creating new opportunities for the Pakistan are also in consideration for 2020-21
- The MoST will be implementing feasibility study for establishing a university on land adjacent the Prime Minister's House. The ministry is also in process to develop a biotechnology focused science & technology park close to Islamabad. The details of the same will be completed next year after stakeholder consultation

Key Interventions/ Programmes 2020-21

- Science Talent Farming Scheme (STFS) would be in full swing in 2020-21. 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
- In line with the government manifesto regarding 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
- 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. New initiatives for conservation of Karezes for sustainable groundwater management in Baluchistan will be implemented on pilot scale

- PCRWR is executing four (04) R&D projects and nine (09) regular/collaborative research studies. These projects and studies would focus on exploration of fresh groundwater reserves, rainwater harvesting, water conservation, water-logging and salinity, rehabilitation of karezes, efficient water management techniques etc
- Under Halal Accreditation, efforts will be made to create awareness in Pakistani manufacturers, exporters and traders regarding Halal Standards
- High-tech, low cost and sustainable energy solutions with renewable resources will be promoted by PCRET. 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 Gwadar, 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. To avail collaborative opportunities with relevant international organizations as well other relevant forums and to promote high quality basic and industry-oriented biotechnology research and development
- PCSIR is looking forward to train technical manpower for operation, maintenance and repairing of sophisticated scientific instruments and strengthening of Triple Helix model of innovation which refers to a set of interaction between research, academia and Industry and to facilitate the transfer of knowledge and technology from universities and public research centres to the business sector, technology parks may be established. The parks may contribute, through technology and innovation, to increase business competitiveness and development in Pakistan
- Facility for production of indigenous stent manufacturing system will be completed at Medical Devices Development Centre (MDDC) at NUST, Islamabad. Non-Clinical Testing of medical devices as per relevant standards to assess the safety and performance and also Certified testing facility for medical devices and assistance to DRAP for improvement in regulation of the medical devices in the country and employment generation in the country and improvement of the patient safety are also in agenda
- Competitive Research Programme will be launched to provide research grants
- Universities under MoST i.e. COMSATS University Islamabad (CUI), NUST will undertake various projects to enhance their capability and strengthen the infrastructure
- Provision of essential infrastructure for the newly chartered National University of Technology (NUTECH) is also planned in the next year. This newly chartered university under MoST, envisions revolutionizing Technological Education Sector by introducing higher education in the technology streams
- Some projects suggested by Prime Minister's Task Force on Science and Technology for strengthening and creating new opportunities are also in consideration for PSDP 2020-21

COVID-19 Responsive Interventions/ Programmes 2020-21

In 2020-21, the focus will remain to live with realities of post-pandemic era, scientifically analyze the situation and move towards finding permanent cure of the virus. The R&D focus shall remain on genetics / genomics of virus, trials of existing medicines and developing new drugs and vaccines for the COVID-19. Another area to focus will be responding to the research and development needs, revisiting the resource distribution and slowly come to normalcy of the sector. In response to COVID-19 and post-pandemic period following would be done in S&T sector during 2020-21:

- Development of a complete package including tax rebates, incentives, and facilitates for private sector to connect with R&D organizations and to invest in production of medical equipment and accessories
- To ensure smart utilization of public funds, projects having high value addition and high end products would focused in PSDP 2020-21
- Establishment of Smart agriculture decision platform for remote monitoring and decision
- Agro-tech based precision farming (outdoor and vertical indoor farming) would be focused for creation of Jobs and increased productivity to salvage economy
- Civil - Military research collaboration would be developed to capture low hanging and low risk projects for commercial activities
- Encourage investment in digital connectivity for building digital ecosystem
- Promotion of Freelancing activities in S&T related areas

Financial Outlay

An allocation of Rs4,408 million has been proposed for PSDP 2020-21 in respect of MoST projects. This includes Rs2,196 million for 22 ongoing projects and Rs2,212 million for 09 new projects.

CHAPTER 12

HEALTH

Health is a global borderless agenda with time and again faced with emergence of rapidly transmitted virulent agents e.g. SARS virus, MERS-CoV, Swine-flu, Zika virus and now Novel Corona virus (COVID-19). This exacts on the one hand the need of adequate preparedness backed by regional cooperation, collaboration and governance mechanisms, and on the other hand also underscores the critical role of health system strengthening particularly primary health care (PHC) in achieving Universal Health Coverage (UHC) which is a critical component of sustainable development and the key element in reducing social inequality and poverty.

This Plan will contribute to the strategy, that aspires to enhance the health and well-being of the population of Pakistan with focus on measures to mitigate the untoward effects of COVID-19 on health systems and population, and improving upon compliance with international health regulations (IHR) for pandemic preparedness, with the understanding that this is neither the last pandemic, nor the most infectious, lethal or virulent to say the least.

Performance Review

Financial Review

In 2019-20 the Federal Government funded various programmes and projects through PSDP to improve health status of the people and mitigate the gap of supply and demand of health services. These PSDP allocations were prioritized to health sector projects within portfolio of National Health Services Regulations and Coordination (NHSRC) Division, Cabinet Division, Federal Education & Professional Training Division, Finance Division, Interior Division, Narcotics Control Division, Kashmir Affairs & Gilgit Baltistan Division and Pakistan Atomic Energy Commission (PAEC), as given below:

(Rs million)			
S. No.	Federal	PSDP Allocation	
		Allocation	Releases
1	Ministry of National Health Services, Regulations & Coordination	13,376.56	6,349.00
2	Ministry of Kashmir Affairs and Gilgit Baltistan	1,350.00	1,010.00
3	Pakistan Atomic Energy Commission	2,740.58	1,918.41
4	Cabinet Division	5,301.40	1,263.39
5	Federal Education and Professional Training	7.00	4.400
6	Finance Division	908.20	721.59
7	Interior Division	135.88	135.88
8	Narcotics Control Division	50.00	0.00
9	Planning, Development and Special Initiatives Division	25.00	0.00
10	Science and Technological Research Division	81.30	81.30
Total		23,975.93	11,483.98

There were 62 health sector projects in PSDP of worth Rs133, 127.93 million with allocation of Rs23,975.93 million and releases of Rs11,483.98 million (up to 20-03-2020). The provincial governments have also contributed through their respective annual development programmes 2019-20 to align the health sector development strategy with SDGs goals. Details is given below:

(Rs million)

Province	ADP Allocation (2019-20)
Punjab	45,500.00
Sindh	18,104.70
Balochistan	8,201.89
Khyber Pakhtunkhwa	7,998.08

Furthermore, allocations from existing financing portfolio of Asian Development Bank (ADB) and World Bank have been repurposed and funds to the tune of US\$346 million are allocated for mounting emergency response to COVID-19 outbreak. Additional funding allocations are expected from difference sources like French Development Agency etc.

Sectoral Review

Government made efforts to provide affordable health services with optimal standards of quality. The year 2019-20 began with strengthening Health Information System and initiated Civil Registration and Vital Statistics (CRVS) reforms to have real-time estimates of disease burden and mortalities for effective planning.

Multiple initiatives were launched to widen the coverage of healthcare spending and achieve health targets, including: increase in the number of nurses and paramedical staff, expansion of the Lady Health Worker programme; strengthening of primary care with backup of skilled personnel; school based deworming programme across the provinces; capacity building for disease surveillance and response, hepatitis care and cancer.

The year saw an HIV outbreak in Sindh which was mitigated promptly by coordinated efforts of federal and Sindh government with technical support for surveillance and investigation of WHO. Towards the 2nd quarter, nationwide Sehat Sahulat Programme was launched as micro health insurance programme to extend health coverage to vulnerable segment of the society, expanding their social safety net.

However, with COVID-19 outbreak all the focus was diverted to prevent, control and respond with measures which included movement restrictions of millions with complete shut-downs, establishment of comprehensive point-of-entry protocols, establishment of 294 quarantine facilities with 139,558 beds, arrangement of surge capacities for hospitals by identifying 566 hotels with 16336 beds; establishment of 217 isolation facilities with 119,778 beds for case management; engagement of medical and nursing students, local production of personal protective equipment, establishment of COVID-19 helplines and information portals overnight to ensure timely communication to the public¹.

¹ Ministry of National Health Services, Regulation and Coordination. 2020. Pakistan Preparedness and Response Plan COVID-19.

Key ongoing initiatives/ programmes initiated in 2019-20 are given below:

Ongoing Initiatives/ Programmes initiated in 2019-20	Subject
Expansion in Sehat Sahulat Programme with inclusion of all families in merged tribal districts, people with disabilities, and transgender	Federal/ Provincial
Strengthening IDSR & Points of Entry of Pakistan and Directorate of Central Health Establishments	Federal/ Provincial
Establishment of Medical Devices Development Centre at NUST Islamabad	Federal
Increase number of 24/7 BHUs & RHCs (66) equipped with basic package of services, staff and ambulance service	Punjab
Sindh m-Health Initiative	Sindh
Khyber Institute of Child Health and Children Hospital Peshawar	Khyber Pakhtunkhwa
Peoples Primary Health Care Initiative	Balochistan

Accomplishments

Government has supported various programmes and projects through PSDP/ ADP development portfolio during Fiscal Year 2019-20 in fulfilment of the Global commitment of Sustainable Development Goals (SDGs) agenda to improve the health status of the people and to reduce the burden of communicable and Non-Communicable Diseases (NCDs). Sin tax was imposed for tobacco cessation. Essential Package of Health Services (EPHS) for ensuring UHC has been developed through a consultative process and based on Disease Control Priorities – Edition III with a nation-wide consultation.

For CRVS, a number of milestones were achieved ranging from national assessment studies, organization of countrywide advocacy seminars, drafting of National Policy to Revamp and Reform CRVS in Pakistan, thematic area meetings for the development of a robust National CRVS Strategic Framework and development of PC-I to transform ICT into model CRVS district. A Medical Devices Development Centre (MDDC) was established and operationalized for R&D, and local cardiac stents and angiography catheters' production. Scope of Sehat Sahulat Programme was enhanced to include all families of merged tribal districts, people with disabilities, and transgenders within the ambit of the programme. School based deworming of children 5-15 years was expanded to Khyber Pakhtunkhwa, Sindh and Gilgit Baltistan. National immunization policy and communication strategy for routine immunization was endorsed and approved with upgraded vaccine logistic management information system.

For the last few months, the Government has been bolstering the systems to respond to the pandemic, as detailed below:

COVID-19 - Specific Response

The national response has been coordinated with health and national security working hand-in-hand². This was critical to integrate health system and other sectors to amplify the national capacity to absorb and adapt to the COVID-19 shock³. Makeshift institutional arrangements like National Command & Control Centre (NCOC), National Coordination Committee (NCC) and Task

² National Disaster Management Authority. 2020. Chairman NDPA Press Briefing on March 20, 2020.

³ Legido-Quigley H, Asgari B, Teo YY et al. 2020. Are High-Performing health systems resilient against the COVID-19 epidemic? The Lancet. 2020. 395 (10227). 848-850

Forces were established by the National Security Committee with supporting structures at provincial levels with multi-sectoral representation. This was critical due to the pandemic's sphere of impact expanding far beyond health, social systems and economies. A number of emergency measures were undertaken to fortify the health systems by the federal and provincial government to limit the spread of the virus in face of the rising cases of COVID-19 suspects and confirmations. These included movement restrictions of millions with complete shut-downs, establishment of comprehensive point-of-entry protocols, establishment of 294 quarantine facilities with 139,558 beds, arrangement of surge capacities for hospitals by identifying 566 hotels with 16,336 beds; establishment of 217 isolation facilities with 119,778 beds for case management; engagement of medical and nursing students, local production of personal protective equipment, establishment of COVID-19 helplines and information portals overnight to ensure timely communication to the public⁴. Surgical and N-95 masks, gloves, PPE gear, PCR testing kits and thermal guns have been procured urgently and stockpiles are being maintained foreseeing the expected exponential price hike in the next few weeks due to global shortage and demand. Donations of equipment and supplies through partner organizations and development partners have been secured. The National Institute of Health acquired the requisite capability for COVID-19 diagnostics on 1st February 2020, 26 days before appearance of the first case in the country, with the current daily national testing capacity standing at 2500-3000 tests through 18 laboratories nationwide.

A brief summary of other provincial accomplishments has been elaborated below:

Sindh: Planning & Development Board Sindh financed 174 schemes in Annual Development Plan (ADP) 2019-20 with total cost of Rs15,511.08 million for various ongoing and new schemes including expansion and upgrading of 3 THQs and 4 DHQs, establishment of medical college and child health care institute. There was a setback with recent outbreak of more than one thousand new HIV cases in Larkana district, the situation being declared by WHO as a "Grade 2 Emergency" requiring urgent need of Anti-Retro Viral medicines, Rapid HIV Diagnostic Kits (RDTs) and strengthening of Infection Prevention and Control at Health Facilities. The required funding gap of Rs195 million was pledged by Global Fund.

Punjab: The Provincial ADP 2019-20 provided financial support for expansion of Health Insurance Programme by launching of Insaaf Sehat card in all 36 districts of Punjab, improvement of services and infrastructure and upgradation of 195 BHUs, 25 DHQs, 15 THQs and 12 tertiary care hospitals and completion of on-going projects. Under mother and child health initiative, work on establishing five new mother and child hospitals was initiated. The year also saw re-initiation of school health and nutrition programme in 42000 public sector schools.

Balochistan: Balochistan Government earmarked Rs34.18 billion for the health sector in ADP 2019-20, during which it announced to create 1019 new jobs in the health sector and establishment of emergency departments in hospitals along with national highways. The Bolan medical college was awarded the status of university. Health facilities have been revamped and funds earmarked for construction of basic health units, 7 nursing colleges, reference laboratories and dialysis centres.

⁴ Ministry of National Services, Regulation and Coordination. 2020. Pakistan Preparedness and Response Plan COVID-19.

Khyber Pakhtunkhwa: Provincial Government has allocated Rs10,003 million for health sector (6.5 percent of total ADP 2019-20) for ongoing and new schemes including construction of a burn centre. During the year it has strengthened health facilities and preventive programmes.

Outlook 2020-21

Sectoral Objectives

- Improve health care policy, health systems governance and coordination to achieve UHC
- Develop health care service continuity and surge plans, including referral systems (for facilities, personnel, medicines, supplies and medical devices, vertical programmes and other essential health services keeping the COVID-19 related precautions and advisories in perspective)
- Strengthen national preparedness and response systems to manage the COVID-19 pandemic and resulting health systems crisis
- Establish a national Integrated Disease Surveillance and Response (IDSR) system with all supporting systems and infrastructure across the country
- Develop comprehensive public health communication strategies based on robust evidence, to update public on verified information and validated precautionary measures
- Strengthen Human Resource for Health to improve and enhance health systems quality and coverage
- Bridging evidence, policy and practice to strengthen health systems

Plans 2020-21

The Annual Plan 2020-21 is aligned with SDGs, supporting and streamlining the health sector strategies with Universal Health Coverage (UHC) and International Health Regulations (IHR) agenda while maintaining COVID-19 response as a priority. The Annual Plan 2020-21 will reiterate all the intensive efforts at each level in a direction to 'Ensure healthy lives and promote well-being' for all, in alignment with the sectoral objectives stated earlier.

Sectoral Plans and Strategies

The proposed sectoral interventions and strategies have been designed keeping the needs and gaps of health systems towards addressing the COVID-19 pandemic specifically and achieving UHC generally. The pace and urgency of the proposed interventions has enhanced significantly, and shall now be addressing the health systems gaps inherent as well as the ones arising with the ongoing pandemic as follows:

- **Improving health care policy, health systems governance and coordination to achieve UHC**

Concerted efforts will be made to strengthen and harmonize interprovincial coordination, with UHC as the key focus, ensuring access of the entire population to affordable and effective health care. These efforts will contribute to improved COVID-19 response as well. This will also entail improved policy governance and accountability

systems within health sector, and exploitation of innovative solutions to address technological challenges arising in health.

- **Developing health care service continuity and surge plans**

Comprehensive plans will be developed to ensure continuity of essential health care services, ongoing immunization programmes and other vertical programmes; including plans for health facilities, personnel, medicine, supplies, medical commodities and equipment. This also necessitates continuity planning for maternal, neonatal and child health and reproductive health services as well, with special focus on ensuring compliance with COVID-19 related precautions and public safety measures

- **Strengthening national preparedness and response systems to manage the COVID-19 pandemic and resulting health systems crisis**

The year 2020-21 will largely focus on enhancing health systems capacities and improving pandemic preparedness to address national level health emergencies. Fault lines in the national health system will be identified for urgent corrective reforms. Rigorous efforts will be made to protect frontline health workforce, strengthen the COVID-19 related national diagnostic capacities, ensure availability of critical and essential drugs, vaccines, equipment and supplies.

- **Establishing a national Integrated Disease Surveillance and Response (IDSR) system with all supporting systems and infrastructure across the country**

Alongside, fervent efforts will continue towards establishing a robust, national, well-integrate Disease Surveillance and Response (IDSR) system with all the necessary supporting systems, infrastructure and trained health workforce across the country

- **Developing comprehensive public health communication strategies based on robust evidence, to update public on verified information and validated precautionary measures**

Hitherto unrealized, serious efforts will be made to develop comprehensive public health communication strategies based on best lessons internationally and regionally, to regularly update public on verified health information and critical public health advisories in national and provincial languages, to curb the mis-infodemic and ensure that right health information reaches everyone.

- **Strengthening Human Resource for Health to improve and enhance health systems quality and coverage**

Renewed country-wide efforts will be made to improve the human resource for health and ensure a flexible, responsive and sustainable health workforce of sufficient size, quality, capability and distribution to deliver on Pakistan's sustainable development goals, provide universal health coverage, and equitable access to health services for all, as detailed in the national HRH vision and provincial strategic frameworks.

- **Bridging evidence, policy and practice to strengthen health systems**

Critical efforts will be undertaken to promote synthesis and utilization of quality epidemiological and demographic research and evidence for achievement of good health

as a foundation of sustainable development. Innovative solutions will be explored to address challenges related to paucity of locally produced medicines, vaccines and other health technologies.

- **Acceleration and enhancement of Civil Registration and Vital Statistics (CRVS)**

For estimation of health indicators and generation of vital statistics, Federal Government is fully committed for acceleration and enhancement of Civil Registration and Vital Statistics (CRVS) in Pakistan which is the reporting and monitoring tool for measuring health related indicators of SDG. In this regard, Islamabad Capital Territory will be converted into a model CRVS district where revamped and reformed processes for vital events registration will be deployed to achieve universal civil registration. Horizontal and vertical linkages for information flows will be established to enable consolidation, assimilation and analysis of data to produce evidence and statistics.

Various COVID-19 specific key interventions include:

- Beefing up hospital care by establishing fully equipped high dependency and critical management units
- Ensure provision of Personal Protective Equipment (PPEs) / protective gears to all frontline Health Care Workers
- Develop and enforce guidelines for PPE for workers working in essential services, including provision of PPEs
- Plan for health workforce surge at every level, mapping supply and demand locally with preparation to train for task-sharing
- Resume other ongoing programmes like school-based deworming etc. once the schools have re-opened with revised approaches in the light of the most updated COVID19 advisories.
- Ensure provision of essential MNCH and SRHR services to 4.7 million pregnant women in the country during the pandemic
- Ensure un-interrupted MNCH and FPRH supply chain (contraceptives, maternal and newborn life-saving drugs and supplies, maternal health equipment etc.).
- Make arrangements for safe deliverables, approx. 62,000 C-section deliveries and care for 0.2 million miscarriage or unsafe abortion during the year
- Support the multidisciplinary rapid response teams (RRTs) with requisite training and appropriate placements
- Build capacities for Infection prevention and control (IPC) particularly regarding triage, early recognition, standard precautions, isolation procedures and referral mechanisms
- Establish access to designated international COVID-19 reference laboratories, with surge plans for use in times of increased testing demands.
- Develop SOPs for COVID-19 specimen collection and transportation for diagnostic testing

- Strengthen the national laboratory network to decentralize care and disperse testing to discourage people from coming to big cities and alleviating pressure on large tertiary care hospitals
- Establish and sustain laboratory confirmatory capacity for COVID-19, supported by standardized SOPs for specimen collection, management and transportation for COVID-19 diagnostic testing with technical support of NIH through in-service training and mentoring of lab technicians.
- Strengthen the National Command and Operational Centre – COVID-19 to support its work in close coordination with Public Health EOC at NIH for better response and coordination of all health and relevant non-health partners.
- Develop channels for immediate dissemination of updated standard case definitions, case investigation, case management SOPs and follow up for active surveillance of COVID-19 to all surveillance sites
- Prepare isolation and quarantine plans in identified facilities with appropriate hygienic environment, washrooms, meal boxes, nurses and paramedical staff
- Develop quarantine strategy to allow home quarantine if possible (where resources permit the pts); allow hotel quarantine if affordable to the patient; or use of state-sponsored quarantine facilities
- Establish regulating and monitoring protocols for people undergoing self-quarantine
- Engage private sector to establish quarantine facilities as per state requirements while state can monitor
- Engage with private providers for detection and screening, care provision and reporting of cases and for community awareness and engagement
- Develop dashboards, repositories and situation reports and closely monitor available research, knowledge and product development to inform operations, and produce and disseminate daily briefings and weekly updates to all levels to guide all aspects of operations – including communications, risk and needs assessment, priority setting, planning, information management, health operations and health logistics
- Explore volunteering as an approach to provide support with design and implementation of this (tapping into existing volunteer networks or medical/dental/ public health/ community medicine educational units)
- Mandate local industry to start producing critical items (cost-effectively): ventilators; Personal Protective Equipment (PPEs), gloves and masks; Testing kits
- Encourage DRAP and NIH to expedite any local efforts being made to design local testing methods
- Ensure provision of hospital equipment and diagnostic lab equipment in all designated COVID-19 health facilities

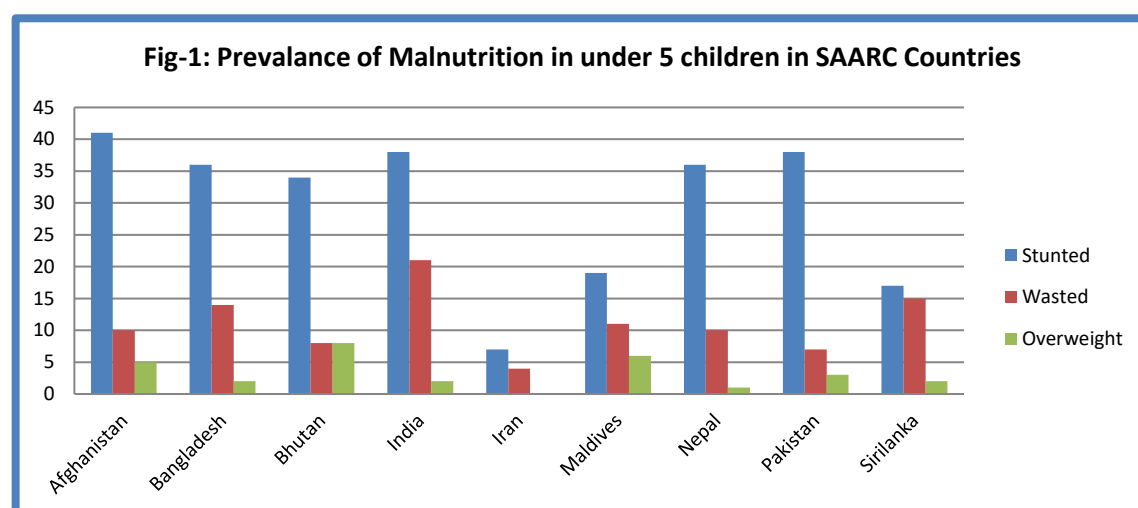
- Strengthen and expand national diagnostic capacity by establishing quality national reference labs and enhancing testing facilities, bolstered through network of referenced labs
- Ensure availability of testing kits and other essential supplies in all national reference laboratories
- Undertake survey to identify infection prevention and control needs particularly available laboratory reagent stocks and gaps, including supporting MoNHSR&C in consolidating supplies' requests and sharing with the NDMA for quantification and prioritization
- Finalize list of items needed for (local and international) resupply or procurement (e.g. PPE, Diagnostic Kits, Ventilators and Lab supplies) with support from development partners to ensure transparency in demand and shipment tracking through various funding streams, and from NDMA in reception, inspection, verification and dispatch.
- Extensively use geo-tracking via cellular data to guide testing and isolation policy in collaboration with MNHSR&C and PTA for a tactical widespread strategy
- Strengthen the official COVID-19 website as the official and trusted source of all information with latest COVID-19 related national statistics, information on testing centres and quarantine facilities, latest guidelines, advisories and other important decisions as well as information from the provinces and live reporting by cities into the dashboards for correct updates; with appropriate social media marketing and dissemination by mainstream media channels, including addressing latest misinformation and myths around the pandemic
- Exploit the mediums of radio, television, telemedicine, free SMS help lines and WhatsApp groups to communicate vetted public health messages around COVID-19 and redirect public to official website for verified information
- Develop national emergency risk communication and community engagement strategies
- Use electronic, social and print media to communicate technically vetted public health messages
- Train HRH in emergency health care/ambulatory care, health management and other specialties as identified in the provincial and national health strategic frameworks
- Use digital technology & enhance broadband coverage for telemedicine

CHAPTER 13

NUTRITION

Balanced and nutritious diet builds immunity, protects against illness and infection, and supports recovery. Healthy, balanced diets are key for boosting immunity and preventing non-communicable diseases that are risk factors for higher COVID-19 morbidity and mortality. Nutrition is a precondition for human growth, development and prosperity. Availability and access of nutritious food and adequate utilization are considered as one of the basic human rights. Investing in human and social capital formation is the most remunerative preposition in the short, medium and long run for sustainable development.

The state of hunger and malnutrition within a country is related to its level of development. Almost 149 million children under five years in the world are affected by stunting which means that the pace of progress is too slow to meet the 2030 SDGs target of halving the number of stunted children. Similarly, overweight and obesity continued to be increased in all regions, particularly among school-age children and adults (SOFI 2019). The State of World's Children 2019 shows that prevalence of stunting in Pakistan is comparatively high that is 38 percent while wasting and overweight is comparatively lower in the region (Fig-1).



Source: The State of World's Children 2019

Productivity losses to individuals are estimated at more than 10 percent of lifetime earnings which account to 2-3 percent annual loss in Gross Domestic Product (GDP) in developing countries. It's mainly due to impaired cognitive, physical growth & development and increased health cost which happened due to low nutrition investment. However, nutrition interventions are low cost prepositions with high benefit cost ratio which is at least 15:1 (WB Report 2016). The World Bank also warned that current COVID-19 pandemic will further negatively impact economy with deterioration in nutrition situation especially in South Asia.

Performance Review 2019-20

Globally over 2 billion people do not have regular access to safe, nutritious and sufficient food. More than 820 million people in the world are still hungry underscoring the massive challenge of

achieving the Zero Hunger target by 2030. Due to COVID-19 pandemic the world food and nutrition security will further worsen.

Food Availability

The overall food availability situation in the country has been satisfactory to provide daily consumption requirements of the population particularly energy requirements. The pattern of food consumption has an improving trend due to higher availability of protein foods such as pulses and fish. The availability of major food items and calories is given in Table 1.

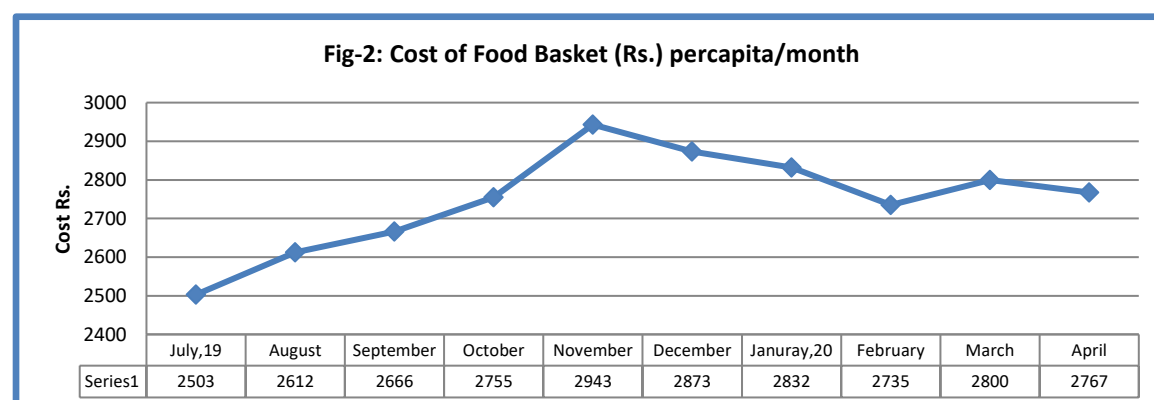
Table 1: Food Availability (Kg) Per Capita per Annum

Food Items	2018-19	2019-20(P)	2020-21(E)
Cereals	145.0	143.0	154.0
Pulses	4.2	5.4	5.8
Sugar	25.0	26.0	26.2
Milk(L)	166.0	164.0	167.0
Meat (Beef, Mutton, Chicken)	21.4	21.3	21.6
Eggs (Dozen)	5.0	5.0	5.4
Edible Oil/Ghee	10.7	10.4	11.2
Fruits & Vegetables	32.0	31.0	31.5
Fish	3.8	3.0	4.1
Calories/Day	2319	2325	2482

P: provisional; E: Estimated

Cost of Food Basket

The cost of a minimum food basket on a monthly basis providing 2100 calories and 60gm protein/day has been calculated, using food prices data from Pakistan Bureau of Statistics. The average monthly cost of food basket during 2019-20 has been estimated as Rs2,747 (July 2019 - April 2020) however; it gradually increased from July, 2019 (Rs2,503) to November 2019 (Rs2,943) and then decreased gradually by April, 2020 (Rs2,767). It showed an increase of 15 percent from the previous year of Rs2,406 (Fig-2).



Financial Review

An overview of PSDP/ADPs allocations for Nutrition Sector at federal and provincial level during 2019-20 is given in Table 2.

Table 2: PSDP/ADPs allocations during 2019-20

		(Rs million)
Area	Allocation	
Federal		
Nutrition Improvement Initiative (Multi-Sectoral Approaches)	50	
Punjab		
Integrated Reproductive Maternal New-born & Child Health (IRMNCH) & Nutrition Programme	2200	
Chief Minister's Stunting Reduction Programme for 11 Southern Districts of Punjab)	500	
Sindh		
Saaf Suthro Sindh Programme	50	
Nutrition Sensitive Agriculture	25	
Accelerated Action Plan for the Reduction of Stunting and Malnutrition	1000 / year	
Balochistan		
Balochistan Nutrition Programme for Mothers & Children for 7 districts	725	
Khyber Pakhtunkhwa (KP)		
KP Stunting Prevention and Rehabilitation Integrated Nutrition Gain	76	
Integration of Health Services Delivery with special focus on MNCH, LHW, EPI and Nutrition Programme	2000	
Gilgit Baltistan		
Targeting blue revolution towards Food, Nutrition and Livelihood	120	
Nutrition Improvement Programme	175	
Food Fortification Programme	148	

Ongoing Initiatives/Programmes initiated in 2019-20 at federal level are given below:

- Two high level forums: Pakistan National Nutrition Coordination Council (PNNCC) and National Nutrition Forum (NNF) constituted for policy formulation, coordination, collaboration and improved implementation of nutrition and social protection programmes
- Multi-Sectoral National Nutrition Action Plan prepared to address all forms of malnutrition through short, medium- and long-term interventions and approaches
- PC-1 Prepared "Nutrition Improvement Initiative" (Multi-Sectoral and Sustainable Approaches) project costing Rs855 million formulated to determine local causes of malnutrition and their corrective measures in 12 agro ecological zones
- Early Childhood Development (ECD) policy framework has been formulated to focus on 1000 days window (conception to 2 years) of opportunity up to 8 years (for young children)

- Food Composition Table (FCT) has been revised for having nutritional information on raw & cooked foods based on 12 agro-ecological zones
- National Nutrition Conference organized with the theme “Improved Nutrition – Secure Future” chaired by Honorable President Islamic Republic of Pakistan
- Pakistan Dietary Guidelines for Better Nutrition (PDGN) revised and E-learning course launched for guiding masses on adopting healthy dietary behaviors and lifestyles
- Scaling Up Nutrition (SUN) Pakistan Website has been launched for digital presence of nutrition information for masses
- A PC-1 on “National Nutrition Awareness Programme (NNAP)” costing Rs1,050 million has been prepared for behavior change communication
- Orientation and training of media persons and policy dialogue with parliamentarians on projecting malnutrition and their role to address it
- Academicians and researchers from 41 Universities/ research institutes were trained on research methodologies & technical report writing
- Training Workshop on Financial Tracking for Nutrition at Federal and Provincial Level were conducted to train public and private officials
- Small and Medium-sized Enterprises (SMEs) were trained to play effective role in enhancing food and nutrition security
- Various activities such as Early Childhood Development conference, workshop on Trans Fatty Acids and Reduction of sugar, Salt & Fats and SUN Business Pitch Competition 2019 conducted
- Concept note drafted for establishment of Nutrition Management Information System (NMIS) to mitigate data gaps and Development of Monitoring, Evaluation, Accountability and Learning (MEAL) system

COVID-19 Specific Sectoral Challenges

Adequate diet is essential to develop strong immunity against viral infections. Therefore, maintaining a healthy diet is very important during the COVID-19 pandemic. The recent pandemic of COVID-19 may further trigger the prevalence of malnutrition in the country if not adequately addressed.

Outlook 2020-21

Sectoral Objectives

- To ensure Nutrition security by promoting cost effective nutrition interventions through coordination, awareness and behavior change communication
- To monitor the nutritional status of the country with proven evidence-based solutions

- To provide technical support to relevant stakeholders with specified nutritional knowledge and skills

COVID-19 responsive Sectoral Objectives

- Enhanced nutrition awareness through adequate nutrition messages
- Availability of diversified diet to most vulnerable population to prevent further damage

Sectoral Plan/Strategy 2020-21

The focus of the Government is on a well-nourished, healthy skilled workforce for sustainable development. The economic growth and equity strategy envision that nutritional well-being of the population is the real reflection of the performance of the country's social & economic sectors and efficiency of national resource utilization. In this regard various measures are:

- Nutrition specific and sensitive allocations been made part of the national PSDP and Provincial ADPs
- Pakistan National Nutrition Coordination Council (PNNCC) and National Nutrition Forum (NNF) for efficient policy guidelines and decisions
- Multi-sectoral National Nutrition Action Plan to harmonize the efforts towards a better nutrition for healthy life
- EHSAAS activities to complement the nutritional agenda
- Availability of evidence-based data for better future planning and decision making
- Dissemination of Pakistan Dietary Guidelines in local languages to guide the masses for healthy life
- Revision of Food Composition Table for adequate and reliable data on nutrition situation analysis, future planning, and decision making
- Development of Multi-sectoral Nutrition Information Management System (NIMS) for tracking the progress, timely course correction and effective time management
- Awareness sessions/campaigns under SUN Movement to enhance public awareness about nutrition

Key Programmes/Interventions 2020-21

Key programmes/interventions to address malnutrition in the country during 2020-21 are listed below:

Federal

- Launch of Multi-Sectoral National Nutrition Action Plan to address all forms of malnutrition through short, medium- and long-term interventions and approaches
- Nutrition Improvement Initiative (Multi-Sectoral and Sustainable Approaches) Project

- National Nutrition Awareness Programme (NNAP)
- Feasibility on “Early Childhood Development”
- Tackling Malnutrition Induced Stunting in Pakistan
- Dissemination of the revisited “Pakistan Dietary Guidelines for Better Nutrition” (PDGN) of English and Urdu version
- Dissemination of “Food Composition Table (FCT)”
- Establishment of Nutrition Management Information System (NMIS)

Khyber Pakhtunkhwa

- Implementation of KP SPRING project
- Revision of KP Multi-sectoral Integrated Nutrition Strategy (MSINS)
- Financial tracking of nutrition specific and sensitive projects

Sindh

- Accelerated Action Plan (AAP) for Stunting Reduction and Malnutrition
- Saaf Suthro Sindh Programme
- Nutrition Sensitive Agriculture

Punjab

- Stunting Reduction Programme and Nutrition Programme for 11 southern districts

Balochistan

- Balochistan Comprehensive Nutrition Programme for Mothers and Children
- Stunting Prevention Project for 15 districts

Gilgit Baltistan (GB)

- Targeting blue revolution towards Food, Nutrition and Livelihood Security
- Nutrition Improvement Programme
- Conditional cash transfer and provision of special nutritious food
- School based deworming programme

Adequate diet is essential to develop strong immunity against viral infections. Therefore, maintaining a healthy diet is very important during the COVID-19 pandemic. The following are key nutritional interventions for the COVID-19 response:

- Integrate nutrition into existing COVID-19 prevention messages to cover diet diversity (plenty of fresh fruits and vegetables), good hygiene, Infant Young Child Feeding practices, exercising regularly, getting adequate sleep
- Protecting the poor and most vulnerable from COVID-19 pandemic through availability of affordable diversified food basket to maintain healthy life
- Sustained implementation of existing nutrition programmes being implemented and scale-up where possible to prevent and treat malnutrition particularly in vulnerable population
- Increased dietary diversity and sustainability through provision of kitchen gardening, homestead animal rearing and food processing & preservation

CHAPTER 14

LABOUR, EMPLOYMENT AND SKILL DEVELOPMENT

Provision of productive, remunerative and decent employment is the basic mechanism to distribute benefits of growth to poor segments. Creation of productive employment opportunities is one of the priorities of the government. Provision of employment especially to youth is a big challenge to harness the youth dividend. Pakistan is the sixth most populous country in the world with a population of 219 million; given the current rate of population growth it is estimated to reach 280 million by 2030. Currently, 63 percent of the population is below the age of 30. Helping young people develop the right skills for employment makes economic sense¹. A staggering number of young people are not in education, employment or training at present.

Enrolment in Pakistan's specialized Technical Vocational Education and Training (TVET) sector is low which persists despite high demand for skills training among both genders. The skills gap has a significant impact on youth employment therefore, maintaining a dynamic relationship between education and employment is highly important. The plan focuses on skill development, which would offer avenues of productive employment for youth.

Pakistan economy has badly suffered with outbreak of COVID-19 pandemic. Due to lockdowns observed, GDP growth rate for 2019-20 is estimated to decline to -0.4 percent² against the target of 3.3 percent. This adverse economic impact of COVID-19 is translated through various channels including decline of domestic demand, decrease in business activities, decline in import, export, decrease in production due to supply chain disruption etc.³ One of very obvious effects is decrease in employment especially belonging to vulnerable employment group⁴. The avenues of manpower export have been suffered. The pandemic has rapidly extended from a health crisis into an economic and labour market crisis. The Plan focuses on creating gainful employment opportunities under the broader framework of government's economic growth & reforms and suggests COVID-19 responsive measures to protect the workers and their jobs.

Performance Review 2019-20

Labour Market

Pakistan has the 9th largest labour force in the world which is increasing each year. Total labour force increased from 59.74 million in 2012-13 to 61.04 million in 2014-15 and 65.50 million in 2017-18. As per Labour Force Survey (LFS) 2017-18, overall participation rate (crude) is 31.7 percent (male 48.3 percent and female 14.6 percent) whereas overall participation rate (refined) is 44.3 percent (male 68.0 percent and female 20.1 percent).

The employed labour force in 2012-13 stood at 56.01 million, 57.42 million in 2014-15 and 61.71 million in 2017-18 whereas unemployed labour was 3.73 million in 2012-13, decreased to 3.62

¹ World Bank, 2017. Skills Development (<https://www.worldbank.org/en/topic/skillsdevelopment>)

² Provisional estimates

³ PIDE, COVID-19 Bulletin No.4

⁴ Vulnerable employment is measured as the proportion of own account workers (also including the daily wage earners) and unpaid family workers in total employment, PIDE, COVID-19 Bulletin No.1

million in 2014-15 and 3.79 million in 2017-18. In percentage terms the unemployment rate has decreased from 6.24 percent in 2012-13 to 5.94 percent in 2014-15 and further decreased to 5.79 percent in 2017-18. Details are given in Table-1.

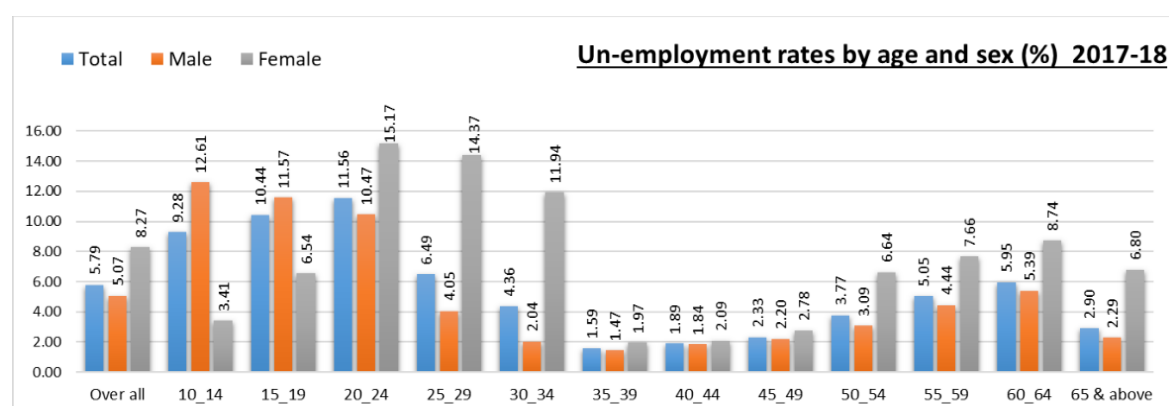
Table-1: Labour Force, Employment and Unemployment Trends

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 Males	45.98	76.97	46.38	75.98	50.74	77.47
Share of Females	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 Males	43.49	77.65	44.07	76.75	48.17	78.06
Share of Females	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 Males	2.49	66.76	2.31	63.81	2.57	67.81
Share of Females	1.24	33.24	1.31	36.19	1.22	32.19

Source: Labour Force Surveys of relevant years, Pakistan Bureau of Statistics

Unemployment Analysis by Age and Gender

The overall unemployment as per LFS 2017-18 is 5.79 percent, which is higher in female (8.27 percent) as compared to male (5.07 percent) as indicated in figure below. Youth unemployment rate is quite high as compared to the average unemployment rate. Highest overall unemployment rate (11.56 percent) is prevalent among the age group of 20-24 years.



Unemployment rate by level of Education & Gender

Pakistan is experiencing the phenomenon of educated unemployment especially graduate unemployment as indicated in Table-2. As per LFS 2017-18, the unemployment among degree holders is almost three times as higher than the overall unemployment. The underlying reason of high educated unemployment is the mismatch between education being imparted and the need of the economy to sufficiently absorb fresh graduates.

**Table-2: Unemployment rate by level of Education & Gender
Year 2017-18**

	Total	Male	Female
Total	5.8	5.1	8.3
Illiterate	3.3	3.4	3.0
Primary	4.4	3.7	10.0
Pre-Matric	4.5	4.5	4.9
Matric	6.4	6.2	8.2
Intermediate	11.6	10.6	19.4
BA & above	16.3	7.4	40.7

Source: Labour Force Survey 2017-18

Employment and Sectoral Contribution

The economy is undergoing structural changes hence, over the years the sectoral contribution towards employment has undergone a considerable change. The contribution of agriculture sector has declined from over 45 percentages to 38 percent whereas, there is an increase in employment in manufacturing and services sectors as shown in Table-3 below:

Table-3: Employment & Sectoral Contribution (percent)

Years	Agriculture	Manufacturing	Construction	Services	Others
2010-11	45.05	13.8	6.95	21.74	12.46
2012-13	43.71	14.2	7.44	19.9	14.75
2013-14	43.48	14.16	7.33	20.5	14.53
2014-15	42.27	15.49	7.31	20.84	14.09
2017-18	38.49	16.46	7.61	23.3	14.14

Source: Labour Force Surveys of various years

Employment by Status

The Table-4 indicates that only a fraction of employed persons are falling in the category of employers depicting the lack of entrepreneurship culture.

Table-4: Employment by status

	Year 2017-18		Year 2017-18		Year 2017-18	
	Million	Percent	Million	Percent	Million	Percent
Employers	0.73	1.30	0.80	1.40	0.84	1.37
Own Account Workers	18.82	33.60	20.73	36.10	21.47	34.80
Contributing Family Workers	14.73	26.30	13.67	23.80	13.22	21.43
Employees	21.73	38.80	22.22	38.70	26.17	42.41

Source: Labour Force Surveys of various years

Formal and Informal Employment

The agriculture sector has highest informal employment though it is the largest absorber of labour force. The non-agriculture sector has major contribution of informal employment, 27.3 million out of total 37.96 million as per LFS 2017-18. The Table-5 below gives a comparison between LFS 2014-15 and LFS 2017-18.

Table-5: Formal and Informal Employment

Sector	2014-15		2017-18	
	Million	percent	Million	percent
Agriculture	24.27	42.27	23.75	38.49
Non-Agriculture (formal+informal)	33.15	57.73	37.96	61.51
Formal	9.10	15.83	10.63	17.23
Informal	24.05	41.90	27.33	44.28

Source: Labour Force Surveys of various years

Estimates of Employment/ unemployment levels beyond 2017-18

The employment/ unemployment figures as reflected in Table-6 below have been estimated on the basis of sectoral growth rates for 2018-19 (Final), 2019-20 (Provincial) and 2020-21 (projection) and the sectoral employment elasticities.

Table-6: Employment/ Unemployment Estimates

Sector	(Rs million)			
	2017-18*	2018-19	2019-20	2020-21
Agriculture	23.76	23.79	23.95	24.11
Mining & Quarrying	0.14	0.14	0.14	0.14
Manufacturing	9.94	9.92	9.75	9.73
Electricity & Gas	0.25	0.27	0.27	0.27
Construction	4.69	4.22	4.67	4.76
Wholesale & Retail Trade	10.43	10.50	10.28	10.38
Transport & Communication	3.83	3.93	3.77	3.80
Finance and Insurance	0.33	0.33	0.33	0.33
Community and Services	7.90	8.27	8.56	8.91
Others	0.45	0.46	0.47	0.47
Total Employed	61.71	61.82	62.18	62.91
Total Unemployed	3.79	4.78	5.80	6.65
Unemployment rate (percent)	5.79%	7.18%	8.53%	9.56%

**Actual figures as per LFS 2017-18*

The above estimates reflect a sharp increase in unemployment in 2019-20 and 2020-21. Main reason is economic slowdown due to COVID-19 pandemic.

Skill Development

Financial Review

During 2019-20 an amount of Rs. 575.00 million was allocated to fund the ongoing and new skills development schemes. Government is making all efforts to produce competent skilled workforce at par with international standards of job market in various sectors of economy including construction, hospitality, services and energy. More than 200,000 youth have been trained under targeted training programmes so far. Ministry-wise allocation and utilization of PSDP funds is reflected in Table-7 below:

Table-7: Allocation and Utilization of Federal PSDP 2019-20 by Line Ministry

(Rs million)

Line Ministry	No. of projects	PSDP Allocation 2019-20	PSDP Utilization as of March 31, 2020
Ministry of Federal Education and Professional Training	03	535.00	435.00
Ministry of Kashmir Affairs and Gilgit Baltistan	01	40.00	40.00
Grand Total		1240.00	475.00

Accomplishments

In 2019-20, several key targets were achieved in strengthening the governance and infrastructure of TVET sector, along with establishing skills/ development opportunities for young people across Pakistan. Some key accomplishments are listed as follows:

Strengthening TVET Infrastructure

- Accreditation of almost 400 TVET institutes and 1400 training programmes across the country
- Replacement of Apprenticeship Bill, 1962 with Apprenticeship Act 2018 to strengthen industry and private sector role in TVET

Training and Capacity Building

- Roll out of Prime Minister's Skills for All (Hunarmand Pakistan) under the Kamyab Jawan Programme (KJP) initiative
- Launch of a National Job Portal to link 55000 skilled workers with employers
- Establishment of Job Placement Centres (JPCs) at Islamabad, Karachi and Lahore along with 100 Job Placement and Vocational Counseling Centres (JP&VCCs) across the country for the benefit of youth
- Launch of Recognition of Prior Learning (RPL) system to recognize and certify 15000 informally skills youth
- Completion of pedagogical (in-service) training of 8500 TVET teaching staff across Pakistan

Curriculum Development

- Launch of online training courses for youth in ICT and Science, Technology, Engineering and Mathematics (STEM) focused trades ranging from manufacturing technology to quality control and assurance in wake of COVID-19 through collaboration with Government of China
- Standardization of skills qualification under National Vocational Qualification Framework (NVQF) and development of curricula for over 100 trades/ areas

Overseas Employment

During 2018-19, more than 468,000 Pakistani workers proceeded abroad for the purpose of employment⁵. During 2019-20 (upto February) 491,854 Pakistani emigrants were registered with Bureau of Emigration and Overseas Employment (BE&OE) which shows an increase as compared to corresponding period of previous year. Moreover, Pakistan has signed MOUs with UAE and Japan to enhance export of manpower to these countries. An initiative has been undertaken to create linkage between Overseas Employment Corporation and National Vocational and Technical Training Commission (NAVTTTC) for match making of available jobs at BE&OE official website and data of trained job seekers maintained by NAVTTTC.

COVID-19 Specific Challenges

Domestic Employment

In order to contain the spread of virus, the Provincial and Federal Governments have imposed lockdowns of various degrees which pose risk of high unemployment especially among the vulnerable group. With the prevailing lockdown situation, these informal sector workers (Vulnerable employment group) are most at risk of losing their jobs across the country. The distribution of Pakistan's 27.3 million informal sector workers by sectors shows that 8.88 million work in wholesale and retail trade sector, 6.22 million in manufacturing sector, 4.43 million in construction, 4.37 million in community/social & personal services sectors while 3.14 million are engaged in transport/ storage & communication sector. It is expected that wholesale and retail trade will lose maximum workers followed by manufacturing, construction and transport.

Overseas Employment

Pakistan is a major labor exporting country in the world with almost 11.00 million Pakistanis working in different countries with majority in the Gulf Cooperation Council (GCC) countries. It is feared that with the contraction in global economies, overseas Pakistanis may be adversely impacted in terms of permanent or temporary unemployment. A ban on international travel has impacted export of manpower. As per BE&OE more than 50,000-migrant workers who completed their registration at the Protectorate Office could not proceed overseas due to travel restrictions and lockdown situation both domestically as well in many countries across the globe. Additionally, 100,000 foreign jobs (advertised on BE&OE's website) are halted, with limited operations of Protectorate Offices as well as uncertain global situation.

⁵Source: Bureau of Emigration and Overseas Employment

Government's Response to COVID-19

Prime Minister's Emergency Relief Package

The Federal Cabinet approved Rs1,200 billion Prime Minister's Economic Relief Package to deal with the coronavirus outbreak and its repercussions. The relief package is aimed at providing financial support to the different sectors of economy affected by the economic slowdown unleashed by COVID-19. Government has allocated Rs200 billion for the labour class hit by pandemic. To help the industrial sector especially the export sector, it has been decided to release tax refunds amounting to Rs100 billion, besides deferring of the interest payment to bolster this sector. For the small and medium industry and agriculture sector, another amount of Rs100 billion is set aside with deferred interest payment.

Provincial Relief Packages

In order to mitigate the adverse impacts of COVID-19 pandemic, the provincial governments have announced their respective relief packages. Govt. of the Punjab has announced a Rs10 billion relief package for financial support to 2.5 million families of daily-wage earners. Government of KP has approved Rs32 billion stimulus economic package to provide relief to the masses and the business community. It includes Rs11.4 billion, benefiting 1.9 million deserving families and also Rs5 billion tax exemptions for business community. The Sindh government has announced Corona Emergency Ration Package, for which Rs20 million have been allocated for each district to distribute food items to the daily wagers.

Package for the Construction Industry

The Federal Government has announced Rs100 billion package for construction industry to keep the country afloat amid the coronavirus pandemic. A strong resolve has been shown to give necessary incentives to construction industry in order to provide job opportunities to people during this time of crisis. The construction sector was opened on 14th April, 2020 to provide job opportunities.

State Bank of Pakistan's Refinance (Rozgar) Scheme

State Bank of Pakistan has launched Refinance Scheme to support employment and prevent layoff of workers, also called Rozgar Scheme. Concerted efforts have made to ensure that benefits of the scheme reaches particularly to the SMEs that offer employment to a large number of people. In recent changes made under the scheme, State Bank will now finance up to 100 percent of wages and salaries of businesses with average 3- month wage bill of up to Rs500 million. This can be used for the onward payment of wages and salaries for the months of April, May and June, 2020. Similarly, for businesses with 3-month wage bill exceeding Rs500 million, State Bank will now finance up to 75 percent with maximum financing of Rs1 billion.

Outlook 2020-21

Sectoral Objectives

In present scenario, the outbreak of COVID-19 has imposed a major challenge on government to prepare an immediate COVID-19 responsive action plan or strategies to efficiently and effectively minimize, mitigate and manage the adverse effects and imminent risk on the social and economic aspects, particularly poor and vulnerable groups. Thus, efforts will be made to

ensure that the objectives/ targets of Plan are well aligned with the National Plan of Action to protect labour.

The Plan focuses on the projects and programmes to counter the adverse impact of pandemic on employment especially on daily wage earners and street vendors. A number of policy initiatives shall be taken to ensure an efficient, equitable and rights based labour market.

For youth employment and skills development, the Plan will endeavour to mitigate the challenging socio-economic effects arising out of COVID-19 pandemic.

Sectoral Plan / Strategy 2020-21

COVID-19 pandemic has devastating impacts on the economy, posing high risk of unemployment especially for labour belonging to vulnerable employment category. Therefore, protecting the job loss of labour and salvaging of the economy lies in the heart of strategy for 2020-21.

Plan focuses on using the public sector stimulus to generate economic activity and employment in labour intensive sectors, harnessing the potential of CPEC, skill development of youth focusing on the demand driven skills not only for domestic market but keeping in consideration the demand in international market as well. OPHRD Division shall be exploring new countries other than the GCC countries, where more than 96 percent of the emigrants are registered⁶. New avenues of exporting manpower to Germany, Japan, Poland and Romania are being explored to export the manpower. New overseas job markets would be explored through diplomatic channels and signing of Bilateral Agreements. It is expected that there could be a decline in manpower export during first half of 2020-21 due to the outbreak of COVID-19 pandemic but it may sustain in second half of the year.

Most women are engaged in the informal sector, working without any legal protection as domestic workers, home-based workers and piece-rate workers for the manufacturing firms. Women are engaged mostly as contributing family workers (54 percent), eventually working without pay. Affirmative action/ policies for women workers and employees, as well as women entrepreneurs are a key focus of current Plan. Special windows exist for women entrepreneurs in the SME sector. The female labour force participation will be increased through investing in skill development programmes and education in girls. 25 percent funds would be distributed amongst female entrepreneurs under the Prime Minister's Kamyab SME lending programme. The sectors such as construction & housing, ICT, and digital platforms shall be especially focused to generate more employment opportunities in the country. Special emphasis shall be made on promotion of self-employment through inclusion of entrepreneurship in the curriculum and provision of subsidized loans under Prime Minister's Kamyab Jawan Programme.

Key Interventions / Programmes 2020-21

The Table-8 below gives a snapshot of key programmes/interventions for 2020-21 and COVID-19 responsive interventions/proposals with the time frame and responsible implementing government.

⁶Official statistics by Bureau of Emigration and Pakistani Workers

Table-8: Interventions/Programmes for 2020-21 along with Time Frame

Interventions/ Programmes	Time Frame ST/MT/LT*	Subject (Federal/ Provincial)
Public Sector Development Programme	LT	Federal/ Provincial
Employment Generation in CPEC Programme	LT	Federal
Promotion of Overseas Employment	LT	Federal
Implementation of following three components of Prime Minister's Kamyab Jawan Programme		
Roll out of Prime Minister's Skills for All Programme at estimated cost of Rs9,880.00 million focusing on 14 skill interventions	MT	Federal
Provision of training to young people in entrepreneurship and launch of startups under Prime Minister's Start-up Pakistan Programme(target: one million trained and 10,000 startups by 2023)	MT	Federal
Provision of loans to young people under Prime Minister's Youth Entrepreneurship Scheme (YES) for successful business development	MT	Federal
Other Skill Development Programmes by NAVTTC		
Introduction of Matric-TECH pathways for integrating TVET and formal education at estimated cost of Rs315.00 million	MT	Federal
Improvement of livelihood and well-being of Female Home-Based Workers (FHBWs) in Sindh province at estimated cost of Rs541.086 million	MT	Provincial
COVID-19 Specific Interventions/ Proposals		
Review and re- alignment of Kamyab Jawan Programme with COVID-19 responsive national action plan	MT	Federal
Provision of e-learning mode for conventional and High -End/High- Tech trades under "Skill for All" programme	MT	Federal
Establishment of Business incubation Centres (BICs) for provision of virtual training	MT	Federal
Development of mechanisms to facilitate distance-learning, accreditation and monitoring of leaning outcomes	MT	Federal
Training of female entrepreneurs suffering significant economic loss due to COVID-19	LT	Federal
Provision of compensation packages and relief measures for workers with period of closure considered by the employers as paid leave	ST	Federal
Reprioritizing the PSDP and scaling up Employment Intensive Programmes	MT and LT	Federal/ Provincial
Reducing interest rate on Youth loan schemes and rescheduling of microloans	MT and LT	Federal/ Provincial
Facilitation to the online businesses/ Tele-working	LT	Federal

* ST is 0-3 months, MT is 4-12 months, LT is 2 years

Public Sector Development Programme (PSDP)

In PSDP 2020-21 due priority shall be given to gainful labour-intensive sectors. PSDP would focus to promote entrepreneurship through introducing and facilitation of incubation centres. Skill development is one of the priority areas of the Government to promote the competency and quality training to educated unemployed youth.

Employment Generation under CPEC

Gwadar projects and 9 Special Economic Zones will be established under CPEC portfolio, which will create job opportunities and technological transformation. Priority would be given to align technical institutions and training with CPEC related trades and demand of SEZ's. The ML-1 project to upgrade and dualize the rail track from Peshawar to Karachi (1872 km) has a potential to create 174,000 direct jobs.

Overseas Employment Opportunities

The global economies have been disrupted with the outbreak of COVID-19 pandemic. The crisis has resulted in repatriation of Pakistani workers working abroad. To cope up with this situation, Government would explore new venues to export manpower. The countries such as Japan and Germany have great potential due to their huge economic size and low population growth. Canada is one of the emerging countries for expatriate workers where demand for skilled and semi-skilled workers is high.

Prime Minister's Kamyab Jawan Programme

Prime Minister's Kamyab Jawan Programme has launched having following six components:

1. Youth Entrepreneurship Scheme (YES)
2. Hunarmand Pakistan (Skills for All) Programme
3. Green Youth Movement
4. National Internship Programme
5. Start Up Pakistan Programme
6. Jawan Markaz Initiative

Skill Development Initiatives

Government is putting increasing emphasis on enhancing the skills of its people in general and that of workers in particular to increase their employability and to facilitate them to get decent employment particularly for youth. For the purpose, numerous steps are taken at federal level to regulate, standardize TVET sector along with socio-economic development of youth through skill development. NAVTTC executed nation-wide targeted skill development programme which focused on preparing skilled human resource for local & international labour market, primarily for national mega projects like CPEC and other energy related projects.

Prime Minister's Skills for All – Hunarmand Pakistan Programme under Kamyab Jawan Initiative

NAVTTTC has recently launched the programme at estimated cost of Rs9,880 million in line with “National Skill Strategy (NSS)” focusing on interventions for skill development of youth and uplift of TVET sector. This is expected to provide equal opportunities for youth to acquire hands-on skills to earn bread & butter for their families. This will expand the pool of skilled workforce bridging demand and supply gap of skilled workforce. Women will also be able to meet their domestic expenses by utilizing their enhanced skills.

Developing Matric-TECH Pathways for integrating TVET in Formal Education

To integrate TVET into general education stream, a project at estimated cost of Rs315 million has been initiated that would establish new labs and workshops in public sector schools and colleges to ensure provision TVET to youth. The target youth (middle pass) will be enrolled for this “general education/ skills-based qualification’ in specific TVET disciplines/ technologies as per geographic and market needs.

Improvement of Livelihood and Well-Being of Female Home-Based Workers (FHBWs) in the Informal Economic Sector in Sindh

A project on “Improvement of Livelihood and Well-Being of Female Home-Based Workers (FHBWs) in the Informal Economic Sector in Sindh” at estimated cost of Rs541.09 million has been initiated with JICA assistance. The project envisages improvement of livelihood and wellbeing of female Home-Based workers with economic empowerment of women through capacity building, access to financial services and imparting the skills necessary for income generation. A total of 6800 females would be benefitted under this project during the next four years.

COVID-19 Responsive Interventions

Providing income and livelihood support to the affected workers

Government would devise mechanisms for providing income support to the more vulnerable segments of the labour market which includes casual and daily wage workers as well as the self-employed working in the different sectors, which are most vulnerable to losing their livelihoods due to slowdown of economic activities in wake of possible lockdowns. Data/numbers of workers in vulnerable forms of employment who are likely to lose their livelihoods may be covered under upcoming Labour Force Survey. Modalities of collecting COVID-19 situation specific labour force data and information will be worked out jointly by the federal and provincial governments. The platform of Digital Pakistan will be harnessed to employ digital technologies in collecting COVID-19 situation specific labour force data at a disaggregated level by sex, occupation, employment status. The scope and objectives of ‘Ehsaas Programme’ targeting the poor and vulnerable segments of the society will be expanded to include Home-based Female Workers and youth working in informal sectors.

Realigning Kamyab Jawan Programme

Kamyab Jawan Programme will be reviewed and re-aligned to meet the evolving demands of social and economic wellbeing of young people during and post COVID-19 crises with a strong emphasis on saving livelihoods of young people especially in vulnerable informal economy

sectors. Technical training of youth in conventional and High -End/High- Tech trades under “Skill for All” programme would be shifted to distant/ virtual training and E-learning so that employability of youth may not suffer in socio-economic impacts of COVID -19. This will expand the pool of skilled workforce in all sectors of economy bridging demand and supply gap of skilled workforce. Under the Start Up Programme, Business Incubation Centres (BICs) would be established to promote youth entrepreneurship with focus on post COVID-19 recovery. To ensure sustainability of the programme during COVID-19 social distancing period, all necessary training would be imparted online and virtual. The national start up ecosystem will provide training in entrepreneurship to one million young people and launch 10,000 start-ups by 2023 to create jobs and economic activities. The Start Up Pakistan Programme will be executed by the Higher Education Commission.

Reprioritizing the PSDP and scaling up Employment Intensive Programmes

To mitigate the adverse effects of COVID-19 pandemic on employment, PSDP needs to be reprioritized to generate a stimulus in the economy. The focus of PSDP should be shifted away from mega projects to small scale social sector projects where the local communities are engaged catering the community immediate income needs such as small Public Works Programmes, community child care, small health centres and Water Sanitation and Hygiene (WASH) facilities etc. with special emphasis on employment generation. Moreover, the focus of PSDP shall be made on strengthening the social and human capital of the country.

Reducing interest rate on Youth loan schemes and rescheduling of microloans

The interest rate on youth loans schemes funded by PSDP should be reduced in line with the practice made by the State Bank of Pakistan’s Refinance Scheme and Islamic Refinance Scheme aimed to support employment and prevent layoff of workers. Moreover, it is recommended that the micro credit institutions may reschedule the micro loans granting a longer repayment time, so the small borrowers may get some relief in this crisis.

Facilitation to the online businesses / Tele-working

A new opportunity of on-line business such as e-commerce, tele-health and tele-education has emerged out of this crisis which needs to be harnessed to generate future employment generation. There is a need to facilitate this sector as well some regulatory mechanism should be designed such as standardization of procedures for quality assurance and protection of consumers etc. Moreover, the skill development should also focus on ICT based skills to produce the competent workforce. Sufficient public investment to build the ICT infrastructure is also required.

CHAPTER 15

MASS MEDIA, NATIONAL HERITAGE AND CULTURE

Mass Media Sector in Pakistan has been evolving since its inception or even before. Moreover, the Sector has always been recognized as a cultural carrier while the culture has remained a primary source of content provision and inspiration for the sector. 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 internet. Moreover, during COVID-19 pandemic, the role of media houses has increased manifold as media will form evidence based and professional opinion during this crisis.

Performance Review 2019-20

Mass Media Sector

Financial Review

An amount of Rs440.51 million was earmarked to four ongoing and two new projects of Information & Broadcasting Division in PSDP 2019-20 for improving production, transmission, quality of audio and video signals and increasing the coverage area. The utilization is expected to be Rs356.03 million by June, 2020. Sub-sectoral physical and financial details are given in the following paragraphs. Agency wise detail is as under:

(Rs million)

S. No.	Agency	Allocation 2019-20	Estimated Expenditure 2019-20
1.	Pakistan Television Corporation	284.48	200.00
2.	Pakistan Broadcasting Corporation	156.03	156.03
Total		440.51	356.03

Pakistan Television Corporation (PTVC)

An amount of Rs284.48 million was allocated for one ongoing and one new project of PTVC during 2019-20 out of which Rs200 million have been released and are expected to be utilized fully by June,2020. Work on the project titled “Moderation of Cameras and Production Equipment of PTV” will remain in progress during financial year 2020-21. The project is for modernization and upgradation of system from SD to HD which will provide better quality video, audio and programmes to viewers.

Mass Media in Pakistan at a Glance

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 Rs156.030 million was earmarked during 2019-20 for three ongoing and one new project of PBC which is expected to be utilized fully by June, 2020. The project titled “Up-gradation of Radio Station Multan under ODA Programme of South Korea” is in final stage and expected to be completed by May, 2020. The other two projects titled “Rehabilitation of Medium Wave Service from Muzaffarabad (AJK)” and “Replacement of Medium Wave Transmitter at Mirpur” are in process of tendering for procurement of broadcasting equipment and the amount will be utilized after delivery of equipment which is expected by June, 2020. These projects are for extending Radio Pakistan signals to Middle East, South Asia, South East Asia and Far East. Work on the project titled “100 KW MW Transmitter at Gwadar” is in progress and 20 percent physical while 46 percent financial progress has been achieved. After completion this project will extend radio coverage in strategic areas of south east Baluchistan, coastal areas, CPEC route and shipping vessels in Arabian Sea.

National Heritage Sector and Culture

Pakistan has a rich and unique culture that upholds traditions and conventions. Pakistani culture is rich in variety of traditions, customs, dresses, foods, festivals, music etc. and are very prominent. The rich culture includes; tangible (ancient sites and historic structures etc.) and intangible (languages, beliefs, rituals, traditions, music, dance, folktales and arts) cultural heritage. National Heritage and Culture (NHC) Division and its attached departments are promoting true image of Pakistan through preservation of national history and culture, projection of thinking of Allama Muhammad Iqbal and Quaid-e-Azam Muhammad Ali Jinnah, welfare of writers, promotion of literature and creation of peace and harmony in the society through culture. An amount of Rs203.63 was allocated to the NHC Division for strengthening of existing facilities at Pakistan Academy of Letters, Pakistan National Council of Arts (PNCA), Lok Virsa, National Library of Pakistan, Department of Archaeology & Museums (DOAM) and Quaid-e-Azam Mazar Management Board (QMMB) for conservation and promotion of rich and diverse cultural heritage of Pakistan.

The financial review of Culture sector for 2019-20 is given below:

(Rs million)			
S. No.	Agency	Allocation 2019-20	Estimated Expenditure 2019-20
1	Pakistan Academy of Letters (PAL)	37.50	37.50
2	Pakistan National Council of Arts (PNCA)	60.62	60.12
3	Nation Institute of Folk & Traditional Heritage (Lok Virsa)	15.00	15.00
4	Department of Archaeology & Museum (DOAM)	22.25	22.25
5	Quaid-e-Azam Mazar Management Board (QMMB)	21.34	-
6	National Library of Pakistan (NLP)	46.92	-
Total		203.63	134.87

Pakistan Academy of Letters (PAL)

The allocation during 2019-20 for PAL was Rs37.50 million which is expected to be utilized fully on the construction at regional centres of PAL at Islamabad, Peshawar and Quetta. These centres will promote local languages, literature and writers. Civil works on the project titled "Construction of Auditorium at Pakistan Academy of Letters, Islamabad" has almost been completed. The remaining works of HVAC, sewerage & security, procurement of multimedia, sound system & generators and landscaping of the open area etc. are in progress after approval of third revised PC-I by CDWP. An amount of Rs13.50 million was allocated during 2019-20 for the project titled "Construction of Office Building Hall, Guest House, Committee Room, Library at Pakistan Academy of Letters Peshawar" which is expected to be utilize fully by June, 2020. An amount of Rs10 million was allocated for the project titled "Construction of Regional Office of Pakistan Academy of Letters, Quetta" which is also expected to be utilized fully by June, 2020.

Pakistan National Council of Arts (PNCA)

Pakistan National Council of the Arts is an Apex Cultural body functioning on national level to promote cultural activities. The Council performs different activities on the basis of policies framed by its Board of Governors headed by the Minister for National Heritage and Culture comprising 28 members. Funds of Rs60.62 million were allocated for projects of PNCA during 2019-20. The allocation for the project titled "Establishment of Digital Archive Library/Laboratory of PNCA, Islamabad" was Rs4.04 million which is expected to be completed by 30th June, 2019. The project is for digitalization of programmes held in PNCA and establishment of archives library/ laboratory. An amount of Rs56.576 million was allocated for the other two projects of PNCA titled "Establishment of National Film Academy Sector H/9 Islamabad" and "Upgradation of Film Projection Light and Sound System Installed at PNCA Auditorium F-5/1 Islamabad". These allocations are expected to be fully utilized by June, 2020.

National Institute of Folk & Traditional Heritage (Lok Virsa)

Lok Virsa Museum is a museum administered and managed by Lok Virsa - National Institute of Folk & Traditional Heritage. Lok Visa's mandate has been to preserve, document and promote cultural heritage (both tangible and intangible). The allocation during 2019-20 for Nation Institute of Folk & Traditional Heritage (Lok Virsa) was Rs15.00 million for the project titled "Uplift of Lok Virsa premises into a Professional, Gender Friendly Safe Space"

Department of Archaeology & Museum (DOAM)

During 2019-20, an amount of Rs22.254 million was allocated to two ongoing projects of DOAM titled “Preservation and Restoration of Rawat Fort, Islamabad” and “Mapping of Historical and Religious Sites in Pakistan” which is expected to be fully utilized by June, 2020.

National Library of Pakistan (NLP)

During 2019-20, an amount Rs46.924 million was allocated for two ongoing projects titled “Up-gradation of National Library of Pakistan” and “Digitalization of Rare Books and Manuscript Collection of National Library of Pakistan”. These projects are 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 Rs21.34 million was allocated for an 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”.

Outlook 2020-21

Mass Media Sector

The Digital video broadcasting, digital audio broadcasting, Internet Protocol Television (IPTV), mobile TV and digital multimedia broadcasting is the future of broadcasting culture. Mass Media sector during 2020-21 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 hold significant potential for investment in media. In addition, especially the COVID-19 related information would be aired.

Programmes 2020-21

The PSDP allocation for Mass Media, National Heritage and Culture Sector is Rs300 million during 2020-21. Agency wise detail is as follow:

		(Rs million)
S. No.	Agency	Allocation 2020-21
1.	Pakistan Television Corporation (PTVC)	180
2.	Pakistan Broadcasting Corporation (PBC)	120
Total		300

An amount of Rs180 million has been allocated to PTVC in PSDP 2020-21 to six ongoing projects. These projects are for the modernization of camera and production equipment, and extending the coverage area to uncovered pockets of Balochistan and AJ&K. Similarly, an amount of Rs120 million has been earmarked to three ongoing projects of PBC.

National Heritage and Culture Sector

The PSDP allocation for NHC sector during 2020-21 is Rs47.82 million. Agency-wise detail is as under:

(Rs million)		
S. No.	Agency	Allocation 2020-21
1.	Pakistan Academy of Letters (PAL)	34.48
2.	Department of Archaeology & Museum (DOAM)	13.34
Total		2

An amount of Rs34.48 million has been allocated to Pakistan Academy Letters (PAL) for construction of its regional office buildings in Peshawar and Quetta. The project for construction of Office Building, Conference Hall, Guest House and Committee Rooms at Provincial Office of PAL is at advanced stage of its implementation and will be completed by June, 2021.

An amount of Rs13.34 million has been allocated for two on-going projects of DOAM. An amount of Rs7.70 million have been provided for project titled "Mapping of Historical and Religious Sites in Pakistan". The project remained in progress during 2019-20 and will continue during 2020-21. Similarly, an amount of Rs5.64 million has been allocated to project titled "Preservation, Restoration and Presentation of Rawat Fort, Islamabad".

COVID-19 Responsive Interventions

- Public and private sector media of Pakistan will create awareness in general public about symptoms, preventive and precautionary measures to control spread of the virus including extended media coverage for compliance guidelines/advisories issued by relevant authorities and government departments. Misinformation will be countered through timely dissemination of authentic, accurate and updated information obtained through reliable sources
- Media will inform about how deserving people can get financial assistance and supply of food items/ ration including provision of protective equipment to doctors, nurses and paramedics with any additional trainings on safety protocols required in this emergency situation. The dissemination of updated information about SOPs regarding business continuity programme (i.e. allowing employees to work virtually from home) and relaxation in regulatory deadlines etc. will be ensured
- According to Pakistan Telecommunication Authority (PTA), there are almost 165 million cellular subscribers including 76 million 3G and 4G subscribers, 3 million basic telephony subscribers and 78 million broadband subscribers using internet facilities, therefore, digital media will be used by electronic and print media for reaching their audiences at home. Moreover, available digital and social media platforms will be used for digital marketing/sales, virtual meetings, collection of donations and creation of online working environment etc
- The role of public sector electronic media will increase in providing education and information through programmes like Tele-School, Tele-Education and broadcasting information about the pandemic through rural areas especially

- Similarly, National Library of Pakistan (NLP), Pakistan Academy of Letters (PAL), Pakistan National Council of Arts (PNCA) and Lok Virsa will use its social media platforms and websites to provide home bound /online services to audience for promotion of learning and cultural activities through digital and social media

CHAPTER 16

ENERGY

Energy sector of Pakistan plays a vital role in the country's economic development. The demand-supply gap over the last decade had negatively impacted economic growth. Therefore, prioritized focus was given on power generation capacity addition. As a result, demand-supply gap of power has been successfully bridged, however, many aspects of the energy value chain still require focus to reduce the cost of power to consumers and the economy. Some of the challenges in the sector are; a) High cost of generation and reliance on expensive imported fuel, b) inefficiencies of the electric and gas distribution infrastructures, and c) lack of integrated energy and economic planning.

The generation capacity added in 2018-19 included Domestic Thar coal (660 MW Capacity), RLNG projects, imported coal projects and Renewable Energy Projects. 1,441 MW electricity generation will be added in the national grid by June, 2020. Another 3,933 MW is planned to be added to the national grid by June 2021 as per Indicative Generation Capacity Expansion Plan (IGCEP) 2020-47 envisaged by NTDC/ Power Division.

To attract private sector investment in the transmission sector, Transmission line policy was announced under which first ITC project i.e. Matiari - Lahore HVDC Transmission Line (4000MW) is underway. For evacuation of additional power generation, the National Transmission and Dispatch Company (NTDC) transmission system will be strengthened through construction of new 500kV grid station adding 1,050 MVA during 2019-20. Further an addition of 4,445 MVA is expected during 2020-21 on ± 660 kV HVDC system respectively. All Distribution Companies (DISCOs) are implementing projects to reduce distribution losses, increase distribution systems efficiency and provision of electricity to new consumers. Power sector reforms will be continued with a clear roadmap for the development of the sector along with institutional strengthening.

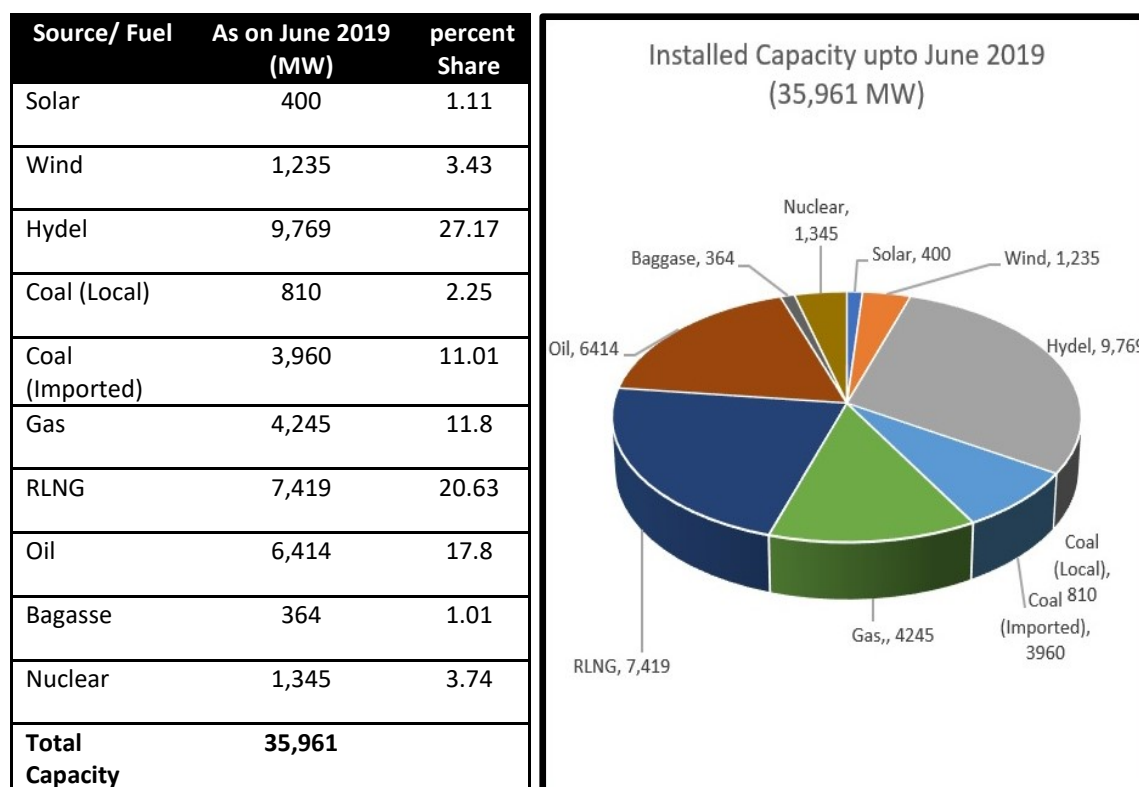
The gas utilities companies i.e. Sui Northern Gas Pipelines Limited (SNGPL) & Sui Southern Gas Company Limited (SSGCL) have provided gas connection to 430,145 consumers during 2019-20. Moreover, both companies have added transmission and distribution pipelines extension of more than 5000 kms in their respective jurisdiction. To facilitate industrial activities through Special Economic Zone (SEZ), SNGPL will implement a 29 km gas pipeline project for supply of 30 MMCFD gas to Rashakai SEZ, KPK. The SSGCL will implement projects for supply of 13.5 MMCFD and 13 MMCFD gas to Dhabeji and Bin Qasim Industrial Park Special Economic Zones (SEZ), Sindh.

The global COVID-19 pandemic will not only affect the global energy landscape, but it will also have a significant impact on the energy demand in the country. The sector development and reform plans will be aligned with the changing demand-supply situation.

Power Sector

Performance Review 2019-20

The installed capacity as on June 2019 was 35,961 MW (**Annex-I**). The existing fuel-wise generation capacity is mentioned as follows:

Table-1: Existing Fuel-Wise Generation Capacity (MW)

Source: NTDC

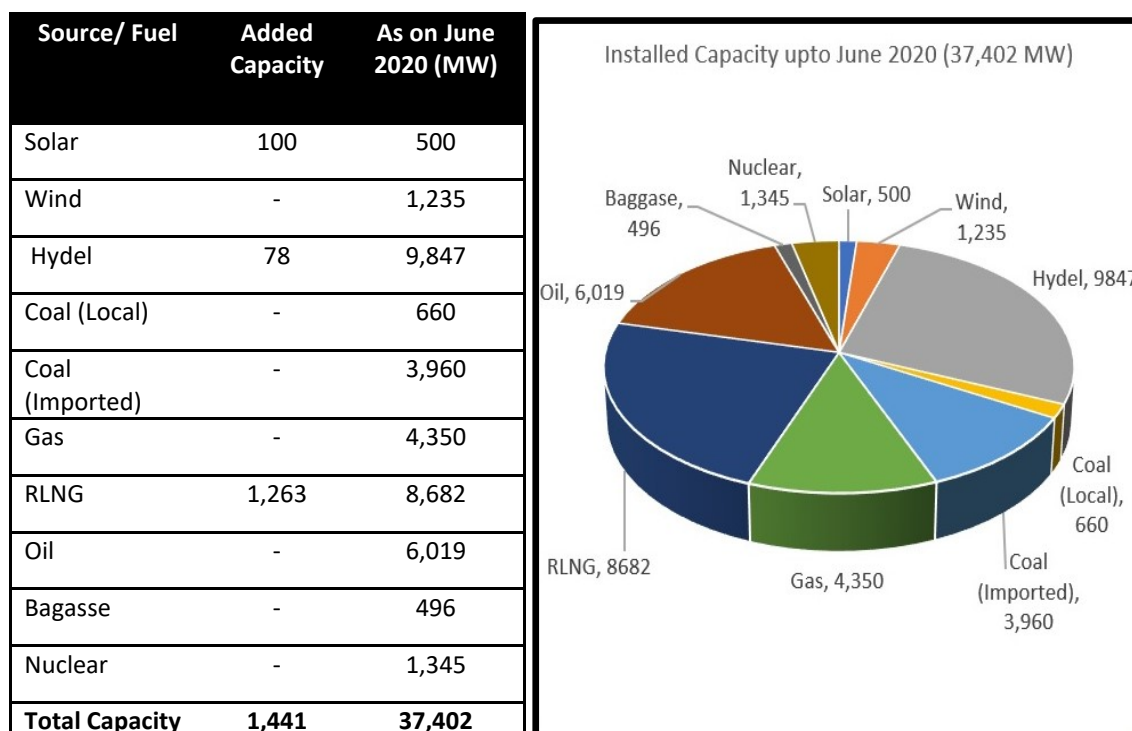
An amount of Rs216,360 million were allocated in PSDP 2019-20 for power sector projects including self-finance by Power Sector Corporations and excluding cost of IPPs. As on June 2019, overall Generation mix consisted of 50.51 percent indigenous resources and 49.44 percent imported fuels.

Table-2: Power Sector PSDP Allocations 2019-20

(Rs million)

Department	Number of Projects	Allocation 2019-20
Power Division (Generation, Transmission and Distribution Projects)	91	74,975.29
Pakistan Atomic Energy Commission (Power Projects)	3	18,670.84
Kashmir Affairs and Gilgit Baltistan (Power Projects)	9	1,945.00
WAPDA Hydropower Generation Projects	17	120,768.35
Total	120	216,359.49

1,441 MW power will be added during the year 2019-20 in the national grid (**Annex-II**). As a result, the installed capacity will be enhanced from 35,961 MW to 37,402 MW as per details in Table-3:

Table-3: Installed Capacity up to June, 2020 (MW)

As on June 2020, overall Generation mix will consist of 49.1 percent indigenous resources and 50.9 percent imported fuels (1.5 percent more as on June 2019 due to RLNG).

Transmission System

During 2019-20, the NTDC transmission system has been strengthened by addition of 1,050 MVA on 500 kV for evacuation of additional power to the National Grid. The existing transmission lines have been extended by 1,356 km on 500 kV. Detail is given below:

Table-4: Achievements of Transmission System up to June, 2020

Items	Existing Capacity June 2019		Achievements/ Enhancement up to June-2020	
	500 kV	220 kV	500 kV	220 kV
Transmission Capacity (MVA)	22,350	31,240	1,050	-
Length of transmission line (km)	5,917	10,981	1,356	-

Source: NTDC

Distribution System

A total of 7,285 villages were electrified and 5,387,641 connections were added as a result of which the number of connections increased up to 35 million. In addition, the distribution lines i.e. 132 kV lines were extended by 1176 km. Per capita electricity consumption is 529 units per person per year which is very low as compared to the world average consumption of 2674 units per person per year. Further, to cope with increasing power demand, all Distribution Companies (DISCOs) enhanced their capacity 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 2019-20

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 (percent)	Village Electrification (Nos.)
FESCO	156	79	275	708	156	4,390,286	0.1	950
GEPCO	108	45	107	262	258	180,000	0.2	81
HESCO	83.8	63	33	131	62	18,027	0.4	353
IESCO	303	239	100	350	300	141,610	0.15	787
MEPCO	435.8	216	285	1400	62	234,540	0.19	1,098
PESCO	432	121	82	632	279	130,462	0.5	3,107
QESCO	106	101	57	764	167	14,614	-	529
SEPCO	156	221	5	71	27	40,000	-1.0	132
TESCO	198	43	29	271	58	741	2.3	218
LESCO	434	47	259	510	437	237,361	0.31	30
Total	2412.6	1176	1232	5098	1806	5,387,641		7,285

Source: DISCOs

Regional Power Connectivity

An amount of Rs7,877 million was allocated in PSDP 2019-20 for Central Asia South Asia (CASA) transmission project. Significant progress has been made on the CASA transmission project envisaging laying 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 parties have signed core power agreements including Power Purchase Agreements (PPAs). Land possession has been taken, security clearance at site is in progress.

Outlook 2020-21

An amount of Rs204,543.79 million is proposed in PSDP 2020-21 for power sector projects of generation, transmission and distribution including Government budgeted, self-finance of Power Sector Corporations excluding IPPs.

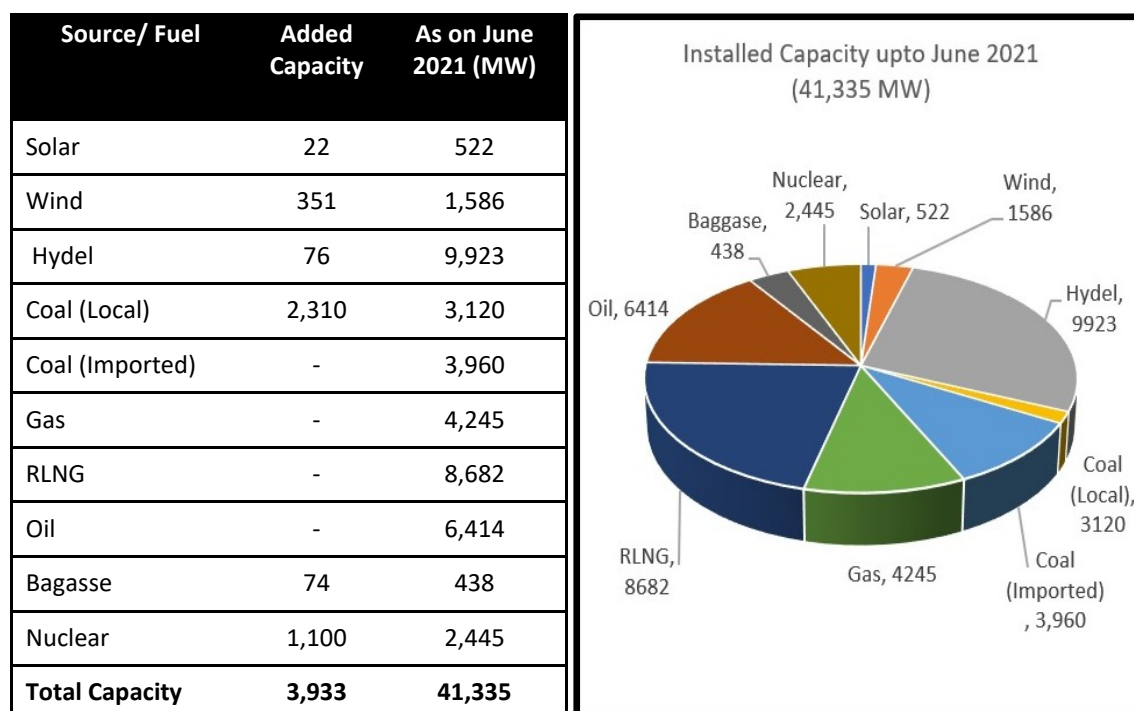
Table-6: Power Sector PSDP Allocations 2020-21

(Rs million)

Departments	Number of Projects	Allocation 2020-21
Power Division (Generation, Transmission and Distribution Projects)	80	70,237.80
Pakistan Atomic Energy Commission (Power Projects)	2	18,100.00
Kashmir Affairs and Gilgit Baltistan (Power Projects)	7	1,895.00
WAPDA Hydropower Generation Projects	13	114,311.00
Total	102	204,543.80

During 2020-21, power generation capacity of 3,933 MW including 447 MW from renewable energy will be added, which will increase the existing installed capacity from 37,402 MW to 41,335 MW as follows. Project wise details are given at **Annex-III**.

Table-7: Planned Additional Installed Capacity up to June, 2021



As on June 2021, overall Generation mix will consist of 54 percent indigenous resources and 46 percent imported fuel.

Transmission System

An amount of Rs3,000 million has been proposed in the PSDP 2020-21 for CASA project. The implementation of CASA project will continue in 2020-21. The transmission capacity will be enhanced by 4,445 MVA on ± 660 kV network up to June 2021. Further, about 94 km and 880 km transmission lines will be constructed on 500 kV and ± 660 kV respectively as per details given below:

Table-8: Targets of Transmission Capacity Addition 2020-21

Items	Achievements up to June-2020			Targets up to June-2021	
	500 kV	220 kV	± 660 kV	500 kV	220 kV
Transmission Type	500 kV	220 kV	± 660 kV	500 kV	220 kV
Transmission Capacity (MVA)	23,400	31,240	4,445	-	-
Length of transmission line (km)	7,273	10,981	880	94	-

Capacity Enhancement NTDC Transmission System

Description	765 kV			500 kV			220 kV		
	No. of Grid Stations	Capacity (MVA)	T/Ls (km)	No. of Grid Stations	Capacity (MVA)	T/Ls (km)	No. of Grid Stations	Capacity (MVA)	T/Lines (km)
Existing Capacity	-	-	-	16	22,350	5,917	45	31,240	10,981
2019-20	-	-	-	-	1,050	1,356	-	-	-
2020-21	-	-	-	-	-	94	-	-	-
2021-22	-	-	-	-	-	116	02	2,000	43
2022-23	-	-	-	03	5,250	1,171	05	4,320	1,033
2023-24	-	-	-	02	3,450	113	13	13,896	1,013
2024-25	01	3,600	250	01	1,500	30	-	750	20
Total:	01	3,600	250	22	33,600	8,797	65	52,856	13,090

Source: NTDC

HVDC Transmission Lines Projects

Name of Project	Capacity Addition	Transmission Line	Year
Matiari - Lahore HVDC TL	4,000 MW	880 km $\pm$ 660 kV	2021-22
CASA-1000	1,300 MW	110 km $\pm$ 550 kV	2022-23

Source: NTDC

Distribution System

Targets for Power Distribution Companies are given in Table 9, Losses position is still considerably higher than the global average of around 8 percent. Higher losses will be curtailed through DISCOs Power Distribution enhancement projects like STGs and ELR. Following targets are set by DISCOs for 2020-21:

Table 9: Targets of Power Distribution Companies 2020-21

	Name of DISCO	132 kV MVA to be added	132 kV Transmission Line (Km) to be added	11 kV MVA to be added	11 kV Transmission Line (Km) to be added	400 Volt Transmission Line (Km) to be added	Consumers to be added (Nos.)	Loss Reduction (%)	Village Electrification (Nos)
1	FESCO	434	255	295	780	200	4,609,363	-	1,000
2	GEPCO	96	79	110	250	250	195,000	-0.1	90
3	HESCO	145.0	142.2	37.81	143.57	65.24	34,717	1.60	400
4	IESCO	194	191.066	120	400	350	151,810	0.10	594
5	MEPCO	510	205.5	332	1,243	285	420,000	0.15	1,600
6	PESCO	526	171	105.95	821.483	362.739	150,000	0.6	-
7	QESCO	105	133	90	1,200	270	32,500	0.1	1,000
8	SEPCO	234	219.000	11.600	163.000	62.160	60,000	-1.0	304
9	TESCO	351	96.7	35.325	754.7	130.38	1,500	2	310
10	LESCO	432	75	287	581	337	243,891	0.37	200
	Total	3,027	1,567.42	1,424.69	6,336.753	2,312.519	5,898,781	-	5,498

Source: DISCOs

Special Economic Zones

To promote Industrial and Economic activities, special emphasis has been given to the utility supply to Special Economic Zones particularly setup under CPEC. The Electricity supply will be provided at doorstep to SEZs i.e. Hattar, Rashakai KPK, Dhabeji and Bin Qasim, Sindh. The funding for the projects will be given from PSDP 2019-20/2020-21.

COVID-19 Impact on Power Sector

Due to COVID-19 Pakistan's power sector may face an unusual situation because of decreased demand of electric power consumption. The energy demand could be suppressed for all primary energy sources like electricity, natural gas/LNG, and petroleum products. In the power sector, plant utilization factors for power generation stations will be low, increasing the cost of electricity. Initiation of new projects will have to be carefully reviewed according to the demand supply situation.

The Power Sector reforms would be accelerated to improve the Energy Transmission and Distribution performance and overall management of power sector. Special attention would be given to reduce the power losses to bring down the cost of energy.

Fuel Sector

Performance Review 2019-20

Oil and Gas

During 2019-20, the production of crude oil was 29.16 million barrels against target of 29.39 million barrels. The domestic production of natural gas was 1.46 trillion cubic feet (TCF) against target of 1.57 trillion cubic feet. The LPG supplies through local production was 2200 MT per day.

A total of 47 wells (19 exploratory and 28 development) were drilled against target of 92 (52 exploratory and 40 development). Details given at **Annex-VI**.

Gas Consumer Addition and Pipelines Construction

Both Sui gas companies i.e. Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) in their respective jurisdictions added 430,145 new consumers and 5,005 KM transmission and distribution pipelines against target of 13,598 KM which reflects 36 percent achievement. The shortfall attributed due to non-approval of expansion in transmission and distribution network by OGRA. Details given at **Annex-VII**.

SSGCL has connected Rehman and Ayesha Gas Fields, Sindh with the main pipeline through 46km and 28 km pipelines respectively.

On SNGPL system, for providing 65 MMCFD RLNG to Quaid-e-Azam Apparel Park (QAAP), laying of 17 km pipeline is expected to be completed by the end of June 2020.

Liquefied Natural Gas (LNG) and Gas Import

During 2019-20, against the targeted import of 9.0 million tons of LNG, 6.9 million tons is estimated to be procured by June 2020. Out of the total import, PSO handled 4.4 million tons, whereas Pakistan LNG Ltd. (PLL) handled 2.5 million tons of LNG against the target of 4.5 million tons, which is 56 percent of projection due to reduced demand from the gas utility companies.

Gas Pipeline Projects

- **Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline Project:** Operational work has been started on TAPI pipeline (1,680 km length with capacity of 3.2 billion cubic feet of natural gas per day (bcfd) with feasibility, design, route surveyed completed. The Punjab and Balochistan Environment Protection Agencies (PEPA/ BEPA) issued NOCs for the project in July 2019 and August 2019 respectively. The Heads of Terms of the Host Government Agreement (HGA) have been signed between MOE and TAPI Pipeline Company Limited (TPCL) on 12th March, 2019. Details of agreement is currently being negotiated with TPCL.
- **Iran-Pakistan (IP) Gas Pipeline Project:** Gas Sales and Purchase Agreement has been signed in 2009 and subsequently ISGS completed the Front-End Engineering Design (FEED) and Feasibility studies.

Fuel Sector PSDP Projects

The Geological Survey of Pakistan (GSP) and Hydrocarbon Development Institute of Pakistan (HDIP), Ministry of Energy (Petroleum Division) has undertaken various geological, geophysical surveys along with exploratory drilling operations for coal exploration and upgradation of POL testing laboratories under the following 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
- Expansion and Up-gradation of Pakistan Petroleum Core house (PETCORE) for its Sustainable Operations to Facilitate Oil & Gas Exploration Research
- Up-Gradation of POL Testing Facilities at Islamabad, Lahore, Multan, Peshawar, Quetta and ISO Certification of Petroleum Testing Laboratory

Thar Coal

Sindh Engro Coal Mining Company (SECMC) under phase-I has produced 3.8 million Tonnes Coal per Annum. The SECMC on 31st December 2019 achieved Financial Close for expansion of the existing mine to a capacity of 7.6 Mt/a to supply coal to two 330 MW each mine mouth IPPs under construction by Thar Energy Limited (TEL) and Thal Nova Power Thar Limited (TNPTL) project. Engro Power Thar Limited (EPTL) has produced power generation of 4,037 GWh by commissioning 330 MW of power plant.

Sino Sindh Resource Limited (SSRL) achieved Financial Close for 7.8 million Tonnes per Annum on December 31, 2019, Coal Supply Agreement (CSA) signed with Shanghai Electric Group (IPP M/s Thar Coal Block-I Power Generation Company Limited) and Mining Operation completed by March 2020. CoD is expected by June 30, 2021

Outlook 2020-21

Target for domestic crude oil and natural gas production fixed as 31.12 million barrels and 1.58 TCF respectively. The gap in indigenous gas and petroleum products will be supplemented through LNG and POL imports. To reduce the environmental impact through improved quality of

fuel, high grade imports of petroleum products i.e. Petrol and High Speed Diesel is planned to be initiated during 2020-21.

Due to COVID-19 pandemic resulting in reduced gas demands, the existing LNG operations face challenges. To keep smooth operations of LNG supply chain, LNG consumption in the power and fertilizer sectors will be maximized.

The present situation has affected the overall oil supply chain including refineries operations. To cope with the situation and to keep balance between the local refineries operations and import of petroleum products, it is planned to optimize refinery optimization for meeting the local demands of petroleum products. Furthermore, in order to get benefit from the lower international oil prices, government is evaluating the possibilities of hedging some portion of exposure to Pakistan for import of petroleum products that are directly or indirectly linked to crude prices.

To maintain sustainable operations of the petroleum sector, regular monitoring of overall supply chain of crude oil, petroleum products, LNG and LPG in consultation with producers i.e., E&P companies, Refineries and OMCs would be undertaken.

Gas Transmission and Distribution Projects

SNGPL System

Gas supply to Rashakai Special Economic Zone (SEZ)

The development of Economic Zones to support industrialization and business development is a priority of Government. Accordingly, Khyber Pakhtunkhwa Government is developing Special Economic Zone at Rashakai under China Pakistan Economic Corridor (CPEC) through Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPZDMC). KPZDMC has identified 30 MMCFD gas requirement for Rashakai SEZ

SNGPL will construct a 29 kms gas pipeline from Ismail Kot to Rashakai, Nowshera

Gas supply to Allama Iqbal Industrial City / M3 Industrial City Special Economic Zone (SEZ)

To supply 40 MMCFD gas to Allama Iqbal Industrial City / M3 Industrial City SEZ, SNGPL has planned laying of 20-Km transmission spur starting from Chiniot to terminal Point (zero point i.e. doorstep) of the economic zone

Charsadda-Khazana-Tangi Pipelines

In order to address the acute low gas pressure issues during winter season in Mardan and Peshawar regions, Khyber Pakhtunkhwa in view of system capacity constraints, SNGPL has planned to undertake the system augmentation as following:

- 28-Km Charsadda Off take (Gulabad) - Charsada transmission loopline
- 21-Km Charsadda - Khazana transmission loopline
- 24-Km Charsadda -Tangi transmission loopline

SSGCL System

- Laying of 9 kms pipeline for supplying 13.5 MMCFD gas to Dhabeji Special Economic Zone (SEZ) at Town Border Station (TBS), Sindh
- Laying of 3.5 kms pipeline for supplying 13 MMCFD gas to Bin Qasim Industrial Park (BQIP) at TBS, Sindh
- Installation of one (01) New Gas Turbine driven Centrifugal Compressor at HQ-Shikarpur, Sindh
- 125-KM Pipeline from Sindh University, Jamshoro to Karachi
- 31-Km Pipeline from Attock Cement Pakistan Limited (ACPL) Clifton to Surjani Town, Karachi

Hydrocarbon Development Institute of Pakistan (HDIP)

The HDIP will implement following projects:

- Expansion and Up-gradation of Pakistan Petroleum Core house (PETCORE) for its Sustainable Operations to Facilitate Oil & Gas Exploration Research in Pakistan
- Up-Gradation of POL Testing Facilities at Islamabad, Lahore, Multan, Peshawar, Quetta and ISO Certification of Petroleum Testing Laboratory

Annex-I

Installed Capacity up to 2018-19 (MW)

S.No.	Name of Plant	Fuel Primary	MW Secondary
1	Tarbela	Hydro	3,478
2	Tarbela Ext. 04	Hydro	1,410
3	Mangla	Hydro	1,000
4	Ghazi Brotha	Hydro	1,450
5	Warsak	Hydro	243
6	Chashma Hydro	Hydro	184
7	Jinnah Hydel	Hydro	96
8	Allai Khwar	Hydro	121
9	Khan Khwar	Hydro	72
10	Dubair Khwar	Hydro	130
11	Neelam Jehlam	Hydro	969
12	Golen Gol	Hydro	106
13	Small Hydel	Hydro	128
14	Jagran	Hydro	30
15	Malakand – III	Hydro	81
16	New Bong Escape	Hydro	84
17	Patrind	Hydro	150
18	Daral Khwar	Hydro	37
Total Hydel			9,769
19	JDW-II	Bagasse	26
20	JDW-III	Bagasse	27
21	RYKML	Bagasse	30
22	Chiniot Power	Bagasse	63
23	Fatima Energy	Bagasse	120
24	Hamza Sugar	Bagasse	15
25	Thall Power (Layyah)	Bagasse	25
26	Almoiz Industries Limited	Bagasse	36
27	Chanar Energy Limited	Bagasse	22
Total Bagasse			364
28	CHASHNUPP-I	Nuclear	325
29	CHASHNUPP-II	Nuclear	340
30	CHASHNUPP III	Nuclear	340
31	CHASHNUPP IV	Nuclear	340
Total Nuclear			1,345
32	Quaid Azam Solar	Solar	100
33	Appolo Solar	Solar	100
34	Best Green Solar	Solar	100
35	Crest Energy Solar	Solar	100
Total Solar			400

S.No.	Name of Plant	Fuel Primary	MW Secondary
36	FFCEL Wind	Wind	50
37	ZEPL Wind	Wind	56
38	TGF Wind	Wind	50
39	FWEL-I Wind	Wind	50
40	FWEL-II Wind	Wind	50
41	SAPPHIRE Wind	Wind	50
42	METRO Wind	Wind	50
43	YOUNIS Wind	Wind	50
44	ACT Wind (TWEPL)	Wind	30
45	Master (MWEL) Wind	Wind	50
46	Tenaga Wind	Wind	50
47	Gul Ahmed Wind	Wind	50
48	China Dawood Wind	Wind	50
49	Sachal Wind	Wind	50
50	UEP Wind	Wind	99
51	Artistic Wind	Wind	50
52	Jhimpir Power	Wind	50
53	Hawa Wind (HEPL)	Wind	50
54	TGT + TGS Wind	Wind	50
55	TGS Energy	Wind	50
56	Tricon Boston (A)	Wind	50
57	Tricon Boston (B)	Wind	50
58	Tricon Boston (C)	Wind	50
59	ZEPHYR (Gharo Cluster)	Wind	50
Total Wind			1,235
60	Nandi Pur	RLNG	425
61	KAPCO	RLNG	FO/HSD 1,601
62	ROUSCH	RLNG	450
63	FKPCL	RLNG	172
64	Sapphire	RLNG	225
65	Halmore	RLNG	225
66	Saif Power	RLNG	225
67	Orient Power	RLNG	225
68	Davis	RLNG	13
69	Bhiki	RLNG	1,230
70	Balloki	RLNG	1,223
71	H.B.Shah PWR	RLNG	1,230
72	GTPS FBD	RLNG	144
73	AEL	RLNG	31
Total RLNG			7,419

S.No.	Name of Plant	Fuel Primary	MW Secondary
74	Kotri	Gas	174
75	Guddu 1-4	Gas	640
76	Guddu 5-13	Gas	1,035
77	Guddu 747	Gas	747
78	Quetta	Gas	35
79	UCH	Gas	586
80	Liberty	Gas	225
81	Engro Power	Gas	226
82	Foundation	Gas	184
83	UCH-II	Gas	393
Total Gas			4,245
84	M/Garh	Furnace Oil Gas/RLNG	1,350
85	Jamshoro	Furnace Oil Gas/RLNG	850
86	SEPCOL		135
87	HCPC		140
88	Japan		120
89	SPS FBD	Furnace Oil	132
90	Saba Power	Furnace Oil	136
91	HUBCO	Furnace Oil	1,292
92	KEL	Furnace Oil	131
93	AES Lalpir	Furnace Oil	362
94	AES PAKGEN	Furnace Oil	365
95	AGL	Furnace Oil	163
96	Atlas Power	Furnace Oil	219
97	Nishat Power	Furnace Oil	202
98	Nishat Chunia	Furnace Oil	209
99	Liberty Tech.	Furnace Oil	202
97	HUBCO Narowal	Furnace Oil	225
98	Reshma Power	Furnace Oil	97
99	Gulf Power	Furnace Oil	84
Total Furnace Oil			6,414
100	Lakhra	Local Coal	150
101	Engro Thar Coal	Local Coal	660
Total Local Coal			810
102	Port Qasim Coal	Imported Coal	1,320
103	Sahiwal Coal	Imported Coal	1,320
104	China Hubco	Imported Coal	1,320
Total Imported Coal			3,960
Grand Total			35,961

Annex-II

Additions during 2019-20

S.No.	Name of Project	Fuel Type	Installed Capacity (MW)	Agency
1	Zorlu Solar	Solar	100	Public / PPDB
2	LNG Based Plant at Trimmu	Imp. LNG	1,263	Private / PPIB
3	Jhing	Hydro	15	Private / AJK
4	Karora	Hydro	12	Private / PEDO
5	Jabori	Hydro	10	Private / PEDO
6	Koto	Hydro	41	Private / PEDO
Total			1,441	

Annex-III

Capacity Planned during 2020-21

S.No.	Name of Project	Fuel Type	Installed Capacity (MW)
1	Etihad Power Generation Ltd.	Bagasse	74
2	Karachi Nuclear K-2	Nuclear	1,100
3	Master Green Energy Ltd.	Wind	50
4	Shaheen Renewable Energy-1 Pvt. Ltd.	Wind	51
5	Lawi	Hydro	69
6	Tricorn Wind Power Pvt. Ltd	Wind	50
7	Western Energy Pvt. Limited	Wind	50
8	Lucky	Local Coal	660
9	Access Electric Pvt. Ltd.	Solar	10
10	Access Solar Pvt. Ltd.	Solar	12
11	Thal Nova	Local Coal	330
12	Thar TEL	Local Coal	330
13	Thar-I (Shanghai Electric) Unit 1	Local Coal	660
14	Riali-II	Hydro	7
15	Hydro China Dawood Power Pvt. Limited	Wind	50
16	Tenga Generasi Limited	Wind	50
17	Zephyr Power Pvt. Limited	Wind	50
18	Siddiqsons	Local Coal	330
Total Capacity			3,933

Annex-IV

Ongoing Projects 2019-20

(Rs million)

S.No.	Name of Project	Addition in capacity		Date of approval by CDWP/ECNEC	Financing	Approved PC-I Cost
		MVA	KM			
1	3 rd 500 kV Circuit from Jamshoro to Rahim Yar Khan	-	600	26.08.2013	ADB	36,857
2	Evacuation of Power from 969 MW Neelum Jhelum HPP (Phase-II)	-	130	02.03.2015	Own Resources	20,697
3	Evacuation of Power from 1320 MW CFPP at Hubco (Phase-II)	-	220	07.11.2016	Own Resources	16,415
4	Evacuation of Power from 1320 MW CFPP at Sahiwal (Addition of ATB)	600	-	31.08.2015	Own Resources	1,115
5	500 kV D/C T/L from Guddu to Muzaffargarh	-	276	29.07.2011	ADB	7,856
6	Extension at 500 kV Jamshoro	450	-	03.07.2014	ADB	1,050
7	Evacuation of Power from 1320 MW CFPP at Bin Qasim (Phase-II)	-	130	13.05.2015	Own Resources	12,977
Total:		1,050	1,356			

Annex-V

Ongoing Projects 2020-21

(Rs million)

S.No.	Name of Project	Addition in capacity		Date of approval by CDWP/ECNEC	Financing	Approved PC-I Cost
		MVA	KM			
1	Improvement and upgradation of protection system to avoid frequent tripping in south areas	-	-	08.06.2016	ADB	887
2	Installation of Pilot Storage Battery System at 220 kV Jhimpir	-	-	24.05.2018	ADB	940
3	Interconnection of HVDC converter stations at Lahore and Matiari with HVAC system.	-	60 (500 kV)	07.11.2016	Own resources	4,806
4	Enterprise Resource Planning (ERP)	-	-	19.03.2018	WB	2,583
5	Improvement and upgradation of protection system to avoid frequent tripping in south areas	-	-	08.06.2016	ADB	887
6	Installation of Pilot Storage Battery System at 220 kV Jhimpir	-	-	24.05.2018	ADB	940
7	Evacuation of Power from 660 MW Lucky Electric Power Company	-	13	03.03.2020	Own resources	1,315
8	Evacuation of Power from 330 MW Siddiq sons Ltd.	-	21	30.01.2020	Own resources	2,177
Total		-	94 (500 kV)			

Annex-VI

Oil and Gas Achievements and Targets

S.No.	Items	Units	Targets 2019-20	Expected achievement up to 30-06- 2020	Percent Achieve- ments	Targets 2020-21
1.	Production					
i.	Crude Oil	Million Barrels	29.39	29.16	99.21	31.12
ii.	Gas	Trillion cft	1.57	1.46	93	1.58
iii.	LPG	Tons	820,000	784,200	95.63	753,051
iv.	Imports LPG	Tons	300,000	272,018	90.67	317,263
v.	Coal	Tons	3,800,000	-	-	-
2	No of wells drilled	Nos.	92	47	51.08	-
i.	Exploratory	Nos.	52	19	36.53	-
ii.	Development	Nos.	40	28	66.66	-

Annex-VII

**Gas Consumers, Transmission and Distribution Addition
Achievements and Targets**

S.No.	Items	Units	Targets 2019-20	Expected achievement to 30-06-2020	Percent Achievements	Targets 2020-21
A.	Gas Consumers Added					
1.	SNGPL					
i.	Domestic	Nos.	300,000	300,000	100%	400,000
ii.	Commercial.	Nos.	5,000	5,000	100%	5,000
iii.	Industrial	Nos.	450	450	100%	450
	Sub Total	Nos.	305,450	305,450	100%	405,450
2.	SSGCL					
i.	Domestic	Nos.	117,735	123,900	105%	143,023
ii.	Commercial.	Nos.	2,109	700	33%	1164
iii.	Industrial	Nos.	254	95	37%	184
	Sub Total	Nos.	120,098	124,695	103%	144,371
	Total (SNGPL + SSGCL)	Nos.	425,548	430,145	101%	549,821
B.	Transmission & Distribution Extension					
1.	SNGPL					
i.	Transmission / Distribution	Km	12100	4155	34%	6965
2.	SSGCL					
i.	Transmission / Distribution	Km	1,498	850	56.74%	1,418
	Total (SNGPL + SSGCL)	Km	13598	5005	36.8%	8383

CHAPTER 17

WATER

Annual Plan (2020-21), in line with National Water Policy 2018, aims at system augmentation and conveyance water efficiency enhancement. The existing strategy “Integrated Water Resources Management (IWRM)” 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. Water is scarce and water use is not efficient. Pakistan’s water storage efficiency is 9 percent as compared to 40 percent of the world average. Therefore, it is imperative to improve the water efficiency, agricultural productivity enhancement for contribution to GDP growth under New Growth Approach.

Performance Review 2019-20

Financial Review

Out of total revised Water Sector’s budget allocation of Rs103 billion (original Rs70 billion) about Rs69 billion (67 percent) has been released. Additional funding of Rs32 billion was also provided to Diamer Basha Dam for the preliminary works to be executed during 2019-20. Out of total 51 un-approved projects included in the PSDP 2019-20, 41 development projects have been approved.

Physical Review

- Initiation of preliminary works for the construction of Diamer-Bhasha Dam, Mohmand Dam
- Operationalization of Kachhi Canal (phase-I) in Balochistan & Raineer Canal in Sindh. About 40,000 acres of command area for Kachhi canal have been developed
- Initiation of about 30 new schemes of small dams/recharge/check having cost about Rs28.60 billion with an allocation of Rs2.74 billion in Balochistan
- More than 45 percent works completed on Kurram Tangi Dam (Phase-I) in KPK (N. Waziristan)
- To save the water losses of existing irrigation system, about Rs532 million would be utilized for lining and improvement of small canals & minors in Punjab, Sindh and Khyber Pakhtunkhwa during the 2019-20
- Concept Clearance was accorded for the 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 Rs22.771 billion are utilized during 2019-20 on construction of medium/small/delay action dams and recharge dams. Province-wise details are as under:

1. Punjab	Rs2,912 million (Ghabir & Papin dam)
2. Sindh	Rs2,813 million (Darawat & Nai Gaj, Small dams in Kohistan and Nagarparkar areas of Sindh)
3. Khyber Pakhtunkhwa	Rs4,306 million (Kurram Tangi, Kundal/Sanam dam, Baran dam & 20 small dams in Nowshera, Kharak, Swabi, Haripur & Kohat)
4. Balochistan	Rs8,867 million (Naulong, Garuk Dam, Const. of 100 small dams (Package-II&III), Basool, Mangi dam & other small dams)

Due to gradual decrease in the surface water inflow at Rim station, water availability at farm gate (Both surface and groundwater) remained about 130 MAF. About Rs2,821 million will be utilized for the completion of RBOD-I & III Projects to protect and reclaim waterlogged & salt affected Irrigated land and Manchar Lake.

COVID-19 Specific Sectoral Challenges

- Huge increase in consumption of water in urban areas
- Slowdown of on-going activities of major water sector projects
- Temporary unemployment
- Slow utilization of development funds
- Possibility of presence of novel coronavirus in sewage, particularly black water

Government Response to COVID-19

- Budget allocation of slow moving project has been diverted to fast track projects to achieve the planned targets for 2019-20
- Additional allocation provided to priority projects
- Public awareness campaign regarding conscious use of water amid the spread of COVID-19 has been started by the Government of Punjab

Outlook 2020-21

Overall Sectoral Objectives

- Reduction of 33 percent in conveyance losses through watercourses lining
- Increase storage capacity by adding 10 MAF live storage
- Increase in water use efficiency by 20 percent through introducing modern irrigation techniques
- Refurbishment of irrigation infrastructure
- Real-time monitoring of water distribution for transparent water accounting and

- Development of unified authentic database to have reliable water resources assessment

COVID-19 - Responsive Sectoral Objectives

- Coordination among all water sector institutions to cope with the impacts of the pandemic on water sector
- Raising awareness among masses regarding conservation of municipal water amid COVID-19 crisis
- Formulation of a strategy to avoid wastewater usage being a source of the disease spread

Sectoral Plan/ Strategy

Following strategies will be focused during 2020-21:

- Integrated Water Resource Management approach will be adopted as planning paradigm to overcome water scarcity issue and to cope with future challenges
- In the wake of COVID-19 crisis, the line Ministries and Departments will be urged to step up all measures for raising public awareness regarding rational use of water as consumption has jumped. Research has revealed that novel Corona virus can survive and exist in wastewater, particularly black water. Unfortunately, Pakistan treats very little amount of wastewater. It is mostly disposed to waterways and even rivers without any treatment
- 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 project 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 of ground water activities would remain continued in 2020-21
- Out of total proposed Water sector’s budget amounting to Rs63,200 million for 2020-21, maximum resources have been earmarked for the above mentioned priority development programmes/ projects

Key Interventions/Programmes 2020-21

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 and Canals

Out of total Water Sector's Development Programme amounting to Rs63,200 million for the financial year 2020-21, an amount of Rs34,116 million has been proposed during 2020-21 for construction of large/medium dams (including Rs16,000 million for Diamer Basha Dam & Rs7,000 million for Mohmand Dam) and Rs17,750 million for small/ check & delay action dams in all over Pakistan. It is, expected that about 10 on-going medium/small dam's projects will be completed during 2020-21.

An amount of Rs4,500 million has been proposed for Kachhi Canal (Phase-I) to achieve the target of Culturable Command Area (CCA) of 72,000 acres in Balochistan. Work on Winder Dam project costing Rs15.23 billion will be started to develop the CCA of about 10,000 acres in Lasbela District of Balochistan. A sum of Rs2,500 million has been proposed for this project during 2020-21.

An allocation of Rs1,550 million has been proposed for Naulong Dam project for the development of CCA of 42,000 in Jhal Magsi district of Balochistan.

Safe disposal of drainage Effluent

To save the water pollution of Manchar Lake and protection of waterlogged and salt effected area of Nasirabad, Jaffarabad districts of Balochistan and Jacobabad, Kambar-Shahdadkot, Dadu, Larkana, and Jamshoro districts of Sindh will be reclaimed through completion of Right Bank Out-fall Drainage System (RBOD-I, II & III), about Rs1,943 million are proposed to be expended during 2020-21.

Conservation measures through modernization of existing irrigation System

To minimize the huge conveyance water losses and field application losses as per planned target of National Water Policy 2018, modernization of existing irrigation system will be continued under federal PSDP, however, this programme is proposed to be undertaken gradually through Provincial ADPs in future. As such, an amount of Rs. 500 million is proposed for the improvement/ rehabilitation/ modernization of irrigation system and "lining of irrigation channels in saline zones" during 2020-21.

Flood Management

It is proposed to spend an amount of Rs1,500 million to complete different emergent nature of small flood schemes all over Pakistan.

New Initiatives

During 2020-21 about 39 new projects (small recharge & check dams) costing Rs54 billion will be implemented especially in Balochistan for flood mitigation, recharging of groundwater, protection of local abadies/ infrastructure and provision of drinking water to local population. An amount of Rs12.77 billion has been allocated to these projects.

Works on Diamer Basha and Mohmand Dam will be in full momentum during 2020-21. A sum of Rs23 billion has been allocated for these projects.

Concept Clearance has been accorded for Installation of 45 Nos. Flood Telemetry Hydromet/ Early Warning Stations (to have real time data of hydro-meteorological parameters and digital monitoring and management system) costing Rs US\$ 5 million. Similarly, another project “Implementation of Sino Pakistan Smart Water Management Project” costing Rs3,456 million was conceptually cleared to set-up information monitoring system to monitor the real-time rainfall, water level, water flow, automatic weather data in the Upper Indus Basin upstream of Tarbela Reservoir.

Financial outlay 2020-21

An amount of Rs63.20 billion has been proposed to the Water Sector for 2020-21. Out of total allocation Rs41.14 billion are allocated to WAPDA, Rs20.42 billion to Provinces (Punjab, Khyber Pakhtunkhwa, Sindh & Balochistan) and Rs1.5 billion to Emergent Floods Schemes

CHAPTER 18

TRANSPORT AND LOGISTICS

The transport and logistics sector contributes to economic and socioeconomic development of the country. The Government is aware of the fact and contributing considerable amount of capital investment and support to the projects at national and provincial levels. After the development and approval of the National Transport Policy (NTP) 2018, the broader direction has been set for each of the sub sectors of transport and now the Master Plans are being developed for transport sub-sectors in consultation with line ministries and provincial governments.

The Government, cognizant of the importance of the Transport systems, is investing large amounts of human and financial resources into the development of the transport sector. Such investments are being supported through foreign funding / investments envisaged in China Pakistan Economic Corridor (CPEC) programme, the Central Asia Regional Economic Cooperation (CAREC) programme and other foreign-assisted initiatives. Further, work on innovative modes of investments such as Public Private Partnership has been initiated and the projects having high financial rate of return are being explored and initiated for procuring financing through these innovative methods.

Performance Review 2019-20

The progress made in the PSDP projects, CPEC focusing on transport infrastructure and Urban Mass Transit Systems is given below:

Financial Review

PSDP 2019-20 provided an outlay of Rs184.7 billion for federal programme under T&L sector. Against this, an expenditure of Rs229.1 billion is expected to be incurred by the end 2019-20, giving an overall utilization of 124 percent (**Annex-I**). The expenditure over and above, allocated amount is due to the foreign aid disbursements more than anticipated in case of NHA foreign funded projects.

The salient features of implementation programme during 2019-20, sub-sector wise are given below:

Pakistan Railways (Railways Sector)

Against an allocation of Rs12.2 billion for 26 schemes of Railways, an expenditure of Rs8.3 billion is expected to be incurred during 2019-20, giving utilization of 68 per cent. The focus was on the improvement of existing infrastructure, signalling system, and procurement and manufacture of rolling-stock like locomotives including high horse powers locos, coaches, and bogie wagons.

Ministry of Maritime Affairs (Ports and Shipping Sector)

Against an allocation of Rs2.7 billion for 4 schemes pertaining to T&C Sector of Maritime Affairs, an expenditure of Rs0.4 billion is expected to be incurred by the end of 2019-20, showing utilisation of about 15 percent. During the year, major ongoing projects include Construction of Eastbay Expressway at Gwadar; Construction of Port Allied Structures in Mullah Bund Area and Feasibility Study for Construction of Break Water at Gwadar Port.

Ministry of Communications / National Highway Authority (Road Sector)

Under Ministry of Communications; 06 schemes of National Transport Research Centre (NTRC), Rs0.09 billion were allocated against which an expenditure of Rs0.09 billion has been incurred by the end of 2019-20. 84 schemes of NHA were allocated Rs154.9 billion against which an expenditure of Rs207.6 billion has been incurred by the end of 2019-20, showing utilisation of about 133 percent. The over and above expenditure is due to foreign aid disbursement of Rs112.76 billion against the allocated amount of Rs58.9 billion.

Finance Division (Provincial road infrastructure projects)

Against an allocation of Rs3.6 billion for 14 schemes, an expenditure of Rs3.4 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 Rs1.99 billion for 25 projects, Rs1.88 billion is expected to be incurred for completion of the ongoing works of various provincial & Federal road projects; the provincial road projects being co-financed by the Federal Government.

Kashmir Affairs and Gilgit Baltistan Division (Provincial road infrastructure projects)

Against an allocation of Rs1.7 billion for 4 schemes, Rs1.7 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 Airforce Base.

Pakistan Maritime Security Agency (Defence Division)

Against an allocation of Rs0.06 billion for one project of Pakistan Maritime Security Agency, an expenditure of Rs0.06 billion is expected to be incurred on the procurement/ construction of six Marine Patrol Vessels (MPVs).

Defence Production Division

Against an allocation of Rs1.7 billion, an expenditure of Rs1.7 billion is expected to be incurred on the projects of Karachi Shipyard and Engineering Works (KS&EW) which include '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 Rs0.84 billion, an expenditure of Rs0.35 billion is expected to be incurred on the projects of Airport Security Force (ASF) buildings and New Gwadar International Airport (NGIA) pertaining to T&L sector.

Cabinet Division

Against an allocation of Rs4.6 billion for 9 schemes, an expenditure of Rs3.6 billion is expected to be incurred on the projects of Sindh Infrastructure Development Company limited (SIDCL) which include infrastructure projects in Sindh including Karachi.

Interior Division

Against an allocation of Rs0.2 billion for 2 schemes, an expenditure of Rs0.03 billion is expected to be incurred on the projects of Islamabad urban and rural areas.

China-Pakistan Economic Corridor (CPEC)

The prioritized early harvest projects of CPEC in road sector are in full pace of execution and works on the Sukkur- Multan and Lahore Abdul - Hakeem have been completed and inaugurated. Work on Havelian - Thakot expressway is near completion. Satisfactory progress has been made on the transport sector early harvest projects including ML-1 preliminary design.

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. Mass transit systems facilitate movement of people within urban areas using group travel technologies such as buses and trains.

The project of the Lahore Orange Line Metro Train costing Rs165,226 million has been substantially completed. The project of the Green Line BRT in Karachi at the cost of Rs24,600 million, fully funded by the federal government, is under implementation and phase 1 of 21 km has been completed. The project of Peshawar Sustainable Bus Rapid Transit Corridor (25.8 km) at a cost of Rs66.4 billion through ADB & AFD loan financing has been substantially completed. Metro Bus project from Peshawar Morr to New Islamabad International Airport (25.6 km) at a cost of Rs16,427 million is under construction on fast track basis with expected completion by end 2019-20. Karachi Bus Rapid Transit (BRT) Red Line funded by the ADB and other donor partners costing around Rs78.38 billion has been approved by ECNEC alongwith the project of Yellow line funded by the World Bank costing Rs61.4 billion.

Construction Industry Development Board (CIDB)

The Government is in the process of setting up a Construction Industry Development Board (CIDB) to regulate and develop the construction sector. The functions of the CIDB will include policy making, development of construction industry and its regulations.

COVID-19 Specific Sectoral Challenges

The transport & logistics sector has been hit badly due to the COVID-19 pandemic. The construction industry drawing most of its work from the roads, railways, airports and port construction is severely affected. The passenger and freight transport in road, railways, aviation and through ports has decreased at an alarming rate due to lockdown and social distance measures that were important to curtail the spread of the disease.

Outlook 2020-21

There will be a considerate effort to address the freight share imbalance between road and rail sectors through provision of adequate funding for the Rail sector with focus to improve the reliability and time efficiency for the railways. The project of ML-I upgradation under CPEC framework will be implemented. Further, multimodal / integrated system of transport will be developed to economize the cost of travelling and improving the system. A significant shift of freight 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 freight and Rail Network for long-haul and heavy cargo. The NTP, 2018 would pave the way for betterment of the Transport network / system of Pakistan. An integrated systems approach will be developed during the Plan to ensure improved performance of the National Transportation Network. On the one hand, maximum stress 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.

Availability of required financing for the infrastructure projects has been a problem area, since huge capital costs are involved. While sufficient PSDP allocations are provided, the available resources cannot meet the demand fully, therefore, government is pursuing new and alternative modes of financing primarily PPP/ BOT.

COVID-19 responsive Interventions

Airports

- Airports should be categorized into the two levels, namely high-risk and low-risk airports based on their flight operation, and differentiated prevention and control measures should be applied accordingly
- Risk levels should be subject to dynamic adjustment in line with the situation of the outbreak. If flights coming from heavily affected countries (with over 5000 existing confirmed cases) landed in a local airport, the airport should therefore be deemed as high-risk airport in terms of epidemic prevention and control
- Calibrated non-contact thermometers should be equipped in proper places of terminals, and passengers should be provided with necessary hand sanitizers and disinfection products

- All arriving and departing passengers should have their body temperatures taken, and quarantine areas for feverish passengers should be set up
- Once feverish passengers are found, they should be required to wear facial masks, register personal information and their means of contact immediately
- Medical departments of airports should be notified in a prompt manner for quarantine
- Local health departments should be informed, and support should be given to them to take over the passengers concerned. Flights carrying passengers with suspicious symptoms shall be parked in remote stands, and special passages for passengers should be set up
- Disinfectant spray walk-through gates to be setup at all airports

Road & Railways

- Prevention and detection measures for airports may be followed for road and rail passengers
- Disinfectant spray walk-through gates to be setup at all railway stations and bus terminals.
- Major passenger movement post-COVID-19 will be through road transport, therefore, monitoring of the bus terminals / buses and service areas for taking preventive measures against spread of the disease is a key

Ports

Same preventive measures as mentioned above may be followed by personnel at ports and crew of in and out bound ships. Moreover, specific measures in consultation with Health Department needs to be taken regarding the cargo in bound at all ports.

Construction Activities

Above protective measures for personnel working at the construction site needs to be followed alongwith Construction Health & Safety measures to protect the staff and to avoid hindrance to ongoing works.

Sectoral Plan and Financial Outlay for 2020-21

An allocation of Rs156.64 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 Rs24.0 billion has been made in 2020-21. Work will continue on the ongoing projects for improvement of infrastructure/ rolling stock and the ML-I upgradation project will be initiated. With the improvement of speed and reduction of travel time, more passenger and freight traffic will be generated. Further, the Pak. Railways has already prepared a Railways Strategic Business Plan, under which the participation of the Private sector in the Railway operations is being envisaged.

Ministry of Maritime Affairs (Ports & Shipping Sector)

An allocation of Rs1.9 billion has been made for Ports and Shipping sector for on-going projects and new initiatives / schemes especially pertaining to Gwadar Port Authority (GPA) and Korangi Fish Harbour Authority as a budgetary support to make these entities self-sustainable.

Ministry of Communications

Under Ministry of Communications; an allocation of Rs110.4 billion has been made for NHA, while NTRC has been allocated Rs0.075 billion.

National Highway Authority (NHA)

An allocation of Rs110.4 billion has been made for NHA. Priority has been given to ongoing projects and new important projects have been included in NHA's portfolio.

Aviation Division

An allocation of Rs0.52 billion has been made for Civil Aviation Authority (CAA) for initiation of work on the project of NGIA. Allocation has been made for Airport Security Force (ASF) projects pertaining to accommodation at the airports.

Defence Production Division

An allocation of Rs1.6 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 KS&EW and for the upgradation works of Dry Docks of KS&EW under phase II.

Finance Division (Provincial road infrastructure projects)

A total allocation of Rs3.9 billion has been made for continuation of ongoing works. The allocations include projects for construction of Nahqi Tunnel; Zyara to Dabori Road, and Widening & Improvement of Ghalanai, Mohmand Ghatt Road.

Housing and Works Division (Provincial road infrastructure projects)

An allocation of Rs1.2 billion has been made for continuation of the ongoing works besides initiation of new provincial and federal road projects in all the four provinces.

Kashmir Affairs and Gilgit Baltistan Division (Provincial road infrastructure projects)

An allocation of Rs0.8 billion has been made for AJ&K and GB ongoing road infrastructure projects which include 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.

Cabinet Division

Sindh Infrastructure Development Co. Ltd. (SIDCL) has been allocated Rs12.5 billion for ongoing as well as new schemes under the Prime Minister Package in Sindh including Karachi.

Interior Division

Interior Division including CDA and ICT road projects have been allocated Rs2.8 billion for initiation of new schemes in Islamabad area.

Annex-I

Ministry / Division-wise allocation and utilization during 2019-20 & 2020-21

(Rs million)

S. No.	Ministry / Division	Expenditure Upto June, 2019	Allocation 2019-20	Utilization 2019-20	Proposed Allocations 2020-21
1	Aviation Division	4,471.21	836.22	352.93	519.00
2	Road Sector				
2.1	Communications Division (NHA)	924,252.60	154,966.84	207,577.87	110,399.75
2.2	Cabinet Division (SIDCL) Karachi & Sindh Package	24,816.63	4,471.21	3,576.20	12,494.04
2.3	Communications Division (NTRC)	108.08	94.37	94.37	75.21
2.4	Finance Division including SAFRON area projects	11,908.27	3,597.04	3,377.04	3,890.86
2.5	Housing & Works Division	17,471.56	1,998.30	1,881.29	1,181.39
2.6	KA & GB Division	7,550.06	1,711.40	1,711.40	800.00
2.7	Interior Division	-	178.15	28.15	2,800.00
3	Defence Division (local Component only)	3,375.99	56.39	56.39	-
4	Defence Production Division	9,030.86	1,700.00	1,700.00	1,579.14
5	Maritime Affairs Division	12,903.83	2,719.46	444.84	1,900.38
6	Railways Division	108,051.73	12,236.97	8311.42	24,000.00
	Total	1,123,968.97	184,681.33	229,102.56	159,639.77

CHAPTER 19

PHYSICAL PLANNING AND HOUSING

Pakistan has the highest rate of urbanization in South Asia. As per Population Census of 2017, urbanization increased from 32.52 percent to 36.38 percent during 1998 to 2017. However, based on a modified definition of urban settlement, ratio of urban to rural population could be 40 percent or even higher, therefore, it is estimated that by 2025, nearly half of the country's population will be living in cities.

The process of urbanization and economic development in Pakistan has been mutually interdependent. Confirming to the worldwide trend, the urban centres in Pakistan, have become the drivers of economic growth. It is estimated that cities contribute around 80 percent of the country's GDP. Urbanization in many developing countries has occurred without growth, jobs and productivity. The benefits of urbanization can only be accrued by comprehensive public policies. Unplanned and unmanaged urbanization has resulted into urban slums, environmental degradation, poverty and inequality. Moreover, rapid urbanization is already stretching cities' resources in Pakistan. The tremendous challenge of absorbing massive number of people in urban areas and providing them with shelter, food, employment, healthcare, education, municipal services and recreation facilities is made more difficult given shortage of urban facilities and resources, skilled manpower and good governance. Despite the challenges, urban areas demonstrate immense economic potential to generate growth in the country.

Performance Review 2019-20

Financial Review

To achieve the sectoral objectives, an allocation of approximately Rs34 billion was made in Federal PSDP 2019-20 to different federal ministries and line departments for implementation of physical planning & housing sector programmes/ projects. Similarly, the provincial governments allocated substantial amount for the execution of projects relating to the sector, i.e., Punjab Rs59.7 billion, Sindh Rs20.195 billion, Khyber Pakhtunkhwa Rs11.622 billion, Balochistan Rs21.56 billion and Azad Jammu and Kashmir Rs2.405 billion.

Major allocations relates to water supply and sanitation, construction of government offices, residential buildings, and housing projects pertaining to Ministry of Interior, Housing & Works, Aviation Division, Cabinet Division, Communication Division, Defence Division, Establishment Division, Finance Division, Foreign Affairs Division, Kashmir Affairs & Gilgit Baltistan Division, Law & Justice Division, Maritime Affairs Division, Narcotics Control Division, Planning, Development & Special Initiatives Division, Religious Affairs & Inter Faith Harmony Division, and Revenue Division. It is estimated hat at the end of 2019-20, approximately Rs15 billion would be spent on development projects related to physical planning and housing sector.

Sectoral Review

Major sectoral projects undertaken during 2019-20 include:

- Gwadar Smart City Master

- Development of Kartarpur Sahib Corridor on EPC / Turnkey Phase-1
- Construction of Office Accommodation & allied facilities to Anti-Narcotics Force
- Construction of FBR Offices / centres
- Up-Grading/ Strengthening of Cabinet Division's 6 Aviation Squadron for Relief Operations & Enhancement of Security Islamabad Heliport, Islamabad
- Construction of Judicial and Administration Complex in Mauve Area
- Construction of Office & Residential Accommodation for Civil Armed Forces at Khyber Pakhtunkhwa; Balochistan and Gilgit-Baltistan
- Construction on 04 Nos Police Barracks (100 Men Each) in Sectors F-7, F-8, G-9 and G-10, Islamabad
- Accompanying Services to 'Regional Infrastructure Fund in Khyber Pakhtunkhwa' for promoting "Sustainable Urban Development through Resilient Resource Management with a Participatory Approach in Mansehra (KfW Funded)
- Programme to uplift Water Supply and Sanitation Infrastructure in underdeveloped areas of Punjab
- Construction of Eastern Wastewater Treatment Plant (44 MGD) of Faisalabad Phase-I
- Sanitary Sewerage System with Treatment Plant for Gilgit City
- Urban Development Planning & Investment in Intermediate Cities of Sindh
- Korang River and Rawal Lake Water Treatment Plants
- Lahore Water and Waste Water Management Project - Construction of Surface Water Treatment Plant at BRBD Canal
- Construction of AJK Legislative Assembly Complex
- Gravity Flow Water Supply Scheme Mansehra
- Project Readiness Financing (PRF) for Punjab Provincial Projects-Punjab Intermediate Cities Improvement Investment Programme (Phase-II)

In addition to this, Naya Pakistan Housing and Development Authority (NAPHDA) has been established for undertaking Prime Minister's Programme for construction of five million affordable houses to the general public. Special Relief Package for Construction Industry has been announced by Government to boost construction activity besides Establishment of Construction Industry Development Board (CIDB) to facilitate the construction sector as well as to strengthen the regulatory framework. Besides, Federal Government Employees Housing Authority (FGEHA) launched two new projects in Islamabad / Rawalpindi for provision of apartments to the Federal Government Employees under PM's Naya Pakistan Housing Programme.

COVID-19 specific sectoral challenges

The sector has been hit badly due to COVID-19 pandemic as the construction industry play an important role in the national economy. There is a need to provide relief to the construction industry specially for projects that benefit the poor and vulnerable such as low-cost housing

project for people living in *Katchi Abadis*. COVID-19 situation unfolds challenges specific to people experiencing homelessness; most vulnerable populations to get shelter and municipal services.

Government response to COVID-19

Measures taken by Government	Federal/ Provincial
Offering big incentive package to construction industry to accelerate economic activity in Country	Federal
Ensuring increased shelter; settlement and housing options under Naya Pakistan Housing Programme to reduce risk posed by high density living conditions during pandemics besides, regularization / improvement / integration of <i>Katchi Abadies</i>	Federal/ Provincial

Outlook 2020-21

Sectoral Objectives

- Mitigate and adapt to the crises as well as restoration / recovery plans to manage post-crisis scenarios like COVID-19. Urban contingency plans will focus on adopting a combination of proactive surveillance, routine communication, rapid isolation and personal and community protection measures
- Ensure sustainable development of the housing sector through facilitation to Ministry of Housing & Works, to identify priorities for the improvement of national capacities
- Increase housing stock through facilitation to Ministry of Housing & Works, Pakistan Housing Authority, National Housing Authority, FGEH Authority, and Naya Pakistan Housing & Development Authority; besides, Provincial Governments to initiate housing programmes / projects, particularly for low-income residents
- Increase progress achievement of SDGs by providing technical and financial assistance to provincial governments in devising and implementing physical planning & housing programmes / projects including social housing, urban water supply, sanitation & solid waste management infrastructure / services
- Improve existing service delivery and to improve performance of local service delivery through promotion / facilitation to provincial / local governments to launch programmes on Public-Private-Partnership mode
- Enhance efficiency of urban land markets, through appropriate and affordable land use, building standards and regulations by providing assistance to provincial/ local governments to initiate urban land management programmes

Programmes 2020-21

Physical planning and housing sector programmes will be implemented by various ministries/ divisions and departments as per followings:

- Priority will be given to complete all on-going development projects where sufficient physical and financial progress has been achieved in the last fiscal year

- COVID-19 responsive infrastructure programme for Water Supply, Sanitation and Hygiene (WASH)
- Formulation of urban contingency plans to mitigate and adapt to the crises as well as restoration/ recovery plans to manage post-crisis scenarios. Urban contingency plans will focus on adopting a combination of proactive surveillance, routine communication, rapid isolation and personal and community protection measures. Urban contingency plans will include pandemic laws and crisis management regulations; guidelines for urban design retrofits; and digital plans with use of ubiquitous technology for geo-fencing, location finding, and community engagement
- Enhancement of e-governance work capabilities for improved / smart urban administration during long term physical distancing protocols
- Formulation of National Spatial Framework to resolve development disparities across the regions; channelize urbanization; and identify additional growth centres around small and medium sized towns. The Framework will act as a blue print baseline for all future land use plans for different regions, cities and localities
- Preparation / development of Integrated Strategic Development Plans as well as Smart City Master Plans like Gwadar; especially cities on CPEC corridor
- Affordable housing for all, focus will be made on construction of 1 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
- 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
- Review of Islamabad Master Plan
- Feasibility study for provision of water for Islamabad and Rawalpindi from Tarbella Dam

COVID-19 Responsive Interventions / Programmes 2020-21

- Development of Response Plan in densely populated areas to find innovative and targeted solutions and provide water and sanitation facilities
- Urban contingency plans to include pandemic laws and crisis management regulations
- Increasing available shelter and housing options to reduce risk posed by high-density living conditions regularization / improvement / integration of *Katchi Abadies*
- Encouraging green, light, ventilation, density hygiene related building regulations to reduce transmission risk besides provision of disinfection facilities in buildings

Financial Outlay

Rs18 billion have been allocated for the projects relating to the Physical Planning and Housing Sector in PSDP 2020-21.

CHAPTER 20

POVERTY ALLEVIATION AND SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goals (SDGs) are an elaborate inclusive agenda to eradicate poverty, promote equity and sustainability. Inclusive and sustainable economic growth, as one of the SDGs, is inevitable for reducing poverty and inequality. Solutions to most of the existing socio-economic problems lie in higher, sustained and inclusive economic growth and in behaving responsibly as producer, consumer, government and in doing business.

SDGs aims to significantly reduce poverty in all its forms and dimensions by 2030 by focusing on most marginalized and vulnerable population. At the same time, developing tools to safeguard the vulnerable at a time of shock is an important objective and tool of SDGs. In the overall architect of SDGs framework, all goals are strongly interlinked and mutually reinforcing. Developing the human resources, providing them access to finance and inclusive growth, that includes the vulnerable segments, is essential for poverty reduction. The poverty estimates of 2015-16, at 24.3 percent, shows that every fourth household falls below the poverty line. Another 20 percent of the population was identified as vulnerable, who could fall into poverty due to any social or economic shock. Therefore, one of the priority agendas of the government is to target potential vulnerable population of 44 percent when it comes to coping with COVID-19¹.

SDGs help government to align its policies and programmes so as to ensure inclusivity and pro-poor growth with greater realization of distributional aspects to reach out the people in need. Hence, SDGs is the transformative agenda that offers 'opportunities' to people to harness their latent potential to have decent living standard.

Performance Review 2019-20

During 2019-20, Pakistan experienced low economic growth coupled with high inflation. The outbreak of global pandemic COVID-19 has also hit Pakistan and critically exposed vulnerable segments of the population to significant economic and health shocks. These shocks may affect the incidence of poverty. The data reveals that average monthly real income at household level during the last three years (cumulative for 2015-16 to 2019-20) has remained unchanged. Owing to slight decline in average household size during the same period, real per capita monthly income has thus increased slightly. The poverty estimates based on Household Integrated Economic Survey (HIES) 2018-19 data would not reflect the impact of high inflation, economic fallout and COVID-19 observed in the latter part of 2019-20².

To strengthen social safety nets for the vulnerable segment of society and minimize the potential impacts of unanticipated shocks, the government launched *Ehsaas* programme in March, 2019. This umbrella initiative aims to address fragmentation of existing social security and anti-poverty programmes, reduce poverty & inequality, invest in human capital, lift lagging districts, counter elite capture and leverage 21st century tools of data and technology. The *Ehsaas* programme will significantly contribute to achieve the targets of Goal-1 (Target 1.3 on effective implementation

¹ National Poverty Report 2015-16, Ministry of Planning Development and Reform

² HIES 2018-19

of social protection programmes) as social protection is an important indicator of poverty eradication in SDGs. In this connection, PRSP reports that approximately 30 percent of the total public spending contributes to poverty reduction. With this huge public investment, there is need to augment this with the efforts in the private sector and within civil society and align all the efforts using technology.

Poverty Alleviation and Social Safety (PASS) Division, established last year, spearheads to implement *Ehsaas* programme and take initiatives to reduce poverty in all its dimensions. Some of the recent initiatives under *Ehsaas* initiative include inflation adjusted BISP instalments, assets ownership for graduation out of poverty, health insurance, skill development, access to finance for the youth. These initiatives will provide much needed cushion to the vulnerable against economic and health shocks. *Ehsaas* Emergency Cash initiative has been launched to provide relief to the vulnerable as economic activities stalled due to outbreak of COVID-19.

SDGs Goal-1 (Zero poverty) calls for alleviating extreme poverty 2030 in all its forms and dimensions. Ending poverty is an outcome of multifarious actions and requires multi-pronged strategy. The poverty reduction strategy of the government comprises of universal and comprehensive social protection for the poor and vulnerable through direct cash transfers and financial support to households for poverty graduation. At the same time, investing in education, health, skill development, access to micro-finance, infrastructure, and rural development is expected to increase human capital formation. New initiatives of the government particularly *Ehsaas Kafaalat*, *Kamyab Jawan* and *Sehat Insaf* would help neutralize the impact of social and economic shocks faced by the poor and vulnerable.

Financial Review 2019-20

Expenditure on 17 pro-poor sectors, reported by Ministry of Finance, shows an increasing trend in absolute terms in pro-poor public expenditure as well as in terms of percent of GDP. Compared to 7.7 percent of GDP at the end of 2016-17, these expenditures consistently increased up to 9.2 percent of GDP in 2017-18.

During 2018-19, Pakistan spent an amount of Rs3,009 billion on 17 pro-poor sectors. Of this total amount, 28 percent was allocated for education sector with Punjab having the largest share of Rs372 billion. This was followed by 13.9 percent of the total pro-poor expenditure on law and order and 13.6 percent on health. Water supply and sanitation sector was allocated merely 1.5 percent which is far below the required amount in particular with regard to the role of investment in this sector for achieving SDGs. Province-wise, the share of Punjab in the total pro-poor expenditure was the highest, at 34.3 percent, followed by Federal share, at 32.8 percent and Sindh, at 16.2 percent. In absolute terms, the pro-poor expenditures declined by 2.1 percent during 2018-19 compared to 2017-18³. Province-wise / sector-wise details are tabulated on next page:

³ Economic Survey of Pakistan 2018-19

Pro-Poor Budgetary Expenditures 2018-19

(Rs billion)

Sector	2018-19					Total
	Federal	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	
Roads Highways and Bridges	316.6	42.6	4.0	26.3	11.2	401
Environment, Water Supply and Sanitation	1.8	18.7	4.3	10.8	9.5	45
Education	125.6	371.8	162.6	152.7	55.3	868
Health	27.1	218.9	98.1	55.7	21.9	422
Population Planning	0.0	5.5	4.3	1.2	3.3	14
Social Security and Welfare	3.7	2.8	55.9	1.8	1.4	66
Natural Calamities & Disasters	12.7	3.6	2.0	2.5	0.2	21
Agriculture	52.7	84.7	64.9	29.2	25.2	257
Land Reclamation	0.0	0.4	2.2	0.0	0.0	3
Rural Development	0.1	4.3	0.8	3.6	3.0	12
Law & Order	163.6	116.2	80.3	42.1	27.9	430
Low Cost Housing	0.0	0.6	0.1	0.0	0.0	1
Justice Administration	6.3	30.5	15.8	9.0	4.4	66
Subsidies	198.9	160.9	5.8	17.2	4.3	387
PM's Global SDGs Achievement Programme	0.0	0.0	0.0	0.0	0.0	0
BISP	104.1	0.0	0.0	0.0	0.0	104
Pakistan Bait ul Mal	3.8	0.0	0.0	0.0	0.0	4
Grand Total	1,016.9	1,061.6	501.1	352.1	167.7	3,099.3

Review of National Poverty Estimates

The latest available Cost of Basic Needs (CBN) poverty headcount, 24.3 percent, estimated using HIES data for 2015-16, represents around 50 million people lived below the national poverty line. The economic situation that prevailed during most of the 2019-20 was characterised by low growth and high inflation. This was followed by COVID-19 crises.

Pakistan Bureau of Statistics (PBS) has released the HIES 2019-20 data, and poverty estimation has been initiated. However, poverty estimation based on this data set will not be able to portray the poverty situation arising out of COVID-19 pandemic. This is because the field operations of the HIES 2019-20 were completed before onslaught of the COVID-19 and recent economic slowdown with stagflation during 2019-20. Some of the un-official estimates conform with this proposition. The impact of above stated crises will precisely be captured in the next round of HIES for 2020-21.

Ever since taking over, the present government has prioritised the poverty alleviation in the development agenda. Creation of PASS Division as well as launch of *Ehsaas* programme are two very important steps to further the agenda of poverty alleviation.

Federal Government's Ongoing Initiatives 2019-20

Important ongoing social safety initiatives initiated in 2019-20 are given below:

- Inflation adjusted BISP instalments, asset ownership programme for graduation out of poverty and access to finance for the youth
- 'Panagahs', i.e. shelters for the homeless established in major cities
- Micro-credits for low cost housing to provide shelter to the low income groups
- Provision of \$82.6 million funds (IFAD funded) as grant to PPAF for disbursement to 320,000 beneficiaries of BISP to graduate them out of poverty
- Ehsaas-Saylani Langar Scheme launched in coordination with the Saylani Welfare Trust
- Prime Minister's Naya Pakistan Housing scheme to promote access to affordable housing for low-income segments
- Re-prioritizing PSDP to focus more on pro-poor projects and the projects for less developed areas
- Extending BISP Conditional Cash Transfer *Waseela-e-Taleem*
- Expanding coverage of Prime Minister's Health Insurance scheme (*Sehat Insaaf*) to provide free medical treatment to approximately 80 million people
- SDGs Achievement Programme (SAP) for demand driven small development schemes for balance regional growth
- Chief Minister's Package for Push-Cart runners in GB

A review of other important ongoing poverty alleviation initiatives under various federal agencies is given below:

Benazir Income Support Programme: BISP provides subsistence allowance to those who meet with eligibility criteria. Around 1.3 million vulnerable and destitute across the country are provided with this service. As of 31st December, 2019, BISP has disbursed 734 billion as unconditional cash transfers.

Pakistan Bait ul Mal: Administers pro-poor demand driven safety nets, primarily in the backward areas across the country for poverty eradication and to help in improving the living standard of the poorest and the vulnerable. Individual Financial Assessment is provided under various heads. The number of beneficiaries and the disbursed amount during 2019-20 is shown in the table below:

(Rs million)		
IFA Schemes	Beneficiaries (Nos)	Amount
Medical	22,320	2,884.9
Education	3,602	911.5
General	1,961	51.8
Special Friends	1109	14.6
Total	28,425	3,862.8

Small and Medium Enterprises (SME) Development Authority: The Authority took various initiatives towards fostering growth of SMEs through a broad service portfolio spread across various sectors and clusters. These include skill development and training, industry support for productivity enhancement, business development services and collaboration with international development partners. During 2019-20, SMEDA was able to accomplish the following:

- National Business Development Programme for SMEs, a PSDP funded project aims at providing various types of grants to facilitate Business Start-ups, Organizational Development, Service Acquisition, Product Development and Business Incubation, etc
- In February 2020, SMEDA launched its Organizational Development (OD) Grants Programme. OD Grant up to Rs500,000 will be provided to support 150 SMEs

Employees Social Security Institutions: Social security is instrumental in reducing poverty as it reduces the impact of financial stress on the workers. Services include free of cost quality medical care facilities and various cash support for the workers. Social security helps in mitigating the impact of economic crisis like price hike or economic slowdown. Social security helps in productivity enhancement in the labour market. Khyber Pakhtunkhwa Employees Social Security Institution extended social security services to 90,000 workers of industrial and commercial establishments along with their 540,000 dependents. Details are as under:

(Rs million)			
S. No.	Cash Benefits	Beneficiaries (No)	Amount Paid
1.	Sickness	2,679	3.8
2.	Injury	789	0.2
3.	Death Grant	20	0.3
4.	Disablement Gratuity	5	0.2
5.	Disablement Pension	610	19.2
6.	Survivors' Pension	307	3.2
7.	Heart Cases	69	16.7
8.	Maternity	9	0.03
Total		4,488	43.63

COVID-19 Responsive Interventions

Pakistan is facing with two fold challenges due to COVID-19 pandemic – (i) saving lives and containing spread of the virus, and (ii) quick economic recovery so that the poor get rid of the allied economic shocks. COVID-19 also poses sectoral specific challenges, which include:

- Steps to be taken to address possible increase in poverty
- Shift from curative to preventive health care
- Insufficient health and education facilities
- Limited water & sanitation coverage compared to public needs

- Reviving work and livelihoods of the urban workforce, in particular the informal work force (i.e. daily wage workers, casual labour, piece rate worker, hawkers and vendors, taxi drivers, domestic workers, home based workers etc.)
- Design and implementation of a contributory/ subsidised universal social safety net

Poverty Alleviation strategy

The Government is committed to protect the poor, safeguard vulnerable and restore economy thorough evidence-based policy, pro-poor strategy and better economic planning. COVID related lockdown has temporarily affected the livelihood of around 12.3 million⁴ workers who may have to face job loss. Women and children, especially those from disadvantaged households are among the most impacted from this pandemic.

Labour Force Survey 2017-18 data informs that of the total 61.7 million employed workers (comprising of 48.17 million males and 13.54 million females), around 40.75 million reside in rural areas while 20.96 million in the urban areas⁵. These include 23.8 million agricultural workers and 37.9 million are non-agricultural workers. Overall, some 27.3 million non-agriculture workers work in the informal sector, who are at-risk of losing their livelihood due to COVID-19. International Labour Organization (ILO) estimates that around 19 million of the vulnerable employed are likely to lose their jobs while PIDE estimates this to be at around 15.5 million⁶. Wholesale and retail trade is expected to be the most affected in terms of loss of jobs followed by manufacturing, construction and transport sectors.

The government, cognizant of the impact of economic slowdown due to COVID-19 and inflationary pressure on the vulnerable, has taken various steps to provide pre-emptive cushion against these shocks. Following are some of the emergency steps taken so far in this regard:

Emergency measures taken by the government to address the COVID-19 situation

COVID-19 responsive steps taken by the Government	Federal/ Provincial
Relief package of Rs144 billion for the poor to minimize the economic shock due to COVID-19	Federal
Telehealth and the tele-education facilities launched	Federal
Package for construction sector to kick start economic activities and revive livelihood opportunities amid the pandemic.	Federal
Punjab Government's relief package of Rs10 billion to provide cash grant of Rs4,000 per family to around 2.5 million vulnerable households besides waiver of Rs18 billion provincial taxes to support the businesses.	Provincial

⁴ <https://www.pide.org.pk/pdf/PIDE-COVID-Bulletin-4.pdf>

⁵ "COVID-19 and world of work: Impacts and responses". International Labour Organization Note, 18 March 2020

⁶ Table 3 in <https://www.pide.org.pk/pdf/PIDE-COVID-Bulletin-4.pdf>

Outlook 2020-21

Provincial Plans / Strategies 2020-21

Salient social protection interventions proposed for 2020-21 at the provincial levels are briefly described below:

- **Ba-himmat Buzurg Programme** to provide dignified social pension for elderly (above 65 years of age) in Punjab with an allocation of Rs3 billion to benefit 125,000 people, who are not in receipt of any other social assistance programmes. Rs2,000 per month will be given to the beneficiaries having poverty score below 20
- **Hamqadam Programme** with the cost of Rs3.5 billion to benefit 200,000 poor persons with disabilities in Punjab upto poverty score of 30. A revolving fund of Rs300 million established to provide income-generation opportunities to these people through microcredit (@ Rs50,000 per beneficiary) and asset transfer
- **Masawaat Programme for Transgender Persons' Welfare** initiated with an outlay of Rs200 million, comprising conditional cash transfers for skill building, unconditional cash transfers for elderly transgender persons and micro credit for promoting entrepreneurship among transgender persons will be started
- **Sarparast Programme for Poor Widows & Orphans** with an initial outlay of Rs2 billion for assisting poor widows and orphans under Punjab's *Ehsaas* programme. The poor widows, who have not re-married and who meet poverty score-based eligibility criteria will be provided with a monthly stipend of Rs2,000 per month with top up of easy credit and asset transfer
- **Panagah for the homeless** in Lahore has been a success and appreciated by the low-income segments. Under *Ehsaas*, these shelters will be built throughout the Punjab
- **Human Capital Investment Project** will target the problems right from the early stages of life cycle, initiated with World Bank assistance of \$200 million. The project will provide:
 - Health Services Quality and Utilization (\$102.07 million/ Rs16.33 billion)
 - Economic and Social Inclusion (Budget: \$70.42 million/ Rs11.27 billion)
 - Social Protection Service Delivery Platform (\$12.14 million/ Rs2.41 billion)
- **Women's Income Growth and Self-reliance** for economic empowerment of poor and vulnerable women, with the assistance of DFID, UK (£36 million) through building and sustaining productive assets of the poor by encouraging innovative indigenous solutions. The objective is to achieve self-sustenance by utilizing the given assets. Around 292 thousand individuals will benefit from the programme
- **Khyber Pakhtunkhwa ESSI** to extend Social Security Scheme to Districts Buner and Malakand, establish medical units in these districts wherein 4,207 workers and their 25,242 dependents will be able to get free of cost medical facilities and different cash benefits as admissible under the Social Security Ordinance 1965. KP ESSI will ensure automation of inspection, reporting formats and establishment of database and promotional activities through print and electronic media

Scaling up of interest free loan for self-employment in **Azad Jammu and Kashmir** through Akhuwat for 151,533 small entrepreneurs (un-employed and low-income people); Opening of tourism corridor (Sarran – Chikar – SudhanGali – Ganga Choti – Lasdana – ToliPir – Banjosa - Devi Gali) will create 20,000 employment opportunities in coming years.

During 2020-21, expansion of BISP in **Gilgit Baltistan** and union council-based Poverty Reduction Programme will be key drivers for reducing poverty. Expansion of social health protection to other districts and provision of interest free loans to unemployed youth in GB are other notable initiatives planned for 2020-21.

During 2020-21, Govt. of Sindh will commission the development of policy papers on priority SDGs for analysis of current resource allocation; analysis of existing plans, policies and strategies; analysis of projects/schemes tied under the banner of the sectoral policies, plans, and strategies, with details of beneficiary population, geographical coverage, time-frame, etc. to gauge expected impact, baseline, for the pertinent SDGs that fall within the sector, and identification of future projections in progress, with appropriately addressed assumptions, to aid in realistic target-setting. The analysis will seek to identify resource and capacity gaps, inculcating appropriate recommendations for required resources/interventions. Development of a robust SDGs implementation apparatus with a communication strategy to carry forward the national development agenda in an integrated manner by focusing on poverty reduction in all its dimensions.

Federal Plan / Strategy 2020-21

The Federal government will further strengthen and expand coverage of the already initiated steps to address the problem of poverty and provide pre-emptive cushion against the possible shocks to vulnerable population. These include:

- Expanding coverage of Prime Minister's Health Insurance *Sehat Insaf* scheme to provide free medical treatment to approximately 80 million people. National nutrition programme to upscale nutrition and ensure food security
- The *Kafaalat* Programme under *Ehsaas* to ensure financial and digital inclusion of around 6 million through "one woman one bank account" policy
- Under *Kafaalat* programme, to complete the poverty survey in order to capture the missing households in the survey, self-registration desks are being established in 15 districts in collaboration with NADRA
- Setting up pro-poor goals for each Ministry so that their performance may be monitored from poverty and inclusion point of view
- Review of PC-I with a view to include impact of public investment on poverty

COVID-19-Responsive Interventions / Programmes 2020-21

Following are the key COVID-19-Responsive Interventions:

- Online training platforms for entrepreneurial skills and for specific service delivery to be considered by Ignite, digiSkills, teleschool etc

- Environment-friendly clean technologies and minimising use of fossil fuels to be prioritised. Following solarisation of the parliament building, other federal government organisations need to follow the suit
- Reschedule all micro loans and defer their re-payment. Credit providers to consider waive off the interest for at least 3-6 months
- Devise a mechanism for self-registration of informal workers for contributory social security schemes at the district level
- Improve indigenous production of essential goods and services and reduce our reliance on the global supply chain
- SBP/Ministry of Finance to explore possibility of incentivizing overseas employment promoters in shape of tax breaks and concessional loans
- Ministry of Foreign Affairs (MoFA) to mobilize missions abroad and Community Welfare Attaché (CWA) to devise strategy and action plans to avoid lay-offs and maximize the re-employment of overseas Pakistani workers
- Focus to be shifted from curative to preventive health
- Ministry of Planning, Development & Special Initiatives (MoPD&SI) aims to augment its human, financial and technical capacities to respond the unintended structural shocks like COVID-19 and poverty reduction without compromising its core function of national planning and development

Sustainable Development Goals

In the overall architect of global framework of SDGs Zero Poverty (Goal-1) is the overarching intent that is strongly linked with all other 16 Goals. SDGs is an inclusive agenda that endorses equity and ensures sustainability for everyone enabling them to contribute by bringing changes at societal, economic and political level as well as transforming their business-as-usual. The 17 SDGs are interlinked and interconnected with some of them are crosscutting in nature while others have high multiplier impact and all of them call for action.

Since adoption of SDGs in 2016 as National Development Agenda by National Assembly, Pakistan has shown considerable progress towards its implementation. Pakistan's Voluntary National Review report presented at UN High Level Political Forum in July 2019 facilitated experience sharing to overcome challenges and lessons learned to accelerate SDGs implementation, helped strengthen government policies and mobilize multi-stakeholder support and partnerships by 'leaving no one behind' in SDG implementation process.

SDGs Goal-1 (Zero poverty) calls for alleviation of extreme poverty by end of 2030 in all its forms and dimensions. Poverty, being an outcome, requires a multi-pronged strategy. The strategy comprises of social protection of the poor and the vulnerable through direct cash transfer and continuous financial support to households for poverty graduation. At the same time, investing in education, health, infrastructure and rural development is expected to increase human capital formation with infrastructure development (roads, water supply, sanitation, etc.). National SDGs

Framework prioritized Goal-1 (Zero Poverty) as a medium-term goal for achieving during 2020-25.

Efforts are underway to develop a robust implementation apparatus along with an overarching communication strategy to carry forward the national development agenda in an integrated manner by focusing on poverty reduction in all its dimensions. To track real time national progress on SDGs, a tool kit is made available in the form of SDGs Dashboard.

An important role of the SDGs Unit at M/o PD&SI is mainstreaming SDGs in national policies and plans. During 2019-20, two important studies, conducted on 'Measuring Transaction Cost of Remittances' and 'Mainstreaming Quality of Education in the Existing System of Pakistan' has helped the stakeholders to improve their policies. The study on remittances highlighted the need for reduction in cost of remittances along with institutional support in overcoming problems faced by the overseas Pakistanis. The study on quality education highlighted the need of instituting a dedicated body to implement and monitor the quality standards.

In 2020-21, some of the planned research studies include mainstreaming SDGs in national policies and plans, diaspora engagement in nation building, anomalies in food prices, review of provincial labour laws, macroeconomic environment for achieving SDGs, use of ICT for accelerating SDGs, an assessment of recruitment cost borne by overseas Pakistanis and sustainable tourism in Gilgit Baltistan.

M/o PD&SI aims to further strengthen institutional capacities, raise awareness and ameliorate vertical and horizontal coordination bottlenecks. Some of the planned activities for 2020-21 include formation of SDGs Index, Innovative Financing, Finalization of SDGs Dash Board and National Responsible Business framework.

Annex-I

Ongoing and Planned Initiatives of the Provincial and Area Governments

Salient ongoing and planned initiatives of the Provincial and Area Governments for poverty reduction and achieving SDGs are listed in **Annex-I**:

Successful Initiatives/ Programmes/ Interventions initiated in 2019-20	Federal/ Provincial
Azad Jammu & Kashmir	
Re-aligned Annual Development Programmes to better address the requirements of the SDGs.	Provincial
Vision 2025 and AJ&K 12 th Five-Year Plan (2018-23) linked with the SDGs to ensure continuous progress towards 2030 Agenda	Provincial
A substantial share of AJ&K ADP 2019-20 being spent on poverty reduction	
Gilgit Baltistan	
Establishment of Apna Ghar (Home for homeless children)	Provincial
Chief Minister's Package for Push-Cart runners in GB	Provincial
Agro-food industry development for sustaining rural livelihood in GB	Provincial
Provision of mobile hospitals to health department to improve access to quality healthcare.	Provincial
Scaling-up of home schools for girls in Diamer to improve girls' education in Diamer	Provincial
Punjab	
Southern Punjab Poverty Alleviation Project, in collaboration with IFAD to benefit 135,680 poor households in 10 poorest districts of Punjab. Major interventions include: - Provision of Small Ruminants (2 goat package) to 55,762 beneficiaries (100 percent women) - Provision of 2,670 plots and construction of 2,520 low cost houses (100 percent women) - Vocational & Enterprise trainings to 23,028 women and 7,230 youth - Construction of 1,325 small infrastructure schemes including construction of 9,857 household toilets, installation of 539 hand pumps for poor families - Food bank facility provided to 7,683 poor families on revolving basis (89 percent women) - Small loan provided to 8,509 poor /small farmers on revolving basis (65 percent Women) - Formation of 5,757 community organizations through NRSP including 72 percent women based CO's	Provincial
Skill training of 1,000 tribal youth in collaboration with Punjab Skills Development Fund	Provincial
Health Insurance Programme in Punjab being implemented in 13 districts in Punjab – expansion of programme to remaining 23 districts, for 7.1 million beneficiary families with benefit package of Rs. 60,000 for secondary care treatment and Rs. 300,000 for priority care per family/year	Provincial
Chief Minister's Self Employment Scheme of interest free loans for low-income individuals to support their livelihood - the largest public-private partnership of its kind in the province. Loan amount ranges from Rs10,000 to Rs50,000. The project outcomes include: - Total benefiting families: 2,659,431 - Total loans disbursed (Male): 1,393,766 (Female): 1,265,665 - Amount Disbursed: Rs64.129 billion	Provincial

Successful Initiatives/ Programmes/ Interventions initiated in 2019-20	Federal/ Provincial
- Percentage Recovery: 99.99 percent - Active Loans (No): 729,183	
Sindh	
Alignment of ADP with SDGs	Provincial
Mapping and tracking of budgetary allocations and expenditures on SDGs	Provincial
Joint effort of Government of Sindh and Thar Foundation to transform Islamkot, Tharparker into a model SDG Taluka. Urban Planning Unit, GoS has developed Master Plan for Islamkot. Its Implementation Plan, aligned with priority SDGs	Provincial
Khyber Pakhtunkhwa	
Approved the Sustainable Development Strategy (2019-23) with SDGs as one of the guiding principles	Provincial
<i>Sehat Insaf</i> Card in Khyber Pakhtunkhwa	Provincial
Dressing the development lag by supporting the least developed districts	Provincial
Implementation of the Accelerated Implementation Plan in the newly merged districts as a first phase of the Tribal Decade Strategy	Provincial
Balochistan	
Balochistan Sustainable Development Goals Projects	Provincial
Balochistan Economic Development Project	Provincial
Sustainable Land Management Programme	Provincial
Growth for Rural Advancement & Sustainable Progress	Provincial
Establishment of Yunus Social Business Fund	Provincial
Youth Engagement and Empowerment Programme	Provincial
Balochistan Social Sector Investment Funds	Provincial
Balochistan Skill Development Fund	Provincial
Revival of Balochistan Water Resources Programme	Provincial
Establishment of PPP Cell in P&D Department	Provincial
Enforcement of Rule of Law Project Balochistan	Provincial
Establishment of One Stop Shops for CPEC Investors	Provincial
Parks and Horticulture Management Company	Provincial
Tourism Interventions in Ziarat Valley	Provincial

CHAPTER 21

SOCIAL WELFARE

Social welfare systems enable the society to advance the well-being and security of their citizens by protecting them from vulnerability and deprivation so that they can pursue a decent life. This is particularly important for socially excluded population and vulnerable segments of the society especially after the ongoing pandemic. This population includes poor, persons with disabilities, migrants/ refugees/ internally displaced people, slum dwellers, women, children etc. These groups have less opportunities for economic, social, and human development, and remains caught in a vicious cycle of poverty; therefore, economic growth needs to be equitable for improving the living standards of all strata of the society.

Pakistan have about 27 million persons with disabilities, and a lack of engagement and inclusion of these people could be costing the economy between 4.9 percent and 6.3 percent of GDP each year. Pakistan also hosts more than 1.4 million registered Afghan refugees whose inequalities are further exacerbated due to identity and opportunity crisis. There is a need to break the vulnerability silos and redistribute social development equitably to improve the living standards of the above mentioned and other vulnerable and marginalised groups. This could be achieved through inclusion of these groups in poverty reduction and social safety plans.

COVID-19 has forced the world into facing an unprecedented crisis, with global public health emergency crisis at its core and fast rolling into an economic, social and human rights crisis. It has further created a vicious cycle through which higher levels of inequalities are fuelling its spread which in turn is deepening the existing inequalities, affecting groups disproportionately through loss of livelihoods, lives and dignity. UN Socio-economic Response Plan for Pakistan suggests that around 126.6 million people (including ICT and newly merged districts) are multidimensionally vulnerable to the untoward effects of the socio-economic impact of COVID-19.

Universal Declaration of Human Rights states, “All human beings are born free and equal in dignity and rights” and it is the dignity and rights of the most vulnerable that requires additional attention in COVID-19 response. Annual Plan lays out the multidimensional aspects of the COVID-19 response, with a clear strategy to mobilise technical and financial resources to define and implement safeguarding and protecting social needs of the most vulnerable people through social welfare interventions under the *Ehsaas* Programmes.

Performance Review 2019-20

Financial Review

In PSDP 2019-20 funds of Rs142.90 million were allocated to five development schemes of Ministry of Human Rights including i) Implementation of Action Plan for Human Rights in Pakistan, ii) Establishment of Human Rights Information Management System (HRMIS), Ministry of Human Rights, iii) Institutional strengthening of Ministry of Human Rights, iv) Human Rights Awareness Programme and v) Strengthening of Regional Directorates of Human Rights, Lahore, Karachi, Peshawar and Quetta. Rs55.62 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 Rs27.13 million, ii) Establishment of Resource Unit for autistic children at National Special Education Centre for Mentally Retarded

Children Islamabad, an allocation to Rs22 million and iii) Establishment of Orthopaedic workshop at National Special Education Centre for Physically Handicapped Children, Islamabad, an allocation of Rs9.26 million. These Centres contributed in provision of education, training and rehabilitation services to 500 special children during 2019.

Funds amounting to Rs70 million were allocated to two development schemes of Poverty Alleviation & Social Safety Division i.e., i) Establishment of Centre for Social Entrepreneurship and ii) Tahafuz Pilot Project. As overview of allocation of federal PSDP for social welfare sector during 2019-20 is as under:

(Rs million)

Line Ministry	No. of projects	PSDP Allocation 2019-20	PSDP Utilization
Ministry of Human Rights	08	198.52	31.61
Poverty Alleviation & Social Safety Division	02	70.00	9.67
Total	10	268.52	41.28

Sectoral Review

2019-20 emerged as the year of holistic and effective placement of social protection measures for vulnerable segments of the community. Under the *Ehsaas* Programmes, a new Poverty Alleviation & Social Safety Division was established to address current sectoral fragmentation and was placed under the Cabinet Secretariat. The umbrella initiative includes overarching support to the following: Benazir Income Support Programme, Pakistan Bait-ul-Mal, Zakaat, Pakistan Poverty Alleviation Fund, Trust for Voluntary Organizations and, the Centre for Social Entrepreneurship. On August 29th, 2019, ECNEC approved the Sehat Sahulat Programme which covers around 2.7 million families from all over Pakistan and providing health status improvement services at a cost of Rs31.935 billion. This includes provision of quality healthcare and enhanced coverage and access to secondary & priority indoor treatment of the poor and vulnerable including women. The phase II of Sehat Sahulat Programme envisages provision of social health protection against catastrophic health expenditure (health Insurance) to all marginalized families of Pakistan living below the poverty line of USD 2.00 per day. Another flagship endeavour included Prime Minister's Youth Entrepreneurship Programme developed under the Kamyab Jawan Programme with a vision of creating 10 million jobs for young people. The scheme envisages "Hunar se KarobarTak", where youth will be graduated from basic asset transfer to interest free loans to micro and then finally small loans.

In the third quarter of 2019-20, COVID-19 outbreak pushed the sector to realign its priorities to reduce negative externalities faced by vulnerable population groups. Early evidence indicates that the health and economic impacts of the COVID-19 outbreak are being borne disproportionately by poor people. Other high risk populations identified by the UNDS in the Global Socio-economic response Framework include older persons, adolescents, children and youth, persons with disabilities, persons with mental health conditions, migrants, refugees, internally displaced persons, conflict-affected populations, minorities, persons in detention (77,275 in 2019), slum dwellers (45.5 percent urban population was living in informal settlements in 2015), people in informal settlements, homeless persons, people living with HIV/AIDS (160,000 people in 2018) and other people with pre-existing medical conditions, etc.

Previous epidemics, such as SARS, MERS and Ebola, highlight the need to combine effective health interventions with social protection measures, in any adequate government policy response. In the current situation, the already scarce domestic resource mobilisation has

enhanced implications for the country's ability to finance social spending, including spending on well-being and development of vulnerable groups in this complex situation. This is evident with low tax revenue collection and extremely limited spending on social services. While clearly affected by the pace of overall economic growth by COVID 19, Pakistan's existing fiscal regime has further weakened when viewed through the lens of its tax-to-GDP ratio. According to MICS Punjab 2017, public sector investments in health and education sectors are low (0.76 per cent & 2.3 per cent of GDP respectively), considerably below the levels needed; the outbreak has further caused shrinkage in resources for service delivery in education and health.

To immediately address the situation, Government of Pakistan approved a 900 billion rupees (\$5.66 billion) economic relief package. Of this, a total of 200 billion rupees (\$1.25 billion) was allocated for low-income groups, particularly labourers. Loan interest payments for exporters were deferred temporarily, while a package of 100 billion rupees (\$63 million) was provided to support small industries and the agriculture sector.

Ehsaas Programme was realigned and expanded with the emerging needs of industrial workers, self-employed and daily wage workers who are most vulnerable and threatened by extended lockdowns and social distancing measures. The monthly stipend of the Benazir Income Support Programme (BISP) was increased from Rs2,000 to Rs3,000. The number of beneficiaries will be increased from 4.5 million to 12 million. This will be done through: a) Special Cash Assistance of Rs3,000 per month for four months to 4.5 million registered under Kafaalat programme; b) Emergency Cash assistance of Rs3,000 per month for four months to 4 million beneficiaries from updated NSER databases; and c) Emergency Cash assistance of Rs3,000 per month for four months to 3.5 million beneficiaries to be identified by District Administration. It was decided that the funds of the government's *Ehsaas* programme would be distributed among the poor according to the available data of the BISP and through the under progress National Socio-Economic Registry (NSER) of the BISP.

Accomplishments

Key accomplishments achieved in the social welfare sector during 2019-20 are:

- Establishment of New Poverty Alleviation & Social Safety Division
- Launch of Sehat-Sahulat Programme for 2.7 million families from all over Pakistan and providing health status improvement services at a cost of Rs31.935 billion
- Approval and roll out of 900 billion rupees (\$5.66 billion) economic relief package in wake of COVID-19
- Launch of *Ehsaas* Emergency Cash programme to help 12 million poor families for buying ration with Rs12,000 allocated per family for a total budget Rs144 billion. The cash programme has already reached out 6.8 million people by now
- Management of 157 Women Empowerment Centres throughout the country for imparting trainings in various skills to women
- Increase in the number of BISP beneficiaries from 5.2 million in response of COVID-19
- Portal for people unemployed due to COVID-19 at *Ehsaas* Labour portal on NADRA website

Outlook 2020-21

Sectoral Objectives

The development priorities focus on reducing vulnerabilities and mainstreaming target population including children, women and persons with disabilities, youth, patients, senior citizen, transgender, unattended segments etc. to secure their livelihood, promote wellbeing and income opportunities with participations of all stakeholders and development partners etc. In the current COVID-19 crisis in the country, Annual Plan aims to support vulnerable groups through different relief packages and social safety interventions.

For social welfare sector, the Plan will endeavour to mitigate the challenging socio-economic effects by:

- Putting in place stimulus packages and other responses to mitigate the disproportionate socio-economic impacts of the pandemic for most affected population groups losing lives and livelihoods, and without access to social safety nets
- Ensuring income security and targeted social assistance for the most marginalized and vulnerable segments of the society
- Ensuring federal and provincial response and recovery plans identify and put in place focus on targeted measures for disproportionately affected groups and individuals
- Applying lessons from COVID-19 crisis response to refocus action of ending poverty and reducing inequalities through human rights lens to building a more inclusive and sustainable Pakistan

Financial Outlay

An Overview of allocation of PSDP to social welfare sector is given below:

(Rs million)

Ministry	No. of projects	PSDP Allocation 2020
Ministry of Human Rights	14	256.00
Poverty Alleviation & Social Safety Division	02	200.00
Total	16	391.00

Sectoral Plan and Strategies

Realigning Ehsaas strategy to COVID-19 response priorities

In 2020-21, the current relief package will be extended to include inclusive and child/adolescent focused products for reaching out to biggest population group currently at risk of being affected by COVID-19. Kifalat reforms under the un-conditional cash transfer programme of BISP will be transformed from the “cash out only” operation into a programme that also enables financial and digital inclusion of around 7 million women through the one woman one bank account policy. National Poverty Graduation Initiative (NPGI) as part of the Ehsaas strategy will be rolled out in over 100 districts and will impact 16.28 million people with 50 percent women. This will assist the ultra-poor including women in graduating out of poverty on sustainable basis while improving their overall food security, nutritional status and resilience to climate change. It will

target youth, persons with disabilities, transgender, minorities and marginalized communities in lagging districts. It also aims to graduate the poorest households out of poverty and set them on a course of economic and social prosperity. Its components include asset transfer, interest free loans, vocational and skill trainings. NPGI is being implemented by Pakistan Poverty Alleviation Fund (PPAF) with funding of USD 150 million (GOP 50 million and IFAD USD 100 million). Under the interest free loans component of the National Poverty Graduation Initiative, 80,000 interest free loans will be disbursed, monthly nationwide over the next four years.

The Portal for unemployment will be expanded to serve as a permanent social protection stop gap arrangement.

Strengthening governance systems to improve social welfare

Ehsaas will implement currently under review policy on basic standards for expanding the overall scale and framework of universal social protection services to orphanages and orphans. Provision of safety nets will be ensured for the vulnerable to protect against shocks by one-time financial assistance against catastrophic events such as assistance to poor widows and legal aid. This will require expansion at local government level to identify vulnerable populations.

Reducing negative socio-economic externalities of COVID-19 response

Public & Private Sector Organizations having outreach across the country such as PPAF, NRSP, BISP, PBM, TVO, AKHAWAT, Central Zakat Council (CZC), SPO, SUNGI will develop an integrated programme to address the needs of the vulnerable segments of population through pooling in financial and human resources. A comprehensive, national-level analytical framework will be developed to assess child specific commitments, leading to development of a child focused Social Protection Policy framework that captures preparedness, resources and mitigation in case of disasters like COVID-19.

Ensuring inclusion of Disability Check in PC-1

For the PC-Is under review and appraisals, Planning Commission will develop a checklist to ensure that the interests and specific needs of the disabled are incorporated in the project/programme proposals. This will include a technical review to assess the current practice at the Planning Commission and Provincial P&D Departments; constitution of advisory group to lead the process with coordination support of the Social Welfare Section at the Planning Commission; developing a guideline and checklist for the infrastructure project PC-Is based on Accessibility Code of Pakistan; developing M&E Framework including disability indicators for ensuring their incorporation in relevant PC-Is.

Programmes 2020-21

The programmes/interventions envisaged to enhance the social welfare coverage, poverty alleviation and strengthen human rights efforts are as under:

- Implementation on Action Plan on Human Rights in Pakistan costing 57.50 million with allocation of Rs23.0 million
- Institutional strengthening of M/o Human Rights costing Rs59.50 million with allocation of Rs35 million

- Establishment of Human Rights Information System (HRMIS) costing Rs59 million with allocation of Rs24 million
- Strengthening of Regional Directorates of Human Rights, Lahore, Karachi, Peshawar and Quetta costing Rs57 million with allocation of Rs30 million
- Human Rights Awareness Programme costing Rs55 million with allocation of Rs14 million
- Human Rights Coordination and Monitoring Unit for National Mechanism for Reporting and Follow-up costing Rs43.90 million with allocation of Rs20 million
- Pilot Project for Establishment of Transgender Protection Centre, Islamabad costing Rs35.80 million with allocation of Rs20 million
- PC-II/ Feasibility Study for Establishment of Sub-Directorate of MoHR in Newly Merged Areas of Khyber Pakhtunkhwa costing Rs3 million has been allocated Rs3 million for 2020-21
- Establishment of resource unit for Autistic children at National Education Centre for Special Children, H-8/4, Islamabad costing Rs54.35 million with allocation of Rs18.50 million
- Up gradation of National Special Education Centre for Hearing Impaired Children from Higher Secondary to Graduation Level, Islamabad, costing Rs44.64 million with allocation of Rs17 million
- Establishment of Orthopaedic workshop at National Special Education Centre for Physically Handicapped Children, Islamabad, costing Rs20.26 million with allocation of Rs6.50 million
- Pilot Project for Inclusive Education for Children with Disability in Public & Private Schools at ICT Islamabad costing Rs30 million with allocation of Rs12 million
- PC-II/ Feasibility Study for Establishment of Rehabilitation Centre for Multiple Disabilities at Primary Level at Sector, H-11/4, Islamabad costing Rs15 million with allocation of Rs15 million
- Up-Gradation of National Special Education Centre for Visually Handicapped Children, Islamabad costing Rs36.866 million with allocation of Rs18 million
- Tahufuz Pilot Project under Poverty Alleviation and Social Safety Division costing Rs55 million with allocation of Rs35 million
- Monitoring and Evaluation Unit for Ehsaas Programme (Ehsaas Delivery Unit) costing Rs200 million with allocation of Rs100 million

CHAPTER 22

GENDER AND WOMEN EMPOWERMENT

Gender and women empowerment is driven by the concept of 'Gender equality', a state of equal ease of access to resources and opportunities regardless of gender. However, gender equality is important not just because it is a fundamental human right. Women are half the world's population and thus half its potential. Gender parity in education and employment is critical for economic growth as well as societal cohesion. It is well established that the wide gender gaps in dimensions of education, health and employment reduce the economic growth of a country while gender parity in education or at the level of households, farms and firms has spurred the economic performance in lower middle income and upper middle-income countries.

Pakistan ranks third to last (151st) globally, and lowest (7th) in South Asia on the 2020 Global Gender Gap Index, 178th on Gender Development Index out of 181 ranked countries and 28th on the Gender Inequality Index. The literacy level of men is 72.5 percent compared to 52.4 percent for women resulting in less numbers of women. Although an estimated 60 million women are of working age, only 24.8 per cent participate in 'paid' labour. Their retention in the labour market is further challenged by competing family priorities, inflexible workplace policies and the structural gendered workplace barriers. Government of Pakistan recognizes gender equality as crucial for achieving the overall targets of all 17 SDGs, and harnessing the full potential of its female workforce, and is fully committed to close this gap. The Plan envisages to improve country's score on Global Gender Gap Index by mainstreaming gender issues for equitable participation into development.

Performance Review

Financial Review

An overview of funding and expenditure of Federal PSDP 2019-20 related to gender and women empowerment is given below:

Line Ministry	No. of projects	PSDP Allocation 2019-20 (Rs million)	PSDP Utilization as of March 31, 2020
Ministry of Human Rights	04	122	31.61
Poverty Alleviation & Social Safety Division	02	70	9.68
Total	06	196	41.10

Sectoral Review

The Government is fully cognizant of its constitutional responsibilities for protecting the rights of the women and realizing their full potential in all spheres of life. In 2019-20 the federal and provincial governments introduced a number of interventions to improve gender, financially empower women, expand social protection net to encompass needs of women in the most vulnerable groups of population.

The outbreak of COVID-19 in the country affect the gender equality gains achieved in last few years as disasters, conflicts and disease outbreaks affect women and men differently. These circumstances and the ensuing living conditions make existing inequalities for women and girls even more wide and deep. This is further underscored by oblivion towards gender impacts of outbreaks while designing corrective and welfare policies.

While remaining cognizant of the fact that absence of gender-disaggregated data is a gap that needs to be addressed, by visualizing the extent to which COVID-19 will compound the existing gender inequalities building upon available global evidence. These inequalities may increase because of gender intersecting wider structural inequalities like age, geography, class, employment, disability and other stressors. This makes it important to also capture and address the experiences of different groups of women, men and gender diverse people. In a developing country like Pakistan, which already is struggling for gender equality and the implementation of human rights of women, an epidemic of this scale can damage the social and economic fabric of society; exacerbating and amplifying existing gender inequalities at multiple levels, by:

- triggering an economic crisis, which again will be weathered differently by women, due to the nature of their work i.e. women working in informal sector employment, home-based workers and other private sector employees; dependence on public transport leading to increased workforce absenteeism and lost wages; additional impact on women-led vulnerable households who lack the capacity to protect themselves from financial shocks such as lay-offs and closures of businesses
- disrupting essential reproductive health services due to lockdowns, social distancing and health workforce vulnerabilities, eroding any gains that Pakistan has made in the past few years, as has been observed in Ebola
- exposing more women to risk of infection due to the highly gendered health workforce (as also observed in the Ebola outbreak in Africa (more than 70 percent being women). Furthermore, disproportionate loss of health workers in areas already shorthanded will lead to increased maternal mortality for years to come

Accomplishments

Government of Pakistan initiated dedicated efforts to achieve SDG -5. A summary of accomplishments in last year is given below:

Improved Gender Governance

- Gender Management Information System, and Gender Reforms Action Plan (GRAP)
- Multiple supportive legislative frameworks promulgated: Women's Property Rights Act, 2020, Zainab Alert, Response & Recovery Act, 2020 and ICT Rights of Persons with Disabilities Act, 2020, Domestic Violence and Prevention Act and Protection against Harassment of Women at Workplace Acts, The Maternity Benefits Act (amendment)
- Gender-responsive budgeting trainings arranged for public sector officials nationally
- Voluntary National Review on Gender presented in UN High Level Policy Forum (HLPF)2019

Responsive to Gender Based Violence

- Initiatives introduced by federal and provincial governments to ensure justice provision and address GBV by establishment of a toll-free support helplines and women police stations
- Women development departments and provincial commissions on the status of women continued with activities to promoting gender equality and women empowerment through awareness-raising seminars, workshops, establishment of working women hostels, day care centres for children of working mothers, women crisis centres, and shelters homes in the province

Financial empowerment and social support

- Fragmented poverty alleviation and social safety programs brought under *Ehsaas* programme with renewed focus on women
- Women empowerment in focus through Ministry of Human Rights' development schemes

Outlook 2020-21

Sectoral Objectives

Annual Plan envisaged gender mainstreaming as high priority, through adopting women's rights-based approach to develop gender sensitive need based projects and action integration of gender dimensions into all sectors of economy. However, with COVID-19 in the picture, the scale and pace of the gender reforms will have to be expedited exponentially across education, health, labour force participation, mobility, financial empowerment, and quarantine experience. While devising the specific interventions, gender norms and roles influencing women's differential vulnerabilities to direct and indirect socio-economic effects of the pandemic are being considered. The annual plan will endeavour to mitigate the untoward gendered effects by:

- Ensuring diverse leadership in response planning: More women will be included at the decision-making level in all COVID-19 response planning, ensuring availability of gender expertise in pandemic planning as well as post-pandemic recovery
- Addressing the compounded economic impact and broadening bailout, stimulus and rehabilitation packages to prioritize groups most at risk

Financial Outlay

Overview of Funding and Expenditure of Federal PSDP 2020-21 by Line Ministry

(Rs million)

Line Ministry	No. of projects	PSDP Allocation 2020-21
Ministry of Human Rights	05	136.00
Poverty Alleviation & Social Safety Division	02	135.00
Total	07	271.00

Sectoral Plan and Strategies

Improve Gender Governance in response planning

Comprehensive efforts will be made to ensure leadership diversity in pandemic response and post-pandemic recovery planning. Voices of women and men from the frontline responders will be included in the planning process.

Continuity of RH & SH Services

Continuity shall be ensured in essential reproductive health, family planning and sexual health services, including additional efforts required to address the mobility hinderances due to COVID-19 related shut-downs and safe distancing protocols, by training, equipping and protecting health care service providers, exploring alternate health services provision models such as tele-medicine, ambulatory support etc.

The economic impact and balanced participation

Existing and upcoming social protection plans, relief packages and emergency economic schemes will be developed/ revamped taking gender inequalities into account. Efforts will be made by the stakeholders to mitigate the spike in unemployment, bring women back to work and restore economic shocks and income losses.

It is required that Federal and Provincial governments will ensure Gender balance in educational, professional and technical education etc by restricting maximum to 50 percent seats for either gender by making policies and rules, accordingly. This will lead balanced participation of male and female professionals in mentioned areas and sectors so that the qualified professionals may not be under-utilized.

This will entail introduction of support packages like child care vouchers, mobility allowances, Kifalat stipends, conditional cash transfers, financial and digital inclusion (through existing umbrella of *Ehsaas* programme with exclusive support to women through BISP), sanitation facilities, trainings to upgrade skills etc. MSMEs will be encouraged/incentivized to introduce digital/ home-based opportunities will be explored to engage women with child and family care responsibilities. Support packages (liked lowered return rates, tax breaks, interest-free loans) and responsive crisis management trainings will be developed for women entrepreneurs suffering significant economic loss due to COVID-19. Efforts will be made to reach out to and restore livelihood assets of gender-diverse populations, including job placement opportunities, interest free loans, vocational and skill trainings.

Address the Gender Based Violence

GBV referral mechanisms in the country will be strengthened and mainstreamed into the emergency response efforts, supplemented with training of GBV responders (health care providers, police units, shelter units, courts etc.), optimally functioning hotlines and uniformly disseminated protocols to address to GBV, mental counselling services for men and women of the household etc.

Programmes 2020-21

The following programmes will benefit women in protecting their rights:

- Implement Action Plan on Human Rights in Pakistan costing Rs57.50 million with allocation of Rs23 million
- Establish Human Rights Information System (HRMIS) costing Rs59 million with allocation of Rs24 million
- Strengthen Regional Directorates of Human Rights, Lahore, Karachi, Peshawar and Quetta costing Rs57 million with allocation of Rs30 million
- Launch Human Rights Awareness Program costing Rs55 million with allocation of Rs14 million
- Support Tahaffuz Pilot Project under Poverty Alleviation and Social Safety Division costing Rs55 million with allocation of Rs35 million
- Human Rights Coordination and Monitoring Unit for National Mechanism for Reporting and Follow-up costing Rs43.90 million with allocation Rs20 million
- Increase in the percentage of women, persons with disability, transgender etc. in the workforce by proposing incentives to businesses
- Include information on GBV services in the COVID-19 communication package. Plan for gender responsive communication messages and outreach strategy to account for vast gender gaps in access to information. Reaching women and girls and informing them on the disease will be critical to containing the spread
- Restore livelihood assets and reach-out/ or enhanced training or job placement opportunities to trans-groups to conduct trans-persons' socio-economic needs assessment for short to long term actions. help them restore their livelihoods

CHAPTER 23

RELIGIOUS PLURALISM AND INTERFAITH HARMONY

In democratic societies, religious views can be instrumentalized for promotion of holistic social cohesion and socio-economic development. Cultural and religious sensitive approach to development is key to addressing the interlinked social, economic and environmental dimensions of sustainable development. Religious and ethnic tolerance is a central element for building inclusive and resilient societies (SDG 1) and reducing inequalities (SDG 10). Inter-faith harmony and understanding are central to raising a culture of tolerance and respect for religious minorities.

Pakistan is ethnically and religiously diverse country, making up the 219 million population. This diversity necessitates the need to develop a pluralistic society. The constitution of Pakistan enshrines fundamental rights for religious minorities without any discrimination or bias based on their religion.

Pakistan scored 94.2 on Index and improved its ranking from 20th to 23rd in 2019, with religious/communal group grievance score falling to 9.4 as compared to 10.0 in 2017. The programmes under the ambit of the government also aim to benefit the minorities and expand opportunities of jobs, labour, wages, and social security for them, develop equitable laws and policies to address their specific barriers.

Since the outbreak of COVID-19, the public health interventions/ social distancing measures put in place included restrictions on movement and large gatherings including at mosques, churches and other religious places. The Plan is cognizant of the issues of minorities, concentrated efforts will be made to uplift the socio-economic conditions of minority's communities of the country during and after COVID-19 crisis.

Performance Review 2019-20

Sectoral Review

Many initiatives have been introduced for welfare of minorities and promotion of Religious Pluralism and Interfaith Harmony, among them, one of the major initiatives was opening of Kartarpur Corridor, a visa-free border, for Sikh Community. The Kartarpur Corridor has enabled Sikhs and other devotees, from India and overseas, of the founder of the Sikh faith, Guru Nanak Dev, to pay their respects, without needing a visa, at the holy shrine of Darbar Sahib, in Kartarpur, in the Narowal district of Pakistan. The Corridor was inaugurated on 12th November 2019 commemorating the 550th anniversary of Guru Nanak's birthday.

Financial and wellbeing support measures included allocation of 5 percent Job Quota for minorities in Federal Government Jobs in addition to their participation on the open merit basis, provision of marriage grant of Rs50,000/- for marriage of daughters of widows/orphan girls of minority community and grants of financial assistance under Minorities Welfare Fund (MWF). 11th of August has been declared as a "Minorities Day" to recognize the services/sacrifices and contributions of Minorities in nation building. Ten religious festivals of minorities were celebrated at official level in Pakistan. Furthermore, many initiatives have been taken by the provinces i.e. putting ban on hatred speeches, literature etc. and limiting the just use of loudspeakers.

The COVID-19 outbreak has endangered all lives without any distinction of language, religion or ethnicity hence, the mitigation measures were non-discriminatory and addressing needs of vulnerable communities. Furthermore, religious pilgrims arriving from neighbouring countries suffering from Corona Virus have been provided health services in hospital for treatment and cure. Several NGOs have supported the Government in ‘generating Rs4 billion for relief work during the COVID-19 health emergency, giving out rations, protective gear and medical items as well as carrying out food drives for the needy including religious minorities’.

Accomplishments

In the review year 2019-20, several key accomplishments were achieved in the religious pluralism and interfaith harmony sector:

- Opening of Kartarpur Corridor for Sikh Community on November 12, 2019 on the 550th anniversary of Guru Nanak’s birthday
- Allocation of 5 percent job quota for minorities in Federal Government jobs
- Declaration of 11th of August as ‘Minorities Day’ and celebration of minorities’ religious festivals officially
- Provision of financial assistance to minority communities under the Minorities Welfare Fund (MWF)
- Grant provision for marriage of daughters, widows and orphan girls of minority communities in Pakistan

Outlook 2020-21

Sectoral Objectives

The 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. In the current COVID-19 crisis in the country, Annual Plan focuses on assistance to vulnerable groups including minorities through different relief packages as per rights enshrined in the constitution without any discrimination. The Plan highlights to mitigate the challenging socio-economic effects by:

- Providing immediate financial support to religious minority communities in Pakistan without any discrimination or bias
- Protecting worship places of religious minorities during COVID-19 crisis
- Religious freedom of all communities during the crisis and no public health intervention is discriminatory to any specific religious group in the country
- Strengthen community-led relief initiatives on safeguard of all community members regardless of their ethnicity or religion

Sectoral Plan and Strategies

Providing relief to COVID-19 affected minority communities

In the current COVID-19 crisis in the country, relief assistance will be extended equally to minorities through different relief packages. A comprehensive programme/package for socio-economic uplift of the minority communities will be launched including provision of financial assistance to vulnerable groups i.e. elderly, widows, orphans, disabled and forced labourers.

Reducing negative impacts on religious tourism

Standard Operating Procedures will be devised in the context of COVID-19 crisis for religious tourism and efforts will be made for resumption of religious tourism post COVID-19 outbreak. Promotion of religious tourism and up-gradation of facilities at religious tourism sites will be facilitated including at Kartarpur, Gurduawara Punja Sahib, Katas Raj Temple, Sadhu Bela Temple, Buddhist Monastery in Taxila / Hassanabdal and Kalash Valley. Official promotion of religious festivals and celebration of minorities day will be continued.

Strengthening infrastructure for minority rights

An independent National Commission for Minorities (NCM) to safeguard minorities' rights will be strengthened and effective operation procedures will be put in place. Interfaith Harmony Committees established at the district level will be strengthened to enhance their effectiveness. Measures shall be introduced to gather data on SDG indicator 10.3.1, on proportion of population having felt discriminated against or harassed within the previous 12 months based on a ground of discrimination prohibited under international human rights law. Information collected on this indicator will enable the Government to leverage the SDGs' framework in making systems more responsive for minorities.

Programmes/Interventions 2020-21

Key interventions for 2020-21 are given below:

- Extension of relief assistance to minorities communities across Pakistan
- Protection of places of worship of minorities through special measures at federal and provincial concerned departments during and post COVID-19 outbreak
- Strengthening of an independent National Commission for Minorities (NCM) to safeguard minorities' rights

CHAPTER 24

INSTITUTIONAL REFORMS AND GOVERNANCE

Governance consists of traditions and institutions by which political, economic, and administrative authority in a country is exercised to manage a nation's affairs. Good Governance guarantees management of sound development by addressing the issues of accountability, transparency, participation, openness, rule of law and predictability. Governance is a cross cutting theme therefore, requires uniform strategies and joint actions of multiple stakeholders. It is critical to the successful achievement of the strategic thrust, policies, programmes, targets and is a prerequisite for economic growth and development. As growth generates income, good governance trickles this effect down to the masses, particularly the poor. Responsibility of the State and its institutions is to create conducive political, legal and economic environment for building individual capabilities and encourage private initiatives while the market is expected to create opportunities for people and the role of civil society is of facilitation.

Performance Review 2019-20

Financial Review

An amount of Rs5 billion including foreign aid of Rs2.4 billion was allocated for the governance sector in 2019-20 against which an amount of Rs3.2 billion has been spent to accomplish reform agenda. In addition, an amount of US\$ 2.3 billion (equivalent to Rs373 billion) was allocated as budgetary support to the projects under development policy credit from multilateral donors. The focus of investment was remained in the areas of innovation, capacity building, performance management, service delivery, justice sector, police, research, civil service and public sector reform including regulatory framework during 2019-20.

Sectoral Review

Justice Sector Reforms

The focus of justice sector reforms during the year remained to improve delivery of justice through improving policies and capacities of judicial system. Several interventions in line with Sustainable Development Goals (Goal 16) have been initiated. To reduce burden of litigation, legislation on Alternative Dispute Resolution (ADR) System in Islamabad Capital Territory has been introduced. The automation of Federal Courts has been launched to introduce Case Flow Management System (CFMS). A comprehensive training programme for officers/ staff of all district courts and Federal Courts is being devised to facilitate litigants and public. To reduce administrative cost, trials through Video Conferencing facilities between Jails and Courts will be initiated. Consolidation of various legislations will be made to reduce number of legislations on identical subjects.

The Wafaqi Mohtasib Secretariat (WMS) has been strengthened. The Secretariat has introduced online hearing system of complaints resolution, on the directions of Supreme Court of Pakistan, a National Committee on Prisons Reforms has been constituted by the Wafaqi Mohtasib to review the status of prisons in Pakistan and to make recommendations for improving overall condition of prisons. Project titled "Upgradation and Expansion of 'Data Centre' of Wafaqi Mohtasib

(Ombudsman)’s Secretariat” has been initiated. Amendments in relevant laws have been made to combat corruption. This will strengthen the NAB and FIA to fight against corruption and also support investigation process.

Revenue Reforms

In pursuance of economic vision of the government, Federal Board of Revenue (FBR) has taken number of initiatives to improve service delivery, enhance resource mobilization efforts, increase Tax-to-GDP ratio, simplification of rules and regulations, separation of tax policy from tax administration, and facilitation of trade. For simplification/ automation of registration of sales tax and income tax, a mobile app has been launched for online registration. Another app “Tax Asaan” has also been launched which cater for filing of simple returns. Data of more than 3.5 million industrial and commercial users gathered. In order to develop 360-degree view of tax payers, data sources like banks, vehicles and real estate transactions have been captured and a Data Bank developed. Due to enforcement measures, number of tax filers has reached around 2.7 million, which is record high in the history of FBR for tax year 2018.

Integrity and Performance Management Unit (IPMU) has been established to address corruption related complaints against officers/ officials. In addition, Performance Management Cell (PMC) mandated with the task to develop an effective mechanism to gauge performance of officers has been established. These reforms have brought improvements in tax base by bringing untaxed segments of economy in tax net.

According to World Bank's flagship Doing Business Report, 2020 published in October 2019, the enactment of regulatory reforms in six areas i.e. starting a business, dealing with construction permits, getting electricity, registering property, paying taxes and trading across borders has landed Pakistan among the world’s top 10 business climate improvers. Due to concerted improvement in business regulation, Pakistan has climbed 28 places and rose to the rank of 108 out of 190 countries in the global Ease of Doing Business rankings this year from 136 during the previous year.

Project titled “Pakistan Raises Revenue Project-IPF Component” has been launched with the financial support of World Bank for eliminating country’s fiscal constraints through sustainable increase in revenues, reducing tax expenditure by broadening tax base and modernizing FBR with advanced ICT based operations under its Transformation Roadmap. The programme will increase tax-to-GDP ratio from 13 percent to 17 percent by 2023-24.

Project titled “Pakistan 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 envisaged.

Project titled “Development of Integrated Transit Management System (ITTMS) under ADB Regional Improving Border Service” is being implemented. The project has incorporated Trade Facilitation aspect by developing physical and logistics infrastructure at Torkham, Chaman and Wahga Border Crossing Points (BCPs) and offering joint port operations by Customs, ANF, Immigration, NADRA, FIA, Plant Protection and Quarantine departments etc. under a single roof. Land at Torkham and Chaman has been acquired and infrastructure construction work is under way.

Public Financial Management

Public Financial Management (PFM) Act has been passed by the parliament and all necessary steps are being undertaken to enforce the law in its true spirit.

In order to support the implementation of National Financial Inclusion Strategy (NFIS), World Bank has extended a financial intermediary loan of \$ 137 million to Government of Pakistan. In line with the aims of NFIS, the project seeks to substantially increase access and usage of digital payments and other for households and SMEs in Pakistan, especially women. Under the project, digital transactions accounts have crossed the targets of 72 million and an amount of Rs7.7 billion have been disbursed through micro-credit loans @ Rs100,000/- to 89,000 households.

Securities and Exchange Commission of Pakistan (SECP) has undertaken major reforms to rejuvenate capital markets and promote Ease of Doing Business. SECP has revamped numerous regulatory regimes and removed bottlenecks by focusing on digitalization and automation. During the period from July 01, 2019 to February 28, 2020, Pakistan Stock Exchange's benchmark KSE-100 index moved from 33,996.33 points to 37,983.62 points. These reforms shall bring stability to the market, attract liquidity, facilitate ease of doing business, revitalize development of the market and restore investor confidence without compromising on the principles of sound risk management and investor protection.

To encourage regulatory compliance, the Competition Commission has prepared and released the Guidance on Competition Compliance. The Guidance explains the do's and don'ts of compliance in an easy to understand manner. The Commission is regularly conducting workshops, national and international conferences, and seminars on competition issues.

Reforms and Innovation in Government

Two Task Forces i.e. "Civil Service Reform" and "Government Restructuring and Austerity" have been constituted to improve efficiency of civil services, align public service with emerging needs and address various weaknesses/gaps highlighted from time to time. The provincial governments have also constituted Task Forces to reform the civil service and provincial government structure. An Implementation Committee has been constituted to implement the reform proposals/recommendations.

The Task Forces at federal level have finalized recommendations in the areas i.e. induction, training, security of tenure, process of Posting of the Secretaries, selection process of the Chief Executives of 65 autonomous bodies, corporations etc., revision of promotion criteria, amendment in rules for forced retirement, revitalization of Secretaries Committee, performance contracting, road map for E-Governance, Public Financial Management-Delegation of Financial Powers, re-organization of 441 Federal Government organizational entities etc. On the directions of the Federal Cabinet, Performance Contracts based on individual and organizational KPI's of Ministries/Divisions for 3rd and 4th quarter of financial year 2019-2020 have been prepared. Proposals to reform the Planning Commission structure and procedure have been prepared. A three year Growth Strategy has been prepared.

Training Need Assessment of National School of Public Policy (NSPP) and its constituent units has been finalized. Over 1,500 civil servants were trained at NSPP on the use of evidence in policy making under Building Capacity to Use Research Evidence (BCURE) - a Harvard designed course funded by Planning Commission in collaboration with UNDP. Austerity measures have been taken to reduce public expenditure.

E-filing system for official correspondence within the Ministries/Divisions has been implemented to reduce public expenditure on entertainment and official transports etc. A Public Private Partnership (PPP) Authority has been established with an appointment of Chief Executive Officer to deal with PPP Projects. Pakistan Citizens Portal established in Prime Minister's Office has addressed public complaints / grievance in an effective manner. Pay and pension commission has been established to review the existing pay and pension and remove disparities in pay and pension.

Public Information and Statistical Management

Sustainable Development Goals (SDGs) Support Units are working at federal and provincial level to provide support to the respective governments for strengthening, coordinating, reporting and monitoring mechanism for SDGs; mainstreaming SDGs in local development plans and strategies; supporting integrated and innovative approaches to accelerate progress on SDGs on priority areas; and provide policy support, research and analysis and knowledge management for SDGs. The Legislative Assembly of Azad Jammu and Kashmir has officially adopted the development agenda of 2030 and has established the Parliamentary Task Force on SDGs. More than Rs150 billion has been disbursed under *Ehsaas* programme to the venerable segments of society.

Pakistan Bureau of Statistics has been attached with the Ministry of Planning, Development and Special Initiatives to support the Ministry in evidence-based policy making and for making the Bureau as an independent data providing agency. PBS compiled Gross Domestic Product (GDP)/ Gross National Income (GNI) at current and constant prices by industrial origin for the years 2017-18, 2018-19 and 2019-20. The price statistics has been rebased from 2007-08 to 2015-16 and started compilation of Rural Consumer Price Index for the first time in the history of the country along with Urban and National Consumer Price Indices since July 2019. Paper based data collection has been shifted to electronic data collection and monthly/weekly price data is being collected/processed and disseminated electronically. Work on different census/surveys/studies as part of rebasing of National Accounts from 2005-06 to 2015-16 including Census of Manufacturing Industries (CMI) is also in final stages. The project titled "Up gradation of Rural Area Frame for the Conduct of Census/ Survey" has been revised to develop data base by collecting and digitizing user-friendly rural area frame. First time online data collection and cleaning has been done for Household Integrated Economic Survey (HIES) 2018-19. The HIES Report will be published by incorporating 24 SDG indicators in the last quarter of 2019-20. For PSLM 2019-20 electronic data collection has been carried out throughout the country. Digitization of Rural Area Blocks also remained in progress during 2019-20. Report of LFS 2018-19 has been finalized. Reports of Population Census 2017 were also completed. PBS has taken a landmark step towards development of dashboards. Report on Mouza Census 2020 will be finalized. Integrated Agriculture Census (ICA) comprising of three censuses namely Agriculture Census, Livestock Census and Machinery and Equipment Census will be carried out throughout the country. PSLM district level report for 2019-20 will be published which will provide 19 SDG indicators at District Level. Survey of Pakistan is undertaking digital mapping of urban and public land.

Law & Order and Police Reforms

In order to improve law and order in the country, National Security Policy covering all national and international issues has been prepared in consultation with all stakeholders. Meetings of National Security Committee to deliberate upon and make decisions on matters related to national security are being convened regularly. National Security Division and National Counter-Terrorism Authority (NACTA) have been made functional. A comprehensive National Security

Policy is at final stage of preparation. A 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. The Directorate of Anti-Money laundering and Counter Terrorism Financing (AML/CTF) is being strengthened.

FIA and National Accountability Bureau (NAB) has been strengthened to combat corruption in the country. To improve governance, procedures and processes involved in combating corruption have been digitized; major efforts have been made to create awareness among general public against corruption. Enforcement and prosecution are strengthened. Seven Islamabad Capital Territory Police Stations are functioning as Model Police Stations under the project titled “Establishment of Model Police Stations in ICT”. To strengthen the law enforcement agencies in Baluchistan, the project titled “Raising of Balochistan Constabulary” costing Rs5.4 billion has been completed.

Governance Reforms in Provinces

Punjab

Punjab Government has developed five-year governance reform agenda assisted by the World Bank to improve service delivery and citizens’ satisfaction with public services. The programme focuses on promoting improvements in three areas i.e. Transparency and Access to Services; Results-Based Management for Service Delivery; and Resource Mobilization and Value for Money. The Punjab Public Management Reform Programme (PMRP) has worked on key interventions of Improving Citizens Access to information and Public Services, Monitoring and Improving Performance of public services and improving public resource mobilization and better expenditure management.

The Punjab Cities Programme has been initiated as an umbrella programme funded by the World Bank with a total cost of US\$ 236 million. Under the Investment Project Financing (IPF), strategic design will be prepared to ensure efficiency and efficacy in the entire cycle of Local Governments (LG) functioning, including investment planning, budgeting, procurement, accounting, revenue, reporting, audits, accountability and transparency. Local Governments will be able to pay explicit attention to urban development issues under response legal framework and make the MCs to manage these issues for providing and overseeing provision of municipal services (like water supply, drainage waste management, urban planning, urban infrastructure, etc.).

In addition, Government of Punjab has implemented Sub-National Governance Programme (SNGP) in collaboration with Department for International Development (DFID) to improve management of service delivery by strengthening the evidence based decision-making and responsiveness to citizens and enhance government transparency, local accountability and openness to citizens.

Sindh

The Government of Sindh took various initiatives during the current financial year to improve transparency, efficiency and good governance through reforms in public sector management. The project titled “Competitive and Liveable City of Karachi Project (CLICK)” at a total cost of Rs33.6 billion with the financial support of World Bank has been launched. The project envisaged to improve the performance of Karachi Local Councils and agencies in urban management, financing

and service delivery and to improve the business environment for private sector development in Karachi which aims to transform Pakistan's urban areas into creative, eco-friendly sustainable cities through improved city governance. Capacity building of Sindh Revenue Board, Excise, Taxation and Narcotic Department, Sindh Revenue Board is being strengthened. A project titled "Sindh Public Sector Management Reform" is being implemented to enhance performance of public financial management systems.

The Government of Sindh has moved towards substantial reforms under debt restructuring; tax reforms; expenditure management reforms as well as sector and regulatory reforms. These reforms helped in creating the fiscal space, which in turn was used for providing higher allocations in poverty reducing sectors including the ADP.

Khyber Pakhtunkhwa

The Government of Khyber Pakhtunkhwa has formulated specific strategies and action plans to improve governance and efficient service delivery. The most robust one is the Chief Minister Good Governance Strategy which has been launched in March 2019 having five pillars i.e. open government and transparency, public services delivery, citizen participation, accountability and innovation & technology. A total of 205 performance indicators have been identified in various sectors aimed at improving the services delivery of government while simultaneously gauging the performance of various government office holders.

A concept to facilitate citizens to have access to the concerned service delivery agencies and Pakistan Citizen Portal through single facility, Call Centre with mechanism and Right to Public Services aiming to increase the effectiveness of grievance redress mechanisms for improved service delivery have been established.

The Government has shown strong commitment to Public Financial Management (PFM) reforms as part of its efforts to increase and make better use of the province's resources to further improve the welfare of the population. Based on the tax assignments under the 7th NFC Award and the 18th Amendment, Khyber Pakhtunkhwa has introduced tax reforms with encouraging results. The province has established the Khyber Pakhtunkhwa Revenue Authority to collect the General Sales Tax (GST), which has become the largest contributor to own source tax revenue. A development project titled "Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management Programme (Technical Assistance) at a total cost Rs2.83 billion with the financial support of World Bank has been initiated.

Under the good governance strategy an attempt will be made to ensure public service delivery through implementation of regulatory functions, smart management for improved performance and technology driven services delivery. Other reforms initiatives which will facilitate citizen for effective and timely services delivery include: Khyber Pakhtunkhwa Inspections App; M-Fard App (e-Citizen App); KP Citizen Portal App; Integrated Performance Management System; Efficiency Tracking System; District Performance Management Framework Application; Domicile Management System; Revenue Case Tracking System; Department Performance Management Framework Application and Reforms Tracking System and E-Planner App.

Balochistan

The Government of Balochistan launched "Governance & Policy Project (GPP)" with the financial assistance of Multi Donors Trust Fund (MDTF) which aims at overall increase of provincial

revenue, bringing in-place the required level of assistance through systematic approach including gap analysis, baseline studies, need assessments and intense review of current process in-place and addressing the challenges towards improved Public Financial Management(PFM) and Public Investment Management(PIM) Reform interventions.

To enhance the capacity of government officials in the area of project management, monitoring & evaluation, and appraisal, financial management, procurement etc. trainings have been imparted at National Institute of Management (NIM), Pakistan Planning and Management Institute (PPMI) and Lahore University of Management Sciences (LUMS).

COVID 19 Sectoral Challenges

Outbreak of COVID-19 pandemic has exposed legislative, executive and administrative structures of the entire World. Countries like Pakistan are facing number of issues i.e. limited resources, weak coordination among federating units, weak institutions, unemployment, supply chain management of goods and services etc. to tackle COVID crises. Once we come out from this human-economic catastrophe, it would be a good time for us to rethink on our notions of policy, ideas of governance, and the vicious capture and abuse of most of our institutions. We should make our institutions more responsive, accountable, and should simplify procedures to reduce barriers for creating business friendly entrepreneurship. Our legislatures should change their minds to think in national interest instead of party interests. Our public investment should be made in national interest instead of political bounded electoral considerations. The Concept Clearance Committee in its meeting held on 20.5.2020 has cleared four Concept Proposals of Finance Division at a total cost of US\$ 1.80 million all as budgetary supports on COVID-19 Active Response and Expenditure Support (CARES) Programme, Financial Markets Development (FMD) (Sub-Programme-I), Resilient Institutions for Sustainable Economy (RISE) and Securing Human Investment to Foster Transformation (SHIFT) which are funded through development policy credits from multilateral development partners.

A more participatory governance, responsible state, sharper delivery on outcomes-based education and healthcare, policy incentive system that turns agriculture productive, better planned more orderly urbanization, friendly attitude that looks at private enterprises as temples of future jobs and growth, value and wealth would be the best options for Pakistan in post COVID-19. We need engaging conversations of action between the three pillars of democracy – the Executive, the Legislature and the Judiciary – that are geared towards listening to the voices of vulnerable segments of society. These three pillars must play their role, their intellectual support structures in the form of think tanks need to ideate harder, more creatively and with deeper research. The media needs to brush off its ideological or political slants and do what it ought to: report the truth.

Outlook 2020-21

Sectoral Objectives

- Enhancing delivery of public services, especially critical municipal services
- Ensuring balanced development and regional equity
- Establishing Performance Management Delivery System for effective monitoring and evaluation of performance at all levels of government

- Ensuring effective implementation of rule of law in all sectors
- Involving civil society and other stakeholders in the design and implementation of policies
- Strengthening Law Enforcement Agencies through capacity building to improve law and order; thereby improving investors' confidence
- Improving corporate governance by addressing public-private interface in a manner which protects public interest as well as minimises private transaction costs
- Effective implementation of economic policies by strengthening the law and regulatory framework
- Streamlining/modernizing revenue administration and strengthening public financial management
- Public sector capacity building, civil service reforms, and review/ simplification of rules of business/government procedure
- Provide efficient governance of urban spaces with a view to better managing urban governance issues
- Improve innovation systems to make productivity and quality a priority in the country

Sectoral Plan/ Strategy 2020-21

Governance is perhaps the single most important factor in ensuring objectives of effective service delivery. The present government is committed to ensure effective delivery of public service. The plan framework will lay emphasis particularly on improving performance of all sectors of economy in an open, transparent and accountable governance system resulting in minimum space for maladministration by building inclusive institutions. A progressive regulatory and legal policy framework for smooth and sustainable economic development and effective implementation of government policies would be the main theme of the Plan.

The strong legal and regulatory institutions will protect public interests through formulation and application of the rules and regulations, democratic accountability, and implementations of performance contracts at all levels. Civil service reforms and government restructuring will be introduced on the recommendations of task forces constituted by the Prime Minister. Public-Private Partnership Authority will be strengthened for effective implementation of PPP mode projects. Tax reforms will be implemented through sustainable increase in revenues and reduce tax expenditure by broadening tax base and modernizing Federal Board of Revenue under the Tax reform project. The existing procedures and rules of public financial management will be reviewed and updated in accordance with international standards. CPEC Authority will be functionalized and its rules and regulations will be formulated. Planning Commission will be revamped and development procedures will be simplified.

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 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. Capacity of institutions responsible for monitoring and evaluation of development projects will be strengthened.

E-governance will remain special focus of the reforms for effective delivery of public services. Governance mechanism among federal and provincial levels for coordination of collective measures will be strengthened to manage emergent crises including pandemics. Border control measures to reduce illegal border crossings as well as flow of immigrants will be enhanced. The programmes which are already under implementation at federal and provincial levels will also be continued and new projects for strengthening institutions will be initiated.

Financial Outlay 2020-21

An amount of Rs4.8 billion including foreign aid of Rs1.2 billion has been proposed for the governance sector in 2020-21. The allocation indicates decrease of 4.2 percent over the last year's allocations.

CHAPTER 25

BALANCED DEVELOPMENT – FOCUS ON THE LESS DEVELOPED REGIONS

Balanced development is essential for sustainable economic growth; it requires efficient allocation of resources between rural & urban areas as well as between developed and less developed areas of the country. Since, most of the rural areas are economically less developed, development of these areas is imperative to accelerate growth in Pakistan. As per census 2017, 64 percent population is residing in rural areas therefore agriculture is major sector which plays an important role in the development of less developed areas as it employs a major chunk of labor force as well as provides inputs to manufacturing sector.

Keeping in view the importance of less developed areas for enhancing wellbeing & prosperity of the people, development of agriculture sector has been emphasized by the present government. Development of these areas would be underlined through enhancing rural income, improving terms of trade between urban & rural areas, improved food supply system, institutions building, water & food security and market reforms.

Furthermore, less developed areas have been identified on the basis of “Multidimensional Poverty in Pakistan” 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)**). The incidence of poverty (multidimensional poor) in these districts is more than 50 percent.

Special areas i.e. Newly Merged Districts (NMDs) of Khyber Pakhtunkhwa (erstwhile FATA), Azad Jammu & Kashmir (AJ&K) and Gilgit Baltistan (GB) are included in less developed regions. These are predominantly rural societies, around 80 percent population of AJ&K, 82 percent population of Gilgit Baltistan and in NMDs 95 percent population is residing in rural areas. These areas are rich in natural resources that can be utilized to address the issue of poverty and socioeconomic inequality.

Performance Review 2019-20

During 2019-20, efforts have been made by federal government in collaboration with local administration to achieve desired developmental targets in Special Areas. Financial & physical progress during 2019-20 in is given below:

Financial Review

During 2019-20, an amount of Rs112.2 billion was allocated for Less Developed Special Areas. Out of total allocation, an amount of Rs0.7 billion was earmarked for projects reflected under Ministry of Interior, whereas an amount of Rs63.5 billion was earmarked as block allocation for development activities in three Special Areas. Out of which Rs61.06 billion were utilized upto Feb 2020.

In addition to block allocations provided to special areas an amount of Rs48 billion was earmarked for 10 years development plan for newly merged districts of Khyber Pakhtunkhwa as per the details given in Table-1:

Table-1: Agency/Division-wise Allocation & Utilization for 2019-20

(Rs billion)

Agency/ Ministry/ Division	Allocation 2019-20	Utilization (till April 2020)	Utilized (percent)
Azad Jammu & Kashmir (Block Allocation)	24.5	17.6	72
Gilgit Baltistan (Block Allocation)	15.0	10.5	70
Merged Districts of KP (Block Allocation)	24.0	9.0	38
Merged Districts 10-year development plan	48.0	23.0	48
Interior Division (ICT)	0.7	0.96	137*
Total	112.2	61.06	54

*utilization increased due to re-appropriation of funds amounting to Rs330 million by Interior Division

Sectoral Review

Sectoral Performance Overview 2019-2020

During 2019-20, funds provided to special areas under different programmes/projects by federal government, in the form of block allocation were utilized in various sectors as per priorities of local administrations such as; infrastructure, education, health & food security, industries & production, information technology, natural resources, science & technology, etc.

During 2019-20, 186 development projects were completed in AJ&K. Through ADP, 200 km of rural, 225 km double lane and 500 km link roads, 150 km irrigation channels have been constructed. 5 tourist resorts, 3 sports stadiums, 1 polytechnic institute have been constructed. Electricity connections were provided to 15,000 consumers. Skill trainings were imparted to 3,300 individuals including 2,300 women. A total of 150 educational buildings have been constructed/ upgraded and IT labs were established in 200 middle and higher secondary schools. Hydel power generation of 19.5 MW is to be added in the system. In order to provide employment opportunities 30,000 entrepreneurs were provided credit assistance.

In Gilgit Baltistan, 289 development projects were completed. GB Government prioritized hydro power generation from its own resources and work on regional grid in GB is in process. In addition, projects with installed capacity of 202 MW is reflected in ADP. For infrastructure 45 km single roads have been constructed, 30 km single road upgraded to metalled roads, 7 bridges and 2 km of irrigation channels have been constructed. Mega project for Treatment Plant for Sanitary Sewerage System, Gilgit City is under implementation. In education & health sectors, 34 Primary & Middle schools constructed, 61 primary & secondary schools upgraded, 3 special education centres, and 33 health infrastructure facilities have been established. 549 scholarships have been provided to medical & engineering students.

In NMDs of Khyber Pakhtunkhwa, federal government is providing funds in the form of block allocation, which were prioritized in various sectors such as; construction of Bara dam in Khyber district, Mohmand dam project, Chao Tangi small dam at South Waziristan, construction of Nahqi Tunnel Mohmand agency, 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 socioeconomic indicators at par with the rest of country, a comprehensive “Ten Year Development Plan (TYDP)” has been initiated for which Rs48 billion were allocated.

COVID-19 Specific Sectoral Challenges

- Adverse effect on livelihood of people in AJ&K, GB and merged districts of Khyber Pakhtunkhwa
- Physical Progress of development projects will slow down in AJ&K, GB and merged districts of Khyber Pakhtunkhwa
- Constrained financial resources to fight against COVID-19 as government of AJ&K and GB largely depends on block allocation provided by federal government for formulation of their ADPs
- Less employment/income generating opportunities
- Lack of accessibility due to poor socio-economic infrastructure (i.e. rural roads, water supply, sanitation, street pavements etc.)
- Tourism activities in AJ&K and GB is being effected which is leading to less income generation in these areas

Outlook 2020-21

During 2021, a number of steps have been proposed to ensure maximum decentralization of administrative & financial powers; priority is accorded to those ongoing schemes, which are near completion to ensure that the benefits of these projects should reach to the people.

In addition to various federal development programmes/projects, block allocations are provided by the federal government for the socioeconomic development of Special Areas. The local administration is authorized to make sector-wise allocations as per their needs and priorities. It is the major contribution by federal government to decentralize financial resources at grass root level, to achieve economic efficiency and speed up development process in special areas.

Sectoral Objectives

- The main objective of the Plan is to improve standard of living in less developed special areas and to bring them at par with rest of the country
- Reducing regional disparities in order to achieve balanced development
- Improving socio-economic conditions of the people residing in special areas
- Reduction in poverty and ensuring sustainable growth through tapping potential of local resources of special areas such as; tourism, mineral development, energy resources etc.
- Improvement in Human Development Indicators including health, education, water & sanitation and immunization
- In prevailing COVID-19 situation in the country, improving livelihood support, social protection and food security for the people residing in less developed areas
- Improving COVID-19 health facilities in special areas including testing & treatment facilities in far-flung areas of AJ&K and GB

Sectoral Plan/ Strategy 2020-21

- Construction of rural roads, water supply & sanitation schemes to improve accessibility
- Education and health facilities in less developed areas will be strengthened in special areas to achieve objective of Improvement in Human Development Index
- Investment in renewable/alternate energy sources will be enhanced for provision of uninterrupted electricity supply
- Tourism at potential sites in AJ&K and GB will be promoted to utilize local development potentials
- Decentralization of financial & administrative powers to special areas to ensure balanced Regional Development
- Training & credit facilities will be provided to promote self-employment and reduce poverty in special areas
- Economic, social & financial inclusion of women, youth and other vulnerable groups will be encouraged through community organizations
- Capacity building of local government institutions through trainings, to improve delivery of services
- Provision of livelihood support facilities to people residing in less special areas through *Ehsaas* programme and BISP for under privileged families
- Provision of loan for youth and support to develop Small & Medium Enterprises (SME) under *Ehsaas* programme initiatives
- To reduce poverty along the Line of Control, a special relief package would be provided to disburse a single installment of Rs12,000.00

Key Interventions/ Programmes 2020-21

In AJ&K, 200 km of rural roads, 580 km double lane & 435 km of link roads will be constructed, 35,000 entrepreneurs are targeted to provide credit assistance, a polytechnic institution and 200 buildings of educational institutions will be constructed/up-graded. 250 IT labs will be established in Middle, Higher secondary schools and skill trainings in various disciplines will be imparted to 4,500 individuals including 2,500 women. 5 tourist resorts are planned at potential sites. Moreover, electricity connections will be provided to 20,000 consumers. Agricultural inputs & micro credits facilities would be provided to farmers.

During 2020-21, Infrastructure, Energy, Tourism, Agriculture, Livestock, Fisheries would remain priority sectors in GB ADP. GB is blessed with huge hydroelectric potential; therefore, increasing power generation could serve as an important leverage for economic growth, during 2020-21, 31 power generation projects are to be completed. Infrastructure development of 1000 km single roads, up gradation of 500 km single to metalled roads, and 75 bridges are to be constructed. Mega project for Sewerage System for Gilgit City is under implementation. Government of GB has initiated economic transformation project costing Rs17 billion. The project would bring

50,000 acres of additional land under command, and construction of 400 KM farm to market access roads.

COVID-19 Responsive Interventions

- A special relief package for residents along the Line of Control in AJ&K would be implemented to disburse a single installment of Rs12,000/- with estimated 110,000 beneficiaries under various categories. Expected financial impact would be Rs2,842 million. A single installment of Rs12,000.00 will include Rs2,000.00 monthly installment of stipend for six months (January –June 2020) from July onward LoC families will be disbursed monthly installment of Rs2000.00 till December 2020
- The present government is already implementing various interventions for livelihood improvement under *Ehsaas* Programme and BISP. *Ehsaas* COVID-19 relief fund has been launched which would provide support to those who lost their livelihoods as a result of the COVID-19 pandemic especially those who are residing in less developed areas. The intervention would help to support the poorest households to cope with food shortages during the pandemic period
- More financial resources out of block allocations would be diverted towards COVID-19 responsive interventions by the administration of less developed special areas

Financial Outlay

Area / Ministry-wise allocations for 2020-21 are given below:

Area	(Rs billion) Allocation 2020-21
Azad Jammu & Kashmir (Block Allocation)	24.5
Gilgit Baltistan (Block Allocation)	15.0
Newly Merged Areas of Khyber Pakhtunkhwa (Block Allocation)	24.0
Merged Districts 10-year development plan	16.0
Ministry of Interior	0.7
Total (Special Areas):	80.2

Annex-I

Province-wise list of Less Developed Districts of Pakistan

Punjab		Sindh		Khyber PakhtunKhwa		Balochistan		Special Areas
Rajanpur	Umerkot	Dadu	Batagram	Pishin	Derabugti	Lasbella	Azad Jammu & Kashmir Gilgit Baltistan & Newly Merged Districts of KP	
	Tharparkar	Ghotki	Dir upper & lower	Kila Abdullah	Dera murad jamali	Turbat/ kech		
Muzzafargarh	Badin	Jamshoro	Hangu	Chagai		Panjgur		
	Kashmore	Khairpur	Bannu	Zhob	Jaffarabad	Gwadar		
Bahawalnagar	Tando Muhammad khan	Tando Allahyar	Kohistan upper & lower Torghar	Loralai	Jhalmagsi	Noshki		
Bahawalpur	Qamber	Mirpurkhas	Lakkimarwat	Kila Saifullah	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			

Source: District selection in Punjab, Sindh, Balochistan and Khyber pakhtunkhwa on the basis of less developed district as identified in the “Multidimensional Poverty in Pakistan” June 2016, Planning commission of Pakistan UNDP & OPHI

CHAPTER 26

CLIMATE CHANGE AND ENVIRONMENT

Pakistan is among the most vulnerable countries to experience the harsh impact of climate change. According to a recent report Global Climate Risk Index, presented by the German watch, Pakistan is at 5th number for climate change vulnerability even though its contribution in global carbon emissions is in one of the least emitter countries. Extreme environments of Pakistan like xerophytic, hydrophytic, coastal, are more vulnerable to climate change. According to National Water Policy, 2018 published by Ministry of Water Resources, due to the ongoing shortage of water, the per capita of water will be reduced to 860 cubic meters by 2025, which was 5260 cubic meter in 1951. Agriculture sector is being directly affected by the impact of climate change. Currently agriculture contribute to more than 18 percent in the GDP of Pakistan and this share will be affected due to implication of climate change, if not addressed scientifically.

The issue of seasonal smog has also halted Pakistani land communication and the prime reason was the unorganized waste disposal and burning of residual crop by-products. Hence, the need of time also included availability and innovation of pollution control technologies ranging from wastewater recycling to solid waste segregation and management. Though the environmental issues are not regional but, transboundary issues, Pakistan has contributed more than its capacity to counter challenges due to climate change. Environmental consideration has remained cross cutting theme in the different development projects. Prime Minister's flagship project "Ten Billion Trees Tsunami Programme (Phase-I) Upscaling of Green Pakistan Programme (Revised)" envisages to plant 3.29 billion trees across Pakistan in next four years.

Performance Review 2019-20

Ministry of Climate Change

PSDP allocation to Ministry of Climate Change (MoCC) for 2019-20 stood at Rs7,579.20 million against last year's Rs802.699 million. During 2019-20 the focus of government remained on massive afforestation through "Ten Billion Trees Tsunami Programme (Phase-I) Upscaling of Green Pakistan Programme (TBTP, Revised) (Rs125.18 billion)". This programme shall increase the carbon sinking capacity by enhancing tree cover of Pakistan. In PSDP 2019-20 an amount of Rs7,500 million has been allocated for TBTP and Rs6,000 million have been released. This reflects that Pakistan has taken a great initiative which has been recognized by World Economic Forum in 2019 and United Nations Framework Convention on Climate Change (UNFCCC) in Conference of Parties (25) in Madrid, Spain. A total of 416.52 million plants have been planted 2019, and many more are ready in different forest nurseries for spring plantation drive in 2020.

The MoCC is carrying out Sustainable Land Management Programme to Combat Desertification in Pakistan (Phase-II) SLMP-II with an estimated total Rs105.43 million project. This up-scaling phase of the pilot one is to be implemented in 14 dry land districts of the four provinces to restore degraded ecosystems and their essential services, reduce poverty, and increase resilience to climate change. The project will result in successful application of SLM over an area of 800,000 hectare covering more than 200 villages. Another project titled Establishment of Climate Change Reporting Unit Cell with an estimated cost of Rs47.53 million is being executed in MoCC to

improve the information dissemination and coordination between Provincial and Federal Climate Change Cells, and to facilitate international commitments. Other projects that are in progress, included Establishment of Pakistan WASH Strategic Planning and Coordination Cell costing Rs40 million to target Government's international commitments (South Asia Conference on Sanitation (SACOSAN), and Sustainable Development Goals (SDGs) attainment), Establishment of Geomatic Centre for Climate Change costing Rs48.88 million and Climate Resilient Urban Settlement Unit costing Rs56.82 focusing on the establishment of climate resilient safe & sustainable cities as per UNED, UNFCCC, and UN-Habitat protocols under Rio+20 Declaration.

Another project titled Glacier Lake outburst Flood-II (GLOF-II) costing Rs3,920.19 million through Green Climate Fund (GCF) is being executed by the MoCC. The project's key activities are to conduct large-scale sensitization, consensus building, mobilization and awareness raising of stakeholders, communities and the general public about GLOF and climate change risks. Fifteen community meetings and twelve coordination workshops with Government officials were conducted in KP and GB.

Aviation Division (Pakistan Meteorological Department)

PSDP Allocation to Aviation Division (Pakistan Meteorological Department) for 2019-20 stood at Rs273.53 million against last year's allocation of Rs617.34 million. The reason for low allocation is that some projects are in completion stage by June 2020. The real time monitoring of the weather is another component, to which Government has showed commitments. Such surveillance and monitoring can prevent the losses due to circulation delay in climatic warning and early detection and prediction of weather pattern. In this regard, major physical works have been completed in the projects titled Establishment of Specialized Medium Range Weather Forecasting Centre (SMRFC) and Strengthening of Weather Forecasting System costing Rs2,502.53 million and Installation of Weather Surveillance Radar at Karachi in the Islamic Republic of Pakistan costing Rs1,580.00 million. The project titled Installation of Weather Surveillance Radar at Multan costing Rs1,842.00 million is in initial phase of its execution. These projects are the joint venture of JICA grant and PSDP. Moreover, "Reverse Linkage Project between Pakistan Meteorological Department and Marmara Research Centre (MRC), Turkey" project is in progress for capacity building of Pakistan Meteorological Department and knowledge sharing between two countries.

Accomplishments

Notable achievements of the projects initiated by Government is the recognition of Ten Billion Tree Tsunami Programme by the World Economic Forum. With this programme Pakistan has improved carbon sinking capacity and increase tree cover.

COVID-19 Specific Sectoral Challenges

The stability of community towards climatic impact and health emergency, is another venue, requiring due consideration and real time action. The recent pandemic of COVID-19 is an example where the fragility of health care system was observed not only in developing countries, but also in developed one. For COVID-19 Responsive Actions, following actions will be required:

Establishment of infectious waste disposal plan

- It has been observed that the infectious waste generated from point (hospital) and non-point sources (patients, traveller, etc.) is not disposed-of properly. It is important to establish waste management hubs at COVID-19 dealing hospital. This can be done by procuring and installing incinerators and infectious waste management plan at hospitals.

Sensitization of mass through print and electronic media for infectious waste segregation

- The vulnerability of COVID-19 spread through mishandling disposable Personal Protective Equipments (PPEs). Hence, it is important to sensitise the masses for segregation, management, and proper disposal of infectious waste at home, and to prevent the improper disposal on roads.

Awareness related to environmental education and public health

- Global warming is an alarm, that not only impact the climate but also prevent the disease spread. In recent times, it has been observed that the emerging pathogen are infecting vulnerable population due to changes in weather prolonging the time for disease transmission cycle. Incident of dengue, malaria, cholera, *E. coli-based* gastroenteritis are the modern-day issue faced. Hence, it is very important that these issues must be highlighted in young minds, so that the coming generations remain aware and prepared with the concept of required environmental stewardship.

Government Response to COVID-19

In order to cater this emergency, the Government, through MoCC has successfully negotiated a loan of USD 188 million out of which Rs60 million are allocated for Resilience to Health Shock. NDMRF under MoCC shall transfer the fund to NDMA, to support “Community resilience to climate impact and health shocks”. The purpose of the fund is to enhance the capacity of existing public health system for disease outbreak. Further, on the direction of the Prime Minister of Pakistan, the project “Ten Billion Tsunami Programme” has been reinstated to provide jobs to the daily wagger labour class in country, to promote green activity. This will provide an opportunity to daily wagers who suffered job loss, due to on-going COVID-19 pandemic. Similarly, the MoCC with FAO, has initiated Climate Smart Agriculture project (USD 49 million, under Global Climate Fund), for food security and preparedness against climatic catastrophes.

Outlook 2020-21

Overall sectoral objectives for 2020-21

The Plan is prepared to cover the areas of disaster risk management, weather monitoring, early warning systems and availability of clean drinkable water in Pakistan.

Sectoral Objectives

- Disaster Risk Management, weather monitoring, Early Warning Systems
- Availability of clean drinkable water

- Facilitate transition towards environmentally resilient Pakistan by mainstreaming adaptation and mitigation through ecologically targeted initiatives consistent with the Pakistan's Nationally Determined Contribution (NDC) objectives
- Attaining Land Degradation Neutrality (LDN) to generate eco-system services and provide additional support to mitigation of GHG in Pakistan
- Promote and enhance eco-tourism and improve the carbon sinking capacity
- To establish real time monitoring of ambient air quality through establishment of monitoring stations, in periodic manner, throughout Islamabad

COVID19-responsive sectoral objectives for 2020-21

- Real time surveillance and early detection of containments
- Embedment of preventive and control measures to minimize in-country spread
- Community engagement and awareness for preventive measure at population level
- Provide jobs to the daily wage labour class in country, who lost their jobs due to COVID-19 emergency, to promote green activity

Sectoral Plan/ Strategy 2020-21

To achieve this formulated goal, project from (MoCC) titled Capacity Building on Water Quality Monitoring and SDG 6 (6.1) Reporting costing US\$ 7.4 million has been submitted. The project will yield benefits in form of water quality management labs (36 district labs in Punjab, 7 divisional labs in Khyber Pakhtunkhwa, One Lab in PCRWR at national level), capacity building for water policy and lab operations, knowledge and experiences sharing with Korean Government, strengthening coordination among MoCC and Provincial governments. Further, Aviation Division's Concept Clearance titled Installation of Weather Surveillance Radar at Sukkur in Islamic Republic of Pakistan costing Rs1,870 million has been approved by CDWP. This project will strengthen the early warning mechanism for the climatic variations in the region.

Key Interventions/ Programmes 2020-21

The PSDP projections for Climate Change & Environment Sector have been kept at Rs5,000 million for MoCC and Rs151 million for Pakistan Metrological Department under Aviation Division, for 2020-21. The investment in the sector will steadily increase over the phase of next 5 years.

In order to mitigate and reduce the risk of climatic catastrophes, and to make Pakistan clean and green special funds will be kept and utilized. The target is to increase forest cover by 01 percent in the next 04 years. To attain this mark, Government shall be allocating significant amount of funds, to ensure efficient delivery for "Ten Billion Trees Tsunami Programme (Phase-I) Upscaling of Green Pakistan Programme (Revised)" that will promote and enhance eco-tourism and improve the carbon sinking capacity. The Government has planned to invest Rs152.93 million (bifurcated as Rs27.25 million in Punjab, Rs27.25 million in Sindh, Rs27.26 million in Khyber Pakhtunkhwa, Rs27.25 million in Balochistan, Rs21.96 million in GB, and Rs21.96 million in AJ&K), for 2020-21. While for the establishment of National Strategic Support Unit, Islamabad (NSSU) Rs1,886.23 million will be spent. This head is expected to improve the efforts for massive afforestation and biodiversity conservation activities.

The Government is committed to equip the local communities with knowledge and technology for Disaster Risk Management. The World Bank shall finance MoCC through NDRMF to execute the project titled “Pakistan Hydromet and Ecosystem Restoration Services Project (PHERSP) (USD 188 million)” in Pakistan. The proposed project is aiming to improve Hydro-Metrological services in Pakistan & Disaster Risk Management. Under its first component, Institutional Strengthening and Capacity Building, Modernization of the Observation Infrastructure, Data Management, and Forecasting Systems, Enhancing PMD Service Delivery and Building Partnerships with the Private Sector and Project Management, Systems Integration, and Monitoring and Implementation Support of PMD will be accomplished. Moreover, under second component of the project activities like Legal Policy and Institutional Strengthening, Infrastructure for Resilience and Project Management, Monitoring, and Implementation Support of NDMA will be carried. In its third component activities like overcoming deforestation and establishing a forest economy, promoting biodiversity and mitigating land degradation, recharge Pakistan: Preventing floods through improved flood water management, promoting and establishing sustainable Blue Economy, promoting ecologically responsible tourism in Protected Areas, promoting e-vehicles and Clean Green Pakistan Index will be performed.

The Government have showed its commitment toward identify the real time monitoring for air and water pollution. For this Pak-EPA, MoCC have initiated project titled “Pollution Load Assessment Network (PLAN) under Umbrella PC-I of Ten Billion Tree Tsunami Programme (TBTP)” to establish real time monitoring of ambient air quality through establishment of monitoring stations, in periodic manner, throughout Islamabad (Rs500 million). This project will help to reduce the vehicular emission of GHG, contributing towards the improvement of micro-climate of Islamabad. This project will assist the monitoring of unfit gasoline vehicles that must be taken off from road and discarded.

COVID19-Responsive Interventions/ Programmes 2020-21

The recent pandemic of COVID-19 showed the fragility of planning systems around the world. As a middle-income country, the scenario is very different and dynamic than composed to the developed world. The notable issues faced in Pakistan are the availability to risk management plan and loss of work for the delay wagers. As mention earlier that Government has taken active and retroactive corrective and preventive action to counter raising issues. The following 2 programme titled “Community resilience to climate impact and health shocks” and “Climate Smart Agriculture project”, are the responsive interventions taken in this regard. The prime objectives are given below:

- Real time surveillance and early detection of containments
- Embedment of preventive and control measures to minimize in-country spread
- Establishment of isolation room
- Community engagement and awareness for preventive measure at population level
- Provide jobs to the daily wager labour class in country, who lost their jobs due to COVID emergency, to promote green activity

Financial Outlay

Overview of Funding of Federal PSDP 2020-21

(Rs million)		
Line Ministry	No. of projects	PSDP Allocation 2020-21
Ministry of Climate Change	06	5,000.00
Aviation Division (Pakistan Meteorological Department)	03	151.00

CHAPTER 27

CHINA-PAKISTAN ECONOMIC CORRIDOR

China-Pakistan Economic Corridor (CPEC) is a long-term programme of the two all-weather friendly neighbours China and Pakistan. The overall aim of CPEC is to act as a “Gateway of Prosperity” for both the countries, and the region at large. The Corridor focuses to open various doors of prosperity in trade and marketing access, industrial development and global value chains, socio-economic development & poverty alleviation, agriculture modernization & marketing, Gwadar Oil City & blue economy, regional connectivity and third-party participation. This will help enhance livelihood of the people, especially in the deprived regions of both the countries.

The CPEC would connect Gwadar port of Pakistan to China’s north western region of Xinjiang via a network of highways and railways. The economic corridor is considered central to China-Pakistan relations and is stretched over 2,700 km from Gwadar to Kashghar. Overall, the entire programme is expected to be completed in fifteen years in short (2015-20), medium (2021-25) and long term (2026-30).

The Corridor is an extension of China’s proposed 21st century Silk Road Initiative or Belt and Road Initiative (BRI), which is a strategic initiative for the entire region, that aims to make Pakistan an economically viable and business-friendly country. Investments under CPEC in infrastructure and energy sectors, through implementation of early harvest projects, have filled in the voids and accelerated the pace of economic growth of the country that will ultimately provide a momentous boost to the economy.

In the first phase of implementation of CPEC (Early Harvest Projects), priority has been given to develop prerequisites of CPEC to initiate the economic activities. To this end, infrastructure development was the focus. To realize the vision of CPEC in letter and spirit, the Corridor now emphasizes on areas which directly or indirectly contribute to the socio-economic uplift for the people of Pakistan. Industrialization and agriculture modernization are the preferred areas to bring about employment, enhance trade and earn foreign exchange.

The Plan presents a way forward for Pakistan during 2020-21 by exhibiting a framework for development in Pakistan under CPEC.

Performance Review

Significant progress under CPEC has been achieved in 2019-20. 9th Joint Cooperation Committee Meeting (JCC) was held on 5th November 2019. Prior to the JCC, Prime Minister visited China in October 2019 to expand the scope of CPEC. Projects mainly in the petroleum sector were identified and shared with Chinese side for inclusion in CPEC. The same was later deliberated upon in the 9th JCC. Moreover, two new joint working groups on Science & Technology and Agriculture have been formed and notified in the second half of 2020.

Energy projects under CPEC made progress in 2019-20. Two energy projects namely Engro Thar Power & Mine project (660 MW) and HUBCO Coal Power Project (1320 MW) were commissioned on 10th July 2019 and 14 August 2019 respectively. Gwadar 300 MW Coal Power project ground-breaking was held on 4th November 2019. Moreover, Financial close was achieved for HUBCO

Thar Coal Power Project (Thar Energy) on January 30, 2020. Work on other energy projects such as Sukki Kinnari (870 MW), Karot Hydropower Project (720 MW), HVDC $\pm$ 660 kV Matiari-Lahore HVDC Transmission Line projects etc. are in progress as per their schedule. Substantial progress has been made on Tripartite Agreements of 1124MW Kohala and 700MW Azad Pattan power projects are another key milestone during 2020.

Infrastructure projects achieved significant milestones during 2019-20. Peshawar-Karachi Motorway (Multan-Sukkur Section) was inaugurated on November 5th, 2019. The KKH phase II Havelian-Thakot (118.057km) project, Havelian-Mansehra section was inaugurated on November 18th by the Prime Minister of Pakistan. From Mansehra onward to Thakot section is complete and is expected to be inaugurated soon. Work started on New Gwadar International Airport in October 2019. Orange Line Metro Train Project is another key project and is ready for inauguration. Remarkable progress has also been achieved on ML-1 project. Financing Committee from both countries has been notified and several meetings held to finalize the concessional financial modalities for the project.

On the industrial cooperation front, ground-breaking of Allama Iqbal Industrial City in Faisalabad was held on January 3, 2020. Request for Proposal has been floated for Dhabaji Special Economic Zone and bidding process will conclude by the end of 2019-20. Concession Agreement and Development Agreement for Rashakai SEZ finalized in first half of 2019-20. Bostan SEZ has been notified as CPEC SEZ.

Under the Socio-Economic framework in CPEC, four projects namely provision of Cold Chain Vaccine Storage equipment, Poverty Alleviation Training project, Provision of Emergency Relief Supplies for enhancing NDMA Disaster preparedness capacity at Islamabad & Karachi and Pakistan Vocational and Technical Education Capacity building Project have been completed during 2019-20. Six projects including smart classroom projects for higher education, maintenance and renovation of 50 schools in newly merged district of KP, Upgradation of Gwadar hospital, Vocational and technical institute and 1.2 MGD desalination plant at Gwadar and Overseas scholarship programme are under implementation.

Outlook 2020-21

Under CPEC, 2020-21 is planned to be the year of industrial cooperation, agriculture modernization and socio-economic development in addition to the on-going projects in infrastructure and energy. Moreover, projects in petroleum sector are envisaged to be taken up in years to come as per the 9th JCC meeting held in Islamabad on November 5, 2019.

In Industrial Cooperation, out of the nine prioritized special economic zones, three economic zones namely Rashakai, Allama Iqbal Industrial Zone and Dhabaji have been placed on the priority list. Work on utilities such as gas and electricity will start in the year 2020 and will be implemented phase-wise as per the development plan shared with Board of Investment (BoI). Power requirements for the Rashakai, Allama Iqbal and Dhabaji SEZs are 210 MW, 375 MW and 250 MW, whereas, gas requirements are 30, 40, and 30 MMCFD, respectively. Funds for provision of the utilities to the zones have been earmarked in the PSDP for 2020-21

In the Agriculture sector, Joint Working Group (JWG) on agriculture has been formed which will be co-headed by the Ministry of National Food Security and Research, Pakistan and the Ministry of Agriculture and Rural Affairs, China. The JWG will be responsible for planning and implementation of projects to enhance the productivity of major crops, value addition in agriculture produce, reducing post-harvest waste, pest and disease control as well high-quality

seed development and production. In addition, farm machinery to modernize and mechanize the agriculture will also be part of the plan.

To promote cooperation in the Science & Technology, a joint working group under the Ministries of Science and Technology Pakistan and China was constituted in April 2020. The purpose of the JWG is to share knowledge and expertise in the said domain and foster innovation thinking in jointly and collaboratively.

In the socio-economic sector, of the 27 priority projects identified under poverty alleviation, health, education, vocational training, agriculture and water supply, 17 fast track projects will be implemented in 2020-21. The remaining 10 priority projects will be opened for defining their scope and contents in the current year.

In the Energy sector, the Kohala and Azad-Pattan Hydro Power projects are expected to start after signing of all the pre-requisite concessional documents for the respective power projects. The petroleum sector projects will be taken up after launching of the study “Development Plan of Oil & Gas for Pakistan”. The plan includes projects such as Coal to Liquid (CTL) projects based on Thar coal, North-South gas pipeline and upgradation of oil refinery projects.

Tourism promotion as part of the Long-Term Plan is another area of cooperation under CPEC framework. Coastal tourism, eco-tourism in Gilgit-Baltistan, and integrated tourism zones in Khyber Pakhtunkhwa are among the areas in the tourism sector to be opened up for deliberation this year.

In infrastructure, Mainline-1 (ML-1) is a strategic project that will achieve significant milestone during 2020-21. Commercial contract is expected to be achieved this year.

Programmes 2020-21

10th Joint Cooperation Committee (JCC) meeting of CPEC will be held in the first quarter of 2020-21. Several deliverables have been identified for the JCC by all stakeholders. Following is a summary of the deliverables for the JCC and proposed action plan for 2020-21.

Energy Sector

Following two projects of energy sector will be completed and would be integrated with National Grid:

- Karot Hydro Power Project 720 MW
- Suki-Kinari Hydor Power Project 870 MW

Matiari-Lahore Transmission Line project is also under implementation and the Commercial Operations Date (COD) is expected in 2021. The project will have the capacity to evacuate up to 4,000 MW of electricity.

The “Development Plan of Oil & Gas Sector of Pakistan” is proposed to be launched in the forthcoming 10th JCC and subsequently, the plan will be implemented afterward which mainly includes projects related to Coal-to-Gasification/ Liquid in Thar, North-South Gas Pipeline etc. The aforementioned plan will act as a guiding document for Public Sector Development Programme (PSDP) spending in the Energy Sector during 2020-21.

Transport Infrastructure

In the Transport Infrastructure sector, remarkable progress has been achieved so far. On the Eastern Alignment, Sukkar-Multan (M-5) Motorway has been successfully completed. However, Sukkar-Hyderabad (M-6) section has been proposed on Public Private Partnership (PPP) mode. On the Western alignment, Hakla-D. I Khan section is under construction. Zhob-D. I Khan segment and Zhob to Quetta, already approved by the Govt. of Pakistan. Construction is expected to start in 2020-21. Orange Line Metro Train, Lahore and Havelian-Thakot highway projects have been substantially completed. G 2 G Joint Working Group (JWG) on Transport Infrastructure will prepare proposals of Realignment of Thakot - Raikot Section in 2020-21. Moreover, the concessional Financing Agreement for landmark ML-1 project (estimated cost US\$7.2 billion) is expected to be finalized in 2020, and subsequently, arrangement will be made for ground-breaking of the project.

The following projects will be proposed for inclusion in the CPEC framework for 2020-21 for discussion in the JWG meeting and subsequently in the JCC:

- The Greater Peshawar Mass Transit Project
- Swat Expressway Phase II (82 km)
- Karachi Port Development Project (Freight Corridor)
- Thar-Chor Railway Line (105 KM)
- Hub- Karachi Railway Line (22 KM)
- Ketī Bandar Port Development Project
- Karachi-Quetta- Chaman Motorway (Karachi- Bela Section 182 km)
- Optical Fibre Phase II (Rawalpindi to KHI & Gwadar)

Industrial Cooperation

Significant progress has been made under the industrial cooperation in 2019-20. The year 2020 witnessed the ground breaking of Allah Iqbal Industrial Zone (SEZ). Also, the Development Agreement (DA) of Rashakai SEZ was approved in the current year. Ground breaking is being planned for the Rashakai in the first quarter of 2020-21. The RFP has been floated for Dhabeji SEZ and will be finalized by August 2020.

In 2020-21 for the three prioritized SEZs under CPEC, zone infrastructure will be developed phase wise, and necessary utilities will be provided under PSDP. Simultaneously, the zones will be lunched for industrial colonization and relocation of enterprises from China and beyond. In this regard, spending needs to be released on time from PSDP 2020-21 for prompt provision of allied facilities in these zones as per the SEZs Act 2012.

Socio-economic Development

For the socioeconomic development cooperation under CPEC, a portfolio of 27 projects worth USD 1 billion was designed which includes projects related to technical and vocational education, agriculture upgradation, poverty alleviation, health and water supplies.

Uptill now, 4 projects namely “Provision of cold chain vaccine storage equipment”, “Poverty alleviation training project”, “Provision of emergency relief supplies for enhancing NDMA disaster preparedness capacity at Islamabad and Karachi”, “Pakistan Vocational and technical education capacity building project” have been completed. Six projects namely, “Smart classroom projects for higher education”, “Maintenance and renovation of 50 schools in newly merged districts of Khyber Pakhtunkhwa”, “Upgradation of Gwadar hospital”, “Vocational and technical institute” “1.2 MGD desalination plant at Gwadar” and “Overseas scholarship programme” are in execution phase and will be completed soon.

Development of Port City Gwadar

In 2019-20, the Gwadar Smart Port City Master Plan has been approved. The building codes and regulation has been finalized and approved. In 2020-21 the City development activities will kick-start. Furthermore, the Eastbay Expressway project which connects Gwadar port with Makran Coastal highway for heavy traffic and aid the development activities in Free Zone Phase-II, will also be completed in 2020-21. The Gwadar Free Zone is a significant initiative for industrial development and transshipment businesses in the city. With the completion of the Eastbay Expressway project, Phase II of the Free zone will be connected to the port and will pave the way for further development. Moreover, the following projects are proposed to be initiated in the 2020-21 in Gwadar city:

- Safe city project in Gwadar
- Pasni fish harbor project
- Gwadar smart environment sanitation system and landfill project for Gwadar
- Construction of floating jetty at Gwadar
- 5MGD desalination plant

Agriculture Modernization

Under the Agriculture Cooperation, a comprehensive National Action Plan for Agriculture Modernization will be prepared in 2020-21. The Plan includes areas of cooperation like, locust handling, germ plasm resource exchange, exchange of agriculture experts, Pest & Disease control satellite station, Fisheries, aqua culture and shrimp farming, Post-harvest food processing technologies.

Science & Technology

Under the Science & Technology JWG, both sides will develop the National Action Plan for Science & Technology Modernization which includes sustainable and self-reliance in the field of Science and Technology, developing linkages between government industries and academia for indigenous Science & Technology based solutions. A joint working group on S&T held on 13th May 2020 set the following areas for cooperation under the JWG:

- Young scientist exchange programme
- Establishment of Science & Technology Park
- Establishment of science laboratories

Other Areas of Cooperation: Tourism

Keeping in consideration the national consensus for tourism development, the tourism sector is also being included in the CPEC portfolio for 2020-21 and following projects have been identified for discussion with Chinese side:

- Pakistan-China Tourism Corridor
- 1+2+5 coastal tourism project
- Integrated tourism zones in Khyber Pakhtunkhwa under CPEC
- Eco-tourism in GB and AJ&K