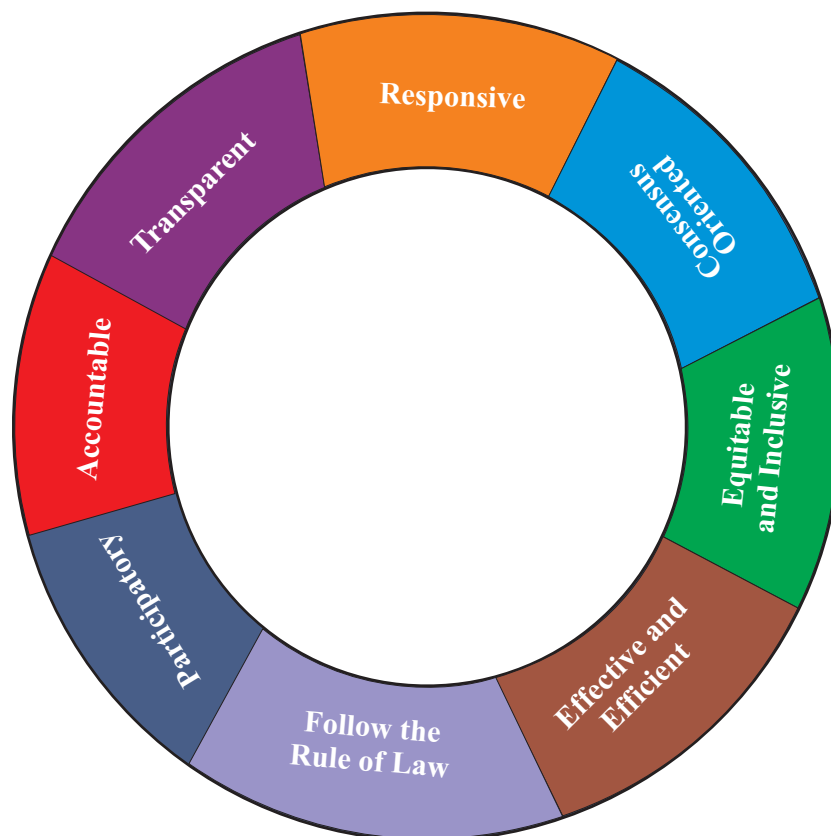


Assessment of the Quality of Governance in Pakistan *First Year of the Federal and Provincial Governments* 2013 – 2014

A Compilation of Experts' Analyses

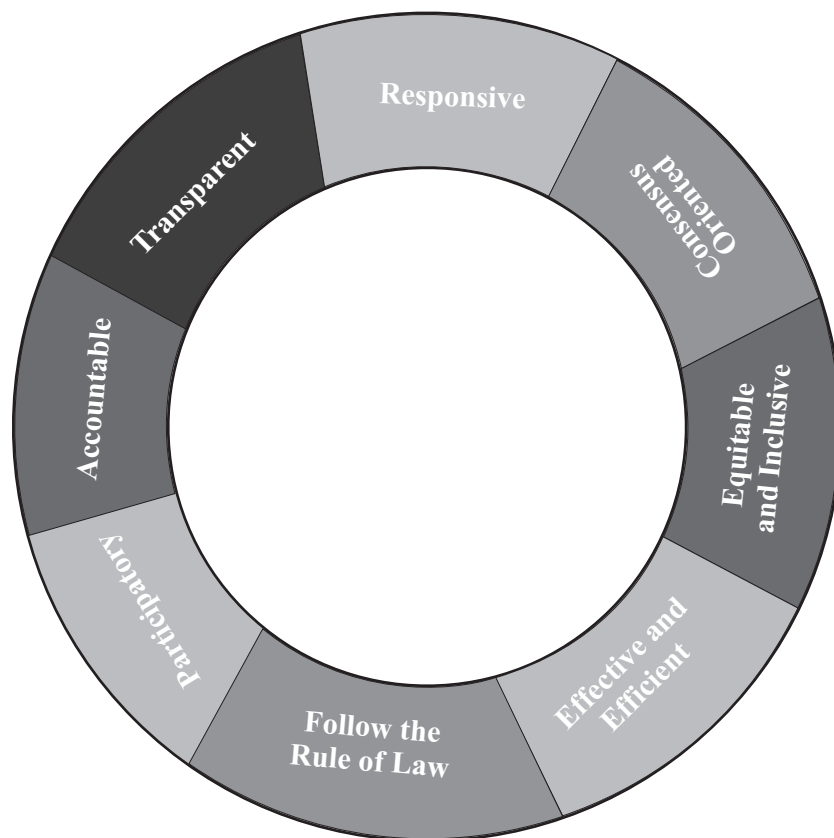
Volume 1



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A Compilation of Experts' Analyses

Volume 1



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Preface

The 'Assessment of the Quality of Governance in Pakistan: First Year of the Federal and Provincial Governments 2013 – 2014: A Compilation of Experts' Analyses: Volume 1' consists of a series of assessments by experts in various fields of Governance, who explore the achievements of the five Federal and Provincial Governments upon the completion of their first year since May 2013, their weaknesses, and the ways by which they can improve performance in subsequent years.

This compilation is based on an indigenous framework that has been developed by PILDAT with the valuable input of a 27-member Governance Assessment Group consisting of some of the most eminent experts from the country. The resultant analyses form part of PILDAT's on-going initiative to assess the quality of governance in Pakistan under its Democracy and Governance Programme. Under this programme, PILDAT examines the performance of the Federal and Provincial Governments in 2013-2014 in comparison to previous years. As democracy has made progress in Pakistan over the years, PILDAT believes that focus should be on performance of democracy, separate from the process of democracy, to gauge how democracy has delivered to the citizens in terms of providing good governance

It is hoped that policymakers, Government officials, and elected representatives may benefit from the perspectives contained in this publication, which explore ideas and suggest significant reforms that may greatly improve the quality of governance in Pakistan.

This publication is the first of two volumes on the 'Assessment of the Quality of Governance in Pakistan: First Year of the Federal and Provincial Governments 2013 – 2014: A Compilation of Experts' Analyses' and consists of assessments of the first 12 of 24 Governance Parameters.

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Islamabad
December 2014

Devolution of Power to Lower Tiers

Mr. Zahid Islam¹

Federal Government

Local Government in Pakistan remains an area of prime concerns for the military rulers. Each one of them had introduced one particular system that remained in practice for a long period; even in the time of civilian Government the system of local Government remains the same. For example, our early Governments could not formulate any system of local governance till 1958, when first dictator General Ayub Khan had introduced a new system of local Government, "The Basic Democracy" (BD), that had been in place for nearly two decades, till third military dictator Gen. Zia-ul-Haq had changed it with a new one in 1979. In spite of the fact that during these two decades, there was one powerful civilian Government of Pakistan Peoples Party, first ever democratically elected popular Government of Mr. Zulfikar Ali Bhutto but throughout its tenure the local Government system was the same as of BDs of first martial law dictator. The system of local Government introduced by third military ruler Gen. Zia-ul-Haq had been in practice till 2000. Then fourth military ruler Gen. Pervez Musharraf came to power who, once again introduced a new system of local Government, "*The Devolution Plan*." Very interestingly, that system has been continuing till 2012 in an amended form. Besides the fact that all sitting Federal and Provincial elected Governments have totally rejected that devolution Plan but practically only Balochistan Government had enacted new law of local Government in year 2010, whereas other provinces could not even formulate new modal and old system had been existing with sole powers to the Administrators, the state functionaries from civil services.

There might be certain reasons and motives behind junta's move but that is an historical fact that we have five democratically elected Governments but none of them have ever tried to introduce a new version of local Government. Most of these popular Governments usually have maintained the old system, introduced by the military juntas but with minor changes and without making any fundamental amendments. However, during 1975, the PPP Governments had enacted a new Peoples' Local Government Act, but could not be enforced, similarly, during the year of 1996, then Punjab Government of PML (N) also had enacted a new law but Lahore high court had declared it against the spirit of constitutions. Ostensibly, both of these laws were not different to previous models of military Governments.

The military Governments had usual practices to develop a certain modal of Local Governments at central level and enforced Provincial Governments to promulgate that through an Ordinance by the governors because each time military took power they first introduced local Government plans in absence of Provincial legislatures. As a result the Federal Ministry of Local Government and Rural Development always remained instrumental to some extent, whereas promulgation of an ordinance was always carried out by Provincial military ruler. In that context some centralization had always existed. On other side local Governments in cantonments always vested with the Federal Ministry through Ministry of Defense. Similarly, in FATA there never had been any concept of Local Governance since 2012, when new regulations were drafted but

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could not be enforced. Whereas in northern areas of Gilgit-Baltistan it too began to exist since General Zia's regime, but developed in formal shapes during Musharraf's Government.

Islamabad Federal Capital area was always governed by Capital Development Authority (CDA) under Federal Government whereas the adjacent rural areas were governed through the elected Union Councils. During Musharraf's Government the National Reconstruction Bureau (NRB), a specially constituted think tank run by military Government who had drafted Devolution Plan and proposed new local Government system with 13 devolved functions at district level. The founding chairperson of NRB General Naqvi had proposed local Governments' institutions in urban area of Islamabad as well and a new law was drafted but state-functionaries had resented that effort.

Legislation

According to the Constitution of Pakistan 1973, the subject of local Government was an exclusive power of the provinces, because that subject was neither exist in the Federal list nor in the concurrent list covered Local Government. The only exception was during Ayub Khan's period when federating units did not exist. After enforcing the Constitution of 1973, local Government remained in the domain of Federating Units but the Federal Government had always intervened through the Federal Ministry of Local Government or other Federal institutions like NRB into the legislative processes of the local Government. However, after the 18th amendment in the Constitution, the Federal Ministry of Local Government was winded up and now Ministry of Defense is responsible for enactment of local Government laws in the cantonments. Ministry of Interior is responsible for ICT, whereas, FATA and GB are been controlled by the President and the Federal Government. There are separate laws and regulations for those areas controlled by the Federal Government.

Federal Capital Territory

Islamabad is consisted of urban and rural area with 354,855 male voters and 297,147 female voters, who have been electing their 2 MNA and the one Senator for the parliament, but the citizens living in rural areas had elected local Government representative only for 4 times 1980, 1983, 1988, 1992, since acquiring ICT status as independent district in 1980. Whereas, in the city of Islamabad, CDA controls all governing bodies and there is separate municipal admiration wing under CDA, for rendering municipal obligations. The Elections were held under supervisions of Federal Ministry of Local Government and Rural Development. Thanks to Islamabad High Court, who ordered in 2012 to hold fresh elections in the ICT as soon as possible. Now elections would also be held under ECP according to constitution, but till date no practical preparations could be observed.

Previously Local Government in ICT was subject to the ICT ordinance 1960 and under CDA master plans under zoning laws. LGIs have exercised their functions under CDA rules and regulations. National Assembly passed a new law in 2013, entitled "Islamabad Capital Territory Local Government Law 2013". According to this law, the term of Local Government Institutions (LGIs) shall be five years starting from first sitting of LGIs. After completing tenure the Government may appoint administrator not more than six months as caretaker. Removal of any

head, member or termination, shall be vested in Federal Government. The Government shall also declare vacant seats and ECP shall conduct bye-elections for that set of seats vacant for any reason. ECP shall also delimit the constituencies, provide electoral rolls, conduct elections, and resolve electoral disputes. The qualifications and disqualifications are same as for other members of legislatures whereas other terms of reference for the candidates shall be as per ICT local Government Law 2013.

The Cantonments

Pakistan has more than 50 cantonments having Cantonment Boards for local administration. Besides Cantonment areas now a large civilian population also live in highly developed housing authorities (DHAs) entirely governed and controlled by military officials and institutions. Cantonment Boards have been providing and controlling civic services. All cantonments were covered under Cantonment Board Act 1924, a very old and stereotype law designed by the British when cantonments were located in isolation from the civilian residential areas. Later military Governments of Pakistan had many times amended that law but main framework always remained same. It was the Apex Court under whose directives the Ministry of Defense enacted new law in 2013 after a long time. But even after serving show cause notices to the concerning officials Supreme Court could not ensure holding of fresh elections in Cantonment Boards. However, now new law has been enforced un-willingly.

According to the new law, all Cantonment Boards will have a Union Council (UC) for rural areas consisted of members from each Ward and on reserved seats, 2 women, one peasant one worker, one non-Muslim and one youth member directly elected, in addition to the Chairman, Vice-Chairman directly elected. The tenure of the Cantonment Boards will be five years; Election Commission will conduct elections, provide electoral lists etc. The President shall have absolute powers. Delimitation of UCs and declaring an area as UC shall be done by the Federal Government for that purpose some standards (not specified) shall be adapted. According to new law 2013, Cantonment Boards will be composed of President from army, usually the Station commander or any nominee by Federal Government. One Vice President elected in-directly by all Chairmen and the Vice Chairmen of the respective UCs and all Chairmen of UCs as members directly elected from wards. Besides, them 2 women, one peasant, one worker, one technocrat, one youth and on non-Muslim members will be elected indirectly for reserved seats. The ECP has announced District Returning Officers for elections; new law was introduced in national assembly on 5th December 2013 that was passed on 6th December.

Federally Administrated Tribal Areas (FATA)

FATA is consisted of some agencies and few Frontier Regions (FRs) located between Afghanistan and Pakistan but governed by the Governor of Khyber Pakhtunkhwa through political agents in agencies and Deputy Commissioners in FRs, The governing order is Frontier Crime Regulations (FCR) controlled by FATA administration secretariat under the Governor. Currently there are 4 municipal committees for municipal administration in Frontier Regions (FRs), whereas in agencies Jirga, councils of the elders rule the territory and political agent control administration through revenue officers. From 2012 political parties order extends to FATA but political parties could not be functional in most of the area. Most of educated people

have been demanding to end of FCR and enforcement of regular laws to the FATA. Now it is also popular demand to install local Governments in FATA too. In year of 2012, FATA secretariat in Peshawar developed the FATA Local Government regulations for agencies and FRs but that could not be enforced for reasons. According to that draft law more municipal committees were proposed for all towns notified by the governors and each Municipal Committee (MC) shall consist of directly elected members, numbers shall be determined by the governor. All local Governments shall perform all local Government functions including municipal a obligations in their respective areas. The governor shall holds supreme authority over LGIs but elected members could be inducted into governing practices instead of non-elected elders. Since the Governor is the representative of President of Pakistan therefore, the Federal Government shall be empowered to give advices to the President in that regard.

Gilgit- Baltistan

The northern areas consist of five districts including Gilgit and Baltistan (GB) as agencies under control of political agent appointed by the Federation. Before General Zia's Government, there was no concept of local Governments separate from Political Agents as the governing authority. In the late 90's, the Northern Area Council was formed with elected membership. After getting the status equal to other federating units by the Zardari regime under self-governing rule, GB got equal status to a province but without any constitutional coverage. Prior to that local Governments were formed under 1979 Local Government Ordinance. Under the new regime 5 District Councils with 57 seats, 5 Municipal Committees with 61 seats and 103 Union Councils with 719 seats were formed through elections in 2004.

Very recently, the Governor of GB gave assent to the Gilgit-Baltistan Local Government Act 2014 that was passed by the Legislative Assembly unanimously on August 18, 2014.

For drafting law a select committee was notified by the GB Legislative Assembly who drafted the Local Government Act 2014. GB has had the Local Government Ordinance of 1979 enforced in the region since September 1979. The new local Government system shall be based on two tiers: the District Councils and the Union Councils in rural areas, the Municipal Committees as the lowest tier in urban centers. The middle tier of Tehsil Council was not notified officially when the Local Government Ordinance of 1979 was extended to the GB.

Under new law, the GB Government will now work with the Election Commission of GB to map out the process of conducting the local Government elections. Key features of the GB Local Government Act 2014 are: urban and rural areas will be notified wherein local governance structures will be formed comprising of representatives elected through adult franchise basis and indirectly elected members on reserved seats for women and religious minorities. The local Government elections will be held on party basis and under single ward electoral system. The standing committee system has been introduced at the local Government level. A local Government commission will be set up to ensure a link between the GB Government and local Government structures. A local council board will be formed to oversee the appointments and other service-related matters of local Government employees. Under the local Government service structure, the employees of the local Government will be considered as public servants and they will get honoraria, pension, provident funds and other

employment related facilities. Two city metropolitan corporations will be established in Gilgit and Skardu districts, headed by a mayor and a deputy mayor. A Jirga Anjuman will be formed at District Council level for out-of-court settlement of disputes. In addition to the reserved seats for women, the law specifically mentions that any local council will not be considered effective and functioning unless the required number of women seats has been filled.

Current Scenario

At present, there is no serious move to hold elections in Cantonments, ICT or in FATA there is a possibility of elections to some extent in GB because of popular demand for elected councils and ending the one-person rule of administrators in LGIs. Although new laws have been enacted in the ICT and in the Cantonments, but its enforcement is still questionable. The process of delimitations, and other election related issue are pending yet to be settled according to new enactments. Similarly, the Election Commission of Pakistan has been authorized to conduct of elections but relevant laws and rules do not exist.

Electoral Issues

There are many electoral issue exists without any proper solutions. Under local Government laws, electoral related provisions exists in every law but not in conformity of Federal laws such as Representation of Peoples Act guides the ECP for conducting of elections but similar clauses are there in local Government laws. Without setting conflicts in a proper way, the Election Commission of Pakistan could not proceed further. For example the powers of delimit of constituencies vest in LG laws and the Apex court ordered ECP to do all delimitations. In response the President and the governors have promulgated ordinances and through those ordinances conflict have been removed. Similar action is required by the Federal Government for amending the Cantonment. Board ICT local Government laws. There are many more issues, such as modus operandi for holding elections to the reserved seats and the heads of LGIs needs more serious debates. Indirect mode of elections and multi-member constituency needs more debated at relevant forums. Similarly qualifications and dis-qualifications of members are too generalized in ICT and in Cantonment. Board laws.

Way Forward

- The concept of local Governments in Pakistan needs further clarifications because existing laws prescribe a model of governance that only covers municipal obligations. Whereas more powers need to be delegated that can enhance their functions, which are excluded under existing local governance regime. Present laws relating to LGIs only treats them as administrated units in the hands of Government departments; and not full governing tier at local level.
- Urban-rural divide should be for administrative consideration because otherwise the majority living in the rural areas usually superseded by the urban population. The rural population has no voice in the decision-making within the Government and the development budget.. This divide has deprived residents of rural areas from essential services. That needs debate and rethinking.

- Volume of representation particularly representation of the marginalized sections of society is not up to the international standards. It needs revisions.
- Political parties are not paying much attention to local Governments; most of political parties are delaying to build pressures on sitting Governments to hold fresh elections.
- A demand should be raised to include local Government in academic curriculum, even at high school level.

Balochistan

The Context

Local Governments in the province of Balochistan is relatively new addition after independence, because before independence Balochistan was divided into two parts, one which was under British control and other part was consisted of independent states. British controlled Balochistan had municipality in Quetta and market committees in other towns whereas; states had their own Governments without any formal local Government institutions. After foundation of Pakistan formalization of local Governments had started as per other provinces and basic Democracies were first elected local councils system unified throughout the province. But in modern time in spite of new practices of constituting local Governments, Balochistan is the only province where elections were held with more regularly than other provinces. The deteriorating law and order situations and political un-rest always has been stated as the main reason for not reforming governing institutions particularly the Local Government Institutions (LGIs) in the province. That was always an excuse not preparing election related systems and delimiting the local areas for holding new elections remained a problematic issue, but it has some background politics, based on many issues but to some aspect ethnic disparities amongst local residents. Previous Provincial Government had amended Local Governance Law of 2001, by instituting Deputy Commissioners and they were made administrator to their respective LGIs.

In the year 2008, new Government took over the charge and a new law Balochistan Local Government Act (BLGA) was passed on 10 May 2010. In that law there was legal bar to hold elections before 2012 but later on that bar was also removed by act of assembly and an amendment regarding holding elections on party based was also passed in August 2013, Election Commission of Pakistan (ECP) had notified election schedule and election date has been fixed as on 7th December 2013. Scrutiny of 22,000 candidates for 7190 seats was done and nearly 1700 papers have been rejected. All set for holding elections on time; According to Provincial Election Commissioner, nearly 2509 candidates have been elected un-opposed, elections were held on 7th December for only 4168 seats of various tiers in different districts. He also disclosed that on 513 seats not even a single candidate had filled papers as candidate; therefore these seats were supposed to be filled through bye-elections after 7th December 2013, although Elections for general seats were held on time but could not complete till date for un-known reasons. There is some bar put by the courts about reserved seats in result composition of LGIs could not be completed and the elections of the heads cannot be held accordingly. No constitution of LGIs in placed therefore no transfer of power to elected representatives, since they could not take oath as the councillors. All process has been pending for the last one year.

Legislative Measures

Balochistan Assembly passed new local Government bill in May 2010. That is a modified version of 1979 model. Structure of local councils has been changed but representation of special interests groups remains same as previously. Election procedures have been intact as per 2001. The functions of various tiers have been altogether changed. Government control has been increased whereas supremacy of elected heads has been lower down. Financial dependence upon Provincial Government would be continuing. Qualification of a candidate has been changed to some extent. The powers and authority of the Provincial Government as supervisory and controlling authority has been increased that resulted into much dependence of LGIs on Provincial Government particularly direct control of Chief Minister has been increased. Very interestingly the role of other elected parliamentarian is not so visible in new system. The law is badly drafted; there are many ambiguities and needs to further enactments. Similarly abolishing of decentralized mechanisms has been resulted into increased control of the Provincial Government.

Salient features of the New Law

There will be two types of local bodies; (a) Rural councils (b) urban councils. District Governments and Town Municipal Administration have been abolished. In urban city centers there will be municipal committees in towns where population will be exceeding 15,000, comprising of 8-60 members including general, women, non-Muslim, workers and peasants representation. In each town a Town Improvement Committee shall be constituted under specified rules.

Municipal Corporations will be formed where population would exceed 100,000 up to 500,000; consisting of 30-50 members including general, women, non-Muslim, workers and peasants representation but based on population. Where population will be more than 500,000 there will be formed Metropolitan Corporation, consisted of 50-70 members including women, non-Muslim, workers and peasants' representation.

All local councils can initiate developmental projects but prior approval from the Government shall be compulsory and these projects shall be duly approved by the council and shall be incorporated in annual budget statements. In addition to commercial schemes can be started but prior approval from the Government shall be compulsory. All local councils shall contribute or participate or encourage developmental projects by the community. Union Councils (UC) will be formed in rural areas consisting of a population 7000-15000. Each UC will be consisted of 7-15 members, comprising General members, Non-Muslim members according to their population living in that area. In addition special interest group representation will be as per previous system, 33% women, 5% workers and peasant's representation.

In every district, District Council (DC) will be formed which would be based on rural areas excluding urban areas, under jurisdiction of municipalities. DCs will be comprised of general members, non –Muslim members and special interests groups. General members will be all chairmen of UCs in that district. In addition to that all chairmen of urban / municipal councils

will also be members of the district council except the Mayor of the Metropolitan Corporation who will send his nominee.

There shall be three types of function of local councils; (a) compulsory functions, obligatory (b) optional functions, (c) directives; these functions shall be advised by the Government or by upper councils.

According to law Government has the right to determine exact number of councillors for each tier.

may extend Government, curtail, amalgamate a council into another council or declare a local council cease to be a local council. In such circumstances the funds, assets may be transfer to nominating council or otherwise Government could take its control.

In each division there shall be a Divisional Council comprising of all Chairmen of Metropolitans, Municipal Corporations, District Councils and Municipal Committees in that division, in addition all nation building Government departments Federal, Provincial and local shall be represented in that council. The Commissioner will be ex-officio chairman and the secretary of LG&RD will be its ex-officio secretary. All sitting MNAs and MPAs could observe and participate in Divisional Council meeting but they will not be members of it. It shall meet once in every month. The functions of Divisional Committee shall include; Coordination all departments, local councils in their developmental and common projects; Settlement of disputes amongst various local councils; Levy the property tax in the rented areas specified by the Government and surcharge shall be levied to the local councils, officers or any persons acting on behalf of local councils and responsible of damages, loss, waste or misappropriates of resources of the councils shall be levied with a surcharge that would be fixed by the Divisional Council and such a person may appeal to the Government. All decisions of Divisional Council shall be communicated to concerned Government departments and relevant local councils for further implementation. Two or more local council could form a joint committee and delegate such functions to act on common objectives.

Government shall inspect the working of any local council at least once in a financial year and may appoint any inspecting officer who shall be empowered to observe sessions, inspect records, assets, property, and can enquire about any matters and shall be responsible to provide within 30 days a copy of inspection report on which chairman should take within 30 days such actions as prescribed. Government may suspend any order of a council or execution of any resolution if it thinks contrary to law or against public interest. All chairmen, vice chairmen, mayors and deputy mayors shall be entitled to get remuneration as per their council's decision.

In each local council a Musalihat Anjuman shall be constituted consisting of three members including one women and one convener. The relevant council shall elected them within 30 days of its first elections and local council can recall or remove any one of them on account of having a partiality to any party in dispute, on doing malpractice, as soon a seat is vacated local council shall elect another member in that place. Every Musalihat Anjuman shall perform following functions:

- 1) Provincial Government shall constitute a Local Government and Rural Development Board in the Provincial ministry of local Government, which shall be a regulatory body about services of local Government and other administrative matters.
- 2) The Board do not have same powers as were entrusted under the 1979 ordinance instead maximum powers shall vest in Provincial Government. It means the Minister of Local Government and the Chief Minister shall be the most powerful authority.

The Electoral Procedures

The Election Commission of Pakistan (ECP) shall conduct elections. A special Election Cell shall be constituted in Provincial local Government department to collaborate with ECP. Election will be held after every four years but the Government will announce dates. There will not be any legal bar on Government to announce election dates within a specified time anyhow, election schedule be announced before 90 - 120 days of polling day. The law also laid down some clauses regarding elections, disputes settlement, appointments of election staff etc. Election will be held on the bases of adult franchise through secret ballot. Delimitations of constituencies and wards will be responsibility of the Government, which can specify a local area by combining of multiple areas or dividing an area. Electoral wards may be single or multimember wards but each voter could cast only one vote. Joint electorate will be continued and voter's lists will be responsibility of ECP, and electoral lists prepared for Provincial assembly will be used.

Voter's qualifications will be same as past, minimum age will be 18 years but to become a candidate minimum age will be of 21 years as on first day of election year. Election of reserved seats will be held on such manner, as Government will specify. Elections of Chairman and vice chairman shall be held on a procedure Government would specifies separately. Double membership would not be allowed but candidates may contest on more than one seat but of different tiers. Any casual vacancy shall be filled through elections within 15 days but Government may extend that time. If a Chairman resign or die and remaining tenure of that councils is more than 4 months fresh elections shall be held in absence vice chairman and in his absence first one from panel of presiding officer will act in his place. If Government removed any chairman or suspend him then Administrator would be appointed in his place. Deputy chairmen, deputy mayors would not hold any executive authority but they would be convener of their respective councils. To become a candidate apart from being a registered voter, having minimum age of 21 years, good moral character. A necessary clause has been added, it is stated that, a candidate should not be commonly known as one who violates Islamic junctions. Elections will be held party basis.

Government may appoint administrator in absence of elected heads or as caretakers for indefinite period. any chairman can resign from his seat and vote of no confidence could be tabled but not within six months of taking oath. The procedure will be laid down in rules of business. If a move of no confidence fails then the membership of both of the proposer and the seconded would ceased, and for the next six months no such motion could be tabled. If a vote of no confidence passes then the chairmen or the vice chairman could not contest for the seat for remaining period. Elections could be challenged through potations in special tribunals. Election Commission shall notify the returned candidates in case of all elections. Every member or the chairman, mayor or

their vice should submit declaration of their assets in their name or in the name of their spouses or the dependents.

Provincial Government Control

Government may quash the proceedings of any council on specified grounds or prohibit any local council or require a local council to take such actions as specified. Government shall have power to give directions instructions to any local council. Government may issue an order of inquiry against any local council and appoint an inquiry officer holding with judicial powers to hear and record evidences etc.

Government may suspend or dissolve any local council; Government shall order for an inquiry about the charges and shall appoint an inquiry officer. Government shall constitute an accounts committee comprising of elected members and nominated members by the Government who shall review accounts and audit reports. Audit of local councils shall be carried out by the Director, Local Government Fund, and Audit. Government may appoint any other person or authority as Auditor to special audit accounts of any local council. Government may terminate or remove any chairperson, mayor or their deputies on specified grounds.

Way Forward

BLGA 2010 should be reviewed with more care because the concept of Devolution has been compromised in that law. Secondly, elections of special seats reserved for women and workers, peasants, minority populations should be completed as soon as possible, in order to form LGIs according to law so that transfer of power could take place. Thirdly BLGA should be amended because Provincial Government particularly the Chief Ministers is vested with absolute powers that are contradictory to basic norms of democracy. Fourthly, political parties need revisiting legal framework of LGIs in order to facilitate Provincial legislators to move for making appropriate amendments in BLGA 2010.

Khyber Pakhtunkhwa

Khyber Pakhtunkhwa (KP) had a rather complicated governance system. North-western border area has its own system of the “Jirgas of Elders” at lower level in all Federally Administered Tribal Areas (FATA) and Provincially Administered Tribal Areas (PATA) whereas Federal Government controls FATA through Governor of KP and a secretariat under him, who exercises his authority by political Agents and Khasadars, governing law is Frontier Crimes Regulations (FCR). On the other districts which called settled area, there are District / Tehsil Governments ruled by the Provincial Government through Deputy Commissioners. The local Government are there as per the model of 2001 but with modifications and amendments. Those autonomy and empowerment have been compromised. During previous practice a serious conflict emerged between Provincial and some of the District Nazims that could not be resolved during the entire phase. When 2008 new Government led by ANP came to power, LGO 2001 in place and District Government were working and new Government made some amendments in LGO 2001 and let those DGs functioning but under enhanced control of the Government. In last year of its rule the ANP led Government had enacted new law on 8th May 2012 that was not enforced at once but Government was empowered under that law to enforce at an appropriate time but may enforce

some clauses too. In result the LGO 2001 has been in practice even during present PTI led Government who has passed new law on 31st October 2013 after notified in official gazette on 7th November 2013, that law could not be enforced at once and same situation has been continuing. Then the Supreme Court and the ECP who have made such intervention to hold fresh elections.

The Legislation and the Implementation

The 2012 law was Similar to 1979 and 1962 models but in very simplistic way District Councils (DC) and 986 Union Councils (UC) in rural areas were proposed and Municipal Corporation in only Peshawar; was proposed, whereas Municipal Committees in urban areas were to be formed. In Peshawar urban UC was also planned. In all Municipal Committees wards were constituted and single member will be elected from these wards; in every UC Musalihat Jirga was suggested for amicable settlement of minor disputes. In each district, the Coordination committees composed of all local council heads and representatives of line departments were also recommended. In addition any local council was allowed to form joint committees consisting of partner local councils. According to 2012 law passed by ANP led Government DC equal to UCs in district, chairman of UC was DC member. A Union Council has a total of 11 members elected on the basis of universal adult franchise (UFA) from joint electorate including 7 Muslim general seats, two women, one member from workers / peasants and one from minority community. A Municipal Corporation will include all chairmen of urban UCs as members. The district Governments shall also be operative as per 2001 model with seventeen devolved departments.

- All LGIs in urban shall be composed of wards, based on single member constituency based on population whereas; rural councils shall be of multi-member electoral units.
- Municipal Committee shall be formed by directly elected members on Universal Adult Franchise from Joint electorate. But Government would notify total number of seats in each and every type of council.

In all local councils except UCs special seats reserved; 10% women, peasant / workers 5%; technocrats 5%; non-Muslims 5%; Wards will be notified by Government; In LG law of 2012, functions are very clearly explained such as civil, welfare, development, regulatory public works, public health, dairies, public ways, drainages, etc. nearly as much as 100 functions in separate groups are assigned to DCs.

Present PTI led Government has passed new law on 31st October 2013. That will be the governing law whenever Government would notify its enforcement. The main features of that law are as per following;

Basic structure shall be same as of 2001 model with minor changes, name of union councils shall be changed to village council in rural areas and the neighbourhood councils in urban areas.

The volume of representation in these councils has been lowered from 2001 model and their total numbers are being increased. The Village and Neighbourhood (V&N) Council will be elected comprising of 10-15 members at village level with minor functions that falls to some extent in jurisdiction of local Government, only limited to monitoring and implementation the assignments by the upper tiers whereas main functions are similar to Musalihat Jirga and Anjuman in Punjab, that falls under Criminal Procedure Code and Muslim Family Law Ordinance etc.

In Peshawar, one district and town councils shall be formed and also in urban areas TMAs and Tehsil councils shall be formed with municipal functions.

According to KP-Local Government Act 2013, the district council shall have general seats, 33% seats reserved for women, 5% reserved for workers in urban councils and same for peasant in rural councils in addition 5% seats shall be reserved for youth and non-Muslims representation.

The Provincial Government will set up the delimitation authority.

V&N councils are being proposed by present Government consisted of 5-10 general seats and two women, one youth, worker/peasant and one non-Muslim, no uniformity in volume of electorate is maintained, it varies from 2000 population to 10,000 population in one local council at grass-root.

All general seats in district and tehsil councils and all seats in village & neighborhood councils would be elected through UAF and on the basis of joint electorate. Besides these candidates securing highest vote in these V&N councils would be Nazim and Naib Nazim. All Nazims and Naib-Nazims of District and Tehsil would be elected indirectly through electoral collages. Special seats in Districts and Tehsil councils shall be filled through proportional representation allotted to political parties as per their returned general seats. Tenure of all LGIs would be reduced to four years.

District Government and tehsil municipal administration in urban areas would be functional as of 2001; their functions shall be more or less than of 2001, providing Municipal services for TMAs. In Peshawar city district Government would continue with district council as an elected council. In each district, there would be district councils as assembly for district Governments, but that would not consisted of Nazims of lower councils but of general members, and special interests representatives, elected on basis of proportional representation, securing general seats by a party. The law of 2013 the functions of lower councils are very generalized and vague but District Government would be responsible of exercising nearly 17 developed functions whereas, CDG would be performing 17 more additional functions.

District Councils shall be the primary units in urban areas, whereas VCs in Rural area may be primary unit but it all depends upon decreasing such functions from District level and shifting those functions to VC level;

Electoral Issues

- ECP will conduct elections but shall follow the Provincial Law.
- Direct elections for all slots in lower tiers members and heads in V& N councils; indirect elections for all heads of upper tiers from an electoral collages based on heads of lower tiers; and indirect elections for special interests seats in every local council at district and tehsil level but on proportional representation.
- ECP will register voters and will supply electoral rolls; Age for candidate shall be of 21 years, Tenure will be of four years from the elections dates.

- Delimitations of wards in all local councils will be carried out by the Government; these may be single or multi member constituency but each voter would have only one vote to cast. Elections will be held on party base in district and tehsil councils but in V&N councils elections would be held on non-part bases, however independents could also contest at all slots.
- Qualifications of candidates besides other conditions it is also included conformity with ideology of Pakistan and working for integrity of the country
- Elections related offenses are also described in LGA.

Finances and Taxation

Nothing is new in KP-LGA 2013. Previous practice shall be continued but with only one exception that the Provincial share from Provincial Consolidated Fund shall be increased and development grants shall be distributed according to the award by the Provincial Finance Commission (PFC) as per previous practices.

Dependency on grants provided by PFC shall be continued in addition to that as per past from General Sales Tax collected at Federal level a grant in lieu of Octroi and Zila tax, equal to its share in the year 1990 shall also be available to each district council; Besides these grants from rents, license fees, fees from services and markets fees, toll from roads and bridges maintained by LGIs shall also be revenues for these LGIs.

Government Control

- Local Government shall not be third tier of governance but it would be working under Provincial framework
- Government shall constitute a Local Government Commission under Chairmanship of the concerned minister and members from the assembly, LG departments and Nazarenes. The commission would be a regulatory body, who may initiate an enquiry against Nazim, resolve disputes between Government and LGIs and conduct inspections of LGIs
- Chief Minister (CM) may set aside any decision by any LGI or Nazim if he considers against law or against public interest but in that case an enquiry should be held within 60 days. CM may suspend any Nazim but reference should be sent to LG Council within 30 days. CM may advise or direct to any LGI
- Local Government and rural Development Board formed in Provincial LG department shall be functional as per routine and all local area development authorities shall be under its control and supervision
- Annual audit shall be supervised by Auditor General of Pakistan whereas district account officer shall be the custodian of the local Government funds in each district

Current Scenario

In the province PTI chief has announced holding of elections in the month of November but two serious issues are causing delay in announcing fresh elections. Present Government had completed last delimitations in December and many petitions are still being heard regarding this process. The process of delimitations was supposed to be concluded by December 22; but

Supreme Court advised Election Commission of Pakistan (ECP) to conduct fresh exercise of delimitations. That has delayed the whole process. ECP requested Provincial Government some more measures.

In spite of ruling party leader's speeches and promises the Government of KP has done practically nothing that would reflect their agenda regarding preparation for new elections. The present Provincial Government seems to be confused over issue of legislation for a diametrically changed system of local Government. Now for almost one year has to be completed but new LG system is not in place without any legal justification.

Although PTI led Government has presented its model of new local Government but its basic structure looks similar with limited functions of municipal administration whereas the Government did not even think of changing revenue code. The key issue is devolving some of the functions from Provincial levels to the local councils at community level. This also implies financial reallocation against these functions. Although District Government would be continued as per 2001 with more devolved functions to 17 district departments but these departments are not key line departments. Overall KP-LGA-2013 is not carefully drafted and contains many contradictions to the concept of devolution.

Second most immediate concern is adapting bio-matric identification system in polling and the use of voting machines. For that purpose financial and other logistics arrangements required more time for necessary preparations. Nevertheless the Provincial Government and the ECP both have agreed to postpone these arrangements till next elections however during the LG election electronic voting will be used only in one Tehsil of district Haripur, arrangement for which have not yet been made.

Future propositions

Amid uncertainties voices are raised for expediting necessary preparations in order to hold fresh elections. KP-LGA 2013 should be reviewed and more powers/functions and finance should be devolved at the LG tiers. It is good that 17 functions have been vested with district Governments but those should be reviewed by incorporating line departments included in the list of devolved departments. There should be equitable distribution of functions at the local tier in village and they should not be concentrated in cities only. An efficient and effective local Government system could not deliver without financial authority and full control over local resources. In KP-LGA 2013, financial dependency should be minimized as possible. Provincial control is inbuilt within present law; this should be reviewed. The volume of representation is not up to standards. There should be more seats in all tiers particularly representation of marginalized sections must be enhanced.

Punjab

The Context

Punjab is the largest province in Pakistan and here functioning of Local Government institutions has long traditions but elected councils remained an issue for the last many years. Usually when

ever democratically elected Governments of popular political parties came to power most of them always avoid holding elections for these LGIs. Pakistan People party ruled Punjab for 8 years but LG elections were never held. Similarly Pakistan Muslim League (N) is in power for the last 6 years and it is trying to putting off LG elections in doldrums. Very interestingly Punjab has been experiencing till now the LGO 2001 with certain amendments whereas new law PLGA 2013 is also been passed by the assembly but it does not enforced at once. There is mentioned in law that Punjab Government shall enforce law when it considers appropriate time. For the last two years Provincial finance award could not be announced for reasons, resulting stoppage of regular flow of funds towards many districts has created chaos. District Governments and TMAs have been functioning under administrators and union councils too exist but without any specific functions. On the other hand many newly created private limited companies for many municipal obligation are functional but under Provincial Government. Like solid waste management company, Lahore parking company, Meat Company, Lahore transport company. Metro Bus Company and many more have been working. Lahore development authority now is under chairmanship of chief minister.

Legislative Measures

Amendments in Local Government Ordinance 2001:

- After came in power the Punjab Government did nothing with prevailing local Government system. the tenure of elected councils were over in August 2009 and according to PLGO 2001 amended in 2005 there were administrators in all tiers of LGIs, but there was a bar on getting prior approval from the President in order to amend the PLGO therefore Punjab Government had carried out its business through state functionaries as administrators. There was huge amount pending as developments funds reserved for Citizen Community Boards in all LGIs. As soon as on 31st December 2009 the bar on amending PLGO was over and the Government had amended PLGA 2001-2005 as per its priorities’;
- 1st amendment in PLGO 2001 on 23 Februarys 2010, under that amendment Election Authority was established and election responsibility was shifted from EC to EA. Tenure of LGIs was reduced to 4 years, All LGIs were dissolved and Government was authorized to appoint administrators.
- 2nd amendment in PLGO 2001 April 2011; appointment of DCO from public service was substituted. Some changes were made in functions.
- 3rd amendment in PLGA 2001 11 Februarys 2012; the condition of appointing DCO of grade 20 was waived off. Who also act as EDO revenue? The Government use CCB funds according to its discretion.
- 4th amendment in PLGO 2001 8 November 2012; powers of Government for holding new elections were enhanced now onwards Government may announce elections within 240 days. At that time the governor from PPP was on leave and the acting governor assented the amendment.
- 5th amendment was made in January 2013 through that Government got additional powers of taxation.
- 6th amendment was made after passing new law. Through those Cattle companies have been protected.

- In the year of 2012 a new law was drafted by some bureaucrats that was circulated publically but could not be presented into the assembly because of resistance from the subject committee.
- In January 2013 LGO2001 was further amended, the Government got additional powers of taxation.
- Since LGO 2001 with many amendments have been continued, therefore Punjab governor promulgated an amendment ordinance inserting some more legal role of newly setup Cattle companies.

Implementation and the Practices

New law PLGA has been passed by the assembly on 21 August 2013, all opposition parties had proposed 13 amendments, all were rejected, while a group of treasury benches led by Mr. Tahir Sindhu also proposed few amendments, these were also rejected. The Punjab governor assented it on 23 august 2013. Two political parties PPP, PTI and a citizen challenged it in LHR High Court, Hearing was going on slowly; meanwhile Government had submitted to Supreme court in another case stating elections may be held in Dec 2013; But no practical preparation were made, now again ECP had announced that elections may be held in January 2014 and new schedule was announced. All opposition parties has rejected the law , declaring it too much centralized and in negation of the constitution; according to media news Government was ready to hold elections in November this year, but practically delaying. Delimitations have been imposed in October and process was completed by 7th November but Government made new amendment in the law therefore new process of delimitations was started and would be completed by mid of December. Opposition termed Delimitations as prejudice to the opposition. PTI went to Lahore High Court but petition was rejected. Punjab Governor has promulgated on 6th Nov 13 first amendments through ordinance making non-Muslim representation in all UCs irrespective of their residing electorate. Secondly, now only elected chairmen would vote for reserved seats in upper local councils; through another ordinance promulgated on 9th Nov, in Punjab elections shall be held on party basis, but no rules of holding party-based elections have been made so far. The Government again amended PLGA-2013 in November through 3rd and 4th amendment ordinances, Delimitations of wards in LGIs and elections of general seats, declaration of being Muslims. Keeping impact of these amendments new delimitations are being carried out and would be completed by 5th December. However, ECP has reemphasis on holding elections in January 2014. On 3rd December on Mr. Munir has challenged PLGA-13 being ambiguous on qualifications of candidate against section 62-63 of articles in constitutions? District councils & UCs; in rural areas except Lahore; and Municipal Corporations, Municipal Committees in urban areas and Metropolitan Corporations in Lahore; in urban areas Government may notify such number of UCs called city councils;

A rural Union Council shall be called Village Council and Urban UC will called City Councils; under UCs, Punchayat will be formed by rural UCs in their jurisdiction and Urban UCs will form Musalihat Anjuman in urban areas; both would be consisted of nine members including two women nominated by local councils; Each UCs would be consisted of six wards, from where one general member shall be elected whereas, Chairman and Vice as joint candidate shall be elected from entire UC, similarly youth, and non-Muslim member shall also be elected from whole of UC. For 2 women councilors entire UC will be divided into 2 wards.

- Delimitations of UCs and wards in city local area will be done through DCOs, Commissioners who will be also hear appeals against delimitations; For delimitations purposes population census of 1998 will be considered as base line data; the process of delimitations will be started from September 2013. Opposition parties have rejected this idea, demanding delimitation process should be completed through judicial officials, PTI has challenged Government powers to delimit but High court rejected that District Council; all heads of UCs shall be member of upper tiers, on reserved seats less than 15, women, 3 peasants, one technocrat, one youth and less than 5 non-Muslims; Government will notify such number of seats for each council, of upper tiers in towns, and cities.
- Union Council; total of 11 members including directly elected chairmen and VCs as joint candidates; 2 women, one peasant in rural UC, one worker in Urban UC, one youth member. One non-Muslim;
- Metropolitan Corporation; all chairmen of urban UCs, Government will notify the exact numbers, additionally, 25 women on reserved seats; 5 workers; 2 youth; 3 technocrats; 10 non-Muslims; one Mayor, 09 Deputy mayors each from one town;
- Municipal Corporation; ; all chairmen of urban UCs, Government will notify the numbers, additionally, less than 15 women on reserved seats; 2 workers; one youth; 2 technocrats; less than 5 non-Muslims;
- Municipal Committee; directly elected members from wards, additionally, less than 5 women, less than 2 workers. One youth and less than 3 non-Muslims;
- Wards in municipal committees shall be delimited by the Government;
- In each district one Health and one Education Authority will be formed by the Government with enough functions of monitoring, planning and budgeting, performance monitoring etc.; both would act independently of local councils;
- Compulsory Functions;
 District Council;. 5+ 18; 23 functions; All UCs; 19, Urban UCs 11; Municipal Committees; 30
 M. Corporations and Metropolitan; 33 functions
- Delegated functions; Government may delegate any additional function and assign any specific;
- Developmental; Planning, Budgeting for town planning but according to master planes of development authorities;
- Local Taxation other than Federal 7 Provincial taxes; and imposition of license fee; Similar pattern for all LGIs; size of UCs are uniform;
- General Seats; 6 in UCs, single member from one ward, 6 wards in one UC.
- Reserved seats for women; two in UCs and less than 20 % in upper tiers;
- Reserved seats for workers in urban LGIs; Reserved seats for peasants in Rural LGIs. Less than 5 in upper tiers. This is unjust in representation and in volume;

Reserved seats for non-Muslims, firstly this was conditional subject to presence in a Local area; over 200 populations will be represented in local council, but now it would be mandatory for all LGIs. Un-necessarily electoral clauses have been mentioned in LGAs, ECP have to follow these clauses; ECP being a constitutional body would conduct elections but some electoral clauses are mentioned in PLGA-13 would be confusing. Electoral Rolls will be responsibility of ECP. Mode of elections will be decided by the Government; Direct elections on the basis of UAF only at UC

level; all chairmen and V. chairmen will be indirectly elected from respective councils. In case of Metro all chairmen of UCs will act as electoral college; Government is trying to hold NON-Party base elections, it has challenged LHR high court judgment in apex court; Age for candidate is 25 years except for Youth member who may be from 21-25 year; Tenure of LGIs will be 5 years starting from elections; Dependent on grants provided by PFC from Provincial consolidated fund;

Additional grant In lieu of Octroi and Zila tax, equal to 1990 standards:

- Transfer of immoveable property tax by District council; Government may ask for collection of any Provincial tax; License fees as per previous routines Local Government is no third tier but LGIs would work within Provincial framework;
- Too much control by the Provincial Government; would announce elections; declare vacant seats; appointment administrator for six month. Dissolution of any LGI; determining local areas; merger and dividing Local Area and LCs. Termination of any LGI head;
- Regulation by LG-Commission; Government could dissolve, terminate and elected council and the head; Government can designate any function, alter function, merge any local council,

Government has set up parallel private companies to carry out similar functions such as managing solid-waste, Meat Company, etc. No formal engagement of living / residing citizens in running affairs of a local council; no concept of monitoring, over- sighting by citizens etc. Citizens do not have any role in designing, implementing any developmental project within LG framework; Municipality and District Councils shall be primary units, whereas, UCs will function under Guidance from upper councils; District Education and Health Authorities shall not fall definition within jurisdiction of LGIs, and similarly City Councils and Village committees don't perform as Local Councils;

Enhanced role of Provincial Government; parallel state institutions shall be more strengthened as the case in Lahore, solid waste, parks, main roads, etc. Meet Company, WASA are being managed by specialized agencies and Lahore development Authority also now-onwards would be accountable to Provincial Government CM will be its chairman; At ground last Government of PML-N had functioned as the strong supporter of 2001 Modal of General Pervez Musharraf with 5 amendments in 5 years and one in 6th year; The LGI modal remains same as of District and City Government with 13 devolved functions; all amendments were made to postpone elections and appointing state-functionaries as Administrator / heads of various sets of LGIs;

In Punjab it is quite clear and very obvious that present Government does not allow any type of local leadership to take any major discussion in order to run local Government institutions; The do not believe in devolutions and themselves are too centralists in exercising governance. Recently present assembly has passed amended law related to Lahore development Authority making CM its head; similarly Lahore Transport Co, Lahore solid waste management company and Lahore meat company, Lahore parking companies has their heads from political nominees of CM. present Government has undermining role of LGIs in development, that is continuously superseding many decision; Government is promoting key role of public servants from DMG group of services in local councils. That is misusing of local funds at its discretion without considering local needs.

Current Scenario

- **Delaying tactics;** present Government is using delaying tactics to announce new elections, now issue of delimitations was made an excuse of delaying, similarly a petitions is lying before the Supreme Court setting aside Lahore high court judgment of holding elections on party bases.
- **Confusions.** Since, PLGA 2013 has been made new law its enforcement in the province is of no explainable, whereas some sort of LGO 2001 amendment in 2013 is prevailing as governing law. Implementation of both legal frameworks has created altogether chaos.
- **Setting up parallel structures;** Practical governance at lower level has been run with help of public private Ltd companies under management from public servants and headed by political leadership.

Electoral Issues

- **Conduct of Elections;** EC shall be responsible to hold elections but the Government shall determine dates. There are 45 sections related to elections in PLGA 2013 advising EC about various actions of holding elections etc.
- **Delimitations of wards;** After Supreme Court directive now everywhere ECP shall delimit wards in the various LGIs which were delimit by the Provincial Government under PLGA, for example Government would determine number of each type of LGIs and would also determine local area,
- **Electoral lists;** preparation and provision of lists shall be responsibility of ECP under a Federal law Electoral Rolls Act. For Voters and candidates qualification or disqualifications the ECP shall follow PLGA. No mention in law about composited or non-computerized electoral lists.

Way Forward

There shall be only one demand holding of elections as soon as possible. In December 2013 all set for elections and final lists were issued when Lahore high court declared delimitation null and void and whole of the process were stayed fur indefinite period. Them SC had ordered ECP to delimit in all provinces and new issues have been opened. Now again dead line is November 2014 but it seems that nowhere elections could be held.

Sindh

The Context

The Sindh Province has been experiencing deteriorating conditions with regard to local Government. Basically prevailing political conditions have been causing that confusions and chaos in adapting any particular form of local Government. The province has two key contradictions that vests in the form of rural urban divide and to some extent ethnicity based political grouping. Rural Sindh is under influence of native land lords those holds political powers too whereas, in urban city centers Urdu speaking community holds key positions in social and political life. Both of these ethnic entities reflect different political affiliations that are

the bone of contention in smooth development of local polity more specially the area of local Government badly influenced by this silent conflict. In the past General Pervez Musharraf had used that controversy successfully in his favor. Before adapting Local Government Ordinance (LGO) 2001, he combined 4 districts of Karachi into one City District Government and further divided district of Hyderabad into 4 more districts Matyari, Jamshoro, Tando-Allah Yar, and Hyderabad. By doing this he tried to accommodate various political families in new district Governments. As the consequence Urdu speaking community was given due recognition in the political fields. As soon as Musharraf's Government ended, the entire process of local governance was abandoned; the new Government replaced the existing law with the previous LGO of 1979. This led to a new conflict between two main parties however settled by enacting new Peoples Local Government Law (PLGA), by merging the two models of local governance of 2001 and 1979 into one. This caused much confusion; also the law was impracticable as was never enforced. Again for the third time a new law was passed by Sindh assembly in August 2013. This bill was opposed by the opposition parties and one of them challenged it in Supreme Court which is still pending for hearing. Practically in the province Local Government Institutions (LGIs) have been functioning under directives of Provincial Government through the public servants as its appointees. Currently the entire system of local Government has been suspended.

Legislative Measures

New law was passed on August 19, 2013 but only MQM has rejected and is still being negotiated with them. The Government has announced to accommodate any amendment from MQM; this act has not been notified in official gazette yet although was assented by the then acting governor of Sindh.

A reply was submitted to Supreme Court stating that Government would be ready to hold elections beyond 27th November 2013, but failed to hold elections. Election Commission of Pakistan (ECP) announced new dates for holding elections in early January 2014, but no formal schedule was announced. According to Supreme Court directives the ECP had notified election schedule and election date has been fixed as on 27th November. Currently the process of delimitation of Union Councils (UCs) and Wards has been going on.

MQM finally challenged in Supreme Court, Sindh Local Governance Act (SLGA) 2013, however contravenes the rules (as assented by acting governor and not notified in Official Gazette) and the article 140-A of the constitution.

In October 2013, Sindh Assembly passed 1st amendment in 2013 Act. Sindh Government has requested Sindh High Court to direct ECP to hold elections in March 2013, ECP has rejected the Government request to postpone elections till March 13.

MQM has also challenged delimitations done by Government declaring them as illegal. The delimitation process under the current law is done through deputy-commissioners, which is much simpler as compared to LGOs of 1979 and 1962. But opposition parties are not satisfied with this process and Demand that the previously demarcated delimitations for UCs to be used for the purposes of LG election.

- District Council shall consist of all elected chairmen of Union Councils and in addition to 22% women, 5% peasants; 5% non-Muslims;
- Union Council with a total, 9 members; including chairman and V. chairman as joint candidates; 4 general seats, one women, one peasants and one non-Muslim;
- Metropolitan Corporation; shall only be in Karachi; consisting of all elected chairman of the urban Union Committees, in addition to special seats up-to 22% women, 5% workers; 5% non-Muslims;
- District Municipal Corporation in each district of Karachi would consist of all Vice chairmen of Urban Union Committees in the district and up-to 22% women, 5% workers/ peasants; 5% non-Muslims;
- Municipal Corporation in all cities; shall consist of all elected chairmen of Urban UCs and up-to 22% women, 5% workers/ peasants; 5% non-Muslims;
- Municipal Committee; shall consist of all elected chairmen of Urban UCs and up-to 22% women, 5% workers/ peasants; 5% non-Muslims;
- Town Committee; shall consist of elected member from each ward and up-to 22% women, 5% workers/ peasants; 5% non-Muslims

Compulsory Functions

- Municipal services shall be obligatory to all local councils;
- District councils, 43 compulsory and 25 optional functions including, education, social welfare, economic welfare, public health, public works, general Delegated functions; specially assigned by the Government; Developmental functions include; district development planning, focusing Federal grants; suggest Provincial P&D for annual plans.
- Taxation; levy cess on cultivated lands, usher, rents etc.
- Dependent on grants provided by PFC, from Provincial consolidated fund; Additional grants In lieu of Octroi and Zila tax, equal to 1990;
- Transfer of immoveable property tax by District council; Tolls on local roads and bridges; in Karachi Metro would have substantial taxation powers but has to share its income to district MCs.
- Local council may tax on rents, usher and cultivated lands a local CESS.

Provincial Control

- Local Government shall perform within Provincial framework;
- Too much control by Provincial Government; announce elections; declare vacant seats; may dissolve; determining local areas; merger and dividing local areas and local councils; termination of any head of LGI.
- Regulation by Local Government Commission. That shall be composed of concerned minister as chair and 2 MPAs, 2 technocrats, secretary Local Government and Rural Development (LG&RD), secretary law. The functions shall be to:
 - Supervision over councils;
 - Give directions to councils.
 - Inspection of the councils.

- Holding of Inquiry into affairs of councils.
- Suspension of any department or institution.
- Supersession of councils.
- Set up advisory committees.
- Disputes resolutions amongst LGIs and the Government.
- Government shall set-up a Local Government Board for regulation of LG services only. In addition Government shall form Division and District Local Boards, which notify the members and the functions may determined by Provincial Government
- No formal engagement of citizens in running affairs of a local council except voting for and become a candidate from ruling party
- Municipality and District Councils shall be considered as primary units; because all UCs shall have very limited functions that would be based on upper councils; instead going from lower to upper all role and responsibilities shall be exercised from upper tier to UCs

Current Scenario

Supreme Court has directed to hold LG elections in this year and has ordered to conduct delimitations of local councils for that purpose. The President has promulgated an ordinance granting powers to ECP for delimitations, while similar act was passed by the assembly amending SLGA 13 in order to empower ECP for delimitations but none of other necessary preparations could be seen therefore it seems difficult to hold elections in this year.

Electoral Issues

- ECP would conduct the elections but ECP shall follow the Provincial law.
- Direct elections on UAF will be held for UC members and heads in UCs whereas indirect-elections is being proposed for all heads of upper tiers; and indirect-elections would also be held for special interests seats in every local council.
- ECP will register voters and will supply electoral rolls;
- Age for candidate shall be 21 years. The tenure of all LGIs will be 4 years from the election date;
- The Government will carry out the delimitations of wards in urban councils and in UCs in all other local councils. These may be single or multi-member constituency but each voter would have only one vote to cast.
- Elections will be held on party base but independents could also contest;
- Qualifications include besides other terms as per routine special provision of conformity with ideology of Pakistan and working for integrity of the country shall be essential.

Future and Way Forward

In province of Sindh for an effective and representative Local Government does not reflect any serious and concerted efforts by all major political forces; mainly because of bifurcation of LGIs in rural urban divide that has based on ethnic conflicts; every Sindhi speaking citizen irrespective of political affiliation is favoring such a Local Government modal where there should be no supremacy by urban population within framework of an LGI; rather they have been proposing

such modals where state-functionaries could dominate upon elected ones; for instances Sindhi nationalists also advocated to restore LGO 1979 in its original form.

Therefore in Sindh the future of Local Government depends on political understandings amongst ruling partners; for the last 5 years there were 4 legislative steps taken and reverted again and again because of political grounds. Politics based on ethnicity is one of the main considerations in designing a particular system of governance.

Nobody except MQM wants Karachi as one district, on contrary all of other political forces even Punjabi and Pakhtun would desire a local Government system confined to limited functions only and municipal administration in the hands of elected councilors divided into small LGIs with accountability to the Provincial Government.

Since Sindh have very resourceful and rich LGIs, therefore people of Karachi want financial independence whereas other LGIs in rural Sindh are advocating continuity of Provincial Finance Commission.

Formation of effective, efficient and powerful Local Government institutions in Sindh undermine the supremacy of Provincial Government therefore majority of political parties and individuals want such modal more dependent on Provincial Government. To address that mind-set a dialogue should be imitated between key stakeholders.

Disaster Preparedness and Management

Dr. Zafar Iqbal Qadir²

Global Perspective

At the global level, with launch of United Nations International Strategy for Disaster Reduction (UNISDR) in 2000, it was recognized that disasters should no longer be dealt in a 'reactive' manner. While it is essential to remain well prepared to respond to disasters, it is more important to play 'proactive' role in reducing underlying risks and addressing root causes to address vulnerabilities. The 'Hyogo Framework for Action 2005-2015' (HFA), endorsed by 168 states including Pakistan at the World Conference on Disaster Reduction in Kobe, Japan in 2005, urges all countries to make efforts to reduce their disaster risk by 2015, which called for the establishment of appropriate legal and institutional arrangements for managing disaster risks in a scientific manner.³

Regional Context

Most part of South Asia falling in Hindu Kush Himalaya (HKH) region faces extreme vulnerabilities of climate change induced disasters. Pakistan, India, Nepal and Bangladesh form part of this vulnerable piece of the globe.⁴

Climate change scientists (ICIMOD, 2009) have argued that the Himalayan Mountain regions have experienced above-average warming in recent years with significant implications for the environment and livelihoods of millions of the people living both upstream and downstream. In the Eastern Himalayas (ICIMOD 2009), progressive warming at higher altitudes has been recorded at rates much greater than the global average warming (up to 0.09 °C/year). The most noticeable impact of climate change has been the increased frequency and ferocity of extreme events such as floods and droughts and rapid recession of Himalayan glaciers. Scientists are forecasting that the cascading effects of rising temperatures and loss of ice and snow in the region will affect the amount and seasonality of future water supply including the monsoon patterns. Degradation of permafrost and reduction of snow and ice caps in the Himalayas will reduce water availability affecting diverse ecosystem services that are vital for supporting the livelihoods of hundreds of millions of people in the region. On top of these impacts, changing socio-economic and demographic scenarios are contributing to increased risk levels.

² The author is the former Chairman of the National Disaster Management Authority (NDMA)

³ IPCC, 2012: Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change [Field, C.B., V. Barros, T.F. Stocker, D. Qin, D.J. Dokken, K.L. Ebi, M.D. Mastrandrea, K.J. Mach, G.-K. Plattner, S.K. Allen, M. Tignor, and P.M. Midgley (eds.)]. Cambridge University Press, Cambridge, UK, and New York, NY, USA, 582 pp.

⁴ IPCC, 2012: Summary for Policymakers. In: Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation [Field, C.B., V. Barros, T.F. Stocker, D. Qin, D.J. Dokken, K.L. Ebi, M.D. Mastrandrea, K.J. Mach, G.-K. Plattner, S.K. Allen, M. Tignor, and P.M. Midgley (eds.)]. A Special Report of Working Groups I and II of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge, UK, and New York, NY, USA, pp. 1-19.

National Scenario

In Pakistan, climate change is already having severe adverse effects on the natural water storage and glaciers release thereby directly posing threats to food and energy security (Sheikh, 2008). Comparing to other countries, Pakistan is highly vulnerable to climatic variability and its impact on land resources. Water availability is already a serious concern in many part of the country. Climate change has already caused decline in precipitation in the country by 10-15 % in the arid and hyper-arid regions over the last 30-40 years⁵. Furthermore, climatic changes increase the vulnerability to drought and flash floods in the area. These natural calamities often pose serious threats to local food production and trigger land degradation and desertification (UNDP, 2010).

National scenario demands skillful consideration of disaster management related planning and coordination coupled with effective implementation in the field. Unfortunately, the disaster management sector never found a place in traditional mechanism of national development planning. In terms of disaster management the successive Governments mainly used two-pronged flood management strategy: Structural and Non-Structural measures with no integrated national policy framework to deal with pre-post disaster management. Also, little efforts were made to mainstreaming disaster risk reduction into development policy and plans for achieving sustainable development.⁶

Disaster Risk Management

During initial 60 years since independence, Pakistan lacked institutional arrangements to address natural disasters with a long-term vision. For instance, the Emergency Relief Cell (ERC) in the Cabinet Secretariat was responsible for organizing disaster response by the Federal Government with relief commission at Provincial level mandated to deal only with post-disaster scenarios. Conventional national emergency services such as Police, Emergency Relief Cell, Crisis Management Cell, Fire Services, Civil Defense Agency, Federal Flood Commission and Metrological Department were the key agencies for disaster management in Pakistan. In case of larger emergencies Armed Forces were assigned the role of disaster management. As late as in 2003, a task force was appointed under the aegis of the Interior Ministry for revamping the emergency services with the objective of responding to disasters in a comprehensive and effective manner. The recommendations of the Task Force were, however, not considered for implementation at the Federal level. This process, nevertheless, led to the creation of 1122 Emergency Rescue Service in Punjab.

After a lethal earthquake of October 2005, Pakistan immediately established Federal Relief Commission (FRC) to undertake a massive relief efforts and Earthquake Reconstruction and Rehabilitation Authority (ERRA) on 24th October 2005, with the mandate to ensure reconstruction and rehabilitation of the affected districts of KP and AJ&K.

⁵ From Rio 1992 to 2012 and Beyond: Sustainable Mountain Development; Regional Assessment Report for Rio + 20: Hindu Kush Himalaya and SE Asia Pacific Mountains [Madhav Karki, Sudhirendar Sharma, Tek Mahat, Sanam Aksha, Amulya Tuladhar and others]. ICIMOD, September 2011.

⁶ National Disaster Management Plan; NDMA, Government of Pakistan – 2012

National Disaster Management Ordinance (NDMO) was promulgated in the country during 2007 to oversee, monitor and institutionalize the allocation and distribution of domestic as well as foreign disaster funds amongst the various federating units. Soon after the super floods of 2010, the NDMO turned into NDM Act by legislation in December 2010, with a comprehensive mandate to address complete spectrum of Disaster Management on a nation-wide basis including preparedness, response, recovery besides rehabilitation and reconstruction. The ERC and ERRA with their Provincial organs had to merge into new DRM structure as per new scheme of things. Organized at the national level, NDMA embarked upon a systemic rollout for targeted response to support flood affectees in subsequent years. Efforts were also made to lobby with the Provincial Governments to create similar DRM structures at the Provincial level for undertaking disaster preparedness and response interventions in their respective jurisdictions.

The super floods of 2010 forced the Government to look for international humanitarian support for disaster response. Most relief needs were met, but needs to recovery remained handicapped. When it came to rehabilitation and reconstruction phase, the resources dried up. The unprecedented monsoon disaster of 2011 in Southern part of Sindh led to realization for building back better and stronger with a view to add resilience in the communities living under potential threat of natural calamities. The 2012 saw the worst of the rainfalls at the confluence three provinces – Punjab, Sindh and Balochistan – exposing inherent deficiencies in the system. The plugging in the gaps resulted in improving the DRM structures in terms of HR capacity, resource allocation, policy coordination, field implementation, camp management, supervision and monitoring. Political buy-in of the measures saw a significant improvement during the process.

Disaster Risk Reduction

2012-13 was the period when Pakistan came out of response syndrome and moved into Disaster Risk Reduction (DRR). The reactive approach to disaster was replaced with pro-active approach, wherein country's first ever 'Flood Contingency Plan 2012'⁷ was prepared upon extensive year long engagement of all stakeholders, culminating in a publication that paved way for stock taking, resource mapping and re-aligning resources – physical, financial and human – at national, Provincial and district levels.

While the stage has been set to take advantage of the policy direction, the logical follow up would be to come up with supporting rules and regulations to put the policy parameters into action. Forward planning and resource mobilisation is the name of the game. Prioritisation of development needs becomes immense in view of the limited resource base and consequences attached to each development intervention of significant size and scope.

Legal / Institutional Efforts

Although the National Disaster Management Commission (NDMC) during their meeting in February 2013 had approved the national policy on DRR and National Disaster Management Plan (NDMP) – the most significant policy documents on disaster preparedness and response, both the care-taker regime and the present-day Government paid lesser attention to notify the approval. The key policy documents are still in limbo; thus the related legislation and subsequent

⁷ National Flood Contingency Plan; NDMA, Government of Pakistan – June 2012.

framing of rules seem to have been forgotten. While the NDMP was being researched and developed with the help of Japanese professionals, there was a clear indication from the Government of Japan to consider financing the major part of implementing the plan upon formal approval by the national Government. Since approval has not seen the light of the day, the donors are at loss to link up their technical and financial support to a relevant legal instrument on disaster management related interventions.

Policies, Rules and Regulations

While the 'National Disaster Management Commission' endorsed 'National Disaster Management Plan' (NDMP) and 'National Policy on DRR' during early 2013, the minutes of such meeting have yet to see the light of the day. Hence, supporting rules and regulations are yet to be promulgated. As a matter of fact, such rules along with standing operating procedures are to be prepared and promulgated to operationalize the policy measures soon after the issuance of minutes of such meetings.

NDMC approved of raising 'National Disaster Response Force' as provided in the law. Proposal on the table was to adopt the model of Punjab Emergency Services / Rescue 1122, initiated and institutionalised by the Government of Punjab. Though the issue was raised in the previous year's report, yet the outcome of this policy direction is yet to see the light of the day.

The Commission also endorsed the proposal of creating a new head of accounts of 'Disaster Risk Management' in the national and Provincial budgets and making adequate allocations for anticipated operational expenses in case of emergency or disaster situation.

The Commission noticed the absence of 2-3 members from civil society and asked the Government to induct relevant professionals from civil society as members in NDMC in accordance with the provisions of NDM Act-2010.

In brief, the Government's ownership on the policy measures / a revision thereof of revamping DRM institutions and infrastructure seems in doldrums despite having completed over a year and a half. Major issues needing policy support at this stage relate to removal of anomalies that hinder implementation. Multiplicity of response institutions with overlapping mandates and overlapping command and control authorities is counter-productive in serious business of providing focused response to vulnerable communities in disaster setting. Major anomalies and confusions in the DRM structure and DRM system in Pakistan are taking deep roots, with apparently no redressal. Ever since the establishment of NDMA under NDM Act, the provisions of the Act are still not being implemented in letter or spirit. There was a hope that the new Government may live up to the expectations and put things in place with a view to improve governance in DRM. Government's commitment in this direction still seems a far-fetched idea. The anomalies needing immediate attention include:

- Merger of ERRA into NDMA
- Merger of ERC of Cabinet Division into NDMA
- Merger of NHEPRN (National Health Emergency, Preparedness and Response Network) into NDMA

- Merger of Civil Defence into NDMA
- Merger of President's Relief Fund into NDMF (National Disaster Management Fund)
- Merger of Prime Minister's Relief Fund into NDMF
- Transfer of 6th Aviation Squadron from Cabinet Division to NDMA

Mandatory annual meeting of the NDMC also awaits the nod of the Chair for convening. The Prime Minister chairs the meetings, with few Federal ministers, all Chief Ministers, Prime Minister of AJK, Governor of KP and Chiefs of the armed forces. Such meeting deliberates upon disaster related challenges being faced by the country, assesses the implementation of previous decisions of the Commission, evaluates the performance of the previous year and looks for forward planning with augmentation of resources. Since February 23, 2013, no meeting of NDMC has so far been convened.

The delay is crucial, as challenges being faced are on the increase and policy directions need immediate attention for adoption, revision or implementation. Since the decisions taken in the previous NDMC have not yet been formalized, the implementation thereof remains a daydream. Some of the crucial policy decisions of the NDMC pending implementation are:

- Raising of Nuclear Safety Wing at NDMA
- Introducing Disaster Risk Insurance to share the burden of risk with the private sector insurance industry
- Raising on NDMF (National Disaster Response Force) as a strike force on disaster response at the Federal level
- Rolling out NDMP for capacity building and institutional strengthening of DRM structures
- Transforming DRR policy into plans and activities; and mainstreaming these activities into national development planning
- Nomination of 2-3 members from the civil society into NDMC

Implementation Overview

The Government by and large continued the momentum of managing disaster threats and risks through routine ad-hoc measures. As the long term policies of NDMP and DRR given by the previous regime have not yet been formally adopted or updated, the implementation capacity of DRM institutions remains rather limited. The overall preparedness level during the year has seen a traditional approach of planning the response through engaging macro-level stakeholders; thus missing out the micro-level engagement of the communities in assessing disaster related vulnerabilities. Hence, the disaster response witnessed a reactive approach rather than proactive.

Though comprehensive contingency plans had been chalked out by the national and Provincial Governments, yet the dissemination of these plan and related measures thereof were not adequately undertaken. Information was although posted on the website of NDMA and that of some PDMA's for wide publicity, yet the access to this information by the communities under threat has been a nightmare. Use of print / electronic media for dissemination of contingency plans and preparedness measures has been quite low. Whatever media coverage we saw during the year came about the disaster reporting and political response to the disasters rather than real response undertaken by the DRM institutions in the country.

Benchmarking

With this backdrop of build-up, the performance of the Government for the next one-year is to be assessed against some governance / performance parameters for a clearer picture and fair comparison. I have tried working around following major areas of concern for the purpose of assessing the efficacy of governance in DRM sector during the year:

Role Played by NDMA

NDMA being an apex body in the country in managing disaster risks is responsible for managing the entire disaster management cycle, right from threat & vulnerability assessment to risk mitigation, preparedness, risk reduction, contingency planning, capacity building, rescue operation, relief measures, supply chain management, early recovery, reconstruction and rehabilitation. The Authority is also supposed to provide and maintain horizontal linkages with Federal ministries / divisions / organizations / departments and vertical linkages with the Provincial tiers of disaster management for policy and implementation coordination respectively.

For resource mobilization, NDMA resorts to raising Federal resources for contingency planning, disaster risk reduction, rescue operations and maintaining Federal reserves of relief supplies. Since the Provincial Governments are supposed to invest in their respective Provincial boundaries for entire disaster management cycle, the NDMA generally takes a fallback position. It comes into play when asked to do so by the Provincial arm of disaster management. It generally supplements and compliments the efforts initiated by the Provincial Governments through respective PDMA's.

NDMA is also supposed to keep a close liaison with the armed forces of Pakistan and international community on regular basis. The Operation Wing of the NDMA, managed by a number of officers in uniform ensures close coordination with the armed forces. The Authority has the direct access mechanism for the international community, including donors, UN organizations, international humanitarian partners and national / local NGOs working in the field of humanitarian assistance. The interaction with all these stakeholders is generally structured for knowledge sharing and resource sharing where possible.

NDMA being relatively more structured and organized in its outlook and functionality, has to take lead role in guiding the national as well as Provincial Governments in awareness raising and sensitizing the policy echelons for political ownership of the process and upfront resource mobilization for adequate preparedness and timely response. The Authority hosts a forum called "Policy Coordination Mechanism" (PCM), wherein most relevant Federal agencies, Provincial Governments, heads of UN agencies, representatives from donors community and representatives from humanitarian organizations hold briefing sessions regularly to assess any disaster threat and monitor the policy and implementation process. The session is co-chaired by Chairman NDMA and UN Resident Coordinator in the country. As per the website of NDMA, no meeting of PCM has been held during the year.

Role Played by PDMA's

PDMA's are the Provincial arms of disaster management, working in close coordination with NDMA and respective Provincial line departments. Unlike NDMA, the Provincial DRM institutions are still struggling for maturity and policy support for improving their implementation capacity and institutional strengthening. All PDMA's are at various levels of professional growth and achievement, given the level of political support and departmental support by their respective Provincial Governments. Each PDMA is responsible for managing the whole range of disaster management cycle in the Provincial territories through Provincial resource base, under the control of respective Boards of Revenue.

Structural constitution of each PDMA varies from the others. Most of the PDMA's report to their respective Provincial Disaster management Commission (PDMC). Though the PDMC in each province is chaired by the respective Chief Executive / Chief Minister, the membership of cabinet ministers on the Commission varies from one province to the other.

PDMA's are horizontally linked up with relevant Provincial Government departments / agencies and are financed through their Provincial exchequer. These institutions also have horizontal liaison with the Provincial representatives of various UN agencies and humanitarian organizations. PDMA's are the key agencies responsible for assessing the possible disaster threats and vulnerabilities in the province and plan all appropriate measures to mitigate and manage the disaster risks through their Provincially allocated resource base. Multi-hazard contingency planning is the prime documentary product that each PDMA has to come out with in good time each year. This document contains all the forecasting and response plan for the coming year. The plan caters for disaster profiles along with potential threats / vulnerabilities, resource availability, resource deployment mechanism, school safety programs, relocation arrangements, supply chain arrangements and terms of references for the human resource indicated for field deployment in case of disaster. Each PDMA is also supposed to prepare a response plan for each disaster threat separately and carry out mock exercises and drill rehearsals.

Vertical linkage with NDMA is although fragile yet their downward control on District Disaster Management Authorities (DDMA's) is quite effective, being part of the same Provincial governance structure. PDMA's are supposed to guide and facilitate DDMA's in their institutional growth and capacity enhancement through extensive training facilities and exposures towards planning, preparedness and response activities of the disasters. PDMA's are to make professionals available to DDMA's for their institutional establishment, resource mobilization, resource utilization, supply chain management and response related human resource etc.

Role Played by DDMA's

DDMA's are the real field institutions where the implementation of disaster preparedness and response actually resides. These institutions are headed by the Deputy Commissioners / heads of district Governments. Most provinces do not have dedicated work force to assist and support the heads of DDMA in his disaster management related responsibilities. Punjab and Khyber Pakhtunkhwa are better off in this regard, by having the force commanders of Rescue 1122 as Secretary to DDMA in each district. This dedicated force of Rescue 1122 works as preparedness

and response force for managing various stages of disaster management in the district. Other provinces generally rely upon the district based human resource of the Local Government & Rural Development Department for this purpose, which is not adequately trained for providing such services in true sense.

Given the limited resources at the disposal of district Governments, there is a traditional deficiency of capacity, expertise and stockpiling of required relief stores and supplies. Mitigation of disaster threats is generally outside the financial scope of most district Governments. For preparedness and response, most DDMA's in the country are still dependent upon PDMA support and services. The Provincial Governments of Punjab and Khyber Pakhtunkhwa have done a great deal of capacity enhancement of their DDMA's so as to act as first responders in case of any disaster alarm.

Early warning system and community based DRM activities strengthen the confidence of local communities in the district to learn about district contingency plan and adjust their response alignments accordingly. The district contingency plan takes each union council /village / community into account for relocation if needed and relief provisioning details with duties assigned to each individual. Dissemination of information, awareness raising and early warning rehearsals play a crucial role at community level for responding as efficiently as possible and minimizing loss due to disaster eventuality. Local NGOs and community-based organizations also play a key role in networking with local district administration and roping in the youth and volunteers in the process. A comprehensive database of such networking is always helpful in resource mapping exercise, resource planning, resource mobilization and resource distribution.

Role of Foreign Assistance in Combatting Disasters

Under the overall umbrella of PCM, the Chairman NDMA and UN Resident Coordinator in Pakistan co-chair the session for deliberating the need for foreign assistance in disaster response, besides many other issues. National Government always tries to meet the challenge of disaster response by tapping domestic resources at Federal as well as Provincial levels. However, if there is any urgency of financial crunch and the national Government feels that it would be beyond domestic resources to manage the extent of damage caused by disaster, it might go for making an appeal to international community for financial support.

Generally speaking, the proud sovereign nations avoid making an appeal to international community and try managing their domestic challenges through their taxpayers' contributions. Going for an international appeal shows helplessness of a nation state, which is crippled to help its population at the time of distress. Once an appeal is raised, the UN agencies approach international donors depicting the dilapidated situation of communities in distress and helplessness of the national Government and making case for their fund generation on one pretext or the other, using the Governmental request for appeal as a trump card.

Historically speaking, Pakistan went for an international appeal during the earthquake of 2005 and super floods of 2010. Though the grants are raised with high-value pledges by various countries, yet less than half is realized. Out of what is made available, a significant chunk is sunk in service charges of the UN agencies and national / international humanitarian organizations,

through whom the funds are channelized and spent. Government of Pakistan has a weak handle over these resources and at times it becomes difficult to even track the expenditures and physical outcome of these investments.

Evidence has shown that bilateral donors, utilizing resources through local partners in coordination with Governmental authorities have successfully delivered quality services in terms of temporary shelters, residential blocks, schools, hospitals and amenity structures. Turkish support in reconstruction phase remains very significant in terms of qualitative structures and efficient services. The Governments of USA, EU, Saudi Arabia, UAE and Japan have also made good contributions in disaster reconstruction on bilateral basis.

Analysis of the Role of ERRA

The Earthquake Reconstruction and Rehabilitation Authority (ERRA) was established on October 24, 2005 to take up the mammoth task of rebuilding nine earthquake affected districts of AJ&K and KP spread over 30,000 square kilometers. ERRA was created to bring all efforts and activities, pertaining to post disaster damage assessment, reconstruction and rehabilitation in the affected areas under one umbrella, with a view to providing fast track and seismically safe reconstruction solutions. ERRA's mission has been to "Convert Adversity into Opportunity" by reconstructing lost and destroyed facilities, while following highest standards of reconstruction and rehabilitation with an obligation to "Build Back Better". ERRA is responsible for operational planning, coordinating, monitoring, and regulating the reconstruction and rehabilitation operations in the earthquake affected areas of the country.

ERRA's Council is the apex body for rehabilitation and reconstruction while ERRA Board, Contractors Facilitation Center, Steering Committee and District Reconstruction Advisory Committees are different arrangements within the authority to carry out its responsibilities.

The authority works under an institutional framework composed of ERRA at Federal, PERRA at Provincial and SERRA at state levels. At the district level there are District Reconstruction Units (DRUs). Furthermore, the Line Departments of the respective province and state help regulate its tasks through the cooperation of several donor organizations like World Bank, Asian Development Bank, Islamic Development Bank and various national and international NGOs.

Through its reconstruction portfolio ERRA has intervened in 12 different sectors (Housing, Livelihood, Social Protection, Health, Education, Water & Sanitation, Governance, Power Generation, Telecommunication, Transportation, Environment and Tourism); implemented 3 crosscutting themes (DRR, Gender Mainstreaming and Environmental Safeguards), and is required to reconstruct over 14,500 projects (at a cost of over US \$ 5 billion).

Out of some 14500 projects in hand ERRA has completed over 9500 projects and the funds got exhausted long ago. Reconstruction of 600,000 rural houses is however a significant achievement of the organization.

During the current year, ERRA has been struggling to sustain the establishment cost and administrative overheads for maintaining a human resource of more than 800 personnel working

at the headquarters with a large fleet of vehicles and allied resources. Development budget has long been exhausted, while some of significant works are still remaining, particularly in Balakot.

As the name indicates, this is a post-disaster response agency, required to undertake reconstruction and rehabilitation measures in the areas hit by earthquake (only one of the disasters).

At the time of creation of ERRA, there was no other agency with corresponding mandate; hence, it was given leverage to work out its terms of references and find the most suitable human resource from across the country to deliver the mandate. The organization chose to work like a hybrid organization comprising civil servants, technocrats, armed forces personnel and contractual employees, under the command and control of men in uniform.

ERRA was originally mandated to complete the reconstruction and rehabilitation work in 3 to five years. However, later on it was decided that ERRA would complete all its R&R work till 31st December 2011. During early 2011, the parliament also passed another act named Earthquake Reconstruction and Rehabilitation Act 2011.

Now the mandate of ERRA stands extended to the whole of country, which brings it in conflict with NDMA's jurisdiction enunciated in NDM Act. This enactment has resulted into further confusion between the two autonomous bodies in today's scenario (18th Amendment and NFC Award) where the Provincial Governments and DMAs are extremely sensitive towards Provincial ownership of the DRM initiatives and have not promulgated the ERR Act into Provincial legislation. Hence, ERRA as of today, stands as a stand-alone organization at the Federal level with no direct institutional linkage with the Provincial Governments, as reconstruction and rehabilitation role at the Provincial levels has been assigned to the respective PDMA's.

Major Factors affecting performance of ERRA

- Lack of financial resources to carry out unfinished agenda of reconstruction & rehabilitation projects is major impediment in meeting the targets. Reportedly there is an outstanding liability of over 6 billion rupees for the completed works, out of which 600 million rupees are required for rural housing subsidy alone.
- During the year in focus, the Federal Government released an amount of 500 million rupees; which has mostly been spent on salaries and non-developmental expenditure. The contractors' liabilities are adding up with each passing day.
- Ad-hoc-ism in staff recruitment is another bottleneck hindering the quality of service delivery. Out of 384 sanctioned positions in the organization, only 134 have been properly engaged through deputation from civil & military establishments, while 250 positions still remain vacant. Reliance on 700 plus contract employees who outnumber the permanent staff manifold is another challenge.
- Litigation in the court by some 250 plus contract employees for regularization in pursuance of the regularization policy announced by the previous regime and administered by a committee led by Syed Khursheed Shah, the Federal Minister for Labour and Manpower still remains unresolved.

- Lack of ownership by the Provincial Governments and limited coordination between ERRA HQ and its two Provincial outlets: PERRA (KP) and SERRA (AJK), which stand merged into PDMA and SDMA respectively. This has affected implementation supervision and monitoring of the projects in the field.
- Outstanding issues of land acquisition and allocation in KP and AJK, especially with respect to Balakot and Bakriyal are becoming bones of contention between ERRA and their Provincial counterparts. There is lack of coordination with the revenue authorities that has resulted in piling up the cases for long.

Performance Overview

Federal Government

Prima facie, the Federal Government preferred to keep a reactive posture in disaster risk management and reach out to the provinces when asked to. Though this is very much in line with the theoretical philosophy of devolution and structural control mechanism, yet the ownership for preparedness, awareness raising, early warning system and timely rescue support can not be held on call, as the Provincial Governments barring Punjab and Khyber Pakhtunkhwa do not have adequate capacity to cope with these challenges.

Disaster Response

Preceding year had witnessed a paradigm shift from reactive to proactive approach to facing and addressing disaster challenges by deploying DRM institutions at all levels. This year, the response was gradually passed on to the traditional response agencies, which remained active in delivering rescue and relief services during the absence of DRM institutions. Thus the national organization mandated to play an effective role seemingly opted to ride the tide.

Heavy monsoon rains in August 2013 triggered flash floods and caused widespread losses and damage across Pakistan. Nearly 1.5 million people, almost 80,000 houses, and 1.5 million acres of crops were affected. 234 people were killed. More than 4,100 people were housed in 408 relief camps. As of mid-October the rains had largely stopped and major rivers were registering normal flows.⁸

In flood situation, NDMA facilitated requisitioning of armed forces and air support on requirement basis and facilitated responses related to rescue and relief. A total of 27 advisories for evacuations and early warnings were issued in coordination with PMD / FFC. NDMA prepositioned relief equipment and items on need basis and dispatched the relief goods to the concerned local administrations and victims of flooded areas in the country. Relief stocks included, dewatering pumps, tents, mosquito nets and food packs to PDMA Punjab, Balochistan and Sindh, while water boats were offered/ allocated to PDMA Punjab, KP and Sindh to facilitate their rescue operations on need basis.

The fatal drought of Thar Desert during March 2014 has been very catastrophic, wherein less

⁸ OCHA, 15 Oct 2013

than normal rainfall led to famine-like situation in the desert. Such famine initially hit the livestock and resulted in numerous casualties of children who were otherwise underfed and malnourished.

The drought killed over 150 children, less than five years of age. The first victims of drought were animals. The livestock department has yet to count the number of animals that died in the region. Rough estimates show that around 20 per cent of the sheep population has perished in few months.

The Meteorological experts feel it was a meteorological drought per se. It is internationally recognized that if it does not rain in an area for 60 to 90 days it results in acute shortage of water and food. This is called drought, but in the context of Thar this is not a meteorological drought. "Last year, the entire country received less than normal rainfall and in Thar Desert the rainfall was only 20 per cent less than normal. The meteorological index for Thar Desert states that if there is less than 40 per cent rainfall than normal, it can cause a moderate drought. Another theory is that if there is no rain before August 15, there will be no grass for animals and crop for humans; thereby triggering famine-like situation leading to loss of human and animal life.

The sudden outbreak of crisis in Thar depicts that either contingency planning fell short of quality or adequate resources were not made available to take stock of the situation. Stockpiling of relief goods and emergency medicines for human and animal use was perhaps overlooked at the preparedness stage; other wise many precious lives could have been rescued and saved.

Awaran Earthquakes with a magnitude of 7.7 and 7.4 on the Richter scale jolted southwestern Balochistan on 24th September and 27th September respectively. The areas of districts Awaran and Kech of Balochistan were severely affected by the earthquakes. The worst affected areas include tehsils Gashkor, Mashkai and Awaran of District Awaran and tehsil Dandar of District Kech.

Generally speaking, the institutional response to the earthquake of Awaran in Balochistan was well managed, despite security threats, inaccessibility of the area and spread of affected population. Owing to horizontal linkages with the security agencies NDMA was able to reach out to the affectees and deliver rescue and relief services quite efficiently. The supply chain established by the Federal agencies for provision of relief goods in coordination with NDMA / PDMA Balochistan was a successful operation by all standards.

Positive Developments

Given the resources, the Federal Government was able to maintain a good reserve of emergency stocks of tents and other relief goods both at ERC and NDMA. The flow of relief goods to the field also remained swift and delivery was quite efficient. In terms of accountability and transparency, the NDMA has clear SOPs developed during the preceding year. There has been no finger pointing on Federal relief agencies in this regard.

The NDM Act and NDMP provide for taking a number of initiatives for strengthening the DRM institutions in the country, such as establishing NIDM, NDRF and disaster risk insurance

mechanism. NIDM has successfully moved to second year of its operations with the limited funding support from the World Food Program. The Government needs to put resources into this institution to come up as an apex DRM training center in the South Asian region. There is a dedicated and sizeable piece of land earmarked for this institute, which can attract lot of foreign investment through implementation of NDMP. The Japanese Government through their sincere support towards developing NDMP gave clear indications of financial support to undertake such humanitarian initiatives in the country.

National Institute of Disaster Management (NIDM) has started developing the database of Disaster Management related capacity building and training initiatives being carried out by public, private and humanitarian community, in Pakistan. The initiative is aimed at providing the stakeholders a common platform where they could share their contributions towards making the country resilient against disasters, through capacity building programmes.

NIDM is also in the process of establishing Disaster Information Resource Centre (DIRC), which is a hub of disaster-related information for use by public-sector departments and organizations, print and electronic media, students, development professionals, and academia. Apart from books, research papers, training material, and documentaries, the DIRC will also provide on-line information on disaster statistics, news, briefs and soft copies of important or requested materials.

Once established and subject to the availability of financial resources, the DRC is also mandated to start publishing a quarterly bilingual magazine on Disaster Risk Management for dissemination of disaster updates, lead articles, selected interviews and best practices (national or international) on Disaster Risk Management.

Major Weaknesses

While mandatory annual meeting of the NDMC has not been convened during the year, the decisions taken by the NDMC during their previous meeting held in February 2013 are however resting in cold storage for want of approval or reconsideration. The delay is crucial, as the NDMP sets forth guiding roadmap for the next years in terms of prioritization and resource mobilization to support the planned interventions. The plan, as and when approved, would attract the financial support by the Japanese Government, which has considerably invested in developing this plan. Likewise approval of DRR policy would set new direction of approaching disaster risks and redesigning our planning, supervision and financing parameters of mega investments in the country.

Major anomalies in the DRM structure and DRM system in Pakistan continue to hamper the institutional growth of DRM system in the country. Ever since the establishment of NDMA under NDM Act, the provisions of the Act are still not being implemented in letter and spirit. There was a likelihood that the new Government would live up to the expectations and put things in place with a view to improve governance in DRM. No move however has been made in this direction during this year as well.

The consolidated contingency plan – as the one prepared during 2012 – could not get published during the year. As a result, the urban flooding of Karachi and desert drought of Thar districts during the year could not get timely attention by the Federal entities.

The drought response in Thar desert this year fell short of expectations due to increased loss of human lives, which could have been saved if preparedness planning and early warning signs were taken a bit seriously by the management and leadership both.

Upfront allocation of resources is always a matter of great concern for the DRM players, as there is seemingly a lack of commitment from the political leaders to segregate adequate amount for disaster related activities upfront through creating a separate head of DRM in annual budget books. The practice focuses on reactive approach – releasing the amount needed for rescue and relief after the disaster strikes. There is hardly any understanding at political level for investing in mitigation or preparedness that should always be the preferred option for respectable nations to build resilience and confidence in society. During the meeting of NDMC on 23rd February 2013, it was decided to keep an allocation of Rs. 5 billion in the national budget for disaster preparedness and response during the forthcoming year; but the implementation till date remains in limbo. The Government was also not able to tap any significant international funding for DRM related initiatives during the year.

Based on what went on during the preceding few years of a series of disasters, the Federal Government has learnt a few lessons and enhanced its response capacity. The emphasis on DRR however needs some commitment at political level, as that involves resource mobilization and availability for pre-disaster investments. It is an agreed principle that a dollar spent in preparedness saves ten in disaster response.

Adding institutional capability of nuclear disaster safety capability, the concept of which was discussed with the JS HQ in 2012 and agreed upon; and presented before the NDMC in February 2013 and endorsed still needs to be translated into action. There seems a continuous silence on the subject.

Horizontal coordination with the Federal agencies like armed forces, PMD, FFC, and WAPDA etcetera continues to have positive trend, whereas vertical linkages with the Provincial level stakeholders need to be beefed up. While the NEOC (National Emergency Operations Centre) located at the Prime Minister's office was vigilant in updating the information at various emergency occasions, the interface with media remained rather limited, as compared to previous three years or so.

The targets if set by the Government did not come to light. Mitigation efforts lacked commitment of resources and policy directions. Preparedness was however focused on floods in flood prone districts with limited resources. Luckily, no major flood hit the country during the year. Contingency planning for drought preparedness and response remains a question mark.

Establishment of NDRF on the pattern of Punjab Emergency Services (Rescue 1122) still remains a daydream. Some basic equipment was procured by NDMA in the preceding year but the induction of requisite human resource has still not been realized.

Fixing the Jigsaw Puzzle

Systemic imbalances to manage major challenges continue to haunt the disaster managers. Duplicity of roles and overlapping responsibilities at various levels are major hurdles in this regard. NDMA – ERRA anomalies are continuously adding up confusions with every passing day.

ERRA Act has created an institutional anomaly between NDMA and ERRA wherein overlapping responsibilities have been mandated to both the institutions with regard to one specific disaster “Earthquake”. It may be re-called that ERRA was created as a time bound organization for reconstruction in the nine affected districts of 2005 earthquake thereafter it had to be dissolved/ subsumed into national level organization. Continuation of ERRA beyond its original mandate does not make sense as the Government can hardly afford a huge organization in the waiting for a disaster, which may or may not happen? In any case after the 18th Amendment, the acceptability of such organization by the provinces is highly circumspect. This anomaly needs to be corrected.

The traditional Civil Defence departments are becoming redundant worldwide and are being replaced by Disaster Management Authorities who look after the entire disaster spectrum. The National Disaster Management Authority (NDMA) is mandated to look after all kinds of natural and man-made disasters. While most PDMA's have taken over the subject as well as the assets at the Provincial level, the left over Federal Civil Defence assets and infrastructure are still with the Ministry of Interior, which needs to be passed on to NDMA. This would not only economize the use of resources but also remove the legal anomaly created after the Eighteenth Amendment.

In brief, the anomalies needing immediate attention include:

- Merger of ERRA into NDMA
- Merger of ERC of Cabinet Division into NDMA
- Merger of NHEPRN (National Health Emergency, Preparedness and Response Network) into NDMA
- Merger of Civil Defence into NDMA
- Merger of President's Relief Fund into NDMF (National Disaster Management Fund)
- Merger of Prime Minister's Relief Fund into NDMF
- Transfer of 6th Aviation Squadron from Cabinet Division to NDMA

While merging ERRA into NDMA, it would be prudent to look for somewhat practical command structure of DRM system so as to optimize the output of such crucial institutions. For optimum utilization of human and financial resources, following structure is proposed for the Government to consider:

- Chairman /Principal Accounting Officer of the Authority should be picked up from the market on open merit through competitive process on market salary, with five specialized wings, each headed by a Member cum Deputy Chairman of BPS-21 or equivalent:
 - i. DRR Wing (Looking after mitigation and preparedness prior to disasters)
 - ii. Operations Wing (Looking after rescue and relief operations during the disasters)
 - iii. R&R Wing (Looking after post-disaster Recovery, Reconstruction and Rehabilitation)

- efforts)
- iv. S&S Wing (Support and Services provisioning in terms of administrative, logistic and financial services)
 - v. NBC Wing (Looking after safety concerns with respect to Nuclear, Biological and Chemical outbreaks)
 - Each wing would have a number of sectors, depending upon mandate and scope; each headed by a Director General of BPS-20 or equivalent.
 - The pyramid would expand to include Directors, Deputy Directors and Assistant Directors as per need.
 - Resource mobilization and media support sectors would be crucial to have.
 - Disaster Risk Insurance, the concept of which was endorsed by the NDMC during their meeting in February 2013 should also be institutionalized, the Director general for which would have to be hired from open market through competitive process on market salary.

Federal Territories

Given the traditional resource constraint facing the Federal territories, i.e., ICT, AJK, GB and FATA, their performance has also shown considerable improvement during the year. Brief analysis of each is given hereunder:

ICT: Islamabad Capital Territory is an independent entity in terms of DRM. CDMA (Capital Disaster Management Authority) led by DC Islamabad, was notified in the preceding year and actually initiated DRM planning process this year. Coordination with NDMA, CDA, M/o Interior, Cabinet Division and line departments in the territorial jurisdiction of the capital has created good momentum about the upcoming role of CDMA in this regard. There is strong need to merge the 88-men US&R (Urban Search and Rescue) team of CDA with CDMA and also put the civil defence elements under the administrative and operational control of DG CDMA / DC Islamabad. Besides the emergency health care component of the CDA also needs to integrate with this upcoming DRM institution at the Federal capital.

There has been an active persuasion by NDMA to put together all elements related to disaster management in the capital territory under the umbrella of CDMA. There is however some coordination gap between CDA and ICT administration, both working under the administrative controls of Cabinet Division and M/o Interior respectively.

AJ&K: The SERRA (State Earthquake Reconstruction and Rehabilitation Authority) established during the aftermath of 2005 earthquake was soon transformed into SDMA (State Disaster Management Authority). Though resource mobilization remains the major impediment in the Government of the state, yet their performance viz-a-viz resource availability is generally considered good. The state Government has been able to restructure the DRM structures to suit the preparedness and response needs and have put in the relevant elements under the umbrella of SDMA, led by an officer of the level of Secretary to the Government. It is however noticed that the services of Rescue 1122, which were established during the preceding year, could not get mobilized despite the availability of trained human resource as well as supporting vehicles, hardware and technical support.

GB: In the Federal territory of Gilgit and Baltistan, the situation is not much different than in AJ&K in terms of resource constraints. The region being more prone to natural calamities and unfriendly climatic conditions poses great challenges in disaster response. The efforts done by the Government of GB are indicative of their commitment to move forward with constructive plans and build resilience with whatever meager resource available. GBDMA (Gilgit Baltistan Disaster Management Authority), despite being a new entity has been forthcoming in preparing disaster contingency plan during the year and has managed the implementation part well.

FATA: The FDMA (FATA Disaster Management Authority) is lucky to have inherited knowledge, attitude and practice regarding DRM themes from PaRRSA / PDMA Khyber Pakhtunkhwa over the years. The FDMA seems in continuous deployment, fighting the man-made disaster of terrorism and IDPs. The institution has gained a good deal of maturity both in planning and response. During the year, their performance has shown a positive trend in terms of good planning and delivering quality services.

Balochistan

Balochistan, province of Pakistan is by far the largest in size and the smallest in population. The province covers 34.7 million hectares, almost 44% of the country's land area, with a population of about 8 million people (12 persons per sq. km.). The province is located in South-Western (220N to 320N, 660E to 700 E) Pakistan. About 80% of the area can be classified as inter-mountainous. The remaining 20% consists of flood plains and coastal plains. The important mountain ranges are Sulaiman, Toba-Kakar, Central Brahui, Kirthar, Chagai, Raskoh and central Makran and Makran coast. The climate of Balochistan is continental semi- arid Mediterranean, with annual precipitation varying from 200 to 350 mm and a variable proportion of this total fall as moisture of snow and rain in the mid winter period or as intense showers in summer. The uniform aridity (nowhere exceeding 400 mm on average annually, but in many parts as low as 50 mm annually) makes un-irrigated agriculture impossible. The province is sparsely populated and least developed as compared to the other three provinces in the country. The Baloch form the majority in the south and east of the province, while the Pashtuns are the majority in the north. Quetta, the capital of the province, has a Pashtun majority with Baloch, Hazara, and Punjabi minorities. Near the Kalat region and other parts of the province there are significant numbers of Brahui speakers. Along the coast various Makrani Baloch are predominant. Persian-speaking Dehwars also live in the Kalat region and further west towards the border with Iran. In addition, 769,000 Afghan refugees can be found in the province including Pashtuns, Tajiks, and Hazaras. Many Sindhi farmers have also moved to the more arable lands in the east of the province⁹.

Disaster Context

Balochistan is beset with a long list of natural and human induced hazards that threaten to effect the lives and livelihoods of its citizens, natural hazards including floods, earthquakes, cyclones, Tsunami and drought to human induced disasters such as fires, civil unrest, terrorism, refugees, health epidemics and transport accidents. This has severe repercussions on Balochistan's sustainable development process. The increased demand for suitable human settlements, food, land and fuel wood following increasing population, has resulted in clearing of the natural

⁹ For details, please see: <http://www.pdma.gob.pk/?cat=23>

vegetation cover and consequently the depletion of native species of plants and animals has negative impacts in the long run if left unchecked. Ground water is getting depleted because of unsustainable use of tube wells.

Balochistan lies in an active seismic zone. The city of Quetta and its populace have suffered heavily from earthquakes in the past. Similarly, Balochistan has a 770 kms long coastline, which is expected to develop fast due to development of Gwadar port city and coastal highway. The towns along the Makran coast are expected to have immense increase in population in future. This will bring a new dimension of vulnerability to lives and property of people from tidal waves and tsunamis. The pollution of coastal waters by human activity may have profound impacts to people's livelihoods along the coast. Inappropriate development initiatives and lack of an integrated and holistic approach towards addressing development problems have made the environment a rather complex issue in Balochistan, thus complicating the disaster risks and vulnerabilities in the province.¹⁰

Legal / Institutional Efforts

Since the Balochistan parliament has already passed the bill on constituting "Provincial Disaster Management Authority" on the lines of "National Disaster Management Authority" with similar mandate and responsibilities, the Government continued efforts to develop related rules and regulations during the year. Institutional strengthening and capacity building of the human resource engaged at the Provincial level with DRM mandate has been an admirable step forward in the right direction.

Development of "Balochistan Disaster Management Plan" with the assistance of World Bank has been a good achievement of the Provincial Government. Besides, publications on "Monsoon Contingency Plan – 2014" and Damage Need Assessment of the Awaran earthquake have worked well in raising the satisfaction level of the stakeholders in preparedness and response respectively.

Overview

The Balochistan province has seen a great deal of improvement in the governance during the year, especially with respect to disaster preparedness and response. Thanks to the change in political leadership in the province coupled by access to additional financial resource through previous NFC Award, the Government seems quite vigilant and committed to cope with the challenges in a pro-active manner.

Disaster Response

Balochistan has shown significant improvement in learning from disasters. Their exposure to repeated floods in Southeastern districts and coast-related threats were adequately addressed by way of focused preparedness initiatives in terms of institutional strengthening of DDMA's and capacity building of DRM officials at the Provincial levels.

During the year, the province faced one major disaster at Awaran during September 2013, wherein 399 people were killed and 600 people were injured. Despite security concerns and

¹⁰ For details, please see: <http://www.pdma.gob.pk/?cat=25>

geographic hardships adversely impacting access to the area, the Provincial Government was successful in meeting the challenges and providing due rescue and relief services. PDMA was also able to link up with humanitarian partners and involve them for collective response efforts. The quality of service provisioning remained better than previous years. The contingency planning, resource availability and capacity enhancement of DRM human resource helped responding Awaran earthquake in an efficient manner.

PDMA Balochistan has generally been successful in enhancing the level of preparedness and response. Resource mobilization, capacity enhancement and expanding donor coordination remained significant.

Positive Developments

Political leadership in the province has shown great interest in resolving the issues related to disaster threats and vulnerabilities. The Provincial policy orientation indicates a paradigm shift in resource allocation pattern. Investing more in social sector (education and health) this year, the Government has also provided more than required resources for disaster related interventions.

In terms of resource allocation, the Provincial Government has been generous to provide additional funding for enhancing the capacity of PDMA and its allied institutions during the year. The province has also been able to tap good resources from international finance institutions towards institutional strengthening of DRM structures. The pro-active approach of having provided one billion rupees upfront has gave due leverage to PDMA management to upgrade their facilities and DRM governance systems for effective service delivery.

The targets set by the PDMA in the contingency plan were chased and met successfully. Setting up a major warehousing facility at Quetta, beefing up transport pool, developing a province specific disaster management plan and timely rolling out of contingency plans are among the few.

The Provincial Government has been quite forthcoming in resolving the anomalies in DRM structures much in advance. DG PDMA also acts as relief commissioner in the province and is designated as Secretary for Rehabilitation Department in the Provincial set-up.

Coordination of PDMA Balochistan with sister organizations working in this area remained satisfactory. Vertical linkages have seen good improvement than previous years, while on horizontal front, there is need for doing more, on account of the capacity limitations of the other Provincial line departments and private sector players in DRM sector.

Balochistan Government has made considerable investments during the year to enhance capacity of warehousing and maintaining logistic operations with added endurance. With the technical assistance from World Bank, the PDMA has been able to work out Provincial disaster management plan that provides for necessary guidelines towards supply chain management, transparency and accountability. Management team of PDMA is better trained and equipped now than in preceding years.

Provincial Government has also notified a full-time Project Director to manage the reconstruction and rehabilitation of Awaran – Kharan areas hit by fatal earthquakes. A budgetary provision of 2 billion rupees has also been placed at the disposal of Project Director to undertake appropriate activities in this regard.

Major Weaknesses

Though the DRM structure has somewhat streamlined in the province, what is still missing at this stage is the merger of Civil Defence Establishment into PDMA, which could then be converted into disaster response force. The province is also struggling to initiate an emergency ambulance service on the pattern of Rescue 1122 but has not yet succeeded.

Contingency planning for disasters remains an area where the province needs to invest more time, energy and resources. Although physical distances are a big challenge in the province, yet a systematic flow of information sharing and dissemination is crucial for the success of any DRM plan.

PDMA also needs to focus more on capacity enhancement of DDMA's in terms of resource mapping, contingency planning, resource mobilization and coordination.

Fixing the Jigsaw Puzzle

The work on raising disaster response force still remains at snail's pace. There has been an initiative though, on establishing an emergency ambulance service, namely Rescue 1122 at Quetta metropolitan, yet the dream still remains to be realized. The province needs to invest in expanding the human resource based and equip them with necessary skills to be operational as an effective strike force to meet any disaster challenge. Good thing is that the process of hiring the staff has started. The Government needs to take up the challenge of merit based selection and adequate training of these professionals at the earliest.

PDMA Balochistan is seen as vibrant organization during the emergencies, especially in reaching out to the communities and providing necessary services. What remains to be done at a large scale is the planning and implementation of 'School Safety' programs for educational institutions and Community-Based DRM initiatives in the province.

There is a dire need of initiating disaster risk insurance in the province that has the potential of taking the entire burden of relief and recovery spending off the shoulders of Provincial exchequer; and generating private sector employment opportunities in the insurance industry.

Khyber Pakhtunkhwa

The Khyber Pakhtunkhwa is largely located on the Iranian plateau and Eurasian land plate, while peripheral eastern regions are located near the Indian subcontinent and this has led to seismic activity in the past. It covers an area of 74,521 km². According to the 1998 census, the total population of Khyber Pakhtunkhwa was approximately 17 million out of whom 52% are males

and 48% females. The density of population is 187 per km² and the intercensal change of population is of about 30%.

Geographically the province could be divided into two zones: the northern one extending from the ranges of the Hindu Kush to the borders of Peshawar basin; and the southern one extending from Peshawar to the Derajat basin. The northern zone is cold and snowy in winters with heavy rainfall and pleasant summers with the exception of Peshawar basin, which is hot in summer and cold in winter. It has moderate rainfall. The southern zone is arid with hot summers and relatively cold winters and scanty rainfall. Its climate varies from very cold (Chitral in the north) to very hot in places like D.I. Khan. The major rivers that cross the province are Kabul River, Swat River, Chitral River, Panjgora River, Bara River, Karam River, Gomal River and Zob River.

Its snow-capped peaks and lush green valleys of unusual beauty attract tourists from far and wide while its art and architecture no less known than the historic Khyber Pass. Once the cradle of Gandhara civilization, the area is now known for its devout Muslims who zealously guard their religion and culture and the way of life that they have been following for centuries. The region varies in topography from dry rocky areas in the south to forests and green plains in the north. The climate can be extreme with intensely hot summers to freezing cold winters. Despite these extremes in weather, agriculture remains important and viable in the area¹¹.

Disaster Context

The climate of Khyber Pakhtunkhwa varies immensely for a region of its size, most of the many climate types found in Pakistan. The north, comprising Chitral District, has a typically continental steppe climate, with average annual precipitation ranging from 100mm per year in the far north to 23 inches in Drosh in the south. Most of this precipitation from frontal cloud bands during the winter has heavy thunderstorms in the spring. Chitral's average 16.5 inches of rainfall per year, 350 mm falls from December to May. At high elevations in the Hindukush, snowfall can be much heavier than this and consequently large glaciers are a prominent feature of the landscape. Snow also cuts off even Chitral town from the outside world for most of the year. Temperatures in the valleys vary from 30 °C (86 °F) in July to as low as 0 °C (32 °F) in January.

In south, in the districts of Dir, Swat and Hazara Division, the climate becomes more typical of the Indian subcontinent, although a considerable proportion of the annual precipitation still comes from frontal cloud bands during the winter months. The combination of a short but powerful summer monsoon with frequent winter cloud bands gives a bimodal rainfall regime in central parts of Khyber Pakhtunkhwa.

Dir and Hazara districts are some of the wettest places in Pakistan: annual rainfall at Dir averages 58 inches, of which 400 mm falls during the summer monsoon from July to September and twice that amount during the winter rainy season from December to April. At Abbottabad further east, the annual rainfall averages about 47 inches, but as much as 25 inches falls during the south-west monsoon. In Swat, rather more sheltered, the annual rainfall averages around 33

¹¹ <http://www.khyberpakhtunkhwa.gov.pk/aboutus/Geography.php>

inches, with about 17 inches expected between June and September. In all areas October and November are the driest months with rainfalls generally under 30 mm per month except in the most exposed areas. Temperatures in this region are somewhat warmer than in Chitral, and even at 1,200 metres (3,900 ft) in Abbottabad the heat and humidity can be oppressive during the monsoon season. In winter, most of Swat receives significant snowfall, but in Hazara temperatures usually are around 41 °F.

This region, south of the Himalaya/Hindukush foothills, has the typically hot and dry climate of much of Pakistan. Temperatures in summer are quite oppressively hot, and in the south around Mardan temperatures of 45 °C (113 °F) are not uncommon, whilst in Peshawar 40 °C (104 °F) is par for the course in summer. In winter, however, this region is both warmer and generally drier than the rest of Khyber Pakhtunkhwa, with temperatures being around 17 °C (62 °F) in Peshawar and over 20 °C (68 °F) in the extreme south of the province. Nights, however, can still be quite cold during the winter.

Southern Khyber Pakhtunkhwa experiences little (and very erratic) monsoonal rain, with Peshawar and Dera Ismail Khan both averaging around 4.5 inches of rain in July and August and almost nothing in June or September. Moreover, in many years no summer rain of significance occurs. In winter, rainfall usually peaks in March but Peshawar averages less than 10 inches between December and May and Dera Ismail Khan less than 4.5 inches. On certain mountain slopes such as around Kohat, winter rainfall may predominate, though this is unpredictable.

Legal / Institutional Efforts

The Government of Khyber Pakhtunkhwa established a Provincial Disaster Management Commission (PDMC) as well as a Provincial Disaster Management Authority (PDMA) on 27 October 2008 to promote disaster preparedness and management. The establishment of PMDC and PDMA is based on the National Disaster Management Ordinance (NDMO) of 23rd December 2006, which forms the legal basis for the implementation of the National Disaster Management Framework (NDMF) provided by the National Disaster Management Authority (NDMA). Previously the Provincial Relief Commissionerate had been responsible for the relief, compensation and rehabilitation of people affected by natural disasters. With the establishment of PDMA, the functions of the Relief Commissionerate have been incorporated into the new Organization.

Overview

Having faced a number of major disasters since 2005 fatal earthquake, the Government of KP is fully cognizant of its responsibilities and tries living up to expectations. The PDMA remains enthusiastic to meet any such challenge. Due to repeated disaster shocks during the past 9 years or so, the Provincial leadership, irrespective of political affiliation, is concerned with the hazards and vulnerabilities that the province is exposed to. They are generally pro-active and are quick to respond.

Disaster Response

The province did not see a major disaster during the year. Seasonal flash flooding in Charsadda – Mardan – Nowshera region took a few precious lives during monsoons and some scattered events of local emergencies occurred in Swat, Kalam and Chitral areas. All these emergencies were timely and effectively responded to and managed well.

PDMA at Peshawar is known for planning well and executing well. PDMA remained quite successful in delivering the mandate during the year. The targets are adequately set in the contingency plans and resources matched through budgetary measures. Hence, the achievement of targets becomes much easier. Matching the resources with the worst-case scenario is always the key to success, which has been recognized by the Provincial leadership.

Given the experience of the province in project-mode working for relatively longer time, the service delivery in this regard is quite efficient. The quality of disaster response, therefore, remains very timely and effective.

Positive Developments

KP was the first province to resolve the anomalies on DRM structures. Initially established as PaRRSA (Provincial Reconstruction, Rehabilitation and Settlement Authority), the authority soon transformed into PDMA, inheriting the performing baggage of PaRRSA. The Government has been pro-active in putting most of the policy and operations related functions of DRM under a single command of DG PDMA, who happens to enjoy the status of Secretary / Head of Department in the Provincial Government. Incidentally, it is PDMA that controls the entire relief portfolio in KP along with all other stages of disaster spectrum.

Contingency planning is one of the strong areas of KP. The social fabric has a traditional consultative culture in the province that feeds into thorough brainstorming and consensus building. The Government has built upon this tradition and has been able to perceive the upcoming threats and put in place necessary corrective measures upfront. The Government developed a comprehensive contingency plan during the year that was successfully applied during emergencies. This year, since the natural disasters had a soft corner for the province, the DRM players remained engaged in serving the IDPs (Internally Displaced Persons) for their camp management, taking care of their registration, shelter, food, medicines and livelihood.

KP is by and large the most forthcoming province when it comes to anticipatory allocation for disaster preparedness. Against the NDMC recommendations of allocating Rs. 3 billion for DRM during the year, the province came up with a financial outlay of Rs. 7 billion in their annual budget to support disaster mitigation, preparedness and response initiatives. Practically, the province did not face any resource challenge during the year and has also been forthcoming in providing relief support to the underfed population of Thar Desert in Sindh.

Having been used to facing disasters of a large variety, the province has learnt good lessons are incorporating these lessons in their future plans and actions. Establishment of disaster response force on the pattern of Punjab Emergency Service / Rescue 1122 is a major step forward in this

direction. Development of district based contingency plans and response plans add confidence to the communities. Data mapping, land use planning, early recovery and rehabilitation of communities have added much resilience in true sense. Investing in mitigation and preparedness by the province has no parallel in the country.

Coordination and institutional linkages with other players in DRM have been more than satisfactory. Vertical linkages with national and district-based institutions have improved over the year. Horizontal linkages with FDMA (Fata Disaster Management Authority), line departments of the Provincial Government, development partners from UN and non-Government sector have also improved considerably. This is evident from the fact that the province enjoys great support of development partners in terms of investing in disaster preparedness, recovery, reconstruction and rehabilitation.

Management of the on-going human-induced disaster related to IDPs and timely responses to natural calamities by the province have added the capacity and capability of PDMA to meet the challenge of high standards in procurements, supply chain and transparency. The province has been able to set-up warehouses at appropriate locations and has built up the stockpiles for meeting any emergency.

While formulating Provincial level Disaster Risk Management Plans, PDMA KP is also alive to streamline resources, timeframe and dedicated partners to implement these plans in the province. In acknowledging these present needs, the PDMA Khyber Pakhtunkhwa is considering comprehensive frameworks which identify and coordinate multi stakeholders in next five years through a holistic approach of building a “disaster resilient Pakhtunkhwa”. The key objectives of the proposed road map are:

- To identify the DRM gaps and required plan of action.
- To identify resources, timeframe and mutually beneficial partnerships required for the implementation of the DRM programs.
- To provide a suitable environment for integrating DRM into development plans and programs from Provincial up to grass root levels.

The road map is broadly focused on below seven thematic components, which are consistent with the National Disaster Management Plan 2012-2022 and United Nation’s Hyogo Framework of action 2005-2015. The thematic components are;

- Legislation, Policy, Institutional Mandates & Institutional Development;
- Hazard, Vulnerability and Risk Assessments;
- Public Awareness, Education and Training;
- Community Based Disaster Risk Management (CBDRM);
- Mainstreaming Disaster Risk Reduction into Development Planning;
- Early Warning System;
- Preparedness and Response Planning.

These components have been developed and agreed through in-house consultation process of PDMA and with the relevant Government stakeholders for the identification of gaps, priorities and strategies for implementation. Detail activities, potential partners and indicative budget have been included as an integral part of the plan.

Major Weaknesses

While PDMA in Khyber Pakhtunkhwa has been up and alert to the need of the day, there is still need for greater improvement in mainstreaming gender into disaster risk management by way of improving the role of “Gender and Child Cell” of PDMA in an effective manner.

Though the Government has played an active role on DRM during the year, yet there is a need to institutionalize DRM policies and practices. There is a likelihood that the DRM best practices may get lost, if not documented, endorsed, legislated upon and institutionalized. Institutionalization is the need of the day.

While DDMUs (District Disaster management Units) at district level have picked up quite well, there is need to extend the community based trainings on disaster risk management and engaging volunteers / civil society organizations to share the planning and implementation in the field.

An effective database of the disaster affectees and response players is the need of the day. An interactive web-portal at Provincial level would add great value to access Government plans and disseminate information to the stakeholders and communities in need.

Fixing the Jigsaw Puzzle

During the emergencies, the Governmental efforts are generally obvious and visible in reaching out the communities and providing necessary services. What remains to be done at a large scale is the planning and implementation of ‘School Safety’ programs for educational institutions and Community-Based DRM initiatives in the province. Donors mapping and resource mobilization for these initiatives remained quite adequate during the year.

There is a dire need of initiating disaster risk insurance in the province that has the potential of taking the entire burden of relief and recovery spending off the shoulders of Provincial exchequer; and generating private sector employment opportunities in the insurance industry.

Punjab

The land of 5-rivers, population-wise the largest, and once known as the granary of east, Punjab is the lifeline of Pakistan. The province is predominantly on plain level, however, there are some hilly areas in the North-West and extreme South-West. There is also a plateau adjacent to the mountains known as the Potohar plateau and a desert belt in the South Eastern part known as Cholistan.

Punjab is the most populous province of Pakistan. According to the 1998 census, the population of the province is 72,585,000. The population density is 353 persons per square kilometer as compared to the national figure of 164. All the major rivers of the country namely Indus, Jhelum, Chanab, Ravi, & Sutlaj flow through this province. They originate from the Himalayas and pass from North-West to South-West. They are primeval in nature and the volume of water increases in the summer after the monsoon rains, resulting sometimes in floods.

Disaster Context

The total area of Punjab Province is 51 million acres of which 7.7 million acres fall in the active flood zone; inhibiting some 14.5 million people. It has a tremendous water source in the shape of Indus River System, which drains bulk of its fertile land. All the rivers and their tributaries originate from HKH region. The heavy rains in monsoon and snowmelt in the summers bring uninterrupted flow of water, which finds little resistance from scanty 4% vegetation in the shape of forests. Although the province has the longest, contiguous irrigation system in the world with a vast network of barrages, small dams, rivers and canals, the water management system has gradually deteriorated through the operations of head-works. The Barani / rainfed areas of the province however depend on the sustainable use of this water for their livelihood.

The floods in the Punjab are a normal feature of its rivers. The floods in Ravi, Sutlej and Jhelum are caused mainly by heavy rainfall in the upper catchment areas during the monsoon season from July to September, when tropical storms come from the Bay of Bengal and occasionally from the Arabian Sea. The floods in Chenab and Indus however, originate from a combination of heavy rainfall and snowmelt. The mountainous catchments area with steep denuded slopes and limited valley storage helps rapid build up of flood peaks aggravated further by the layout of plains. The rivers in Punjab have become shallow due to lengthening of their channels through meandering course and continuous silting. The large withdrawals of water for the canal irrigation system and flow constrictions caused by the river draining and regulation structures have also deteriorated the riverbeds thus reducing their flood carrying capacity. Where the rivers flow on ridges higher than the adjoining land even moderate floods spill over the banks. Human encroachment of the flood plains has also increased the flood hazards. Hence the two important causes of floods in Punjab can be attributed to the decrease in the flood flow carrying capacity of the rivers and human encroachment of the natural area of the flood plains¹².

Heavy rainfalls by themselves can cause serious flooding by hill torrents in some areas. 11 major hill torrent areas have been identified including Sialkot, Narowal, D.G. Khan and Rajanpur districts. D.G. Khan torrents have maximum damage and development potential¹³. Catchment area of the hill torrents spreads over 9,400 Sq. miles. The area between the foothills of the Suleman Range and the right bank of Indus River from Ramak to Taunsa Barrage and area enclosed between the right bank of D.G.Khan Canal system and foothills upto Kashmore is locally known as "Pachad Area".

The hill torrents cause intense flash floods of short duration. Due to steep gradient the water flows with high velocity causing heavy erosion. Flood management by dams or detention reservoirs is precluded by the high silt contents, which are offloaded on the flatter areas because of reduced velocity. This leads to unpredictable and erratic torrents and the flow paths requiring innovative and economic flood disaster management. Low flows of the hill torrents are usefully employed by the farmers in sub-mountainous and Pachad Area by construction of small earthen bunds. High flows of the hill torrents breach earthen division bunds and move towards D.G. Khan Canal System, which has 20 hill torrent crossings with an aggregate capacity of 103,600

¹² Flood Disaster Management by Relief Department: A paper compiled by Mian Zulqarnain Aamir, Director General (Relief), Government of Punjab - 2002

¹³ Ibid

cusecs. Problems are aggravated when the total flows of torrents exceed the capacity of the cross-drainage works. The accumulated water along the right bank of the canal frequently causes serious breaches in the canal and devastates the canal command area¹⁴.

Breaches into big canals cause the most innocuous of all the floods. They have limited impact, which can be dealt with quickly by closing the canals from their Headworks. However the most serious and devastating floods are the flash floods resulting from an unanticipated breach or from a collapse of a flood protection embankment. When filled with water, it would engulf vast areas outside the natural flood plains with a sudden rise and speed precluding any warning and evacuation measures. During 1973 floods, devastation was caused by breaches on left Marginal Bunds of Khanki and Punjnad and the right Marginal Bund of Trimmu¹⁵.

Legal / Institutional Efforts

During the year, the Punjab Government remained pro-active in disaster preparedness, especially in terms of disaster planning and training of human resource. The political leadership remained committed on DRM need and priorities, especially with respect to mitigation and preparedness. In terms of lessons learnt, the Provincial Government, having been hit heavily during the high floods of 2010 and 2012, seems to have rolled up the sleeves and exhibited a great deal of pro-active approach in meeting such challenges. Overall governance culture of the province added much needed value to the field implementation and delivery of service.

Computerization of land records, strengthening of PES / Rescue 1122 and focus on consultative contingency planning, mock drills and investment in warehousing of relief stocks at key locations are significant measures in the desired direction. Strengthening District Disaster Management Authorities (DDMA) and integrating the response force of PES with the DDMA has been a major step forward towards improving governance in DRM sector.

Disaster Response

During the monsoon season-2013, the rain induced riverine and flash floods affected various parts of the country that included Central Punjab and Rajanpur district of South Punjab. The river Chenab and its channels caused flooding and losses in Sialkot, Narowal, Sheikhupura and Jhang districts while the river Sutlej affected parts of Kasur and Okara. Torrential rains caused havoc in Rajanpur district through hill torrents in low-lying areas.

The floods had affected almost a million people and killed over 130 people during the month of September 2013. Nearly 200 villages in Chiniot and Sialkot districts were submerged as close to 600,000 cusecs of water flowed into the River Chenab during August 2013. Ninety villages were swamped in Sialkot. They were literally cut off from the city as the area was inundated due to a breach near the Bajwat bridge and the doubling of the water level in Aek Nala.

Response to these disasters by PDMA Punjab has been exemplary by all standards. The Punjab Emergency Services (Rescue 1122) were available all over the areas facing threat. The

¹⁴ Ibid

¹⁵ Ibid

contingency planning had been quite accurate and stockpiles made available in the field. The supplies and evacuation plans were well chalked out and sincerely implemented. Political ownership of disaster response at the top level makes all the difference. The entire machinery of the Provincial Government got mobilized to provide quality services to the affected population. Food and medicines were immediately provided to the most population segments; while shelter provisioning remained rather limited.

PDMA Punjab quickly moved in for MIRA (Multi-sector Initial Rapid Assessment) and dished out relief goods and services in an organized manner, with proper documentation and record. All communities relocating due to floods in the region have safely moved back to their original dwellings where the recovery efforts have seen a positive come back.

Though no major disaster challenge was faced by Punjab during the year, however, the Government response to emergencies like flash floods in Bhakkar, Mianwali, Sialkot, Narowal and Rajanpur remained prompt and efficient.

Positive Developments

PDMA Punjab has invested a great deal of efforts in building the capacity of their human resource not only in the Provincial capital but also in almost all the districts. Institutional strengthening of Provincial Disaster Management Authority (PDMA) at Lahore both in terms of human as well as material resource is a significant outcome of such political ownership of the process.

Punjab Emergency Services have formed an integral part of PDMA; thereby providing most efficient response mechanism in the province. The standard and quality of rescue support services provided by these troops are comparably much higher in the South Asian perspective. The force is very well trained as per international standards and is adequately equipped to cope with a variety of challenges of emergencies.

PDMA Punjab remained greatly involved in horizontal linkages during the year, coordinating very well with the Provincial level stakeholders both in public and private sector, under the guidance of Provincial leadership. While the vertical linkage with NDMA remained a challenge, the linkages with subordinate organizations of DDMA remained greatly appreciable. The Government was also forthcoming in updating the communities on dissemination of early warnings and other related information. Media interface of the Provincial DRM actors remained satisfactory during the year.

PDMA Punjab has been pro-active in stockpiling adequate relief supplies and disbursing the same with least possible delay when it came to emergency provisioning. PDMA Punjab generally enjoys good reputation of transparency on account of procurement of emergency related goods and services. Effective and abrupt accountability by the political leadership leaves less chance for malpractice and foul play.

PDMA has wisely focused on “building back better and stronger” during the year, by standardizing the structures and designs of model villages and enforcing these standards in letter

and spirit. This has given new trend of living to the rural communities with reasonable community services provided en-block in a single neighborhood.

Punjab Government has also taken a significant step towards digitizing / computerizing land records. This is going to be a major step forward in land use planning on scientific lines and safeguarding the right of way along water bodies like rivers and canals. This initiative would also help judicious resource allocation and utilization in future.

The Government also performed considerably well in combatting industrial accidents, transport accidents and forest fires by effective deployment and use of PES / Rescue 1122. Punjab Emergency Service has changed the face of emergencies and holds these from turning into disasters. This seems to be the single largest achievement of the Provincial Government in adding resilience among communities.

PDMA Punjab has also been pro-active in supporting relief operations in other provinces / federating units. Significant relief supplies were provided to the drought affectees in Tharparkar (Sindh) and earthquake affectees of Awaran (Balochistan) during the year.

Major Weaknesses

In terms of addressing the anomalies related to DRM structures, there has been a quite. During the preceding few years, the Government had taken a bold step of aligning the Punjab Emergency Service (PES) / Rescue 1122 with the PDMA, making it as a part of the later, to be a specialized agency on disaster response. The performance of PES has improved tremendously during the year owing to the dynamic leadership of the force supported by effective patronage of the political leadership. It has supposedly become the most effective and efficient response force in South Asia. However, the Relief Commissionerate of the Provincial Board of Revenue and Directorate of Civil Defence are still working independent of PDMA, thereby causing coordination challenges and procedural delays.

Although response to disaster is prompt in Punjab yet budgetary allocation of resources in annual budget books is still pending on the agenda. Although no upfront allocation of resources was made during the annual budget of 2013-14 for the PDMF, yet the amount was made available to respective line departments and well spent by way of mainstreaming flood mitigation activities in the development strategy of the province. PDMA enjoyed adequate flexibility in building the capacity of its human resource and adding resilience related initiatives in its annual scheme of things.

Although the Punjab Government has played an active role on DRM during the year, yet there remains room for improvement in streamlining the DRM structures and institutionalizing DRM policies and practices. There is a likelihood that the DRM best practices may take a downward trend, if the policies leading to success factors are not documented, endorsed, legislated upon and institutionalized. There is a general tendency of planning on ad-hoc basis, following the wave of political activism and executing the command all the way through to deliver the mandate assigned on case-to-case basis. Institutionalization is the need of the day.

Mandatory meetings of the PDMC (Provincial Disaster Management Commission) need to be regularized, as the commission has not held any meeting during the year.

While DDMA's at district level have picked up quite well, there is need to extend the community based trainings on disaster risk management and engaging volunteers / civil society organizations to share the planning and implementation in the field.

An effective database of the disaster affectees and response players is the need of the day. An interactive web-portal at Provincial level would add great value to access Government plans and disseminate information to the stakeholders and communities in need.

Frequent transfers of PDMA management, however, still remained a matter of concern during the year.

Fixing the Jigsaw Puzzle

There is a dire need to streamline the DRM structure in the province through regular meetings of the PDMC and effective follow up for documentation and replication of best practices. Such best practices in disaster risk management are getting un-noticed, which need to be taken cognizance of and disseminated through wide publication and video streaming initiatives.

Government of Punjab should consider providing budgetary allocation for the Provincial Disaster Management Fund (PDMF). Such amount is supposed to be placed in at the disposal of PDMA for undertaking disaster mitigation and preparedness activities on one hand and building up emergency stock and providing timely relief and recovery on the other. Given the upfront allocation of resources through annual budget, the PDMA has great potential to perform much better in terms of preparedness and could also work on long-term disaster mitigation plan.

During the emergencies, the Governmental efforts are generally obvious and visible in reaching out the communities and providing necessary services. What remains to be done at a large scale is the planning and implementation of 'School Safety' programs for educational institutions and Community-Based DRM initiatives in the province.

There is a dire need of initiating disaster risk insurance in the province that has the potential of taking the entire burden of relief and recovery spending off the shoulders of Provincial exchequer; and generating private sector employment opportunities in the insurance industry.

Sindh

The province of Sindh has historically suffered from both natural and manmade disasters. The high level of risk is mainly from floods, heavy rains, cyclones in coastal area, sea intrusion, droughts, earthquakes, epidemics etc.

Sindh geographically can be divided into four zones namely eastern desert, western hilly / mountainous area, coastal area in the south and irrigated agriculture area in the middle. Its 60% area is arid receiving rainfall on average of 5 inches during monsoon and very little in December

& January. The arid area people depend upon the scanty rainfall raising livestock and millet crops. The failure of rainfall and global climatic effects reduce the water supplies in Indus River System (IRS). Sindh being at the fag end of the system usually takes the brink. Besides, two-third of ground water is brackish and water logging and salinity affect 80% agricultural land¹⁶.

Disaster Context

The topography of Sindh Province is almost flat and located at the bottom of Indus basin. The surplus water of Indus River and its tributaries including monsoon has to pass through Sindh. Hill torrents, which emanate from Balochistan, are also adding up to the pressure on both accounts, till its outfall in the Arabian Sea. The River Indus in Sindh is dangerous, because it flows at ridge. In case of breach the out flowing water cannot be drained back into the river at any point. The Indus River is also popular for changing its course.

The coastal districts have also been adversely affected by heavy rainfall and cyclones. The districts of Thatta and Badin have been badly affected on several occasions. Cyclones not only wiped out the human settlements and resulted in the huge losses of human and animal lives, but they also destroyed and damaged fishing boats, therefore badly affected the livelihood of the majority of residents of these two districts. Apart from drought and cyclone the coastal of Sindh is also badly affected by sea intrusion. Thatta and Badin districts are among such areas. Between 2000 and 2002, the outflow of water downstream Kotri Barrage declined which resulted in massive sea intrusion in coastal areas of Thatta and Badin¹⁷.

The deteriorating drainage and increased density of human waste and other pollution in the Indus River has negative impacts on the human and livestock populations, as well as, on agriculture, fishing, land, water and forest. Soil degradation has threatened a range of livelihoods; lower water levels have also resulted in diminished sizes of buffalo herds, which need shallow water as part of their habitat. This has caused heavy reduction in milk production and hardship for families dependent upon buffalo milk as their source of income. The coastal areas are already arid and have brackish ground water. These problems were compounded in May 1999 when a cyclone struck the coast. An earthquake followed this in January 2001. Consequently as a result in the coastal belt of Thatta and Badin districts, poverty has increased significantly. To add further to the problems of the people the intrusion of Sea water has rendered farmland non-productive and affected coastal mangrove forests. These mangrove forests are a breeding zone for fish, shrimps, lobsters, and crab, which provide employment and livelihood to thousands of people¹⁸.

Legal / Institutional Efforts

During the year, no significant effort seems to have been made in terms of institutional strengthening of the DRM structure. The PDMA and DDMA's in Sindh continue to face shortage of human, financial and material resources to cope up with the challenge.

¹⁶ For more information, please see: <http://pdma.gos.pk/new/aboutus/history.php>

¹⁷ Ibid

¹⁸ Ibid

Overview

The political leadership in the province seems to be shying away from the responsibility of disaster risk management. Multiple splits of the DRM mandate among cabinet members, frequent transfer of PDMA top management for more than a dozen times during the past 4 years or so and lose control over administrative machinery bear testimony to the fact. The performance of the Government with respect to disaster response during the past year has just been the continuation of their previous years output, if any, in terms of disaster mitigation, preparedness and response.

Disaster Response

Quality of disaster response in Sindh during the year remained rather inadequate. Even the traditional knowledge about Thar Desert could have added good value in contingency planning, if that was taken seriously. The absence of proper response plan delayed the whole process of resource mobilization and establishing a timely supply chain between the warehouses / food godowns and the communities needing food. Loss of human lives due to food insecurity and lack of nutrition is never considered as an acceptable proposition for a resource-rich province.

Thar Desert in Sindh is known for its droughts and famines. Humans, livestock (mostly sheep and camels) and the wildlife (mostly peacocks and pheasants) – all face challenges of natural calamity every now and then. In the recent past the desert witnessed much severer droughts but those droughts had not affected human population as much as this year's drought did.

The disaster this year there was triggered due to acute shortage of fodder for animals, which is a major source of food and livelihood for the Thari people. People living in this desert do not have much choice in food. They largely take milk and its by-products such as yogurt and butter in meal and sell their animals for generating cash. With around 5 million of livestock, Thar meets more than 70 per cent meat, milk and leather requirement of the province — Karachi included.

This year, when initially the sheep population fell victim to sheep pox due to lack of grass and fodder, the animals died in huge number. The situation became alarming.

Initially, a meteorological drought; it soon turned into socio-economic drought causing a famine-like situation. It is not the-first-of-its-kind-drought in Thar's history. The issue this year primarily points at governance issues in the field with respect to provisioning of livelihood, food supply, medical facilities and animal fodder, keeping in view the weather forecast. District contingency plan is supposed to be a crucial document needed for such disaster prone areas. Such document inks the worst case scenario and comes up with demand of financial, technical, material and human resources needed to cope with the challenge.

PDMA Sindh is supposed to facilitate such planning in the field and help raise resources required for any adversary. The district contingency plan, if prepared, was either not done realistically or shelved in routine expecting the nature to favour. Early warning system also forming part of the contingency plan also seems to have been ignored at district as well as Provincial levels, as no

alarm was raised by any state authority when there was no rain until mid of August. When there was no rain till August 15, the area should have been declared 'calamity-hit' and the Government should have started relief work.

Positive Developments

Thanks to the use of innovative technologies, the Government of Sindh has streamlined the telecommunication network in a big way, linking PEOC (Provincial Emergency Operation Centre) with the offices of Chief Minister, Chief Secretary, all Commissioners and all Deputy Commissioners in the province, with video-conferencing facility. This has been an effective tool of communicating during the disaster.

After a long time, there has been a Director General of PDMA who has completed uninterrupted one year in the saddle. Hope things would shape up better in the wake of focused attention and concentration on DRM.

Major Weaknesses

Sindh is a province facing major hazards and risk vulnerabilities in the country. The province is exposed to riverine floods, monsoon floods, urban flash floods, sea cyclones, soil erosion, oil spills, avalanches and droughts etc. The city of Karachi is also vulnerable to earthquakes, being located on the fault line.

Generally speaking, the performance of the Provincial Government with respect to governance concerns remains unchanged since the turn of parliamentary tenure during mid-2013. The leadership and the governance priorities somehow remain the same.

The Provincial DRM structure remains full of anomalies, the redressal of which seems to be a far-fetched idea. PDMA having been established through an act of parliament is handicapped for want of even initial resources to perform the duties assigned to it. The Minister in charge of PDMA has no control over the resources set forth for the relief purpose. This financial resource is controlled by Minister / Advisor on Relief and Relief Commissioner, who tend to reach out the disaster hit communities independently and seem like competing with PDMA in terms of resource mobilization and service delivery. The Civil Defence troops are under the administrative control of Home Department and are never available either for training or deployment during the time of need.

The importance of contingency planning for the preparedness has never been under-estimated by the key stakeholders. Efforts have been made by the Federal Government and UN partners to engage PDMA, DDMA's and field communities to build capacity at appropriate levels for contingency planning and rolling out the response plans when exposed to emergencies and disasters.

Though the 'Contingency Plan' document was developed at the Provincial level, but lacked the input and ownership from the districts. Reportedly, the document was not made public for dissemination of information. The district Governments also remained unaware of this useful

piece of information. Thus, when the Thar drought surfaced, the DRM players started blame game to absolve themselves of the responsibility.

Target setting exercise in DRM is general initiated at the level of DDMA's and consolidated by the PDMA at Provincial capital. The urban flooding of Karachi and fatal drought of Thar has exposed the absence of any such initiative. Hence, not much could be done in response.

Resource allocation for DRM has generally been a low priority in Sindh. The Government does manage to put together some amount, but that comes too late and too little, and that too after a lot of hassle. The re-active approach not only slows down the disaster response but also discourages preparedness planning. Coordination and supplementing efforts among PDMA, Relief Commissioner and Finance Department generally remains a big challenge.

Due to frequent replacement of DRM top team and lack of effective commitment, the institutionalization has not taken roots. Unfortunately, the limited commitment and job insecurity syndrome lead to poor planning and implementation in the field. The negligence in forecasting and managing drought in Thar Desert this year has been an eye-opener for those responsible.

The procurement, supply chain management, transparency and accountability are taken as high-sounding propositions in Sindh province. Efforts are made to overcome systemic inefficiencies, despite ad-hoc directions. It would take a while for the Sindh Government to attain a satisfactory level in this regard.

Fixing the Jigsaw Puzzle

Sindh Government, being host to so many disasters – one after the other - is learning rather slowly from the experiences faced over the years. During the past one year, no significant move at the policy level has been reported that would mellow down this impression. Sindh Government is sincerely advised to learn also from the experiences of other provinces, which are playing pro-active role in overcoming their inefficiencies and investing in resilience. Establishment of disaster response force on the pattern of Rescue 1122 – the most efficient homegrown model of disaster response – is just one example.

There is lot of room for improvement in terms of coordination and linkages in DRM system in Sindh. Both vertical and horizontal linkages with other relevant organizations / institutions are weak and need serious reconsideration. Ad-hoc decisions are somehow being symbolized as the preferred alternatives to informed decisions. There is need to institutionalize formal meetings of PDMC on regular basis so as to ascertain the realistic disaster needs and monitoring the performance during and after the disaster in a structured manner.

The state-owned pasture lands in the desert, locally known as Gauchar, with a lot of trees and bushes were generally used as livestock grazing areas during droughts. These pastures have gradually disappeared in recent years because of massive tree cutting. This has also contributed to the situation, affecting the rain pattern in the area. There is an immediate need to restore such plantation to conserve ecological balance in the region and rejuvenate oxygen factories in the shape of bushes and trees.

Keeping in view the frequent repetition of famine like situations, mostly leading to loss of animal life, there is strong need for establishing a “Fodder Bank” in the desert managed by Provincial livestock department on a permanent basis, which could help the herdsmen in any drought- like situation, so that animals get fodder on time. In most of cases, the loss of animal life results in malnutrition, weakening the defense mechanism in human body, which, when exposed to even mild famines, cannot sustain the pressure of mild viral attacks.

There is strong need to put all the public sector elements of DRM (PDMA, Relief Commissioner, Civil Defence etc.) together under one umbrella and provided adequate political ownership and support to evolve a dynamic organization at the Provincial level.

Equally important consideration for the Provincial Government is to cater for budgetary allocation upfront at the start of each year, anticipating the extent of worst-case scenario of disaster threats in the province.

There is a dire need of initiating disaster risk insurance in the province that has the potential of taking the entire burden of relief and recovery spending off the shoulders of Provincial exchequer; and generating private sector employment opportunities in the insurance industry.

Education

Assessment of Quality of Governance of Federal Government in Education Sector

Mr. Habib ur Rehman¹⁹

As a result of the 18th Amendment of Constitution, education is devolved to the provinces including policy and curriculum. At Federal level education sector is looked after by Ministry of Federal Education and Professional Training, besides Ministry of Capital Administration & Development, FDE, NCHD, NEF, BECS, AEPAM, NAVTTC, HEC, etc.

Islamabad Capital Territory (ICT) is spread over an area of 1,165.5 km², (Rural : 446.20 km²). Total estimated population for 2014 is 1,447,517 (Male: 742,241 and Female : 705,275). It is represented in the National Assembly by two constituencies [NA-48 & NA-49]. The rural area is further divided into twelve union councils, comprising some 133 villages.²⁰

Figure 1: Islamabad Capital Territory (Education Sectors)

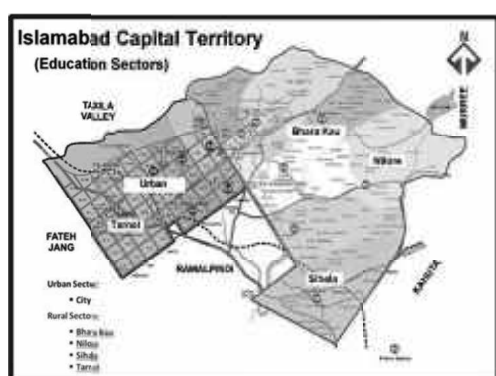


Table 1: Number of Educational Institutions in ICT

Number of Educational Institutions in ICT

Level	Public FDE Institutions	Private Sector	Total No. of Institutions
Pre-Primary		32	32
Primary	191	172	364
Middle	60	109	170
High	97	150	248
Higher Secondary	56	31	87
Inter Colleges	9	10	21
Degree Colleges	9	10	19
Total :	422	514	941

Source : NEMIS 2012-13

¹⁹ Mr. Habib ur Rehman is a former Consultant at UNESCO, WFP, FAO, NCHD, CHEF-I, IDEAS. He is also the former Deputy Educational Adviser, Ministry of Education, Islamabad.

²⁰ Islamabad Administration, ASER and other websites <http://www.ictadministration.gov.pk/>, http://en.wikipedia.org/wiki/Islamabad_Capital_Territory, <http://www.aserpakistan.org/document/asfer/map/islamabad.pdf>

Islamabad has the highest literacy rate of Pakistan at 86% against the national average of 60%²¹. It has some of Pakistan's major universities, such as Quaid-i-Azam University, Allama Iqbal Open University, International Islamic University, National University of Science & Technology, National Defence University, NUML, Air University, COMSATS Institute of IT, Federal Urdu University. Primary NER is 71.4% for 2012-13 and shows a declining trend²². More than 42,161 children (including 25,427 boys) are out of school in ICT²³. NER at Secondary Level is 69.2%²⁴. Pupil-Teacher Ratio is 35, 43 and 14 at Primary, Middle and High level respectively²⁵. Federal Directorate of Education (FDE), under the Ministry of CAD, is responsible for education at school and college levels in ICT. There are 941 educational institutions in ICT as per breakup given below (in addition to 277 BECS and 46 Deeni Madaris);

There is no change in number of institutions under FDE from 2012-13 to 2013-14, while enrolment has increased by 3.59% from 200332 in 2012-13, to 207519 in 2013-14.

About 5% of national education expenditure is spent on technical universities, colleges and institutions, 37% on primary education and 29% on secondary education²⁶. There is no change in technical & vocational institutions or their enrolment at national level over the past year, as indicated in NEMIS 2012-13.

Table 2: Comparison of Technical & Vocational Institutions

Comparison of Technical & Vocational Institutions					
Institution Type	Sector	Institutions		Enrolments	
		2011-12	2012-13	2011-12	2012-13
Technical & Vocational Institutions	Public	737	737	100,021	100,021
	Other Public	240	240	26,437	26,437
	Private	2,280	2,280	163,322	163,322
	Total	3,257	3,257	289,780	289,780

Source: NEMIS 2012-13. Table 1.1

In addition, there exist 15 universities or Degree Awarding Institutions in Islamabad²⁷, including AIOU, Quaid-i-Azam, NUST, having enrolment of 749,274.

Context

In this report, a brief assessment of quality of governance of Federal Government in education sector during last one year is carried out according to selected assessment parameters, including; the framing of laws, policies, rules and regulations, their implementation; major positive

²¹ PSLM 2012-13

²² EFA Review 2015 (Page 153)

²³ EFA Review 2015 (Page 24).

²⁴ EFA Review 2015- Page 160

²⁵ EFA Review 2015 (Page 168)

²⁶ EFA Review 2015. Page 19

²⁷ NEMIS 2012-13. Table 1.10 and Table 2.8

developments and weaknesses; initiatives taken for underprivileged, to reduce drop-outs, and development of syllabus in schools; suggestions for improvement of quality of governance. Focus will be on effectiveness of policies, laws, or rules framed or enforced for improving education and measuring impact of these policies or laws on delivery of educational services.

Assessment

Expected progress in education lagged behind the policy targets, such as, universal primary education by broadening the base and improving access, enforcement of minimum quality standards at all levels, designing educational inputs with a comprehension of the challenges and opportunities related to globalization, development of strategies to optimize opportunities and minimize the potentially negative impacts²⁸, development of a mechanism for a strong coordination among different entities. In education, weak governance is a major constraint. The brief assessment / scenario under different indicators and parameters, is given below.

Legal Framework - laws, policies, rules and regulations

Under different Articles of Constitution of Pakistan related to education sector, Federal Government made some efforts in the past for improvement of education sector, in the form of National Education Policies, Plans and enacted different laws and regulations. However, no new law was enacted during the period under review relating to education²⁹ and implementation of the older laws such as Right to Free and Compulsory Education Act (RFCEA) for ICT 2012 and Article 25-A remained invisible. Pakistan EFA Review 2015, was launched during October 2014, including Federal Area chapter, having analysis of performance through various education indicators under six EFA goals, providing challenges faced and way-forward.

These are examples of efforts made by the Government; however unfortunately, with little success. One major reason is the implementation process was flawed. Moreover, since Article 37 B was part of *Principles of Policy*, the state was only obligated to provide free and compulsory education subject to availability of resources. The implementation of Literacy Act enacted in 1987 is still pending because the enforcement date could not be announced by the Federal Government.

The Ordinances, Acts, Policies and Plans could not be implemented in letter and spirit. Almost all the past education policies envisaged that UPE will be achieved within about five years, but in vain. It is the fate of the current National Education Policy 2009. The required human, physical, financial and other resources were not provided to achieve the envisaged targets. More than 55 million people in Pakistan are illiterate³⁰. The second and third Millennium Development Goals (MDGs) relate to education. The progress is measured through different education indicators as detailed in “National Plan of Action to Accelerate Education Related MDGs 2013-

²⁸ National Education Policy 2009. P-12

²⁹ <http://www.na.gov.pk/en/bills.php?status=pass>

³⁰ PSLM 2012-13 Table 2014(a) providing Literacy Rate and Population from Pakistan Economic Survey 2012-13

16” launched in September 2013. Pakistan is likely to miss education related MDGs, except gender parity index³¹.

After 18th Amendment, Federal Government has the mandate in two subject areas of education, setting standards for higher education and technical/vocational education.

Assessment of implementation

The Federal Government made efforts but it was not fully effective in execution and implementation of laws, policies, rules and regulations. Due to insufficient political will, financial allocations remained severely inadequate, around 2% of GDP³² against the recommendation of 7% of GDP, by NEP 2009. At Federal level, the budget allocation is meager and there is a little increase in education budget for 2013-14 over the last year.

Table 3: Federal Education Budget 2012-13 & 2013-14

Federal Education Budget 2012-13 & 2013-14

Item / Classification	Rs. in Million					
	BE 2012-13	RE 2012-13	BE 2013-14	% Share	% Increase over BE	% Increase over RE
Education Affairs & Services -Total	47,874	52,371	59,277	100	23.82	13.19
Pre & Primary Affairs & Services	4,670	4,764	5,832	9.84	24.88	22.42
Secondary Education Affairs	5,699	6,121	7,434	12.54	30.44	21.45
Tertiary Education Affairs	35,675	39,303	43,364	73.15	21.55	10.33
Social Welfare & Special Edn	53	53	103	0.17	94.34	94.34
Subsidiary Services to Education	135	135	254	0.43	88.15	88.15
Administration	963	940	1,505	2.54	56.28	60.11
Education Affairs not Elsewhere	679	1,054	785	1.32	15.61	(25.52)

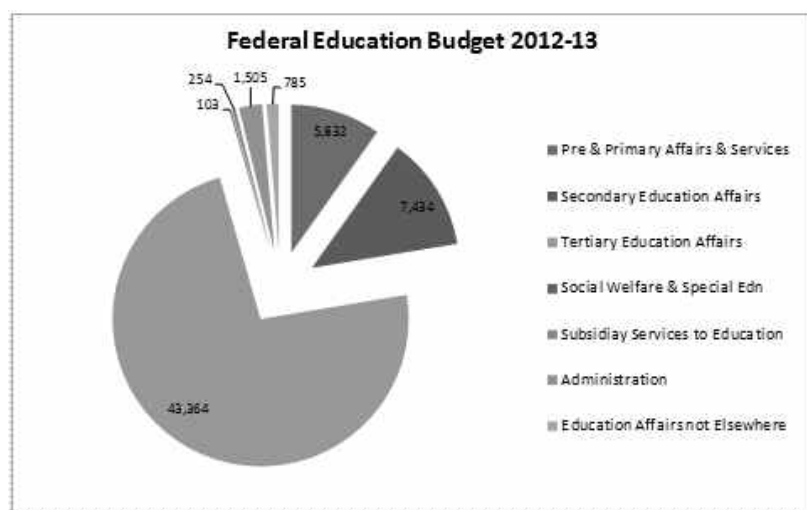
Source: Finance Division, Federal Budget in Brief 2013-14 Current Page 31

Most of the current budget allocation for education at Federal level is meant for Tertiary/Higher education (73%).

Figure 2: Federal Education Budget 2012-2013

³¹ National Plan of Action to Accelerate Education Related MDGs 2013-16” launched in September 2013 Page 4.

³² EFA Review 2015 Page 18

Figure 2: Federal Education Budget 2012-2013

Pakistan is also a characteristic example of gender disparity, with more girls than boys out of school at national level. However, in ICT GPI is more than 1, therefore boys are getting deprived of education by FDE.

Table 4: Enrolments and GPI in ICT/FDE**Enrolments and GPI in ICT / FDE**

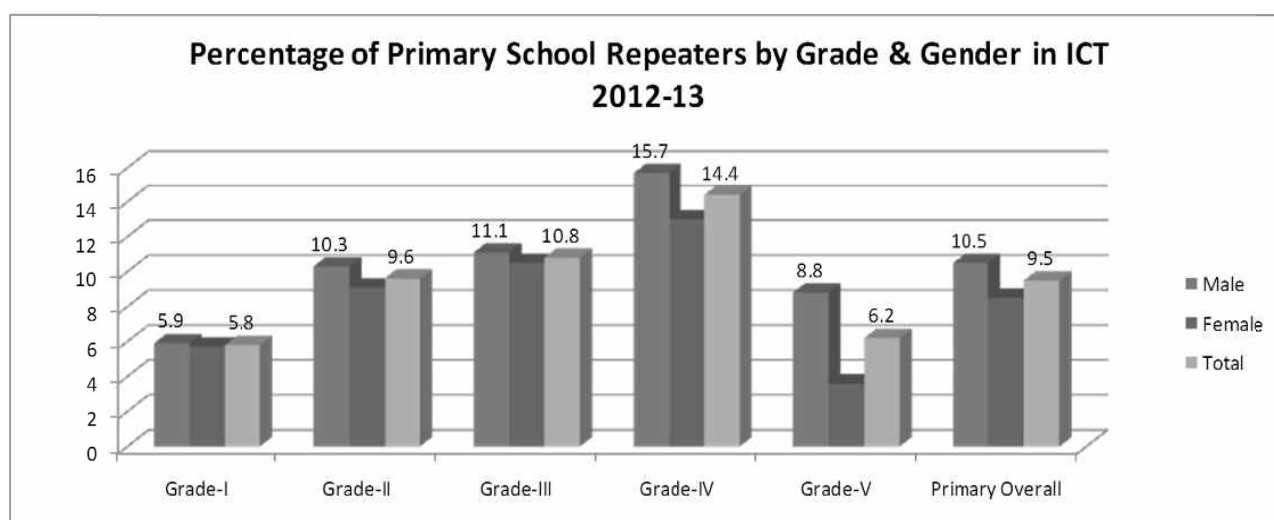
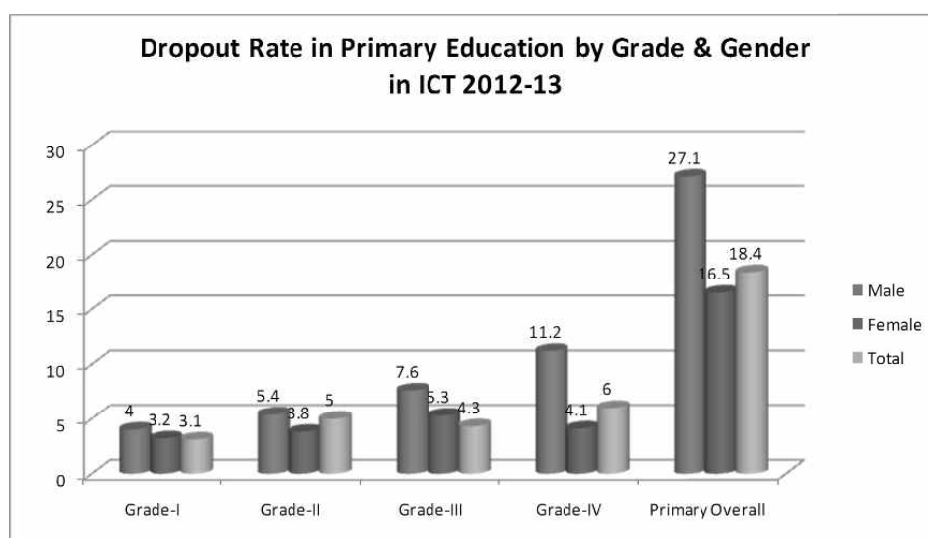
Area	Boys	Girls	Total	GPI
Pakistan	21,032,672	15,901,700	36,934,372	0.756
ICT (Public+Private)	167,214	168,061	335,275	1.005
FDE (Public)	94,846	105,476	200,322	1.112

Source : NEMIS 2012-13

The drop-out rates have not been curtailed along with the repeaters. The overall primary level drop-out rate in ICT is 18.4% (27.1% for boys and 16.4% for girls)³³ for 2012-13. The highest rate of repeaters during 2012-13 is 15.7% for boys of Grade-IV³⁴ against the primary level average of 10.5% for boys in ICT. The data for 2013-14 is not yet available.

³³ EFA Review 2015 Page 156

³⁴ EFA Review 2015 Page 154

Figure 3: Percentage of Primary School Repeaters by Grade & Gender in ICT 2012-13**Figure 4: Dropout Rate 2012-13**

as

other countries of the region or countries at similar level of development³⁵. The countries that spend more on education get higher return, visible in the form of better education indicators.

Education is directly linked to poverty reduction. The social sector indicators of Pakistan are low compared to

³⁵ EFA Global Monitoring Report 2013-14 by UNESCO (Pages 318, 324, 344, 352 and others). World Bank Global Monitoring Report 2014 (Page 109, 125, 220 & others).

Table 5: Comparison of Public Sector Spending on Education and associated Literacy Rate**Comparison of Public Sector Spending on Education and associated Literacy Rate**

Country	Public Sector Spending (As % of GDP)	Literacy Rates In (%)
Bangladesh	2.4	59.8
Bhutan	4.8	52.0
India	3.1	73.8
Iran	4.7	85.0
Maldives	11.2	99.0
Nepal	4.6	66.0
Pakistan	2	60.0
Sri Lanka	2.6	91.2

Source: Economic Survey 2013-14 Chapter-10-Education Table 10-9

Positive Developments & weaknesses

The major positive developments made by the Federal Government in education sector during the year include the following;

- Increased budget allocation for tertiary education as indicated above. As a result of support to public sector universities through HEC, students from lower economic strata will also avail tertiary education opportunities.
- Technical assistance and training opportunities by NVTTC will help train human resources and reduce poverty.
- Improved access through increase in enrolment in public sector educational institutions, as indicated above under introduction.
- Preparation of “Admission Policy 2014-15” by FDE stating that all the children residing in ICT are eligible for admission, and circulation of the same on 17 April, 2014 for implementation by all FDE institutions.
-

The major weaknesses during this period, based on the data / information provided by the Government, are as under;

- The quantitative and qualitative improvement of education system is not up to the mark, as required under NEP 2009 and other commitments of the Federal Government.
- The governance is weak and needs to be improved through multi-pronged approach including capacity building of all concerned, regular monitoring of performance of all concerned, provision of incentives and accountability. A strict mechanism for accountability need to be enforced to improve the governance.
- Substantial increase in recurring (including repairs and maintenance) as well as development budget is not visible. Model schools in ICT should be better than the Smart Schools of Malaysia and elsewhere.
- Since corruption is rampant in almost every single sector and department of the country, shattering the hopes and future of the nation, even education is not immune to this trend.

Corruption and mishandling of resources in this particular sector has lead to chaos, confusion and threats to the academic future of Pakistan.

- Delay in provision of textbooks³⁶.
- Assessment system is not aligned with new curriculum³⁷.

New initiatives for underprivileged

The Federal Government does not appear to have taken new significant initiatives to make education accessible and affordable for the underprivileged, and there is a room for improvement.

The underprivileged and excluded persons, does not appear to have been covered fully;

Development of syllabus in schools

The available data indicates that the Federal Government has taken no significant new initiative to develop the syllabus in the schools. The delay in printing and supply of textbooks to schools in ICT have been reported (textbooks of some subjects were supplied after summer vacations), may be due to lack of coordination between CADD, FDE and NBF.

New initiatives to reduce drop-out rates

The available data indicates that the Federal Government has taken only a few new initiatives to reduce drop-out rates, while increasing enrolment in schools, as discussed above under item-B.

FDE has taken a good step to stop receiving school fund and transport charges from students. It is a good step in the context of Article 25-A and RFCE Act 2012.

Suggestions for improvement

To improve the quality of governance during the coming years, the Federal Government can launch many initiatives, as summarized below;

- a) The existing Ministry of Federal Education and Professional Training (FE&PT) and Ministry of Capital Administration and Development (CAD), does not have any qualified and trained education professional experts at its disposal. A specific budget may be provided on regular basis to these organizations to hire professional experts for professional tasks / aspects.
- b) E-governance needs to be improved. Federal Government is very slow in providing up to date National EMIS data & information. NEMIS even does not provide any information about financing of education, budget allocations, actual expenditures sub-sector-wise, education budget trends, unit costs, information about literacy, quality indicators, etc. FG is required to improve its NEMIS and reduce prevailing time lag. All the physical facilities, software, human resources, etc, are already available. The existing data collection tools do

³⁶ EFA Review 2015. P-170

³⁷ EFA Review 2015. P-170

not cover basic requirements of education sector for proper planning and development, that also leads to weak governance.

- c) Immediate enforcement of Free Education Act 2012 in ICT and other pending laws, rules, regulations. Federal Government may notify RFCE Act 2012 and frame necessary rules for its implementation.
- d) Provide substantial increase and equitable allocation in education budget for different sub-sectors of education.
- e) Formation of a council consisting of parents and public representatives to oversee education affairs in ICT and monitor work / governance of FDE.
- f) Improve quality of education through teachers' quality ensuring merit based appointments, capacity building, performance monitoring & evaluation, teachers' certification, incentives linked to performance, improvement in status of teachers, conducive learning and encouraging environment for teaching – learning process, all with transparency.
- g) Improved learning outcomes and culture for peace.
- h) Last education census was conducted during 2005. FG may conduct education census on regular basis / after regular intervals.

Assessment of Quality of Governance of Balochistan Government in Education Sector***Mr. Mohammad Anwar³⁸***

Historically Balochistan remained an implementer of the policies developed by the Federal Government until devolution of education to provinces through 18th Constitutional Amendment. The transition of autonomy, initially, created a chaos and confusion in the Education Department. The department was never trained and ready to take up the new responsibility. Paucity of expertise and financial resources was also a stumbling block. However confidence developed and the department started comprehending the challenges and opportunities. The Balochistan Education Sector Plan (BESP)¹⁾ was the first initiative taken by the Government after devolution which directed way forward. In order to demonstrate its priority for this sector the Chief Minister declared education emergency in the province on January 04, 2014²⁾. However it was not notified. At the same time Provincial Assembly passed Compulsory Education Act 2014³⁾.

Introduction of Policies, Laws and Rules

The government introduced Balochistan Compulsory Education Act 2014 and in order to make it operational the relevant rules are currently being finalized. The Government has also promulgated “Introduction of Mother Languages as Compulsory Additional Subject at Primary Level Act, 2014⁴⁾”, however the rules for implementation of this law are yet to be framed. In order to devolve decision making powers the District Education Authorities⁵⁾ have been formulated. The rules for segregation of Teaching and Administrative cadres are under active consideration at appropriate forum. A new recruitment policy, which emphasizes merit in recruitment and posting, has also been notified on 26th May 2014⁶⁾. However appointments under this policy will be made next year i.e. 2014-15. The government has also devolved administrative powers to the districts which are now working under Divisional Directors⁷⁾. The government has decided to adopt National curriculum 2007⁸⁾. It has started working on curriculum development by formulating Standard Operating Procedures for Curriculum and textbooks, notified on 21st May 2014⁹⁾. A Steering Committee was notified on April 09, 2012 to supervise and monitor the implementation of curriculum 2007¹⁰⁾. This committee has started working actively. It also has mandate to review the curriculum to align it with the local and emerging needs of the province. The government has started out sourcing the textbook writing and production in pursuance of the national textbook policy. Under this policy Balochistan Textbook Board has taken the role of a regulator and quality controller. Scoring Rubrics for assessing the quality of Textbooks have also been developed and formally notified on 21st May, 2014¹¹⁾ though the Textbook Board had already started working according to the policy. The manuscripts of textbooks, presented by the publishers / writers are assessed on this scoring scale by the Internal Textbook Review Committees. The refined manuscripts are further reviewed by a Committee in the Bureau of Curriculum, which makes recommendations for approval of the government to implement the book as sole textbook in the schools. The work on new generation of textbooks is rated as satisfactory.

³⁸ The author is a Consultant for Capacity Gap Assessment under Balochistan Education Sector Plan for Value Resource and PPRC

A working group consisting of various stakeholders was constituted to make recommendation for introduction of Health Education in the School Education¹²⁾.

In order to regulate the Early Childhood Development the Government constituted a working group to develop ECD Policy Framework for the province¹³⁾.

Involvement of communities in the management of schools, in the rural areas especially, has been a useful experience. Therefore under the Compulsory Education Act 2014, Parent Teacher School Management Committees (PTSMCs) have been assigned very important responsibilities. They will practically implement the act.

The service rules of the teachers have been revised the service rules¹⁴⁾ because the government had enhanced academic and professional qualification for appointment and also the pay scales of all categories of teachers have been enhanced. They have also been provided the benefit of time scale, which is unique in the entire country. A new cadre of Elementary School Teachers for holders of Associate Degree in Education has been created and 250 positions have been sanctioned¹⁵⁾. These incentives have been extended with the expectation that they will result in improvement of efficiency of the teachers and improvement in Students Learning Outcomes.

Under the Balochistan Education Sector Plan the government has decided that in future all the primary schools will be gender free and will essentially start with Early Childhood Education (ECE). Consequently in future the Girls and Boys in primary schools will together without any discrimination. However, practically it is still waiting for a notification to implement the decision.

Financial Policy:

A new initiative is allocation of Rs. 500 million for feasibility and research purposes. The department has no plan to use the amount objectively. The government has enhanced the scholarship budget allocating Rs. 650 million. ECE has also attracted attention and Rs. 234.40 million have been provided to introduce 200 ECE classes. However status quo is maintained with respect to Non Formal Education ignoring it in developmental activities. Only salaries of staff have been provided.

Financial Allocations during the year 2012-13, 2013-14 and 2014-15

Table 6: Balochistan Education Budget at a Glance, 2012-13 & 2014-15 (Rs. Million)

Years	Current Budget		Development Budget		% of Total Budget	
	(Rs. in Millions)	% Change	(Rs. in Millions)	% Change	Current	Development
2012-13	22458	17%	2150	-24%	91%	9%
2013-14	24744	10%	10538	390%	70%	30%
2014-15	28937	17%	11736	11%	71%	29%

Table 7: Salary and Non Salary ratio (%) in Education Current Budget

Years	Salary	Non-Salary
2012-13	85	15
2013-14	84	16
2014-15	89	11

Table 8: Education Budget as Proportion of Total Provincial Budget (Rs. Million)

Item	BE2012-13	RE2012-13	BE2013-14	RE2013-14	BE2014-15
Balochistan Current	144,112.04	138,382.61	154,482.42	151,571.74	164,971.07
Balochistan Development	35,819.00	45,600.58	43,913.03	51,764.75	50,741.68
Consolidated Fund	179,931.04	183,983.19	198,395.45	203,336.49	215,712.75
Education Current	22,457.98	23,020.49	24,743.91	28,064.42	28,937.23
Education Development	2,359.23	1,681.72	10,538.23	7,466.53	11,736.44
Education Total	24,817.20	24,702.21	35,282.14	35,530.95	40,673.66

Table 9: Distribution of Education Budget, 2013-14 and 2014-15 (Rs.)

Sector	BE 2014-15	BE 2013-14	% Change
Primary	6,033,671,100	5,340,360,900	13%
Adm	1,152,231,100	1,020,138,100	13%
Secondary	9,775,050,800	7,833,026,900	25%
Adm	927,486,100	1,298,316,700	-29%
Colleges/univ	3,166,076,500	2,672,788,200	18%
Professional/Tech	1,522,431,800	1,297,778,900	17%
Library/Museums	84,104,700	67,784,100	24%
Secretariat/Policy/Curriculum	4,306,762,400	3,278,804,300	31%

Adm (College dir)	222,459,300	287,196,700	-23%
Others	1,733,852,300	1,647,710,900	5%
Total	28,924,126,100	24,743,905,700	17%

Table 10: School Recurrent and Development Budget (Rs in Millions)

Sector	Recurrent			Development		
	2013-14	2014-15	change	2013-14	2014-15	change
Primary Schools	5340	6,034	13%	1449	2982	106%
Middle Schools	3059	3839	25%	3023	1612	-47%
High Schools	4739	5890	24%	1720	1726	0%
Admin	1020	1,152	13%			
Total	14159	16,915	19%	6193	6320	2%

Table 11: Literacy and Non formal Budget (Rs)

Year	Allocations (Rs)	% of Total Budget
2012-13	8,271,900.00	0.03%
2013-14	11,241,800.00	0.03%
2014-15	13,354,200	0.05%

Table 12: Trends in Current Education Budget Expenditures (%), 2010-11 to 2013-14

Sector	2010-11	2011-12	2012-13	2013-14
Total Current Budget	101	107	103	113
Residential Colleges	127	160	105	101
Elementary Colleges	92	98	99	99
Literacy Cell (Non Formal)	111	123	100	95
Adm School Directorate	102	400	117	74
PITE	100	154	127	92
Government College of Education	100	100	91	85
Govt Agro-Tech Center	100	119	103	72
BOC (TOTs)	30	37	60	31
BACT	99	112	107	104

Table 13: Utilization of Development Education Budget (Rs in Billion)

Sector	BE 2012-13	RE 2012-13	BE 2013-14	RE 2013-14	BE 2014-15
PRIMARY (GOB)	0.52	0.30	1.07	0.93	2.67
PRIMARY (FPA)	0.20	0.20	0.38		
MIDDLE (GOB)	0.18	0.13	0.02	0.05	1.26
MIDDLE (FPA)	0	0	0	0	0
SECONDARY (GOB)	0.25	0.10	4.61	3.96	2.07
SECONDARY (FPA)	0.06	0.06	0.49	0.40	0.33
COLLEGE	0.74	0.60	3.29	1.98	5.02
GENERAL	0.32	0.26	0.61	0.11	0.35
TECHNICAL	0.03	0.01	0.03	0.01	
TECHNICAL (FPA)					
UNIVERSITY	0.06	0.02	0.04	0.02	0.04
Total	2.36	1.68	10.54	7.47	11.74

Table 14: Utilization of Development Education Budget (% utilization)

Sector	2011-12	2012-13	2013-14
PRIMARY (GOB)	71	58	87
PRIMARY (FPA)	100	100	0
MIDDLE (GOB)	84	75	268
MIDDLE (FPA)	-	-	-
SECONDARY (GOB)	66	42	86
SECONDARY (FPA)	100	100	82
COLLEGE	106	81	60
GENERAL	91	80	18
TECHNICAL	75	33	39
TECHNICAL (FPA)	-		
UNIVERSITY	60	23	46

Table 15: Trends in Salary and Non-Salary Budget Allocations 2012-13 to 2014-15 (Rs in Millions)

Sectors	BE 2012-13	%	BE 2013-14	%	BE 2014-15	%
Salary Budget	19116	85%	20801	84%	25844	89%
Operating Expenses	937	4%	1032	4%	1110	4%
Others	333	1%	828	3%	332	1%
Total Grants	917	4%	1081	4%	1116	4%
Scholarships	81	0%	81	0%	81	0%
Physical Assets	462	2%	303	1%	363	1%
Repair and Maintenance	609	3%	615	2%	87	0%
Total Budget	22457		24743		28937	

Table 16: Trends in Development Budget Allocations (Rs in Millions)

FY	TOTAL PSDP	EDUCATION PSDP	% of Total Budget
2010-11	26329	2289	8.69
2011-12	31352	2820	9.00
2012-13	36077	2150	5.96
2013-14	43913	10155	23.12
2014-15	50741	11725	23.11

Table 17: Trends in Development Budget Allocations subsector wise (Rs in Millions)

Sector	2013-14		2014-15			
	TOTAL	%	GOB	FPA	TOTAL	%
PRIMARY	1449.195	14%	2655.278	327	2982.278	25%
MIDDLE	3023.482	30%	1611.611	0	1611.611	14%
SECONDARY	1720.235	17%	1725.706	0	1725.706	15%
COLLEGE	1555.855	15%	2370.858	0	2370.858	20%
UNIVERSITY	1709.153	17%	969.782	0	969.782	8%
GENERAL	566.986	6%	1853	0	1853	16%
TECHNICAL	129.823	1%	212	0	212	2%
TOTAL EDU PSDP	10154.73	23.12%	11398.24	327	11725.24	100%
TOTAL PSDP	43913.03		48018.76	2722.925	50741.68	

Sources:

- Provincial Annual Budget Statements 2011-12-2014-15-Finance Department, Government of Balochistan
- Development Budget- 2011-2-2014-15-Finance Department, Government of Balochistan
- PSDP 2010-2014-15- Planning and Development Department, Government of Balochistan
- Economic Survey 2007-2014- Planning Commission, Government of Pakistan, etc

Status of Implementation of Policies / Laws

The implementation of Compulsory Education Act 2014 and “the Introduction of Mother Languages as Compulsory Additional Subject at Primary Level Act, 2014”, is delayed because the rules and regulations to put them in practice have not yet been notified. However the Balochistan Textbook Board has already started working on development of Textbooks for class-I in Balochi, Brahvi, Pashto and Saraiki languages, but teachers have not been imparted training to teach these languages as a subject. Generally there is very low political will to operate according to the policies, rules and regulations, so much so that there is resistance to recruit teachers through tests conducted by National Testing Services (NTS).¹⁶⁾

Access and Affordability

In order to enhance access to education the government planned to open 39 primary schools out of provincial resources and 900 primary schools with the assistance of Global Partnership for Education to cater the needs of empty villages¹⁷⁾. However this could not happen because the communities responded bleakly particularly because the government had demanded that the communities may allocate five acres of land for the school and secondly because female qualified candidate was not available in the village for appointment. There for the Government had to again seek proposals through advertisement. A new initiative is to introduce ECE class in 200 schools in collaboration with Save the Children International. The teachers were trained in ECE teaching skills. No action was taken to create equal number of ECE teacher post in the regular budget. However the Education Department initiated a summary for Chief Minister for creation of posts of teachers and he has recently agreed with the proposal. The Department is preparing a scheme for Finance Department for allocation budget. After this the teachers appointments will be regularized.

The government does not charge any fee from the students of public schools. It provides all the textbooks to the students of classes I-X. The parents have to spend nothing on the education of their children. The Compulsory Education Act, 2014 envisages provision of free lunch, transport and uniform to all the students of public schools. Presently government is formulating policy to implement this part of the law. The fee charged at college and university level is also affordable for the parents.

Major Positive Developments and Weaknesses

The major positive developments during the year were promulgation of Compulsory Education Act 2014, “The Introduction of Mother Languages as Compulsory Additional Subject at Primary Level Act, 2014”, Balochistan Domestic Violence (Provincial and Protection) Act 2014, revision of service rules and pay scales of teachers, enhancing budget for education by Rs. 5 billions, introduction of ECE class in 200 schools and decentralization of powers from Directorate of Secondary Education to District Education Officers and introduction of Divisional Directorate. The government has introduce Balochistan Education Award under which the best teachers, the best schools, the best district and the best Division will be granted Medals and handsome cash awards. Curriculum based textbooks have been prepared and 68 titles completed and provided to

the students. The textbooks were supplied in the schools on time and it happened for the first time during last few years.

Absenteeism among the teachers and students and cheating in the examination remained rampant but no significant steps were taken to improve the situation. Junior Officers were assigned senior position which created disappointment among the seniors and it continues. Low competence of teachers with reference to new curriculum and textbooks and managers to discipline the schools could not be improved. The Chief Minister complained that 8000 bogus teachers were working in the system while almost equal number of positions remained vacant. The Annual Status of Education Report (ASER) reports very low learning achievements of students at primary level, which has been further verified by Early Grade Reading Assessment (EGRA). Measures for improvement are still awaited.

Initiative to Develop Syllabus

The provincial government has adopted national curriculum 2007. The Bureau of Curriculum has constituted a steering committee to review the curriculum and propose amendments/improvements to cater the local requirements. However no tangible outcome is seen so far.

Measures to Improve Enrolment and reduce Dropout

The Government held a meeting in late February 2014 to launch enrolment campaign in the month of March 2014, in winter areas and during September 2014, in the summer areas. Though the activities were held in all the districts of winter and summer areas, however the minutes of the meeting were not recorded. The government is mainly depending on the provisions of the Compulsory Education Act 2014, which demands that the parents must enrol their children in the school else they will be reprimanded. Under Section 2(f) of the Act it is obligation of the government to charge no fee for tuition either directly or through any other head that imposes a financial burden on the parents / guardian of the child and that state shall provide the child with text books, stationery, one meal in school and transport facilities. The Parent Teacher School Management Committees are supposed to ensure that all the children between ages 5-16 are enrolled in the school and they complete their education. They will be responsible to ensure that the parents keep their children regular and punctual in the school and re-admit them in case their names are stuck off due to absence. This is to measure to minimize the dropout and maximize the completion rate. 939 new primary schools will be opened in the communities where schools do not exist, 188 primary schools will be upgraded to middle level and 111 middle schools will be upgraded high school level. Funds have been provided for construction of addition classrooms in the schools. This arrangement will enhance the enrolment.

Suggestions for Improvement:

The following suggestions are made for Improvement of education system in the province:

- As soon as possible the vacant positions of teachers may be filled on merit under the premises of new recruitment policy

- The segregation of teaching and learning positions may be finalized and a transparent formula may be evolved to adjust the officers in the new cadres
- Standard Operating Procedures at all levels may be developed and compiled into education code
- Capacity building of management and teaching staff aligned with the requirements of BESP may be started at the earliest
- Strict measures may be adopted to create discipline among the teachers and institutions and absenteeism may be arrested through efficiency and discipline rules
- Higher pay scales / time scale and awards may be linked with performance of the teachers and their competence to teach at relevant level
- A bridging program may be introduced to bring the existing teachers at a par with the holders of Associate Degree in Education
- The District Education authorities and Local Education Groups and PTSMCs may be activated and associated in the improvement of the system
- A regular in service training program of teachers may be in place to capacitate them meet the requirements of curriculum and new textbooks
- The development plan must respond to the real needs of communities rather than leaving it to the will of the legislators
- The Standing Committee on Education in the provincial assembly may be made proactive to supervise the Education System
- The assessment of students learning may be improved and instead of focusing on rote memorization the students learning outcomes may be focused.
- Research culture may be created at all levels, the teachers may be capacitated to teach through inquiry method which will create a sense of evidence based believes among the students

Assessment of Quality of Governance of Punjab Government in Education Sector*Mr. Khadim Ali Hashmi³⁹***Education in the Punjab**

Population wise Punjab is the largest province, here 55% of the total population of Pakistan lives. According to a recent PILDAT survey, educationally Punjab has better situation than the other provinces, it has also the highest number of illiterates and out of school children. In the Punjab literacy rate is 62% (71% for males and 54% for females). In the rural areas, only 45% females are literate as against 72% literacy among urban females.(Arshad Saeed Khan, 2014)

Secondary Level Institutions

In 2013, there were 53,003 (26,182 Male + 26,821 Female) schools in Punjab, with an enrolment of 10,853,239 (5,930,922 Male + 4,922,317 Female). No. of teachers was 323,217 (159,646 Male + 163,571 Female)⁴⁰.

Higher Education

In higher education, there are 37 universities (17 Public + 20 Private), 1055 colleges affiliated to these Universities, and 09 Boards of Intermediate & Secondary Education (Punjab Education Website: HED).

Punjab is the only province where a separate on (2003) and Higher Education Department are also functioning for the last decade (Punjab HED).

Provincial Role in Education

Introduction of the Eighteenth Amendment has significantly redefined the role of provinces. Key roles devolved at the Provincial tier as result of the eighteenth amendment:

- a. Policy
- b. Planning
- c. Curriculum, Syllabus
- d. Standards of Education
- e. Centres of Excellence
- f. Islamic Education
- g. Area Study Centres
- h. Pakistan Study Centres
- i. Higher Education

School Education Department**Policy Initiatives**

³⁹ The author is a Consultant in Education and a tutor/supervisor at Allama Iqbal Open University.

⁴⁰ Census of Schools (2013), School Education Department, Government of Punjab

(i) The Punjab Free and Compulsory Education Ordinance 2014:

The ordinance was issued dated 13th May, 2014. It dealt with: Right to free and compulsory education – Every child shall have a right to free and compulsory education from class one to ten, non-formal education, vocational education or combination of all or any of the two as notified by the Government considering the needs, capability and age of the child, so as to ensure completion of education or specified education in a school in the neighbourhood or the school allocated for the child. This Ordinance repeals 'The Punjab Compulsory Primary Education Act, 1994 (IX of 1994)⁴¹.

(ii) Recruitment Policy 2013:

The Punjab School Education Department has notified Recruitment Policy 2013⁴², which decentralizes authority for selection of teachers to District Recruitment Committees and declaring DEOs as Appointing Authority. Policy also prescribes steps for making recruitment process transparent and merit-based⁴³.

(iii) Selection of Deputy DEOs (Male & Female):

A Search Committee was set up for selection of Deputy DEOs (Male & Female) and the process was duly made public, vide No. 2767/PA/D(ADMN), dated 23rd September, 2013 from the Directorate of Public Instruction (Elementary Education) Punjab. The process of selection was made quantitative and an objective criteria was proposed to make the selection unbiased⁴⁴.

(iv) Re-allocation of Teaching Posts:

For re-allocation of posts criteria and procedure has been outlined in School Education Department Circular No. SO (SE-III) 5-49/2013, dated June 24, 2013, wherein criteria have been well defined in terms of total number of periods in the week (45), subject-wise periods for Elementary and Secondary Classes, No. of periods per week for EST/SESE (36), SST/SSE (33), SS/SSS (28), PET (other than games) (18), HM of Elementary/ Community Model School (18), Deputy Headmaster (18), and Headmaster/ Senior Headmaster/ Principal of High School/ Higher Secondary School (12). On the basis of work-load criteria for provision of teaching staff has been laid out.

The DCO and the EDO (Edu) have been made personally responsible to ensure that all the shifting and adjustment of teachers from one school to another is done in an objective, fair and transparent manner. The DCO and EDO (Edu) are further directed to ensure that salary of teaching staff is not stopped. Third Party Validation is suggested after completion of re-allocation of posts.

⁴¹ The Punjab Free and Compulsory Education Ordinance 2014, Government of the Punjab, Law and Parliamentary Affairs Department Notification, 13th May, 2014.

⁴² Vide SO (SE-IV) 2-6/2012, Government of the Punjab School Education Department, dated July 31, 2013.

⁴³ No. SO (SE-IV) 2-6/2012, dated July 31, 2013: Recruitment Policy – 2013 for Educators.

⁴⁴ <http://www.schools.punjab.gov.pk/?q=system/files/application-form.pdf>

(v) **Introduction of Early Childhood Education (ECE) in 1000 Primary Schools in Punjab:** School Education Department vide its letter No. 2-21/2014, dated March 24, 2014, has planned to introduce Early Childhood Education (ECE) in 1000 Primary Schools in Punjab.

The Directorate of Staff Development (DSD) has implemented the project titled: “Introduction of Early Childhood Education (ECE) in 1000 Primary Schools in Punjab with Highest Enrolment and Improvement of Environment of Schools to convert them into Child Friendly Schools (CFSs)”. Under this project DSD has developed ECE classrooms in 1000 primary schools in 36 districts of Punjab through its District Training and Support Centers (DTSCs). Under this scheme, the following interventions have been made:

- i. Learning environment of the existing classrooms is made more attractive through painting walls with some themes for joyful learning of early year kids,
- ii. Learning resources are provided in accordance with the National Curriculum of ECE, 2007 and learning competencies;
- iii. Provision of part time Caregivers to facilitate ECE teachers, take care of kids and to keep ECE room in order; and
- iv. Imparted training to teachers and head teachers of the concerned ECE schools, members of school councils and education managers of the districts on ECE. (Source: DSD website)

(vi) In-Service B.Ed. Programme for newly recruited Educators:

In pursuance of the instructions of the School Education Department, the Directorate of Staff Development vide its circular No. DSD/ GCET/ 34 – 12/ 2014/ 2902, dated May 14, 2014, has launched an “In-Service B.Ed. (01 year) (Elementary, Secondary, and Early Childhood Education) for newly recruited Educators in GCETs with effect from the next academic session.

(vii) Curriculum Development & Textbooks

Curriculum and Syllabi: In 2012, the Punjab assembly created the Punjab Curriculum Authority (PCA) to prepare “schemes of studies, curricula, manuscripts of textbooks, standards of education and schedules”⁴⁵. The Punjab Textbook Board (PTB) complained that the Act produced a confusing overlap of responsibilities⁴⁶. The PCA was not allowed to work and its functions were assumed by the Chairman PTB without any authorization. At the moment of writing this note, a Bill is pending in the Provincial Assembly to merge the two institutions under the banner of PTB.

⁴⁵ The Punjab Curriculum Authority Act 2012.

⁴⁶ A controversy was initiated in the press and LHC was approached to stop the PCA from working.

Academically The Punjab Curriculum Authority Act – 2012 was a sound-step in the right direction. The functions assigned to the PCA were similar to the former Curriculum Wing of the Ministry of Education, Government of Pakistan⁴⁷.

Previously, the textbooks prepared by the private publishers were approved by the CW, this function was, under the PCA Act-212, assigned to the PCA. It is ironical that the PTB, itself a publishing agency, should assess textbooks of rival publishers!

In Punjab where for quite some time academic decisions have been made by the bureaucrats who have neither competence nor vision and commitment with the education system. An example being attachment with the PTB of the erstwhile, “Curriculum Research & Development Centre, Lahore”, an attached department of the Punjab Education Department to a ‘Semi-Government Organization.’⁴⁸

(viii) E-Learn Punjab

The Government of Punjab has made all the textbooks for grades 6 – 10 available online along with thousands of video lectures, simulations and assessment exercises. This will enable students to access textbooks, videos, tutorials and other academic stuff online for free. PITB’s e-learning platform will be specifically tailored for students enrolled with Punjab Education Boards⁴⁹.

Currently platform offers content for just a few subjects for 9th and 10th class. There are overall 1744 videos, 369 simulations and 1700 pages of content available for Chemistry, Biology, Physics and Mathematics.

Implementation: While implementing these policies, a weekly progress report was required from the field staff as follows:

Weekly Progress Report: School Education Department, vide Memo No. SO (SE-II) 2-26/2010, dated July 30, 2013, laid procedure and provided a comprehensive proforma for weekly Progress Report.

The implementation of the above policies/rules may be viewed as under

(i) Enrolment Emergency Campaign – 2014 was launched vide Government of the Punjab, School Education Department’s notification No. SO(SE-III) 5-72/2014, dated 11th March, 2014, in which a province-wise campaign for improving enrolment was started. A target of 3,998,000 was set for the field officers. As a result of the campaign 4,351,845 children were enrolled, 109% of the target set.

Long term strategy: The success of enrolment may not be a recurring feature, because the all out campaign of the Education Department brought these results. In order to make the enrolment campaign a success, the community, the civil society and the working teachers, instead of the bureaucracy, should be involved in a missionary spirit.

⁴⁷ The Punjab Curriculum Authority Act – 2012.

⁴⁸ Khalid Khattak, The News International, January 28, 2014.

⁴⁹ www.e-gov.pk/2014/02/e-learning-for-9th-and-10th.html

(ii) – (iii) **The recruitment and transfer policies** were framed to decentralise the actions in this regard. It is yet to be seen how far it works in the future.

(iv) **Re-allocation of teaching posts:** This issue has in the past been mis-used for political motives. The present policy proposes objective criteria for rationalisation of teaching posts and re-adjustment of teachers.

(v) – (vi) **The GCETs** working under DSD have in the past gained experience and developed expertise in implementing academic programmes. hopefully these programmes will also be successfully implemented.⁵⁰

(vii) The issue of **PCA vs PTB** should⁵¹ be resolved academically and should not be made a political war between the bureaucrats of the two agencies.

(viii) **e. Learn Punjab:** This is a new venture, its use has yet to be seen. In the past, the school broadcast programme of the Radio Pakistan, Lahore and the Primary Teaching Kit developed during the 1970s were not properly used.

Higher Education Department (HED)

During the year under review, the HED made the following initiatives:

a) Transfer Policy of Higher Education Department - 2013: The transfer policy of Higher Education Department lays down schedule for the transfers in line with the commencement and closure of financial year. In this regard, a Schedule of Activities is proposed to be followed, for transfers of Assistant Professors and Lecturers, during the month of July & August. (HED Notification No. S. O. (CE-III) 61-1-/2010, dated 29th July, 2013)

b) Lahore Knowledge Park (LKP): The Government of Punjab has planned to set up the first Knowledge Park in the country to develop and create linkages and synergy between academia and the corporate world in areas that feed into the global knowledge industry. The Punjab Government has dedicated an area of 852 acres of land in the city of Lahore⁵². The basic concept is to be achieved through creating clusters of related academic and industry sectors especially in the ICT, Business & Management Sciences and in Science & Technology.

The Global Education Dialogue and Knowledge Park Conference Lahore (May 6- 9, 2014) was held to refine articulation of the LKP Project.

⁵⁰ In 2002, the Education University was started with all the GCETs as its campuses and started the BEd, MEd, MA(Edu) programmes along with inservice training. Initially this created problems of quality education at these institutions. Over the years and with review of the quality of the staff of the GCETs, instruction at these institutions has improved under the supervision of DSD.

⁵¹ Refer to VII above.

⁵² hed.punjab.gov.pk/lahore-knowledge-park

c) **Faculty Development Program:** The HED has initiated a training and scholarship programme for its college faculty. The programme is divided into three sub-programmes:

- Higher Education of One Year Masters
- Refresher Courses (3, 6, or 12 months)
- Short Training Courses (2 to 4 weeks)

The programme will be in operation from the next academic session.

d) **Laptop Distribution (2014):** During the year 100,000 laptops were to be distributed among the eligible students across Punjab, who have scored 60% marks in annual examination system, 70% in semester system.

Implementation

a) Transfer Policy is a recurring process and is usually synchronised with the start of the session. However, due to social and political pressures, at times, transfers are made during other periods as well. There is need for strict compliance of the policy.

b) The LKP is still in its infancy. Its implementation has yet to be seen.

c) Faculty Development Programme is in its initial phase. If introduced on merit it will help in developing college teachers academically.

d) The Laptop scheme has been criticised on many accounts. The provision of free laptops and school textbooks have been misused and such policies need reappraisal.

Assessment of Quality of Governance of Sindh Government in Education Sector

*Dr. Santosh Kumar Kamrani⁵³***Context**

Sindh with its 42.4 million (2010 estimations) population is home to 23% of the total national population. It is the second largest and the most urbanized province in Pakistan with more than half of its population living in urban areas.⁵⁴

The majority of Sindh's population is young. Graduate unemployment, however, is 14%, twice the national level. The participation rate for women is very low in both urban and rural areas.

Table 18: Gender wise number of schools according to level

Gender wise number of schools according to level				
	Boys	Girls	Mixed	Total
Primary	11,055	6,066	25,221	42,342
Middle/Elementary	611	660	1,065	2,336
Secondary	663	544	545	1,752
Higher Secondary	112	84	98	294
Total	12,441	7,354	26,929	46,724
Source: SEMIS 2013-14				

Sindh's education system is similar to that in the other provinces. It is comprised of Early Childhood Education (ECE), Elementary Education (Primary & Middle level), Secondary, Higher Secondary and Technical Vocational /Tertiary education.

Early childhood education (ECE) offers one year as Katchi or pre-primary classes in public schools, whereas, up to three years in private schools. According to SEMIS Census 2013-14 the enrolment at the pre-primary level (Class- Katchi) is 565,713 in Government schools.

Elementary education comprises of primary & middle level education. Primary schools start at the age of 5+ years and comprises of 5 years. Primary schools constitute 91 percent of schools in the Province. Some schools are run in two shifts. The medium of instruction at the primary level is Sindhi, Urdu and English, with a majority of schools using Sindhi. English is taught as a subject in all schools from Class 1 onwards. In 2013/14, there were 2,802,824 primary education pupils (41%+ girls) enrolled in Government run schools. Enrolment in Middle/Elementary schools comprises of 246,893 students (49% females) during 2013/14⁵⁵.

⁵³ The author is Director Programs at the Universal Sufi Council Islamabad.

⁵⁴ Sindh Education Sector Plan document

⁵⁵ Sindh Education Sector Plan document

Secondary education is divided into two stages: secondary education (Classes 9 and 10) and higher secondary education (Classes 11 and 12). The enrolment in Government secondary classes in 2013/14 was 723,052 students (42% female); the enrolment in higher secondary classes was 312,646 students (36% female).

Technical education is an independent stream. Mono/polytechnic institutes and colleges of technology (including private sector institutes) offer three-year diploma programs in over twenty fields of specialization. The Sindh Technical Education and Vocational Training Authority (STEVTA) is responsible for technical and vocational educational affairs in the province with 469 institutions enrolling around 58,000 students. In addition to this, the Government of Sindh has launched a programme called Benazir Bhutto Shaheed Youth Development Programme (BBSYDP) for skills development of young people in pedagogy, Mathematic, English, and Computer usage, with approximately 100,000 youth enrolled.

Higher education is offered in universities and degree colleges and degree awarding institutions (DAIs). The enrolment at degree college level is approximately 82,000 and university level is 152,000. Overall participation rate is around 5 percent.

Table 19: Percentage of Literate Population 10 Years and Older

Percentage of Literate Population 10 Years and Older			
	Male	Female	Both
Urban	82	68	75
Rural	60	22	42
Overall	71	46	59
Source: PSLM 2010- 2011			

The literacy rate for individuals above the age of 10 is 59% in Sindh, and only 22% for females in rural areas. Enrolment in Non-Formal Basic Education Centers is about 12,795 in around 400 Non-Formal Basic Education Centers in the province.

There is increasing recognition of the role of non-state or private partners in education. According to the ASER 2013 Sindh report, Karachi has more than 68% of education provision through private sector options; however, in rural areas the ratio is only 9-10%. The Government of Sindh Education & Literacy Department is cognizant of the policy options and is open to innovative programs for transforming underperforming public sector schools and creating opportunities for large number of out of school children across the province.

Sindh like other provinces has a multiple assessment culture; in Government schools there are tests for grades 4 to 8. This is followed by formative and summative assessments administered by the Boards of Intermediate and Secondary Education throughout the province (BISE) for grades 9 to 12. After Higher Secondary School Certificate (HSSC) examination (Grade 12), students become eligible for admission to tertiary, higher education or specialized vocational diplomas.

Laws, policies, rules and regulations introduced and their impact

As no new law or policy was exclusively introduced during 2013-14, however, passing of the Sindh Right of Children to Free and Compulsory Education Act, 2013 in March 2013 focuses on key areas of education policy planning, curriculum standards, centers of excellence and Islamic education, in the spirit and the letter of the 18th Amendment of the Constitution. This act has 30 comprehensive articles and eight chapters encompassing the rights of ALL children aged 5-16 including those who are out of school, disadvantaged and with special needs. Inclusive education principles will be derived from the National Policy for Persons with Disabilities 2002 and international conventions.⁵⁶

Positive Developments during 2013-14

Recent efforts of Education & Literacy Department for executing and strengthening of laws, policies, rules and regulations are as under:

Sindh Education Sector Plan (SESP) 2014-18: In March 2014, Sindh Government signed Sindh Education Sector Plan (SESP) 2014-18 as ongoing education reform process in Sindh. It will help in implementation of Article 25A of the Constitution that mandates the State to provide free and compulsory education to all children the age of five to sixteen years.

Standardized Achievement Test (SAT): During 2013-14, large scale Standardized Achievement Tests of Grade V and VIII students were conducted through a third party. This test is based on the National Curriculum and the student learning outcomes identified in the National Curriculum. Findings of these tests will help Education Department to review teaching-learning strategies. The standardized testing students prior to Grades 9 and 10 has been non-existent. School tests given to students have not been standardized to identify whether the resulting scores are reliable indicators of the achievement of students. It also does not enable parents to assess the performance of their own children's school as compared with other public and private schools.

School Specific Budget (SSB): School Specific Budget salary side takes into account strict Teacher Rationalization protocols based on merit and quality learning environment. SSB is given to all Government owned schools in Sindh. Government of Sindh (GoS) has agreed that only schools with valid SEMIS codes will receive non-salary SSB following the stipulated guidelines based up on a function of the school's level, student enrollment, and number of classrooms. Use of school non salary budgets is limited to certain stipulated categories of expenditures up to stipulated ceilings in percent terms. GoS along with the Finance Department has also established a SSB Fund Utilization framework that specifies the process in which the funds will be spent, submitted, and tracked on a periodic basis. However, Department has not been able to release funds to the schools under this programme during current financial year.

In addition, following on-going initiatives also contribute towards quality of education:

⁵⁶ Sindh Education Sector Plan document

Distribution of Stipends⁵⁷: The Education & Literacy Department has initiated distribution of Stipends since 2001-2002 to relieve parents' financial burden and to provide an incentive for girls by reducing Gender Gap in Public Schools. The stipends are given to girl students only who are studying from class-VI to X in any Government School. From 2011-12, the stipend rate is PKR2,500 in standard area and PKR3,500 in 45 Taulkas/Tehsils where the transition rate from class 5 to class 6 is low. During 2011-12, a total number of 415,868 girls were awarded with the stipend. This effort also contributes towards addressing and attracting marginalized groups into the education net. Latest data with the Education & Literacy Department is not available.

Distribution of free textbooks: The Education & Literacy Department has been distributing free textbooks to the students of I-XII grades in all Government schools to increase the enrolment and overcome drop out ratio of school going children. This also attracts the poor, marginalized and underprivileged groups especially of rural areas to send their children to school and reduces the education cost. Number of books distributed during 2012-13 was 4,606,882;⁵⁸ whereas, updated data is not available with the department.

School Consolidation: The Government of Sindh has approved the policy of School Consolidation in 2012. This policy helps to merge adjoining schools and embedded/ same premise schools having the horizontal and/or vertical space for expansion to accommodate students. Deployment of teachers is also being rationalized based on specified criteria. As of December 2012, 1,068 Government schools have been consolidated in seven districts⁵⁹.

Induction Training: Newly appointed teachers are offered short training courses to enrich their knowledge and skills of lesson planning and delivery of curriculum content.

Education Management: In spite significant investment, the education sector has not yet fully accomplished its strategic goals and international commitments due to lack of good governance and management. The Education & Literacy Department has initiated for professionalization of management of education sector and institutionalizing the concept of 'right person for the right job'. Increasing promotion chances of existing workforce is linked to Training and Development. Building the quality of district and sub-district education management and leadership capacity is the priority by introducing a specialized education cadre in districts.

School Management Committees (SMCs): These committees provide complementary support to the head teachers and education sector officers to deliver quality education to their children. They assist in raising and sustaining the quality of learning outcomes for students and monitor the classroom performance and attendance of teachers. However, the overall performance of SMCs is not reported as satisfactory. The Government of Sindh in its Education Sector Plan has identified the need for the capacity building of the SMCs.

⁵⁷ Sindh Education & Literacy Department website (<http://www.sindheducation.gov.pk/educationReforms/gs.jsp>)

⁵⁸ Sindh Education & Literacy Department website (<http://www.sindheducation.gov.pk/educationReforms/ftb.jsp>)

⁵⁹ Sindh Education & Literacy Department website (<http://www.sindheducation.gov.pk/educationReforms/sc.jsp>)

Apart from above mentioned direct interventions/efforts, Government of Sindh has also encouraged donor-funded programmes⁶⁰ as follows:

Strengthening Teacher Education in Pakistan: For improving quality and delivery of services in elementary education appropriate to the needs of the poor, particularly women and children.

Education Fund for Sindh: Target 199,000 children (aged 5-9) out of which 155,000 will be out of school children, attaining a basic minimum standard of literacy, with a particular focus on early grade reading and numeracy

Upgrading of Primary Schools into Elementary Schools in Rural Sindh: The objective is to increase access, reduce rural urban disparities, & gender gap especially in rural areas of Sindh by providing enough numbers of elementary middle schools for girls in prioritized districts.

Sindh Basic Education Program (SBEP): SBEP will focus on increasing and sustaining student enrolment in primary, middle and secondary schools in five districts in northern Sindh as well as the city of Karachi by developing a school environment conducive to teaching and learning.

Pakistan Reading Project + Sindh Reading Project: It aims at better classroom learning, with a focus on reading and improved management in public education systems by rejuvenated National Culture of Reading.

Sindh Skills Development Project (SSDP): it will strengthen short-term training program to improve skills sets and employability of trainees; pilot reforms of a selected set of training institutions and strengthening the management capacity of technical and vocational education training systems.

CIDA, AKF, DFID, JICA, USAID and World Bank are financial and technical supporters of these programmes. It is expected that the said activities will minimize the bottlenecks of the education system in Sindh province by improving teachers' quality and reducing dropout ratio through better management strategies and minimizing rural urban disparities, & gender gap.⁶¹

Major Weaknesses in educational Governance during 2013-14

Most of the weaknesses in education system are on-going for many years. During 2013-14, Sindh Government could not do anything to reduce or overcome the shortcoming. Few of those are as under:

⁶⁰ Resource Support Unit (RSU) and Sindh Education & Literacy Department colleagues through a UN colleague in Karachi

⁶¹ Resource Support Unit (RSU) and Sindh Education & Literacy Department colleagues through a UN colleague in Karachi

Table 20: Enrolment of Katchi class

Enrolment of Katchi class		
	2009-2010	2013-2014
Boys	395,886	321,449
Girls	308,684	244,264
Total	704,570	565,713
Source: SEMIS 2009-2010 and 2013-2014		

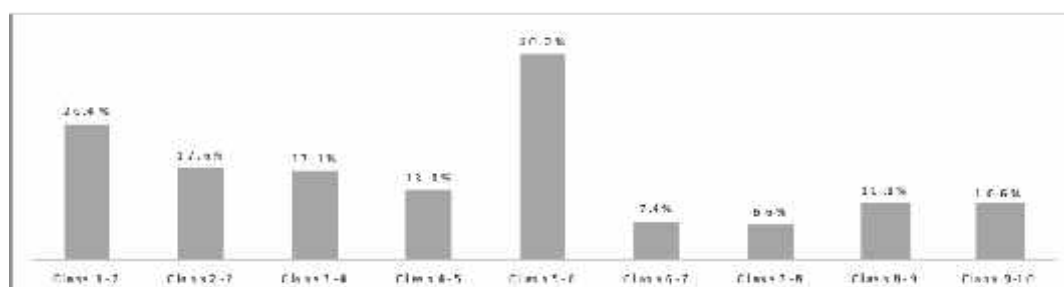
Slow Implementation of Free Education Act: Sind Right of Children to Free and Compulsory Education Act was enacted during March 2013. So far, Rules have not been framed for its implementation, and no substantial steps have been taken to enforce this Act.

Sindh Education Management Information System (SEMIS): According to Education Sector Plan 2014-18, produced by Sindh Education & Literacy Department, the SEMIS data is not updated regularly; whereas, basic student profiling data is not part of the system due to which important indicators of student retention and drop-out cannot be obtained reliably.

Teacher Absenteeism: This is a long-standing problem in the province, and new interventions have not been able to overcome this issue. Teacher absenteeism is due to weak supervision and accountability function not delivering; there is no database and MIS for HR (teaching and non-teaching) available / functional; and, there is no system for projecting teacher demand and supply.

Drop-out rates

The existing access strategies have proven insufficient to accelerate movement towards universal basic education in the short to medium term. More than 50% schools lack basic facilities either one or more of electricity, drinking water facility, toilets or boundary wall. Missing facilities are mostly in primary schools⁶², which contribute towards maximum dropout ratio of students at primary level, especially for girls.

Figure 5: Dropout Rates SY 2011/12

Basic student profiling data is not part of SEMIS, and important indicators of student retention and dropout cannot be obtained reliably; however, Government is determined to reduce dropout

⁶² SEMIS 2011-12

rate at primary level each year by developing phase wise reduction in dropouts plan in consultation with district officers.

Weak Management Capacity: Education managers at the district and sub district level lack knowledge and skills in planning and management. It is believed that corruption is rampant at the district and local level. Due to these gaps; quality and delivery of education service remains below the mark.

Table 21: Schools without facilities info

Schools without facilities info	
Total Schools	46,724
Electricity	23,241
Toilets	20,212
Drinking Water	23,047
Boundary Wall	18,938
Science Lab	54,653
Library	46,021
Play Ground	35,217
SMC	7,842
Source: SEMIS 2013-14	

Ghost Schools: An estimated 5000+ Government schools are believed to be non functional in Sindh⁶³.

Physical Facilities: Majority of the public sector schools in rural areas lack basic physical facilities and enough funds have not been allocated to fill this gap. More than 50% schools lack basic facilities either one or more of electricity, drinking water facility, toilets or boundary wall etc. Missing facilities are mostly in primary schools as compared to higher grade schools.

No Funding for Literacy and NFBE: Percentage of illiterates in rural Sindh is high. Sindh Education Department has not launched any programme for millions of illiterate youth and out of school children. For the last few years, development allocations for adult literacy and NFBE are made in the annual budget but no funds are actually released during the financial year. This is a strange practice.

Negligible Increase in Development Budget: ADP of Education increased by 9.4% compared with 2012-13. However, share of education sector in the total development budget (ADP) of the province has not increased much. It was about 7% in 2012-13 development budget' and 7.4% in 2013-14 ADP of Sindh⁶⁴.

⁶³ Assessment of the Quality of Governance in Pakistan
June 1, 2013 – May 31, 2014 by PIDAT

⁶⁴ Assessment of the Quality of Governance in Pakistan
June 1, 2013 – May 31, 2014 by PIDAT

Low Utilization of Development Budget: Sindh could utilize only 42.48% of development budget during 2013-14, which is very low⁶⁵.

Other challenges in the current education administrative system include:

- Lack of clear performance and quality standards for schools/teachers and education by level administration/management
- Lack of transparency in personnel recruitment and selection methods and effective employee placement
- Limited intra and inter-departmental coordination and uneven flow of communication.
- Lack of expertise and job specialization in human resource management, planning, financial management and procurement in the current system
- Lack of a coherent framework for in-service continuous capacity building
- Administrative system is not rationally organized where managerial workload is not proportionate to jobs, leading to system inefficiency and poor service delivery
- Misalignment between functional and budgetary accountability
- Ineffective utilization of public financial resources, including allocation of maintenance funds

Development of Curriculum or Syllabus during 2013-14

Curriculum provides a framework for the entire learning experience. In Sindh, the curriculum is understood and represented through textbook. Majority of the teachers do not have access to the curriculum document; whereas, National curriculum 2006 has not yet been implemented. Bureau of Curriculum Sindh has only 5 subject specialists against a need of 21 subject areas. There is lack of coordination and communication between and among key relevant organizations along with lack of tools and processes for curriculum development, review, feedback and improvement.

Sindh Education Department has constituted an advisory committee in October 2013 for reviewing the curriculum of primary schools, from class one to five, in order to identify the missing links, gaps and concepts in it. No progress has been made yet so far in this account.⁶⁶

Recommendations

The following corrective measures are proposed for future:

- Elimination of political patronage and interference in the affairs of education department to overcome teacher absenteeism.
- Merit based appointments and performance linked posting of district managers and heads of Provincial bodies and project directors is a must to reduce corruption at lower levels.
- Increased funding for provision of missing physical facilities in rural schools for reducing dropout rate.
- Increase in education budget for improving quality of education

⁶⁵ Assessment of the Quality of Governance in Pakistan
June 1, 2013 – May 31, 2014 by PIDAT

⁶⁶ Daily Dawn Karachi reports on 15 Oct 2013 (<http://www.dawn.com/news/1049764>)

- Improving quality, governance and access for all students
- Framing of rules and implementation of Right to Free Education Act
- Building the capacity of teaching cadre on the emerging trends to improve quality and access
- Introduction of the technology-based adult and youth literacy programmes, especially focusing the rural women in districts where female participation is low.

Efficiency and Effectiveness of the Justice System

Mr. Shahid Hamid⁶⁷

Judicial Pillar of State

The Constitution of the Islamic Republic of Pakistan, 1973, provides for a parliamentary form of Government in which there is a separation of powers between the Legislature, the Executive and the Judiciary. Broadly speaking the Legislature makes laws, the Executive executes the laws and the Judiciary interprets them and ensures balance and harmony between the three pillars of the State. The special status of the judicial pillar is highlighted by Article 7 of the Constitution and by the Objectives Resolution of 1949 which, by virtue of Article 2A, is now also a substantive part of the Constitution. Article 7 says that for purposes of the enforcement of fundamental rights and the principles of policy the judiciary is not part of the State. The Objectives Resolution contains the mandate that the independence of the judiciary shall be fully secured in Pakistan.

Supreme Court

The Supreme Court of Pakistan is the apex court. It comprises the Chief Justice and sixteen other judges. The present incumbent is the 22nd Chief Justice of Pakistan. Since independence about 120 individuals have been or are judges of the Supreme Court. The principal seat of the Court is at Islamabad. It also has branch registries in each of the four Provincial capitals.

The Supreme Court has original jurisdiction in all disputes between two or more Governments including the Federal Government. It also has original jurisdiction for enforcement of fundamental rights if the matter involves a question of public importance. It has appellate jurisdiction in appeals from judgments, decrees, final orders or sentences of the High Courts, the Federal and Provincial service tribunals and others specified courts and tribunals, for example election tribunals. It has power to review its own decisions. It has an advisory jurisdiction on any question of law of public importance referred by the President of Pakistan for the opinion of the Court. The Court has the power to transfer cases from one High Court to another High Court. All executive and judicial authorities throughout Pakistan are to act in aid of the Supreme Court.

In 2001 the pendency of cases in the Supreme Court at the end of that year was 13070. At the end of 2013 the pendency had increased to 20480. The pendency has remained over 20,000 in each of the years 2010, 2011, 2012 and 2013. The rate of disposal over the last 10 years has increased but so has the rate of institution. In 2013 the institution was 18154 while the disposal was 17988.

During the last year various benches of the Court worked at its principal seat for 273 days, at the Lahore registry for 106 days, at the Karachi registry for 91 days and at the Peshawar and Quetta registries for 23 days each. The judges worked throughout the year foregoing the vacations.

⁶⁷ The author is the former Governor of the Punjab.

The budget of the Supreme Court for 2013-14 was Rs. 1113.116 million. The budgetary allocation divided by the number of disposed of cases yields a figure of Rs. 63000 approximately. In other words the taxpayer bears a burden of Rs. 63,000 for every case decided by the Supreme Court. The burden on litigants is often much higher mostly in the form of fees and expenses paid to lawyers.

The Supreme Court has, since the early 1990s, a Human Rights Cell, which receives about 4000 applications a month. The last Chief Justice established within this Cell a separate wing for handling the complaints of overseas Pakistanis. The Cell decided nearly 45000 applications during the last year apart from another 300 complaints, out of the 900, received from overseas Pakistanis. The highest number of complaints from expatriate Pakistanis related to illegal dispossession from their properties and misappropriation of their inherited shares by their relatives in Pakistan.

Public Interest Litigation

Public interest litigation on the basis of simple individual applications or suo moto notice taken by the Court itself has provided a speedy and effective remedy for violation of fundamental rights. Also, and very importantly, it has fostered the concept of participative justice, a key ingredient of good governance. There are, however, obvious practical limits to the number of cases that the Supreme Court, or even the High Courts, can entertain and adjudicate upon in exercise of such jurisdiction and consequently the emphasis should be on judicial directions for remedial legislation and the exercise of executive power in a manner that promotes the public interest. Reference may be made in this behalf to the decision of the Supreme Court in the Darshan Masih case PLD 1990 SC 513 in which the Court directed the enactment of a self-contained enforceable law with regard to bonded labour being cognizant of the fact that it is impossible for the superior courts to intervene in all the acts of injustice that take place in this domain throughout the country. At the end of the day there is no substitute for changes in the attitudes and practices of the Executive organ of the State as a consequence of judicial directions, laws enacted by Parliament and the Provincial Assemblies, pressure of the media and other opinion-makers, because only such basic changes at all levels of public administration can ensure better and good governance for the people as a whole.

Judicial Review of Administrative Acts

The role played by the Superior Courts of Pakistan including, in particular, the Supreme Court, in judicial review of administrative acts is central to the role of the judiciary in providing good governance. This is a multi-faceted role. One vital part of it is the regulation of the power or discretion of Government and its functionaries to distribute largesse including jobs, contracts, quotas, licenses and the like. The grant of such largesse must be structured on the basis of rational, relevant and non-discriminatory standards and norms and this is precisely what the Executive was ordered to do in the landmark judgment of the Supreme Court in the Chairman RTA case PLD 1991 SC 14. The Supreme Court held that:

“Wherever wide-worded powers conferring discretion are found in a statute, there remains always the need and the desirability to structure the discretion. Structuring discretion means

regularizing it, organizing it, producing order in it, so that decision will achieve a higher quality of justice. The seven instruments that are most useful in the structuring of discretionary power are open plans, open policy statements, open rules, open findings, open reasons, open precedents, and fair informal procedure. When legislative bodies delegate discretionary power without meaningful standards, administrators should develop standards at the earliest feasible time, and then, as circumstances permit, should further confine their own discretion through principles and rules. The movement from vague standards to definite standards to broad principles to rules may be accomplished by policy statements in any form, by adjudicatory opinions, or by exercise of the rule-making power. When legislative bodies delegate discretionary power without meaningful standards, administrators should develop standards at the earliest feasible time, and then, as circumstances permit, should further confine their own discretion through principles and rules.”

This decision was ultimately incorporated as Clause 24-A in the General Clauses Act. This is good law and can be said to be a central pillar of good governance but only if it implemented in letter and spirit by the Executive. Sadly the Executive often and again fails to do so. The burden of ensuring enforcement then has to be borne by the superior courts in exercise of their power of judicial review.

One of the often quoted judgments of the Supreme Court in this matter was delivered in the Ikram Bari case (2005 SCMR 100) wherein the Supreme Court held:

“.... the Bank did not issue formal letters of appointment or termination to the employees so as to preclude them to have access to justice. There was no equilibrium of bargaining strength between the employer and the employees. The manner in which they had been dealt with by the Bank was a fraud on the Statute. A policy of pick and choose was adopted by the Bank in the matter of absorption/regularization of the employees. By Article 2-A of the Constitution which has been made its substantive part, it is unequivocally enjoined that in the State of Pakistan principle of equality, social and economic justice as enunciated by Islam shall be fully observed which shall be guaranteed as fundamental right. The principle of policy contained in Article 38 of the Constitution also provide, inter-alia, that the State shall secure the well being of the people by raising their standards of living and by ensuring equitable adjustment of rights between employers and the employees and provide for all citizens, within the available resources of the country, facilities for work and adequate livelihood and reduce disparity in income and earnings of individuals. Similarly, Article 3 of the Constitution makes it obligatory upon the State to ensure the elimination of all forms of exploitation and the gradual fulfillment of the fundamental principle, from each according to his ability, to each according to his work. It is difficult to countenance the approach of the Bank that the temporary Godown staff and the daily wages employees should be continued to be governed on disgraceful terms and conditions of service for an indefinite period. In view of section 24-A of the General Clauses Act 1897, the National Bank was required to act reasonably, fairly and justly. An employee being jobless and in fear of being shown the door had no option but to accept and continue with the appointment on whatever conditions it was offered by the Bank.”

It is as certain as certain can be that departure from legal norms and the consequential violation of individual rights would be far more extensive but for the pivotal role played by the superior courts to ensure good governance through effective review of administrative acts.

Supreme Court Advocates And Law Officers

There are nearly 5000 advocates on the rolls of the Supreme Court including more than 300 senior advocates of the Court. On the side of the Federal Government there is an attorney general, four additional attorney generals, forty-two deputy attorney generals and about a hundred standing counsel. This is apart from the considerable strength of the law officers of the Provincial Governments of which there are about 1100 in the four provinces including nearly a 1000 prosecutors. The law officers of the Federal and Provincial Governments also appear before the High Courts and the subordinate courts.

Role of Media

The annual report of the Supreme Court for the year 2013 lauds the media as the fourth pillar of the State and appreciates its multi-dimensional role in promoting societal values, dispensation of justice and carrying out good governance. It avers that the role of the media is a sine qua non in uncovering maladministration, violation of fundamental rights and high-handedness of police and other state functionaries, and sets out in extensive detail various press and media reports on the basis of which the Supreme Court invoked its suo-moto jurisdiction under Article 184 of the Constitution.

Federal Shariat Court

Islamabad is also the principal seat of the Federal Shariat Court which is to consist of not more than eight Muslim judges including its Chief Justice. Three of the judges are to be ulema having at least fifteen years of experience in Islamic law, research or instruction. The Federal Shariat Court is empowered to examine and decide whether any law is repugnant to the Injunctions of Islam as laid down in the Holy Quran and the Sunnah of the Holy Prophet [Peace Be Upon Him]. It is also the revisional Court for orders passed by any criminal court under laws relating to the enforcement of Hudood. An appeal lies from the Federal Shariat Court to the Shariat Appellate Bench of the Supreme Court, which is to comprise three Muslim judges of the Supreme Court and two ulema appointed by the President in consultation with the Chief Justice. The Federal and Provincial Governments have a constitutional duty to amend the laws so as to make them conform to the Injunctions of Islam as decided by the Shariat Court or, as the case may be, the Shariat Appellate Bench of the Supreme Court.

The Court has branch registries in each of the four Provincial capitals. During the year 2013 300 cases of various description were instituted before the Federal Shariat Court while 650 were disposed off leaving a pendency of a little over a 1000 at the end of the year.

The total expenditure of the Federal Shariat Court in 2012-13 was Rs.328 million.

Jurisdiction Of High Courts

There are five High Courts in Pakistan, one in each of the four provinces and one for the Islamabad Capital Territory. The High Courts have jurisdiction vested in them under the Constitution and by specific laws and other instruments having the force of law. The most important of these jurisdictions is the one vested under Article 199 of the Constitution which empowers the High Courts to compel performance of duty by public authorities, declare acts of public authorities, which are determined by the High Courts to be illegal or without jurisdiction, to be without lawful authority, direct release of persons being held in illegal custody, set-aside appointments to public office where the holders lack the requisite qualifications, and pass orders for enforcement of fundamental rights. Each of the High Courts has the power to supervise and control all courts subordinate to them. It may be mentioned in passing that the High Courts are not subordinate courts vis-a-vis the Supreme Court through bound by the judicial orders of the apex court.

Lahore High Court

The sanctioned strength of the Lahore High Court is sixty (60). It has benches at Bahawalpur, Multan and Rawalpindi. There are demands from local bars for benches at other major centers also such as Faisalabad. At the beginning of the year 2013 the number of pending cases at the principal seat and the three benches was 156,000. During the year over 133,000 the cases were instituted while 116,000 were disposed off. As a consequence at the end of the year 2013 pendency rose to 173,000. One of the reasons is that for most of the year the High Court was operating at about three-quarters of its sanctioned strength. The total budget of the Lahore High Court in 2012-13 was Rs.2.167 billion.

Subordinate Judiciary of the Punjab

Punjab has 36 districts. The sanctioned strength of district and additional and sessions judges in these districts was 643 in 2013. In that year the sanctioned strength of senior civil judges and civil judges-cum-magistrates was 1722. More than 50% of the posts of additional district and sessions judges and civil judges-cum-magistrates remained vacant. As a direct consequence there was a substantial increase in the pendency of cases. During the year 19,29,000 cases were instituted and 17,60,000 disposed off. Pendency at the end of the year rose to 11,08,000.

In addition there were about 50,000 cases pending in the banking and other special courts. In all the Provinces, apart from their traditional duties as adjudicators of civil disputes and criminal matters in the district, civil, sessions and magistrates courts the judicial officers also serve as presiding officers of the banking, anti-terrorism, accountability, drug, labour, anti-corruption, consumer, child protection and other special courts and tribunals. Some of these special courts are also manned by retired judicial officers.

The total budget of the district judiciary in the Punjab during 2012-13 was Rs.6.232 billion.

Sindh High Court

The Sindh High Court has a sanctioned strength of 40 but as in the case of the Lahore High Court, about one-quarter of these posts were vacant during 2013. The principal seat of the Court

is at Karachi. The Court has a bench at Sukkur and Circuit benches at Hyderabad and Larkana. Its total budget for 2012-13 was Rs.1.829 billion. The number of pending cases in the Sindh High Court inclusive of its benches on 1st January 2013 was 54,000, institution was 30,000 and disposal 18,000 leading to increased pendency of 66,000 at the end of that year. The main reason for increased pendency was the shortage of judges.

Subordinate Judiciary In Sindh

Sindh has 27 districts. These districts have a sanctioned strength of 122 district and additional district and session judges and 324 senior civil judges and civil judges-cum-magistrates. The total budget of the subordinate judiciary in Sindh during 2012-13 was Rs.1.956 billion. The number of vacancies in Sindh's subordinate judiciary was much less than in the Punjab – about 81 out of 446 sanctioned posts. During 2013 institution of cases in the subordinate courts of Sindh Province was 226,000 while the disposal was 216,000. The backlog thus increased by 10,000 to 124,000.

Peshawar High Court

The High Court of the Khyber-Pakhtunkhwa Province has a sanctioned strength of 20. The working strength during 2013 was 18. While the principal seat is at Peshawar the Court has benches at Abbotabad, Mingora, Dera Ismail Khan and Bannu. Its total budget in 2012-13 was Rs.798.54 million. During the year 2013 about 20000 cases were instituted, a little over 20000 disposed off and the pendency thus remained about 27000.

Subordinate Judiciary In Khyber-Pakhtunkhwa

The Khyber-Pakhtunkhwa Province has 25 districts. For these districts the sanctioned strength of district and additional district and session judges is 128 while that of senior civil judges and civil judges-cum-magistrates is 322.

During the year 2013 about 309,000 cases were instituted in the subordinate courts of the Khyber-Pakhtunkhwa Province while 295000 were disposed off as a result of which pendency rose to 133,000. The total budget of the subordinate judiciary of this Province was Rs.2.131 billion in 2012-13.

High Court of Balochistan

The High Court of Balochistan Province has a sanctioned strength of 11 judges inclusive of its Chief Justice. It was working at full strength in 2013. Its principal seat is at Quetta with benches at Sibi and Turbat. Its total budget was Rs.619.63 million in 2012-13. During the year 2013 the institution of criminal and civil cases before the Court was about 3,900 while disposal was also about the same leaving a backlog of 4,900 pending cases.

Subordinate Judiciary of Balochistan Province

The sanctioned strength of the subordinate judiciary in the 22 districts of Balochistan Province includes 62 district and additional district and session judges, 7 judges of anti-terrorism courts,

100 senior civil judges, civil judges-cum- magistrates and family judges, 22 members of the Majlis-e-Shoora, 31 Qazis and another 17 judges of conciliation and small causes courts . During 2012-13 the budgeted expenses of this subordinate judiciary was Rs.924 million. During 2013 27,000 cases were instituted before the subordinate courts, an equal number disposed off leaving intact a pendency of 8,400 cases.

Islamabad High Court

During most of the year 2013 the Islamabad High Court was working with four judges, three short of its sanctioned strength of seven. This is still the case. It was established under the Eighteenth Amendment to the Constitution. It had a total budget of Rs.361.53 million in 2012-13. In 2013 the institution of cases before this Court was 9,300, 5,100 cases were disposed off and pendency at the end of the year rose to 13,400.

Subordinate Judiciary In Islamabad Capital Territory

The sanctioned strength of the subordinate judiciary in the Islamabad Capital Territory includes 45 district and additional district and session judges and 56 senior civil judges and civil judges-cum-magistrates. The present numbers of additional district and sessions judges and civil judges-cum-magistrates are about half of the sanctioned strength. The total budget for 2012-13 was Rs.292 million. During 2013 institution of cases in the subordinate courts was 60,000 while disposal was 39,000 leading to pendency of over 30,000 at the end of that year.

Total Number of Judges Pending Cases and Expenditure

There are 163 sanctioned posts of the superior judiciary and 3600 sanctioned posts of the subordinate judiciary in the four provinces and the Islamabad Capital Territory. During 2013 the superior courts disposed off 182,000 cases and pendency in these seven courts was about 305,000 at the end of that year. Their budgeted expenditure was Rs.7.217 billion. This means that expenditure per disposed off case was Rs.40,000 approximately. During 2013 the subordinate courts disposed of 23,37,000 cases while pendency at the end of that year rose to 14,03,000 apart from the cases pending in various special courts. The sum total of Federal and Provincial expenditures on the subordinate judiciary was about 11.535 billion during 2012-13. This means that average expenditure per disposed off case was Rs.8,000. The aggregate expenditure of Rs.18.752 billion on the Judicial Pillar of State was a very small fraction of the total budgets of the Federal and Provincial Governments.

Number of Advocates in Pakistan

The strength of advocates enrolled with the Bar Councils is 126000 of which 85000 are in Punjab, 24000 in Sindh, 15000 in Khyber Pakhtunkhwa and 2500 in Balochistan. These numbers are being rapidly added to year after year by law graduates produced by 18 Universities with 120 affiliated law colleges.

Pendency of Cases

Over the previous few years, including the last one, there has been no reduction in the pendency of cases. In fact, the statistics indicate that the backlogs have increased in Punjab, Sindh and Islamabad. The procedural changes that have been made, and the more vigilant supervision by the superior judiciary over the working of the subordinate courts as per the National Judicial Policy has helped to an extent in improving the speed of justice especially in the disposal of old cases but the reality remains that there is a large backlog of cases in all the courts and a number of years before the average case passes through each level of the judicial hierarchy starting from the civil judges-cum-magistrates, next upto the district and sessions courts, then to the High Courts and finally to the Supreme Court.

Structural Reforms

It is time therefore to think of more radical reforms, more fundamental changes. Why should we not convert to a uniform 3-tier system: trial court, appellate court i.e. High Court, and Supreme Court. The 3-tier system is already there for a number of special laws, for example banking laws and environmental laws. Let us abolish the civil courts and start the first tier with additional district judges recruited through a competitive examination process open to B.A. LLBs between 35 to 45 years of age with not less than 10 years practice or comparable legal experience. The appellate court should be the High Court. The civil revision jurisdiction could go. To cope with the back-log a sufficient number of additional district judges could be recruited on contract for, say, 5 years till the number of pending cases had been reduced to acceptable levels. Senior lawyers could also be appointed for a fixed 5 year term as ad hoc judges of the High Courts for tackling the back-log. The target should be for the average case to pass through the trial court stage within one year, and again not more than one year at the appellate stage. Inevitably there will be transitional provisions in moving from the current 4-tier system to the proposed 3-tier one but surely they can be overcome. The 3-tier system will cut years from the final disposal of the average case. It will also greatly improve the quality of judgments because the trial court level will be manned by far more experienced judicial officers. The 3 tier hierarchy is the norm is a number of other countries including the USA.

Shortage of Judges

Even if a uniform 3-tier system is not possible or feasible the National Judicial Policy Making Committee should cause an exercise to be made as to how many additional civil court judges, additional district judges and high court judges are required on the yard-stick that the average case should pass through each of these three levels within not more than one year at each stage. Parliament and the Provincial Assemblies, and the Federal and Provincial Governments, should then be asked to allocate funds accordingly keeping in mind that speedy access to justice for all is a fundamental pre-requisite for good governance. The shortage of judges in the subordinate judiciary was brought to the notice of Parliament and the Government through Supreme Court *Suo Moto Case 3 of 2001 PLD 2001 SC 1041* wherein it was inter alia observed.

“After separation of the Judiciary from the Executive more man-power is required. A Civil Judge is not only a Civil Judge but Rent Controller as well as Family Court and he has also been

burdened tremendously with the disposal of criminal cases. This is not fair and this is one of the causes of delay.”

Thirteen years having passed without adequate response it is time that an order be passed by the Supreme Court for affirmative action in this matter on the basis of the above proposed exercise.

Good Governance

What is good governance? It has no single meaning. The Oxford dictionary defines governance as the act or manner of governing or control. Good governance, however, is a concept that goes far beyond the dictionary term. It is part of an extended family that includes democracy, civil society, popular participation, human rights, sustainable economic and social development, the independence of the judiciary and the rule of law. In 1991, at Harare in Zimbabwe, the assembled leaders of the Commonwealth nations discussed good governance and committed the member Governments to the democratic process and institutions reflecting national circumstances, the rule of law and the independence of the judiciary, just and honest Government and fundamental human rights including equal rights and opportunities for all citizens regardless of race, colour, creed or religious belief. In 1996, at the second Habitat Conference in Istanbul, the assembled leaders of the world defined good governance in terms of accountability, transparency, participation, the rule of law and public-private partnership. In 1997 the United Nations Development Programme adopted a report to the effect that good governance had to be participatory, transparent and accountable. It had to promote the rule of law and equal justice under law. Political, social and economic priorities had to be based on broad consensus within each society and the voices of the poorest and most vulnerable had to be heard in the decision-making process. There could be no sustainable development without these essential ingredients.

The World Bank defines governance as the manner in which power is exercised in the management of a country's economic and social resources for development, and lists participatory and democratic frameworks, a strong legal system and strong regulatory agencies, effective and equitable operation of the economy and sound and responsive systems of public administration, as the essential requirements of good governance.

Our national vision is enshrined in the Objectives Resolution. It is evident from this Resolution that for the people of Pakistan good governance requires that the State should be exercising powers through its elected representatives, that there should be full observance of the principles of democracy, freedom, equality, tolerance and social justice as enunciated by Islam, that the people should be enjoying all their fundamental rights including equality of status, equality of opportunity, equality before law, social economic and political justice and freedom of thought, expression, belief, faith, worship and association, and that there should be a fully secured independent judiciary able and capable of securing for them these principles and rights.

Subordinate Judiciary and Good Governance

Has the subordinate judiciary contributed to good governance in Pakistan? Sadly, the answer has to be No. There are many many honest capable and hard-working officers in the subordinate judiciary. But the overwhelming public perception is that justice at this level is delivered on the basis of money or influence or both. A Citizens Survey forming part of the Human Development Report for South Asia found that 67% of the interviewees regarded judges as corrupt.

Interestingly 88% of the same interviewees regarded political leaders as corrupt and an even larger 94% regarded police officers as corrupt. The number interviewed was 500 living in Rawalpindi, Islamabad and Peshawar and the rural areas of Chakwal and Malakand. A similar survey made by Transparency International reported that 63% of those interviewed thought they had to bribe court officials to get a favourable verdict. However only 33% admitted to actually giving a bribe.

Corruption in the subordinate judiciary, whether actual or perceived, erodes respect for those who have the high duty to adjudicate civil disputes, to punish the guilty and to exonerate the innocent. It alienates the common man and instills in him an ingrained feeling of injustice. It negates good governance.

An in-depth discussion of the various forms and manifestations of corruption and the very many steps required to cope with this cancer is beyond the scope of this paper. Nevertheless, without amplifying, a few suggestions are offered which may over time alleviate this grave and continuing threat to the integrity of our judicial system. These proposals, which may sound simplistic, are based on two premises. The first is that it is far easier and cost-effective to try and prevent corruption than to punish the corrupt, and the second is that corruption is, to a significant extent, a crime of opportunity. If you close or squeeze the window of opportunity, or make it dangerous to climb through this window, you can reduce corruption.

The first of these proposals is that when a case is ripe for arguments the District Judge should transfer the case to any other court of competent jurisdiction including transfer from his own court if any of the parties applies for transfer. On such application, in which no reasons need be given for seeking the transfer, the transfer order should also direct the hearing of arguments and final order by the transferee court within, say, the next 10 days. This proposal, if implemented, could be coupled with an announced policy of taking administrative action in cases where more than a specified number of such transfer applications are received against a particular presiding officer.

Another proposal is that counsel for both parties should invariably be required to file their written arguments or at least a summary of arguments. This should effectively dissuade lower courts from not noticing arguments when writing judgments on other than the merits of a case. The proposal has the further advantage that it will save court time and eliminate disputes in appellate courts about whether a particular ground was urged in the court below. Hopefully this will also improve the level of assistance from the Bar. This proposal, like the previous one, could be coupled with a policy directive that whenever an appellate court comes to the conclusion that the reasoning of the lower court was perverse or in deliberate ignorance of law the appellate court shall report the matter to the competent authority for appropriate proceedings against the concerned presiding officer.

Image of Superior Judiciary

The perceived damage to the integrity of the judicial system has not left untouched the superior judiciary. Suffice to stress, in this behalf, that the independence of the judiciary depends, in the first instance, on the public conviction that the judges of the superior courts are models of

integrity in all its forms, and the consequential need for the Honourable Judges to devise and enforce transparent accountability mechanisms for themselves. Pertinent mention may also be made of the imperative of ensuring continuance, on a lasting basis, of improved Bench-Bar relations. Nothing damages the image of the judicial institution in the public eye quite so much as that of a House divided against itself.

The public image of the highest court in the land has also suffered by having to rule, from time to time, on the validity of various military take-overs. The reality in Pakistan is that a judicial verdict cannot by itself reverse a military take-over. What the Supreme Court could do is to reserve final judgment on the validity of a military take-over till the intervention is over, and to re-visit any interim or temporary validations, including the validations given in the past to previous Martial Laws, at an appropriate time of the Courts' own choosing. The intervention, for example, which was supposed to last for 90 days and did not end till terminated by divine intervention 11 years later cries out for a re-visit. It is entirely possible, indeed probable, that the knowledge that the highest court may eventually review any interim or temporary validation will have a salutary effect and abort possible future military interventions. However, in the final analysis it is for the people of Pakistan to decide. They are the ultimate Sovereign. If they do not want future military interventions and consequential constitutional deviations then they must be united in saying to the Armed Forces not again, never again.

Present Public Perception

The negative public perception, in regard to the subordinate judiciary and the failure of the Federal and Provincial Governments in ensuring access to a more efficient justice system is amply reflected in the 2014 PILDAT survey on the Quality of Democracy and Governance. The net performance rating of the Federal Government in the eyes of the public is minus 2%, Punjab is plus 15% while Sindh, Khyber-Pakhtunkhwa and Balochistan are minus 42%, plus 13 % and minus 38% respectively. The survey result for public opinion in the Punjab is surprising given that Punjab has a dis-proportionately higher number of pending cases and resultant delays.

In terms of trust in institutions the subordinate courts have a net performance rating of plus 2%. The Supreme Court and High Courts enjoy a substantially higher 26% positive rating. However, in terms of effectiveness the rating of the Supreme Court is plus 2% only with a positive rating in Punjab but negative ratings in all the three smaller provinces.

In terms of law and order the net performance rating of the Federal Government is minus 2%. For the provinces the ratings are Punjab plus 12%, Sindh minus 34%, Khyber-Pakhtunkhwa minus 8% and Balochistan minus 8%.

All these public opinion ratings, whether relating to access to justice, trust in institutions or law and order, leave much to be desired, and reflect poorly on the performance of both the Federal and Provincial Governments and the subordinate judiciary.

Rule of Law

The philosopher Baruch Spinoza wrote: "Peace is not the absence of war, but the presence of justice". In the 21st century justice is linked not only to peaceful conditions but also to economic

and social development. As a consequence of globalization and the revolutionary advances in technology and communications, we are less compartmentalized, less segmented, and more interdependent than ever before. John Donne's timeless lines, "No man is an island, but every man is a piece of the continent," were written a long time ago, but they are to-day's reality.

In the 21st century, economic and social development is not just about the balance of payments or building a road or increasing tax collection. More and more it is about the rule of law and the rule of law requires amongst other things:

- Meaningful and enforceable laws: laws that ensure transparency, fairness, and predictability in decisions;
- Enforceable contracts: contracts that promote business and commerce;
- Basic security including personal safety and protection of property;
- Access to justice for all.

If these elements are in place private individuals are able to contribute to economic progress through confident participation in business, trade, investments, and other financial transactions. This in turn encourages foreign investment into the country. For such development to take place on a sustainable basis the rule of law is a must. In the ultimate analysis it is the rule of law that is key to the reduction of poverty and the creation of jobs.

Access to Justice

If we focus our spotlight on the developing world we find a growing imbalance, a huge chasm between the wealthy and the poor, and myriad resultant issues associated with the delivery of public services and assurance of basic human rights. In its 2008 report "Making the law work for everyone" the UNDP estimated that 70% of the population of the developing world, almost 4 billion people, live on less than \$2.50 per day. In other words, close to or below the poverty line. 70% of Pakistan's population is 130 million. The preponderant majority of these poor people do not have access to justice. At best their access is limited. It is insufficient. It is inadequate. And what is the consequence?. In 2008 the UNDP found that there could be no sustainable development without the participation of these most vulnerable numbers of society and providing them access to justice. The UNDP held that establishment and strengthening of judicial institutions "can spell the difference between vulnerability and security, desperation and dignity for millions of our fellow human beings". The positive impact an efficient and able judiciary can have on the lives of millions in developing countries was not just desirable - it was an imperative necessity.

Lack of access to justice dangerously fragments society as we have ourselves witnessed in Waziristan, Swat and FATA. From both domestic and international precedents it is apparent that absence of access to justice and the rule of law leads to discrimination, lack of economic opportunities, lack of accountability and ultimately undermines and fails the democratic order. In this context it is pertinent to note that amongst the first demands of our Middle East brothers in the Arab Spring countries was for establishment of effective judicial institutions. Even in countries like Jordan where the old political order remained in place King Abdullah felt compelled to issue a royal decree in October 2012 ordaining the establishment of an

administratively and financially independent Constitutional Court, which he termed as “a major step and milestone in the process of reform and democratic renewal we envisage.”

Surveys from around the world show that confidence in the judiciary increases with an increase in income and education levels. Broadly speaking, residents of large urban centers use courts more because by and large they have higher income and education levels than their rural brethren. People in the lowest income levels remain deprived and their disputes unresolved and/or decided outside the ambit of the formal judicial system. This is especially true of developing countries in Africa where as much as 80% of disputes are resolved outside their judicial systems.

Need for Transparency

These surveys indicate the need to improve the confidence of the people in the judicial system. . For this to happen it is necessary that the judiciary should foster transparency in all aspects of its financial and administrative working. As Justice Louis Brandeis of the United States Supreme Court famously remarked, “sunlight is the best disinfectant”. Transparency in all matters will help to root out corruption and abuses in the judicial system.

Costs and Lack of Infrastructure

For the ordinary litigant in Pakistan the experience of the courtroom is difficult, indeed traumatic. The seeker of justice arrives in court after a lengthy and expensive journey. Having incurred the opportunity cost of lost wages on account of the day spent in court, he often finds that the judicial officer is on leave or more likely there is a strike called by some Bar Association. For these and other reasons, his case is adjourned. In criminal cases delays take place because the police officers more often than not do not file the *challans* within the statutory time limits and carry on unnecessarily lengthy investigations. For women the trauma of the courtroom experience is aggravated by facing discrimination especially in the cases of violence against women.

In terms of infrastructure, there are no waiting areas and dirty, if any, latrines. The litigants have to share these with under-trial prisoners moving about in chains and shackles with their police handlers. Women obliged to bring young children for meetings with their fathers at the family courts face humiliation in full view of curious strangers as there are few courts equipped with separate family rooms for the weekly visits. The Islamabad Civil Courts, by way of example common to many stations, are based in the F-8 Markaz. The courtrooms were originally meant to be shops. The judge, reader, steno, about 10 – 12 lawyers and *munshis* at any given time, as well as small children with their mothers are to be found cramped into ‘court rooms’ of 10’ x 14’ size. This lack of suitable facilities in terms of infrastructure amounts to a failure of access to justice. The judicial experience for litigations has to be made more comfortable through the provision of dedicated buildings and amenities including proper latrines and waiting rooms.

Alternative Dispute Resolution

Alternative dispute resolution and its strengthening and broadening are vital to providing access to justice to the common man. Many aggrieved persons never make it to court. Their first point of contact in the pursuit of justice is the village elder or *panchayat*. They choose this method of dispute resolution because of convenience and cost effectiveness and speed of the process. Given the huge backlog of cases across Pakistan, every effort should be made to ensure that people have alternative means to resolve disputes at the village or tehsil level. These efforts must include legal training for those involved in alternate dispute resolution at grass roots level to ensure that the decisions made by them are in keeping with principles of natural justice. However, a word of caution has to be added here. Informal dispute resolution systems such as village *panchayats* are often controlled by local elites and are class and gender biased. Therefore, those already marginalized by society on the basis of gender or class may not find relief in these forums.

Costs and delays in the formal judicial system are also causing a number of commercial entities to resort to alternate dispute resolution at dedicated dispute resolution centers. This process has been facilitated by the insertion of section 89A into the Code of Civil Procedure, which empowers the subordinate courts to refer to arbitration or mediation or conciliation the suits pending before them where the contesting parties agree to such referral. It is important to note nonetheless that alternate dispute resolution cannot replace the formal judicial system and cannot obviate the need for curing the ills of the formal judicial system.

Institutions and the Rule of Law

Good governance requires strong institutions. The message to build strong institutions was given to us more than 1400 years by Almighty Allah when through verse 159 of *Sura Al-Imran* He made it obligatory on the Holy Prophet (Peace Be Upon Him) to seek counsel in all affairs. Strong institutions create a system, which automatically produces the leadership for the continued growth of these institutions. The economic and social success of the West, of Japan and of many of the East Asian and South-East Asian states is based on the strength of their institutions and not their leaders. In the context of our Islamic Republic our institutions need to be built and strengthened on the basis of *Adl wal Ihsan*. *Adl* represents the rule of law and regulates selfishness and self-interest. *Ihsan* blends the rule of law with equity and acts to protect against injustice and to help those in need. In building institutions based on the principles of *Adl wal Ihsan* we travel a step beyond good governance. We enter the realm of good humane governance.

Lawrence Solum in “Equity and the Rule of Law” has identified seven requirements of good governance:

- Arbitrary decisions by Government officials must not serve as the basis for legal verdicts;
- Government officials must not perceive themselves as being above the law;
- The law must be known to the public through clear methods of promulgation;
- Legal rules must be stated in general terms and not aimed at particular individuals or groups;

- Similar cases must be treated in an equivalent manner;
- Procedures for determining must be fair and orderly; and
- Actions required and forbidden by the Rule of Law must be easy for citizens to identify.

These requirements along with access to justice, due process and judicial independence are the ingredients of good humane governance. These are the matters that should be the constant and continuing agenda of Parliament and the Provincial Assemblies, and the Federal and Provincial Governments.

Immediate Measures Required

What are the measures that the Federal and Provincial Governments can and should take on a priority basis to improve the efficiency and effectiveness of the justice system. Given that the judiciary is independent and must remain so, many of these measures are to be taken by the judiciary itself. It is primarily for the judiciary to ensure a swift and effective accountability system to purge the corruption in its own ranks. The National Judicial Policy 2009 as amended to date contains a detailed set of policy directives in this behalf. However the judiciary should not be averse to the pro-active involvement of agencies such as the National Accountability Bureau in cases of complaints that its own mechanisms are unable to cope with. To take but one example allegations that a judicial officer has accumulated wealth beyond his known means of income cannot be effectively investigated by the judiciary itself. The National Judicial Policy also contains a detailed set of recommendations and directives for the early disposal of cases but as we have seen the achievements in this field are less than what was envisaged or hoped. The Federal and Provincial Governments must allocate larger amounts for more posts of judges in the subordinate judiciary especially in the Punjab, Sindh, and also Khyber-Pakhtunkhwa. It will be then for the superior judiciary to fill these additional posts, apart from filling existing vacancies, as rapidly as the recruitment rules allow. In this behalf it is gratifying that a substantial number of the vacancies in the High Courts have been, or are in the process of being, filled. All the Governments must also provide required funds for making good the shortcomings of infrastructure in the subordinate courts. In criminal matters there is a crying need for the Governments to improve the quality and training of its prosecutors. The present conviction rate especially in cases of serious crime is less than 10%. This is dismal. In the overall context, while determining priorities for budgetary allocations of various sectors, the Federal and Provincial Governments need to bear in mind that extra funds are required not only for meeting existing shortages but also for coping with the ever increasing litigation as more and more citizens gain access to justice and more and more laws are passed year after year by Parliament and the Provincial Assemblies. During the last year for example Parliament passed more than 20 laws, the Provincial assemblies another 100 or more. The implementation of these laws will inevitably add to the volume of litigation before the courts. The Executive and the Judiciary must also interact with each other in proposing laws to Parliament and the Provincial Assemblies for effecting the more fundamental reforms and procedural amendments identified earlier.

Moral Authority

At the end, in making an over-all assessment of the role of the judicial pillar of State the centrality of the Supreme Court has to be re-emphasized. When told that the Pope in Rome was a

powerful force Joseph Stalin, the unlamented dictator of the defunct Soviet Union, is famously reported to have remarked, “How many guns does the Pope have?” Like the Pope the Supreme Court does not have any guns but like the Pope it has great moral authority. It is this moral authority, even more than the command contained in Article 190 of the Constitution and Article 204 and the contempt of court law, that makes for acceptance of the Courts’ orders and ensures compliance. It is this moral authority that is pivotal for the Courts’ role in ensuring the rule of law and better governance. The continuance and strengthening of this moral authority requires unity within the Court, harmonious relations between the Bench and Bar, the firm public perception that the decisions of the Court are fair and just and wholly uninfluenced by any consideration or pressure other than the Constitution and the law, and the further perception that the Judges are role models. Moral authority based on these foundations has to encompass the High Courts and, in time, all the subordinate courts. In the hands, in the hands of the entire judiciary the Almighty Allah has placed a sacred trust, which has to be discharged in terms of the command contained in verse 58 of Sura Al-Nisa:

“Allah doth command you to render back your Trusts to those to whom they are due; and when ye judge between man and man that ye judge with justice; verily how excellent is the teaching which he giveth you! For Allah is He who heareth and seeth all things.

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Energy Production and Management

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Federal Government

Pakistan is presently going through an energy crisis, something the current Government, similar to its predecessors, promised to curtail. To fulfill our energy needs, we need to start focusing on the renewables to reduce the cost of generation instead of wasting our finite thermal reserves.

The Power Policy Acts of 1994 and 2002 could not have envisioned the policy mistakes that have now led to a grave shortfall of 6000 MW with the emphasis on power production on finite and imported thermal sources. The cost of oil started to rise because of the global hike in prices and the increase in the consumer demand. Therefore, a gap between power generation and supply of oil has escalated the country's circular debt. The policies that are made by the Federal Government, with consensus, not only avoid addressing thermal plant efficiency issues but also issues dealing with energy affordability.

Comparing 2012-2013 and 2013-2014, it can be deduced that there was a slight increase in power generation on the production side. The Federal Government is also supervising a few ongoing hydropower projects that should be beneficial for electricity generation. Unfortunately, there are many evident cases, which prove the ineptitude shown by Pakistan's governing bodies. Rehabilitation of GENCOs, a program proposed to underscore the importance of efficiency, was unable to meet the completion deadline.

Furthermore, expected additional capacity still needs to be figured out. Uch-II another project inaugurated by current prime minister, was incapable of providing sufficient electricity. To make matters worse, NTDC failed to lay the transmission lines. However, Guddu thermal plant is one project that achieved its target in generating electricity. But the credit for this achievement goes to the Musharraf administration, responsible for the conception of this idea.

In order to improve energy sector productivity, regulatory institutions need to be strengthened, hearings of different projects should include public and contracts must be awarded transparently. Furthermore, the National Power Policy 2013 needs to be revised and to reduce the per unit consumption of electricity, efficiency of thermal power plants need to be revisited. The administrative bodies, Ministry of Water and Ministry of Petroleum and Natural Resources, should be assessed for irresponsibility on matters such as overbilling of consumers.

Moreover, NEPRA has not been able to meet basic regulation standards of upholding consumer rights, as demonstrated by a number of different examples, the latest of which is in the area of coal power generation. In a recent show of ignorance, NEPRA increased the overall tariff of supercritical coal generation plants for which the capital and operational cost were high and efficiency was extremely low. Implementation of such efficient plants can be seen in South Asia but our Government seems to be ignoring the regional trends. In 2014, Bangladesh floated an

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open tender under a transparent process for two plants with a capacity of 600 MW each asking for low tariff from end users.

Yet, Federal Government did not take this into account and came up with 6,600MW inefficient coal plant projects in Thar and in six cities of Punjab, which are still under progress. Similarly, Ministry of Petroleum and Natural resources have failed to secure a reliable supply of natural gas. The Iran-Pakistan pipeline project could not move forward due to funding issues. LNG imports could not be secured by the ministry as they failed to negotiate a competitive price.

Although the Punjab Government has had a solid energy agenda, it has not been able to take into account the causes of the power crisis, including high cost of generation. For example, the Quaid-e-Azam Solar Park was expected to add 100MW to the national grid by December 2014 but this project has an astronomical cost of generation at Rs.22.01/Kwh. The Government has failed to realize the end cost our consumers are going to bear after materializing projects based on solar energy rather than utilizing hydropower.

Efficiency has been neglected by NEPRA in the Nandipur power project for thermal power generation. In Musharraf's era, the project was conceived for USD 329 million, however, currently USD 244million have been added to its generation cost, increasing the overall tariff. Guddu, a plant having capacity of 747MW, has a cost of Rs. 80million/MW, whereas, Nandipur has a capacity of 425MW and costs Rs. 137million/MW. Nonetheless, Punjab Government has embarked upon the implementation of five hydro projects with cumulative capacity of 25MW and annual generation of 1.40GWh. In the previous year, the Punjab Government also established a Research Centre responsible for R&D in energy sector, in UET-Lahore.

Lofty goals with poor implementation were also reflected in the Sindh Government, which has aimed to export electricity to the entire nation by 2018. Out of Rs. 20billion, it has allocated Rs.13.5billion for the construction of Thar coal plants. They have not yet addressed questions regarding the quality of this coal and viability of power generation but still have progressed in the overburden removal of Thar coal Part-II. Their focus on solarization of 350 off-grid schools in Nangarparkar and 100 off-grid houses in Sanghar, shows their motivation. The Annual Development Program shows an allocation of Rs. 7 billion, which includes 100MW gas fired plant, started earlier in 2012 and Run of the river hydro plants at Rohri Canal that would add 5MW to SEPCO network (Government of Sindh, 2014). In order to streamline the process, it was recommended that Provincial Governments be recognized as genuine agencies for competitive bidding. Khairpur Waste to Energy project and five solar projects of capacity 20MW are also planned but their high capital costs have not been addressed by the administration. Land allotment of Wind Project Jhampir was pursued for \$133million and is vital for Pak-China economic corridor, having a potential of 49.5MW. Moreover under the 18th amendment, Sindh Oil and Gas industry allowed greater control of Provincial Governments on projects. However, timeframe of these projects were not clear and the energy management needs to be strengthened by making a distinct category of energy in the Government's financial plans.

Khyber Pakhtunkhwa allocated Rs. 3.05 billion on energy sector, focusing more on hydropower while its reform was not seen. Out of 24,736 MW, highest hydropower potential in KPK, only 3,849 MW has been harnessed (Government of KPK, 2014). Nevertheless, PEPCO, responsible

for distribution of electricity in KPK, stood second in efficiency after SEPCO in 2014. Furthermore, current Government of KPK is planning to launch 17 hydropower projects in the year 2014-15 which include 300 MW Balakot HPP District Mansehra, 14 MW Ghorband HPP District Shangla and 84 MW Matiltan Gorkin HPP in Swat which unfortunately was not approved by the central Government due to its high cost per unit of Rs. 6.02. Instead, the central Government recommended Engineering Procurement and Construction (EPC) costs of hydropower projects of Sharmai (150 MW) as Rs33 billion, Shogo-Sin Chitral as Rs27 billion and Shushgai Chitral as Rs29 billion. Likewise, KPK Government has also planned construction of 10 MW hydropower project named Nandihar in Batagram, 51 MW Mujigaram Shaghore, 79MW Arkari Gol and 52MW Istaro Booni in Chitral.

Apart from hydel, KPK Government has intention to build 10MW solar plant costing Rs. 26million and a 10MW Wind plant that will cost Rs. 25 million. They have yet to consider the end tariff of Rs. 21/kwh for solar and Rs 14.8/kwh for wind according to NEPRA. They even have plans to conduct a feasibility study for a 200MW thermal plant in the southern belt and aim to create an Oil refinery in Khushal Garh, Kohat worth \$700 million.

Balochistan on the other hand has allocated Rs. 3.23 billion and is planning to invest one-third of their budget on solar plants that would benefit 300 villages. Last year, the energy sector in Balochistan was neglected, which is why this year there are high hopes from the 300MW Solar project in Quetta, worth US\$700 million. It should have been commissioned by 2014 but unfortunately, due to security reasons, the project could not be completed on time.

Assessment

An in-depth analysis of the Federal and local Governments performance from June 2013-14 shows that, in summary, while legislation is intact in theory, unnecessary amendments such as to the NEPRA Act for political reasons have weakened institutions over time. This is covered in detail in this note, in reference to NEPRA. Moreover, it must be noted that there was a lack of clear direction in terms of policy implementation as shown by key performance indicators of the Ministry of Water & Power and the Ministry of Petroleum and Natural Resources.

Bringing the country out of this prolonged energy crisis is what previous Governments promised and the current regime of PML-N elected in May 2013 is no different. The current Government has explicitly mentioned the theme of energy security in their manifesto, stating: “energy security: continuous availability and affordability” (PML-N, 2013). From June 2013-14, the Government has not been able to come up with any major breakthroughs, which could mitigate the energy crisis; such as load shedding that has become a headache for our citizens. Its effects on the economy are enormous and can be observed in the form of annual GDP loss of 2%.

Huge reliance on expensive thermal fuel resources as a result of previous policies has led to an immense shortfall of 6,000MW of electricity. One such policy in 2002 shifted the power sector from natural gas- due to limited reserves- to RFO. It is now a worldwide phenomenon that renewables are the next big thing for fulfilling our energy needs. Unfortunately, in the case of Pakistan, reliance on cheap renewables, such hydropower, is negligible. In the country's initial development stages, Pakistan's energy mix was largely dependent on hydropower sources, with

about a 70:30 ratio for hydropower to thermal sources. Negligence at the policy level led to hydropower's abandonment. The Power Policy of 1994 is one such example. The policy gave leverage to private sector to invest in thermal power plants and led to the reversal of energy mix from hydro vs. thermal ratio of 50:50. In 2013, power generation on thermal sources was 65% (State of Industry Report, 2013) (oil and gas). The table below shows the tariff comparison between energy sources in Pakistan, which shows that hydropower, has the lowest cost of generation, while Furnace Oil is at a hefty price of Rs. 16/kwh.

Table 22: Costs of Energy Sources

	Hydro	Coal	F.O.	Gas	Nuclear	Wind	Solar
Cost in Rs/Kwh	0.08	3.74	16.63	5.01	1.16	14	22.02

In May 2013, the price of oil soared to triple digit of \$110/barrel, resulting in manifold increase in cost per unit kWh electricity generation by IPPs i.e. Rs. 18/kWh on furnace oil and Rs. 24/kWh on diesel, whereas, per unit cost of electricity is around Rs.9 (Ministry of Finance, 2014). The Government gives a subsidy between Rs.9 to Rs.15/kwh for every unit of electricity generated by an IPP (Ministry of Finance, 2014). Hence, the significant gap between cost of generation and supply is the root of increasing circular debt. This dependence on thermal sources led to an oil import turmoil, resulting in the bill of oil import reaching an astounding US \$ 14.5 billion (MPDR, 2013-14).

After 45 days of entering the political arena, the PML-N Government paid Rs.480 billion but unfortunately, due to lack of any structural reforms, the circular debt has again climbed up to Rs.300 billion in May 2014.

Moreover, transmission and distribution losses make a large contribution to the circular debt (Kundi, 2014). These losses refer to the difference between the amount of energy delivered to the distribution system from the transmission system and the amount that the energy customers are billed. Technical losses are part of the process of distribution of electricity, and cannot be completely eradicated. On the other hand non-technical losses result from theft, metering inaccuracies and unmetered energy. (Hydro One, 2007) This is where effective and efficient administration could bring down numbers.

Considering the significant amount of line losses, it is crucial to identify them as a key performance indicator when evaluating PML-N Government's performance in energy sector. The following table shows the absolute changes in line losses from 2012-13 to 2013-14.

Table 23: Total Electricity (Received and Lost), across all districts

Total Electricity (Received and Lost), across all districts	2012-13	2013-14
Electricity Received Units (M.Kwh)	52998.39	56963.23
Electricity Lost Units (M.Kwh)	8197.03	8638.40

But by estimating percentage change in transmission losses to electricity, it can be analyzed that losses have decreased from 15.5% in 2012-13 to 15.2% in 2013-14, illustrating an improvement of 0.3%.

Furthermore, the International Monetary Fund (IMF) has pressurized the Government to reduce and eventually phase out electricity subsidies, as a condition of the approval of the loan. However, handing over the burden to the consumer in the form of high tariffs and the prevalence of reliance on expensive fuel is not a reliable solution to the problem. It is also important to note that 64 % of Pakistan's population lives below the poverty line (Express Tribune, 2014) and therefore affordable energy is essential.

Unfortunately, the Government of Pakistan (GOP) has failed to shift its attention away from expensive furnace oil and the incompetency of the Federal Government can be judged by the fact that they are not focusing on improving efficiency of thermal power plants. If the principle of efficiency is adopted, the cost of generation will reduce immensely as less fuel consumption will be required.

Apart from this, the issue of Energy Management is one such area where the performance of Federal Government is weak. A clear example of this is the National Power Policy of 2013. The document, although showing political resolve, was vague and lacked concreteness. While the terms used sound good on paper, there was a gap in their effectiveness and the definitions were unclear. For example, efficiency as energy jargon was poorly understood. Efficiency of thermal power plants i.e. reducing the per unit fuel consumption, is still a parameter that has not been addressed by the Federal Government. This may be because it was not defined and not clearly understood in the policy. The document was silent on a fuel audit to measure efficiency.

Moreover, the Energy Supply strategy did not re-think the issue of reliance on expensive fuels and did not devise any plan regarding affordability of energy. In one of the headings, "bring existing capacity online (GoP, 2013)", the document just talks about the financial aspect and short-term solutions, such as reducing circular debt, without addressing the root causes of dependence on expensive fuel resources. The document talks about financing power plants, even those that are inactive, without realizing that there is an eminent need for cheaper power generation. The document credited NEPRA as being "a world-class regulatory authority (GoP, 2013)" which is far from the truth. Section 37 of the Act held NEPRA responsible for the performance audits of public sector projects, particularly executed by WAPDA. In Power Policy 2002, 22 different hydropower projects with a capacity of 8,275 MW, were supposed to be completed by 2012. However, only 7% of this target has been achieved even after a lapse of 13 years. If they had completed it in stipulated time, the inefficient subsidy would be eliminated, alleviating the persistent circular debt dilemma. The table below illustrates a list of hydropower projects and their stipulated completion time, which has not been adhered to.

Table 24: Completed Projects

COMPLETED PROJECTS		
Name of Projects	Scheduled time of Completion	Actual time of Completion
Jinnah (Indus), Punjab	2010	2013
Khan Khawar ,KPK	2011	2012
Duber Khwar, KPK	2011	2013
Raised Mangla, AJK	2002	2009
Pehur High Level Canal, KPK	2002	2005
Gomal, KPK	(dam) 2010	(power house) 2013
INCOMPLETE PROJECTS		
Name of Projects	Scheduled time of Completion	Expected time of Completion
Golan Gol , KPK	2011	under construction, 2015
Allai Khawar , KPK	2005	2012
Mithan Kot, Punjab	to be commissioned by 2007	not started
Matiltan, KPK	2007	2011
Rajdhani, AJK	2007	not even started, just proposed, 2015
Neelum Jhelum, AJK	2010	68% complete, 2016
Chakothi, AJK	2010	FS level tariff determination under process, 2022
Kohala (Jhelum), AJK	2012	study complete, no construction, 2016
Gulpur (Punch), AJK	2014	only LOS issued, 2018
Kurm Tungi, KPK	2011	study complete, no construction, 2015
Tarbela 15 -16, KPK	Extended in 2013	ongoing, 2017
Basha, NA	2011	land acquired, 2025
Phandar, NA	2012	under study
Dasu (Indus), NA	2014	only design complete, 2022
Patan (Indus), NA	2015	under study
Thakot (Indus)	2014	under study, 2020
Bungi (Indus), NA	2012	under study, 2020
Naran (Kunhar), KPK	2015	not started
Patrind (Kunhar), KPK	2009	under construction, 2017
Munda Dam, KPK	2012	under study, 2019
Suki Kinari, KPK	2017	study complete, ready to construct, 2020
Spath Gah, KPK	2010	study complete, no construction, 2022

Moreover, if NEPRA had directed WAPDA to start work on the Neelum Jhelum project, Pakistan would've won the Kishanganga case in the International Court of Arbitration. Secondly, the abnormal delay of various hydropower projects could have been avoided. They even failed to address high efficiency for low cost power generation on coal and instead increased the overall tariff. An example of the authority's incompetency can be seen from its decision to increase

upfront tariff for coal power generation. Plant efficiency was lower than what it had approved earlier, while capital and operation and maintenance (O&M) costs were higher.

On the production side fortunately, there has been an 11.83%⁶⁹ increase in total generation from June 2013, to June 2014⁷⁰ along with a 16.8 % increase in total per unit cost of generation. The table below gives a comparison of actual generation between the months June 2013 and June 2014, to show a year's analysis of the Federal Government (Nep_{ra}, June 2013-2014):

Table 25: Actual Generation

Sources	June 2013	June 2014
	GWh	GWh
Hydel	3,447.77	3,446.54
Coal	6.36	11.54
HSD	28.49	296.40
RFO	2,558.03	3,250.99
Gas	1,842.64	2,072.34
Nuclear	431.67	193.64
Import Iran	38.07	42.49
Mixed	83.88	94.61
Wind	14.51	43.02
Total	8,451.42	9,451.58

Given the pre-existing regulatory and administrative structure of energy management in Pakistan, country's major energy projects have had the oversight of the Federal Government, with the 18th Amendment not affecting energy governance in Pakistan. Looking at a number of energy projects across the country leads to the conclusion that the Federal Government is placing its focus on all four provinces. Initiatives taken by the Government include Allai Khwar and Duber Khwar in Khyber Pakhtunkhwa, Quaid-e-Azam Solar Power Park in Cholistan, Punjab and Guddu Thermal Power Plant etc.

Despite such developments, there are some serious flaws in the energy sector that the Government needs to look into. Giving hydropower minimal importance, the nominal increases in such projects was because of Allai Khwar and Duber Khwar projects. Allai Khwar, with a 121 MW capacity, has supplied 623 M KWh (WAPDA, 2014) to the national grid up to May 2014. Duber Khwar with an installed capacity of 130 MW has supplied up to 161 M KWh (WAPDA, 2014) by May 2014. Another major hydropower project is the 4320 MW Dasu Dam and the World Bank has given approval of this project under this Federal Government.

⁶⁹ Authors' calculation, as seen in table above.

⁷⁰ Latest NEPRA data available.

Under the Empower Pakistan-Energy Policy Program, rehabilitation of GENCO's was proposed which ultimately also undermined the importance of efficiency. With rehabilitation and maintenance of core power plants, the project ensured an increase of 1505 MW but promised a mere 2-3% efficiency. Furthermore, the addition to capacity expected from the rehabilitated plants still has to be seen under the light of the day as the project failed to meet its completion deadline of Dec 2013, and still under process.

Another similar case is of the 404MW Uch-II project, inaugurated on 25th April 2014 by the Prime Minister, and has not contributed a single unit of electricity. Moreover, NTDC failed to lay the 125km, additional transmission line needed to absorb the full load of (about 990MW) Uch-I and Uch-II projects, located next to each other.

Another power project inaugurated during Nawaz's regime was the Guddu Thermal Plant project, which turned out to be technically and economically more feasible, also follows the rules pertinent to efficiency. With a combined cycle efficiency of 56%, the plant is making economical use of available gas quota. However, credit for this project cannot be given to the current Government as it was conceived during the last days of Musharraf's regime.

The country has huge potential for the generation of energy from renewable resources. The current energy crisis can be prevented from prolonging further if some investment is directed towards the alternative energy sector. Different renewable resources include geothermal and biogas and luckily, Pakistan has huge potential in these resources and therefore they should become a part of our energy mix.

Strengthening of institutions that are dealing with the energy sector is important in order to improve energy production and management. Major energy projects must take the public into confidence through hearings, and process of awarding contracts must be transparent. Apart from this, revision of the National Power Policy 2013 needs to be done and should show some far sightedness in order to solve the energy crisis. On a technical note, energy efficiency must be a tangible process in energy governance in Pakistan, with the efficiency of thermal power plants revisited to reduce the per unit fuel consumption for wise usage of limited supply.

Overall, the progress of the Federal Government in Energy Production and Management should be assessed by the performance of the Ministry of Water and Power, and Ministry of Petroleum and Natural Resources, which have been deplorable. There have been charges of overbilling, and the administrative bodies have failed to act responsibly.

NEPRA is still a weak regulator, as demonstrated by its inability to respond to politicized decisions in coal upfront tariffs (Coal Power Generation; Sustainable Development Policy Institute, 2014). The Federal Government, in its pursuit of its coal initiative failed to take into account critical standards in efficiency. The announced tariff by NEPRA showed high O&M costs, and low efficiency for supercritical coal power plants. Awarding highest tariff for 220 MW, 660 MW and 1000 MW, US Cent 9.7, 9.5 and 9.12 respectively could be best termed an egregious and inexcusable misjudgment, gross professional negligence, and unlawful act of National Power Regulator. At present, when there is a global trend to improve efficiency of thermal power plants to generate more electricity using minimum quantity of fuel (Natural Gas,

Coal and Residual Fuel Oil) and lowering emissions, an imperative yet totally ignored by NEPRA. Higher efficiency translates into less consumption of fuel (coal) to generating a one unit of electricity, reducing carbon dioxide emissions, mercury and local air pollutants, releasing less local air pollutants, mercury, consume less water, and have a smaller environmental footprint, but above all offer less tariff for consumers. Over the past few years, the monster of circular debt and subsidy of 1.7 trillion rupees is the result of ignoring efficiency of existing gas and oil based thermal power plants.

Although South Asia, as a region, too is moving towards ultra-super critical coal power generation it was an utter failure in energy management by the Federal Government to ignore regional trends. For example, the Bangladesh Power Development Board (BPDB) signed three IPP contracts for coal fired power generation with Orion Group for 1,200 MW in June 2012. The average tariff for the power plant is agreed at 5.4214 US cents (Tk 3.795). In April 2014, Bangladesh Power Development Board (BPDB), on behalf of the Ministry of Power, Energy & Mineral Resources, floated an open tender for ultra-super critical coal power plants, with a capacity 2x600-700 MW Coal Fired Ultra at Moheshkhali, under a transparent process to promote clean coal technology and above all, low tariff for end consumers.

Yet the Federal Government did not take this into account in its pursuit of coal power generation, and is working on projects of 6600 MW in Thar and 6600 MW in six sites in Punjab. Even though significant progress has been made in these projects, significant questions have been ignored.

Similarly, the Ministry of Petroleum and Natural Resources has not been able to secure a reliable supply of natural gas. In fact, progress made in the Iran-Pakistan Gas Pipeline was rolled back when the Federal Government cited sanctions and lack of funding as reasons why it could not move forward. It tried to incur force majeure clause on this, yet there was not a positive response from Iran on this, which leaves the status of the natural gas pipeline in jeopardy. While LNG terminals are in the final stages, LNG imports could not be secured by the Ministry of Petroleum and Natural Resources as the price of LNG came under scrutiny (Sustainable Development Policy Institute, 2014). The Ministry failed to negotiate a price that would be competitive to the import of oil which delayed securing natural gas supplies, a significant blow to the progress of the Federal Government on Energy Production and Management.

Punjab

Bringing reform within our energy sector is considered to be of prime importance by the current Government of Pakistan. Issues of load shedding, circular debt and inefficiency to name a few need to be tackled by initially coming up with concrete policies. The current energy crisis has prolonged quite a lot and needs to be resolved before things get much worse and reach out of hand.

Talking about the Government of Punjab in particular, which came up with a development program last year, the section on Energy although a bit ambitious has its flaws when it comes to its implementation. Huge adherence to solar power plants as mentioned in this program can be problematic for a country like Pakistan. By investing large amounts of capital on the development of solar energy as compared to hydel energy, the Government has failed to analyze

the end cost our consumer is going to bear after these projects are materialized. For analysis, the example of Quaid-e-Azam solar park can be used. Recently inaugurated by Prime Minister Nawaz Sharif, the project is expected to add 100MW to the national grid by December 2014 but has an astronomical cost of generation at Rs.22.01/Kwh (NEPRA, 2014). If the

Government, as clearly mentioned in this program, is aiming for providing affordable energy to all segments of the Provincial economy, then solar for now is not the answer.

Table 26: Cost Comparison

On the thermal power side, the Nandipur power project is one such example that reflects the poor decision-making skills by the Government. The project was conceived during Musharraf's era at

Cost Comparison			
	Cost (million rupees)	Capacity (MW)	Cost/MW
Guddu Thermal Power Plant ⁷¹	59775.4	747	80.02
Nandipur Thermal Power ⁷²	86395.6	425	203.28

a price of USD 329 million. However, a massive increase of USD 244 million was incorporated in the balance sheets later, raising not only the project's price, but also the tariff by increasing the per megawatt generation cost.

A comparative study of Nandipur with Guddu power plant shows a stark difference in prices of the two plants even though both belong to the same category i.e thermal. The 747 MW Guddu plant has a cost per MW of Rs. 80 million/MW, while the 425 MW Nandipur project has a cost per MW of Rs. 137 million/MW, as seen in the table below:

Apart from this, the project also suffers from inefficiency. In today's era of increasing technological advancement, high efficiency rates of around 60%, is considered as a necessary requirement for thermal power plants. Nandipur however faces this problem. Unfortunately, Nandipur stands at 44% (NEPRA, 2014). This percentage will then become an extra burden on the national exchequer, in the form of more expensive fuel being required for per unit generation of electricity.

On the bright side, Punjab Government has embarked upon the implementation of the ADB-assisted "Renewable energy Development Sector Investment Program (REDSIP)" for construction of five (5) hydropower projects at Marala (Sialkot), Chianwali (Gujranwala), Deg Out Fall (Sheikhupura), Pakpattan (Pakpattan), Okara (Okara) with cumulative installed potential of 25 MW and annual generation of 140 GWh.

Moreover, in order to improve R&D, the Centre for Energy Research and Development at KSK

⁷¹ NTDC Document

⁷² NEPRA, Notice for hearing
<http://www.nepra.org.pk/Admission%20Notices/2014/September%202014/NPGCL.jpg>

Campus in UET Lahore was established last year. This is a good initiative as these centres can work on the pattern of think tanks and devise mechanisms to address dominant social problems, prepare modules and schemes and bridge linkages with communities for sharing of knowledge.

Sindh

The Sindh Government allocated Rs. 20 billion for its energy sector, allocating Rs. 13.5 billion for the development of Thar Coal infrastructure. Pilot projects were also focused on such as solarization of 350 off-grid schools in Nangarparkar and 100 off-grid houses in district Sanghar. Questions still remain on the quality of Thar Coal and its viability for power generation, which the Sindh Government did not address. This note addresses the national and Provincial context.

The Sindh Government has ambitious plans to be an exporter of electricity to the nation by 2018 and is aiming for Provincial energy security based on indigenous resources. The Government made progress on Thar Coal, creating a strong program for greater investment, while also allocating Rs. 13.5 billion for infrastructure development for this purpose. The Government of Sindh made progress in overburden removal at Thar Coal Block-II.

In the power sector, the Annual Development program showed an allocation of Rs. 7 billion. Projects under this include a 100 MW gas-fired power plant at Nooriabad, which the Economic Coordination Committee approved under a public-private partnership. It is important to note that the work on this project had begun earlier, with a prequalification document in 2012. A Share-Purchase Agreement was signed between the Government of Sindh and M/S Technoman in March 2013 (Government of Sindh, 2014). However, securing approval of the Economic Coordination Committee goes to the incumbent Government's credit.

Other public private partnership projects by the Government of Sindh included the Run of the River Hydro Power Project at Rohri Canal, which aimed to add 5 MW of additional electricity to the SEPCO network. NEPRA approved tariff petition in May 2013 on this project. In terms of legislative developments, it is interesting to note that it was recommended that Provincial Governments be recognized as genuine agencies for competitive bidding, in order to streamline the process (NEPRA, 2014).

Five solar power projects of 20 MW are planned by the Government of Sindh, and till June 2014, plans were underway to issue Requests for Proposals (RFP). The planned total installed capacity of these solar power projects was 100 MW, but high capital costs were not sufficiently addressed by the Administration.

Another project under the Government of Sindh was the Khairpur Waste to Energy Project of 20 MW. The Government of Sindh was cooperative in Implementation Agreement on this project.

Under wind power generation, work was underway with progress made till June 2014 for a Wind Energy Project at Jhampir, Sindh. Land allotment was being pursued for the \$133 million project of total capacity 49.5 MW. This project has been identified as an important one for the Pakistan –China Economic Corridor.

It is important to note that the Sindh Oil and Gas Company limited was active to establish its footing, under the 18th Amendment allowing for greater Provincial control over projects. Research was underway for Cola Bed Methane.

Moreover, a pilot project for solarization of 350 off-grid schools in Nangarparkar and 100 off-grid houses in Sanghar district was underway. Timeframes for projects were still unclear and energy management of the province could be strengthened with greater institutional connection. Moreover, it must be noted that for better coordination it is not wise for the Sindh Government to have three separate plans in Energy under the Finance Department of the Government of Sindh, namely titled: Energy, Coal and Energy, and Environment and Alternative Energy (MPDR, 2014). For better cohesion, it would be a good management idea for the Sindh Government to make one category of Energy in its financial plans.

Khyber Pakhtunkhwa

The Khyber Pakhtunkhwa Government allocated Rs. 3.05 billion for its energy sector, with a focus on renewable energy, particularly hydropower, given the potential of the province and hydroelectric profits. While significant energy reform was not seen.

Pakistan, having a tremendous hydropower potential of 60,000 MW, has developed only 11% of it. The province of Khyber Pakhtunkhwa, has by far the highest hydropower potential of around 24736 MW out of which only 3849 MW has been harnessed, a total of 57.28% of the country's total installed hydropower capacity.

The current Government of Khyber Pakhtunkhwa, which took control in May 2013, has planned to launch 17 new energy projects in 2014-15, specifically harnessing the province's huge hydel potential. As of 2013-14, PEPCO, which is responsible for Khyber Pakhtunkhwa's electricity distribution, stood 2nd after SEPCO in highest number of T & D losses in 2014.

The 17 new energy projects include construction of 300 MW Balakot HPP District Mansehra, Construction of 14 MW Ghorband HPP District Shangla and building of 84 MW Matiltan Gorkin HPP in Swat. Unfortunately, the 84 MW Matiltan Gorkin HPP has not been approved by Central Development Working Party (CDWP) due to its high per unit cost of Rs 6.02 per unit which appeared to be too high for hydroelectric power. Three hydropower projects sponsored by the Khyber Pakhtunkhwa Government namely Sharmai (150 MW) Hydropower Project costing Rs33 billion, Engineering Procurement and Construction (EPC) of Shogo-Sin HPP District Chitral costing Rs27 billion and Engineering Procurement and Construction (EPC) of Shushgai HPP District Chitral costing Rs.29 billion were recommended by the CDWP for approval of the Executive Committee of National Economic Council (ECNEC).

Moreover, the KP Government has also planned construction of 10 MW Nandihar Hydro Power Project (HPP) in District Batagram and 51 MW Mujigaram Shaghore HPP in District Chitral. Chitral's location is very ideal for hydropower generation and to take full advantage of this potential 52 MW Istaro Booni HPP District Chitral would also be constructed. Likewise, the Government has also planned to start work on mega 79 MW Arkari Gol HPP in District Chitral in current fiscal year.

Apart from Hydel, the Government also plans to diversify its energy mix further by focusing on solar and thermal resources. The Government has planned to build a 10MW Solar Power Generation Facility which will cost around Rs 26 million, electrify around 100 villages through solar power that will cost around Rs16 million, along with a construction of 10 MW Wind Power Generation Facility which will cost around Rs25 million. They have signed a loan agreement with Asian Development Bank to develop the hydropower projects along with the aforementioned projects but still haven't started the thermal projects yet. This is a good initiative in terms of diversifying the energy mix but the Government needs to consider the end cost the consumer is going to bear.

In terms of thermal resources, the Government plans to establish an Oil Refinery in Khushal Garh, Kohat which will cost around \$700 million and also aims to conduct a feasibility study regarding the construction of 200 MW of Thermal Power Plant (Gas Fired) since huge deposits have been discovered, especially in the Southern belt of the province.

Overall, the plan looks promising as KP is immensely focusing on hydropower development, which the province has a huge potential of. In terms of solar and wind energy, KP should consider going through the high tariff which currently stands at Rs. 21/kwh for solar and Rs. 14.8/kwh for wind according to NEPRA.

Balochistan

The Balochistan Government allocated Rs. 3.23 billion for its energy sector. Particular focus was on a solar home system project of Rs. 1 billion to 300 villages. Energy development was paid attention to, however, actual impact has heretofore not been observed in the last fiscal year, and it is hoped that the new fiscal year will bring more progress.

Two major projects were being worked on in Balochistan. One is a 300 MW Solar Power Project in Quetta, while another is a large-scale solar home electrification project. A mutual agreement was signed in December 2013 for the project, to be executed by CK Solar, a Koran Company. Earlier, work had been underway in 2012 as well when a Memorandum of Understanding was signed between the Department of Energy and CK Solar.

The total cost of the project is US\$ 700 million. The project's expected commissioning date was in 2014. However, till June 2014, work was still slow because of security reasons. The author confirmed the status through an in-depth conversation with the Secretary of the Department of Energy of Balochistan. He explained that this delay in this project was due to the insecurities caused by the terrorists. Even until November 2014, the project had not yet been commissioned, according to the Department of Energy. 1500 Acres of land was allotted for this project but security plans were still underway, and there were delays for this. The Ministry of Interior and PM Secretariat is being contacted to approve the security plan, but the commissioning date has been delayed as a result of long bureaucratic processes for security. Security has been a challenge for the Balochistan Government in Energy Production and Management.

Overall, the links between the Federal Government involvements in Energy Investment in Balochistan were found to be strong. However, actual progress was inhibited because of weaker center, and security risks.

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Commentary On Last One Year of Nawaz Sharif's Governments Foreign Policy

Dr. Huma Baqai⁷³

“The strategic vision of Pakistanis foreign policy” is a report on the first year of Prime Minister Nawaz Sharif's Government performance; announced by his advisor, on national security and foreign affair Mr. Sartaj Aziz.

The priorities identified are improving relations with the countries in the region and beyond. The countries identified are, Afghanistan, India, China, Turkey, Iran, US, European Union and Russia.

The realignment seen in the said report is “**the security of its own country and not the security of others,**” this particular objective is to be achieved through a concerted political and military strategy. This is a major shift from 2013 where no mention of the military was made.

The other three objectives identified are traditional and interlinked: These include Economic recovery; overcoming the Energy crises and peaceful co-existence. The commentary is aimed at objectively analyzing the list of achievements identified in the document.

Relations with China

Beijing continues to serve as an important pillar of Pakistanis foreign policy. Nawaz Sharif also made his first foreign visit to China on the 23rd of May, 2013 followed by President Mamnoon Husain visit in Feb. 2014.

The focus of Nawaz Sharif's Government has been economic collaboration. The most highlighted being Pak-China Economic corridor, Consolidation of the free trade agreement and Currency Swap agreement with China. Pakistan is the first South Asian country to do so. The cooperation between the two countries now has a financial dimension, with China facilitating and urging its financial institution to support bilateral economic cooperation. The China-Pakistan Agricultural Demonstration Zones is a pertinent example. The strategic cooperation has also extended into the domain of aviation and aero-space. Year 2015 has been earmarked as the China –Pakistan year of friendly exchanges. The overall relationship of Pakistan with China has improved in the last one year; the Asia pacific connectivity stands consolidated. The Nawaz Sharif's Government enjoys the confidence and trust of the Chinese Government and the perception is that PML-N's delivery capacity has improved.

Obstacles

The obstacles of the relationship continue to be ETTM, terrorism and on-going political instability in Pakistan. The Chinese president's visit to Pakistan was also delayed to enable

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Pakistan to concentrate on its domestic affairs. It has been said he was coming to sign agreements of \$34 billion. This caused diplomatic embarrassment to the PMLN Government. A Polio virus strain discovered in Xining province has also been traced to Pakistan.

Relations with Afghanistan

The foreign ministry statement on relations with Afghanistan is titled “Constructive Engagement to reduce deficit of trust.” The situation on the ground is not reflective of this. Numerous border incidents have complicated the situation. This relationship, like before, is characterized by mutual mistrust pertaining particularly to the narrow concept of security.

An important development is that the Sharif Government has decided to send a representative to Kabul to discuss the modalities for the repatriation and rehabilitation of Afghan refugees to their own homeland. This came about after the new Afghan Government’s announcement that repatriation of Afghan refugees is a high priority.

Both nations accuse each other of giving armed militants shelter in the border region and launch attacks on each other, thus threatening regional stability.

The Government has made it clear on more than one occasion that the security of Pakistan lies in improved regional ties. The security of Pakistan and Afghanistan is intrinsically linked and the Pakistan Government has shown an explicit desire for border cooperation and military collaboration. There is also the desire to improve economic relations and a goal has been set of doubling two way trades to 5 billion within two years. The Afghan initiative of an expanded role of China in Afghanistan peace process with the Taliban is also welcomed by the Nawaz Government; which, in Pakistan’s opinion, might help kick-start the moribund Afghan Peace Process.

Relations with India

Pakistan remains an India centric state especially the establishment of Pakistan. Any attempts to change the matrix of the relations- particularly by the politically elected Governments of Pakistan are looked at with disdain and skepticism by the establishment. Same happened with the Nawaz Government which has pro-business, and thus, pro improvement of relations with India. The positive initiatives taken by the PML (N) Government were met with suspicion by the establishment and the hawks.

Nawaz Sharif, in his quixotic pursuit to improve relations between the two countries attended the swearing ceremony of Prime Minister Modi and was undoubtedly the star of the show. His avoidance to meet the Huriyat leadership and instead meeting with an Indian business tycoon, did not sit well with the Pakistani establishment. Damage control had to be imposed by taking up the Kashmir issue in the UN General Assembly speech. The real loss was the maneuvering space for improved relations with India

What had dramatically complicated the relationship further was a series of border incidents on the Line of Control in 2013 and the spring of 2014 that continue to date, with both nations blaming the other of unprovoked aggression.

The Indian Pakistan recalcitrance on Kashmir continues to haunt the relationship. However, there is a new dimension to the relationship that has complicated the relationship matrix. The theater of confrontation between India and Pakistan is shifting from the eastern border to the western border. One of Pakistan's major concerns is the growing influence of India in Afghanistan; in the wake of NATO troop pull-out this year. India has trained hundreds of Afghans security officers under a bilateral agreement. Similar offer is made by Pakistan as recently as November, 2014 during General Raheel's visit to Afghanistan. The offer has not been entertained on the ground.

The crux of the issue is that the Nawaz Sharif Government has been weakened domestically because of continuous political instability and is in no position to take an independent stance on its relationship with India. An increasingly assertive military leadership, especially on issues of foreign policy with the countries that matter, will be calling the shots. The Nawaz Government may continue to work on improved economic relations; however, any major paradigm shifts are not in the cards. If anything there now seems to be a regression in relations as the guns on the LOC keep smoking. Building a relationship with the newly elected Prime Minister of India, N.Modi will be a challenge for Islamabad. Indian Government's statements indicate a major shift on the Kashmir policy, where it has practically shut its door on Kashmiri representation. The relationship for all practical purposes is back to square one. If any dialogue takes place at all, it is the dialogue of the deaf for side effects only with no real progress on the ground.

Relations with US

The last one year of PML (N)'s relationship with the US is ambiguous and troubled. In spite of initial tall claims by the Government coming down hard on drone attacks and some initiatives in the beginning there seems to be a deafening silences now. US drone strikes in Fata alone since January 2014 are ten in number. The total number of drone attacks between 29 May 2013 and 30th October 2014 is twenty-seven. The Pentagon, in spite of the ongoing Zarb-e-Azab operation in Pakistan, (Pakistan has lost its 500 soldiers) accused Pakistan of being "soft on terrorism" and "selective at targeting terrorists". The Levin's amendment holds the aid to Pakistan, conditional to the clearance by the US defense secretary that Pakistan has under taken military operations in North Waziristan to disrupt the safe heavens and free movement of the Haqqani network. This has resulted in the withholding of \$960 million in military aid to Pakistan. The importance of Pakistan once again has declined.

The withdrawal of coalition troops from Afghanistan, the reorientation of the US Government on the Asia-Pacific region, conflicts in Syria and Iraq has displaced Islamabad from its former position. The financial aid to Pakistan has also declined. The level of US Governments engagement with Pakistan has shrunk. Once again, the US, in spite of its design to engage more with the political Governments of Pakistan and supporting democratic dispensation realize its recent weakening and perhaps sees the military leadership calling the shots at least on the issues of foreign relation with the regional states and terrorism. The loss of space on the foreign policy and security issues by the PML (N) Government is now common Knowledge.

Relations with European Union

A decent foreign policy achievement for the Nawaz Government was the grant of Generalized System of Preferences (GSP) Plus and granting Pakistani products a duty free access to the European Markets in December 2013. Efforts to reduce custom duties and providing trade preferences for Pakistani goods in the European markets began in 2010. The GSP-Plus Status will allow almost 20% of Pakistani exports to enter the EU markets at zero tariff and 70% at preferential rates. Since the award of the GSP-plus states export to EU have increased to around \$600 million, an increase of about 18%. However what is perhaps not discussed is that, in order to retain this status, Pakistan must ensure effective implementation of 27 United Nations conventions pertaining to the rights of labor, children, women and minorities. The patterns of vigilante justice recently witnessed rather frequently against women and minorities may emerge as a serious issue between Pakistan Europe relations.

The overall security situation and negative image portrayal remains a deterrent to engagement for investment in Pakistan.

Relations with Moscow

The foreign policy guide lines approved by the parliament in 2011 In the wake of the Abbot bad incident laid special emphasizes on improving ties with Russia. The PML-N Government has continued with this policy of positive engagement with a commitment to enhance cooperation in energy. There are also efforts under way to kick start defense cooperation. Russia has lifted its embargo on supplying weapons and military hardware to Pakistan.

Relations with Iran

Relations with Iran have been problematic. The issue of Pak-Iran gas pipeline is hostage to US sanctions and the internal security situation of Pakistan. PML (N) Government known tilt towards Riyadh also complicates the relationship. PML Nawaz Sharif's visit to Iran in May 2014 improved the cosmetics of the relationship; however the core issue between Iran and Pakistan remain the poor state to state engagement and regional competition. This continues to undermine the relations between to two perhaps most important countries of South West Asia.

Some focus exists for improved relations with Turkey. Istanbul is considered a military as well as a trade ally.

The Polio challenge

Eradication of polio mellitus in Pakistan has now become both a foreign policy embarrassment as well as a challenge. Pakistan is one of the three countries in the world where it still exists. (other two: Nigeria and Afghanistan) Polio cases in Pakistan rose by 37% in 2011. The world health organization reported the presence of polio virus in Lahore, Rawalpindi, Peshawar and lately also in Karachi. The Guardian reported that polio eradication efforts were hampered when CIA employed the services of Pakistani doctor Shakil Afridi and local health officials to collect

DNA samples of Osama Bin Laden; prior to “Operation Neptune Spear”. The Taliban militants banned and sabotaged vaccination efforts in 2012. The International Health Committee in a meeting in Geneva imposed restriction on Pakistanis travelling aboard without a polio certificate, declaring Pakistan responsible for spreading polio virus across the globe.

The travel restriction came into effect from June 1st 2013. The indications are that sanctions on Pakistan will continue. The other countries where travel sanction will sustain are Cameron, Guinea and Syria. The WHO has also warned Pakistan that it could face global screening if it fails to keep proper record of out bound travelers.

The risk of new international spread from Pakistan was assessed to have substantially increased since July 31, 2014. The leading donors have identified huge gaps in implementation of policies and lack of coordination between Federal and Provincial Governments as obstacles to eradication.

Conclusion

Prime Minister Nawaz Sharif’s foreign policy initiatives were positive except for his insistence to keep the portfolio of foreign ministry and defense with himself. However in the last one year, it has lost political space to the military especially on the issues of security and foreign policy. Recent antiGovernment demonstrations have strengthened the establishment’s ability to further take control of foreign policy decision. Thus any initiative taken by the Government on India or Afghanistan has to have the approval stamp of the military leadership.

Healthcare

*Dr. Zulfikar Khan*⁷⁴

Pakistan is a large country with an area of around 800,000 kilometers and an estimated population of 184.35 million⁷⁵ making it the 6th most populous country of the world and the largest in WHO's Eastern Mediterranean Region (EMR). The country is divided into four main provinces namely Punjab, Sindh, Balochistan, Khyber Pakhtunkhwa (KP) and the four territories namely Gilgit-Baltistan (GB), Federally Administered Tribal Areas (FATA); Azad Jammu & Kashmir (AJK) and Islamabad Capital Territory (ICT). A consistently high population growth rate exceeding 2% annually has led to Pakistan being quite a young nation with over 35% of its population being under the age of 14 years.⁷⁶ Pakistan's health indicators situation is not good with an infant mortality rate of 74 per 1000 live births, under 5 mortality rate 89 per 1000 live births, total fertility rate is 3.8. Pregnant women who received Antenatal Care (ANC) from skilled provider is 73 (%), births assisted by a skilled provider 52%, births delivered in a health facility 48%, and children 12-23 months fully vaccinated 54%.⁷⁷

Despite a well-developed and multi-tiered health infrastructure, the country has to contend with its above mentioned poor health indicators such as a high Maternal Mortality Rate (MMR), Infant Mortality Rate (IMR), under-5 child mortality, high burden of communicable diseases such as Tuberculosis, Hepatitis B&C in addition to non-communicable diseases.

After devolution; all the major responsibilities in respect of health have been devolved to the provinces through 18th constitutional amendment. Although this should have resulted in a step closer to the desired Millennium Development Goals (MDGs) albeit the figures for the health indicators are quite poor. For instance in 2011, the IMR was 63 per 1000 live births and under 5 years mortality rate was 86.5 per 1000 live births, whereas after devolution, the IMR is 66 (in 2014) and under 5 years mortality rate was 89 (in 2012-13) according to the Economic Survey of Pakistan reports for fiscal years 2011-12 and 2013-14⁷⁸. There are huge disparities amongst the provinces in terms of capacity, infrastructure and level of governance.

The purpose of this paper is to compare the quality of governance in healthcare and immunization particularly eradication of Polio during the first year (2013-14) of present Provincial and Federal Governments with preceding year/s. The comparison year will be the first year of the last Government or any previous year where data for comparison is available. Different published and unpublished sources of data have been used for this comparison. The comparison has been made between the four major provinces Punjab, Sindh, KP, Balochistan and Federal Government on Healthcare and Immunization indicators.

The following parameters of healthcare have been selected for analysis to gauge the performance of the Federation and the provinces, which reflect their quality of governance:

⁷⁴ Coordinator (Health System), World Health Organization (WHO)

⁷⁵ <http://www.nips.org.pk/>

⁷⁶ Country Cooperation Strategy of WHO and Pakistan 2011-2017. (http://apps.who.int/iris/bitstream/10665/113228/1/CCS_Pakistan_2013_EN_14946.pdf)

⁷⁷ Pakistan Demographic and Health Survey 2012-13 (PDSH) – Key findings

⁷⁸ Economic Survey of Pakistan 2011-12 & Economic Survey of Pakistan 2013-14 (<http://www.finance.gov.pk>)

1. Legislative paradigm
2. Policies, strategies and plans
3. Budgetary frameworks
4. Human resource for health
5. Utilization of health facilities
6. Percentage of health facilities out of stock

Legislative Paradigm

Legislation is an expression of political will and communicates a Government's policy. It is a proven and effective tool for achieving health goals and is one of the key areas in the top-down approach to disease prevention, control and health promotion. Laws and regulations need to be part of most health system approaches; therefore, there is a need to engage legislators and seek their direct assistance in fostering the development of an enabling legislative and regulatory environment that support and contributes to achievement of health outcomes in line with national priorities. Ideally, public health laws should be facilitative rather than coercive. However, since they are an important tool to protect public health, they must also be responsive to situations where limitations in individual liberty are necessary; for example, in the case of legislation against smoking in public places.

The British legislature under its various arms; Government of India Act 1880, 1919 and 1935 led to the development of modern day public health and service delivery mechanisms that exist in Pakistan today. Some of these laws remain valid until today and form the matrix of new lawmaking activities. Health is a Provincial subject in relation to service delivery under the 1973 Constitution of Pakistan. However, with regard to legislation, both the provinces as well as the Federal Government are mandated to play a part and the Constitution clearly defines the roles of the Federal Government and the provinces in this connection⁷⁹.

It has been found that there is no paucity of legislation, however, implementation of laws is a real problem and if the existing laws are enforced in their true spirit, dramatic changes in health outcomes can be achieved. This is reflective of overarching social and economic issues within the country and the weak rights of health consumers. These gaps can be bridged with sustained efforts aimed at empowering people and mainstreaming their voice into the decision-making and accountability processes.⁸⁰

18th Amendment has changed the whole legislative scenario. The concurrent list has been abolished which also led to dissolution of many ministries including Ministry of Health. Since devolution provinces has enacted many laws, which will be described under each Provincial profile.

Policies, Strategies and Plans

⁷⁹ Nishtar S. The Gateway Paper; Health System in Pakistan – a Way Forward. Islamabad, Pakistan: Pakistan's Health Policy Forum and Heartfile; 2006

⁸⁰ Siddiqi. S et al: Framework for assessing governance of the health system in developing countries: Gateway to good governance. DOI: 10.1016/j.healthpol.2008.08.005

The health system has undergone a massive transformation following the 18th Amendment in the Constitution of Pakistan approved in April 2010 and implemented in June 2011. By virtue of this amendment, the Concurrent List comprising of all ministries that had sharing responsibilities between the federation and the provinces, was removed leading to the abolition of 18 ministries including the Ministry of Health, reverting most autonomy in health matters to the provinces. Certain critical health functions, however, constitutionally yet remain with the Federal Government and have been put under a new Ministry of Health services Regulation & Coordination, although provinces and legislators particularly the upper house of parliament is challenging its legitimacy.

Five out of eight federating units have developed their health strategies. The key strategic directions of these Provincial health strategies are; to improve access to healthcare, availability of adequate health workforce, efficient health sector governance and accountability, credible and fully functioning health information systems, optimized healthcare financing through fiscal responses to reduce out of pocket expenditure and to ensure uninterrupted supply of quality essential medicine and health technology. However, the Provincial Departments of Health are beset with numerous problems such as structural fragmentation, resource scarcity, capacity to manage the devolved structure and institutes and lack of functional specificity and gender insensitivity.

The new ministry of Ministry of Health services Regulation & Coordination is in the process of strengthening itself. However, the key challenge that it faces is bringing the federating units onboard for effective coordination and unites behind a one Pakistan health policy/agenda. The Ministry and provinces need to agree upon their roles and responsibilities. The Ministry is also in the process of developing a national health vision/policy document in consultation with the provinces.

Budgetary Framework

Pakistan spends 1,184 USD per capita of its GDP while per capita expenditure on health is 34 USD which is lower than the 60 USD per capita health spending of India. Per capita Government expenditure on health is 8 USD with Total Health Expenditure (THE) as % of GDP at 2.5%⁸¹. Federal Government has allocated a huge amount of over Rs. 26 billion for health sector in their 2014-15 budget. However, per capita as percentage of GDP has very minimal increase. With an aim to improve key social indicators, the Balochistan Government claims to have given top priority to the education and health sectors in the financial budget for the year 2014-15. KP Government has allocated Rs. 8280 million for health. Punjab Government has allocated an amount of Rs 53,745.852 million in budget 2014-15 for health sector, an increase of 20.43 percent over the budget estimates of Rs 44,629.627 million in 2013-14. Similarly, Sindh Government has allocated 45.6 billion for health an increase of 20%⁸².

Based on the 2012 National Health Accounts report, Government revenues fund 29% of total health spending in the country in 2011-2012. This is broken down to 7% flowing through the Federal Government and 22% through Provincial and district Governments. Around 43% of the

⁸¹ WHO mission report on social health insurance June 2014

⁸² Websites of Federal Finance ministry and Provincial finance divisions

Government revenues flowing through the Federal Government pass through the military health system.

The private sector fund 68% of the total health spending of which, households account for 88% of this private sector financing. As a financing agent, out of pocket spending by households is around 61% of THE. This contrasts with the 1% share of social security institutions as a financing agent.

Human Resources for Health

In order to bring improvement in healthcare delivery the Governments should focus on long term vision for human resources for health development including policy, strategic planning, management and evaluation, addressing skill mix and focusing support to continued professional development. Special attention should be given to strengthening of nursing and paramedic, professional midwives, community midwives, their production, deployment, retention and leadership qualities⁸³. Different provinces have taken steps toward this direction, which will be highlighted under Provincial profile.

Utilization of Health Facilities

Utilization of health care services is an important public health and policy issue and measure the quality of healthcare services provided. Utilization of health services depends not only providing merely the physical access, but also ensuring that quality of services is such that it attracts and satisfy the clients. Only then people will go health facilities. There is a strong relationship between age of patients and utilization of health care services. Other factors like education and family income have been seen to affect utilization of health services. For instance educational status of the mothers has a statistically significant association with the utilization of safe delivery services. Lack of money may lead to self-medication using modern pharmaceuticals and traditional medicines. Similarly, increased distance between residents and health care providers decreases the utilization of health care⁸⁴. In Pakistan as per HMIS data the utilization rate has a direct association with the availability of medicine and doctors. Health seeking behaviour and health service utilization can be defined on the basis of perceived anticipation and perceived effectiveness of the health services, which includes availability of essential medicines at PHC level, and affordability of prescribed medicines as major determinant.

Health Facilities out of Stock

In a health care system, the availability and affordability of essential medicines is a major challenge; yet these medicines are vital in saving the lives of poor children. Poor availability and erratic supply of medicines in the Government sector might be rooted in several factors, such as: an inadequate management to address the local needs, poor distribution at the level of local health facilities, corruption at the level of distributors and suppliers; and inefficiencies in the

⁸³ The World Health Report 2006 - working together for health

⁸⁴ Girma F et al: Health Services Utilization and Associated Factors in Jimma Zone, South West Ethiopia. Ethiop J Health Sci. Aug 2011; 21(Suppl 1): 85–94.

supply and distribution chain and insufficient availability of medicines in appropriate dosage [84]. All these elements form part of quality of governance.

Balochistan

Balochistan, the largest of the four provinces of Pakistan, spreads over an area of 347,190 Sq, Kms., forming 43.6 per cent of the total area of Pakistan. It has clustered population and is smallest in proportion as compared to that of other provinces. Its population, according to 1998 census, is 20 million, having a low density per square kilometer. The following health indicators for Balochistan depict worst health situation among all provinces of the country.

Table 27: Health Indicators of Balochistan

Infant Mortality Rate	97 per 1000 live births
Under 5 mortality rate	111 per 1000 live births
Total fertility rate	4.2
Pregnant women who received ANC from skilled provider (%)	31
Births assisted by a skilled provider (%)	18
Births delivered in a health facility (%)	16
Children 12-23 months fully vaccinated (%)	16
Source: Pakistan Demographic and Health Survey (PDSH) 2012-13	

Organization of Service Delivery

The Balochistan province has 47 hospitals, 567 Dispensaries, 89 Rural Health Centers (RHCs), 553 BHUs, 89 MCHC, 23 TBCs

Legislative Paradigm

Balochistan has not done much of legislative work because of their peculiar circumstances. However, following two acts have been passed by Balochistan Assembly which are related to health

1. The Balochistan Food Authority Act No. 6 of 2014
2. Protection of breast feeding and nutrition for infants and young children Act No. 1 of 2014

Health Policies, strategies and plans

The Provincial Departments of Health are facing numerous problems including lack of the requisite organizational capacity for handling the additional responsibilities such as health strategy formulation and managing the devolved structure and institutes also there is a gross disparity between the provinces in terms of capacity and organization. Each province has established or strengthened its Health Sector Reform Unit (HSRU), which will act as a purely

technical think tank and the focal point for policy making. Balochistan has also established a Health Sector Reform Unit (HSRU).

This unit in collaboration with health partners spearheaded the development of health sector strategy for Punjab, which derives its inspiration from Comprehensive Development Strategy of the province. The key strategic directions of these Provincial health strategies are; to improve access to healthcare, availability of adequate health workforce, efficient health sector governance and accountability, credible and fully functioning health information systems, optimized healthcare financing through fiscal responses to reduce out of pocket expenditure and to ensure uninterrupted supply of quality essential medicine and health technology

Although the strategy is quite comprehensive and addresses all the health needs of the provinces. However, its implementation in a systematic way is still awaited. An operational plan needs to be made and funds mobilized to achieve various target set in the health sector strategy.

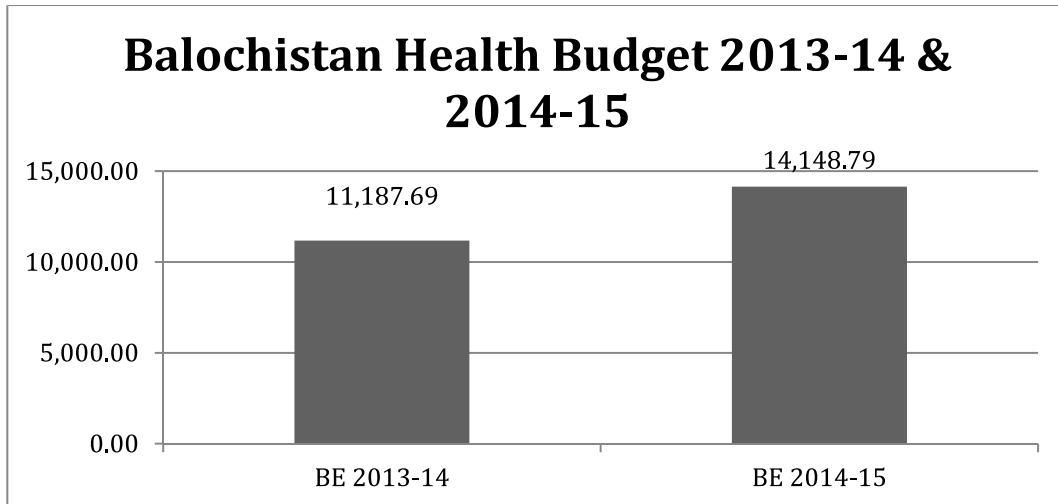
Budgetary Framework

The Government of Balochistan has allocated Rs 14,148.792 Million for the current fiscal year 2014-15 that constitutes 9% of the total budget expenditure

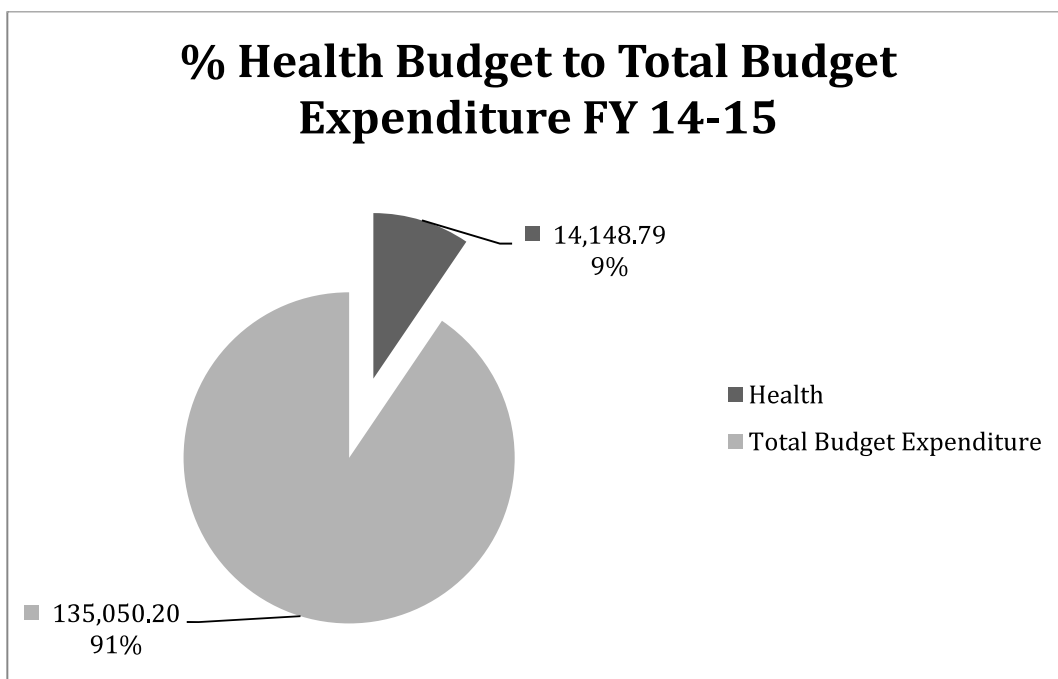
Table 28: Health Budget 2013-14& 2014-15

	BE 2013-14	RE 2013-14	BE 2014-15
Health	11,187.685	10,636.220	14,148.792
Total Budget Expenditure			1,35050.20

The Government of Balochistan, with an aim to improve key social indicators, claims to have given top priority to the education and health sectors in the financial budget for the year 2014-15. There is more than 20% increase in current health budget from previous budget. The budget estimates of fiscal year 2013-14 and 2014-15 can be envisaged in the following graphs bars:

Figure 6: Health Budget FY 2013-14 & 2014-15

The total budget of Balochistan Government is Rs. 135,050.20 m and health accounts 9% (Rs. 14,148.79) of the total budget. The Balochistan Government has given 20.9% increase in health budget which is highest from all provinces, Punjab being 2nd on 17% increase, Sindh 16.5% being 3rd and KP has given 9% increase which lowest among all provinces. Likewise Balochistan and Sindh have greater proportion of Health Budget i.e. 9% than other provinces. The Punjab has 7% whereas KP has less proportion of Health budget to total budget i.e. 6% when compared with other provinces.

Figure 7: % Health Budget of Total Budget

Being a high priority sector, the Provincial Government has committed to provide modern and vibrant health care system to its people. The new development portfolio is designed in consonance with the Millennium Development Goals and the local requirements. While translating the recommendations of reforms into actions, major thrust will be on completion of on-going development portfolios especially; the infrastructure projects at tertiary, secondary and primary levels. The focus will be to consolidate and strengthen the existing hospitals across the province through provision of requisite staff, equipment and medicines instead of expanding the hospitals network.

Human Resource for Health (HRH)

The province of Balochistan does not have the requisite capacity to produce required human resources for health and depends upon health workers from other provinces and as such huge network of health facilities could not be translated into an optimal healthcare delivery due to number of issues related to all six building blocks of health system, viz; poor motivation of health workforce due to lack of good career structure and work environment, urban rural mal distribution and lack of a HRH policy/strategy. Absorption capacity in Government sector and regulation of private sector medical education are two big issues. Balochistan also continues to suffer from sub optimal performing health systems as a result of low investment in health, the mismatch between available resources and the growing burden of rapidly increasing population as well as the double burden of disease.

The current Government has enhanced its focus on human resources for health in a holistic way. It has started to develop a comprehensive HRH strategy for which it had compiled an HRH profile of the province. HRH profile gives a snap shot of existing health workforce, its production, distribution and attrition. In the next stage, an HRH strategy will be drafted to address HRH issue in a comprehensive way.

Percentage of Health Facilities Out of Stock

In this analysis, the status of health facilities with out of stock of essential medicines was compared. The comparison was made during the year 2006 and 2013. The list of essential medicines at First Level Care Facility (FLCF) used for this analysis is given below:

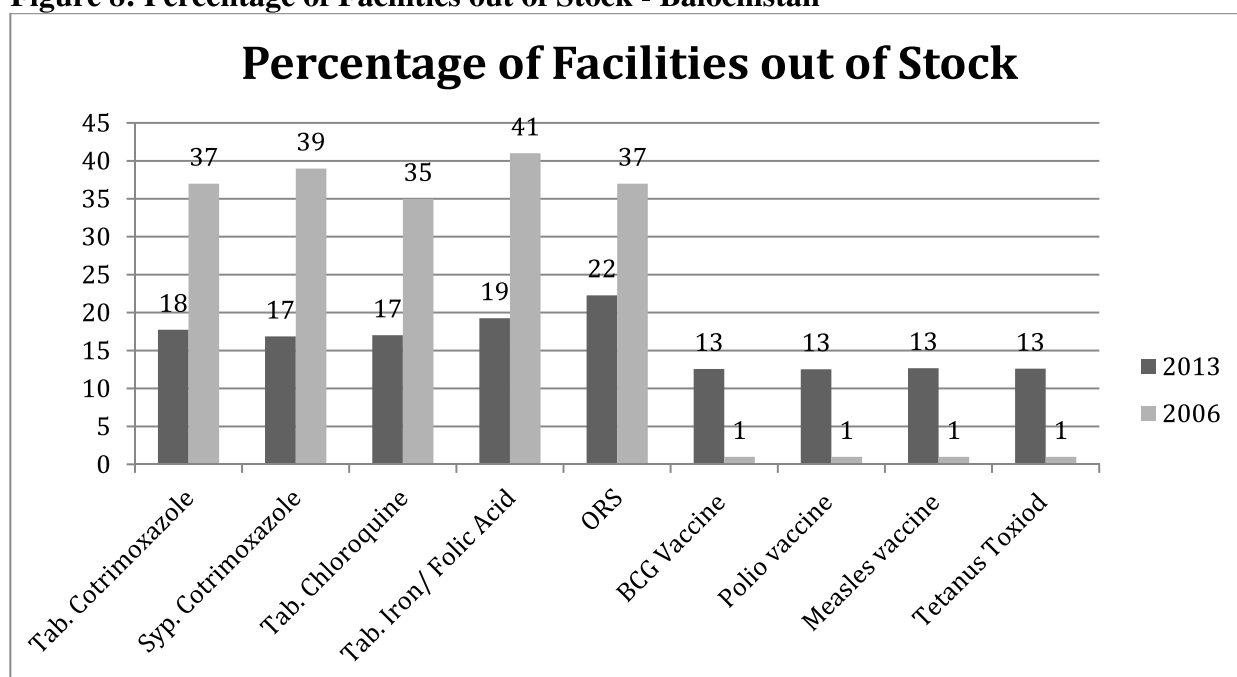
- Tab. Cotrimoxazole
- Syp. Cotrimoxazole
- Tab. Chloroquine
- Tab. Iron/ Folic Acid
- ORS
- BCG Vaccine
- Polio vaccine
- Measles vaccine
- Tetanus Toxiod

It is pertinent to mention here that the above-mentioned medicines were in essential medicines' list in 2006 afterwards; many other medicines have been added to it. Since the data was available

for the year 2006 related to these medicines, therefore we have made comparison only these medicines.

The following chart shows comparative analysis of medicines out of stock for the year 2006 and 2013.

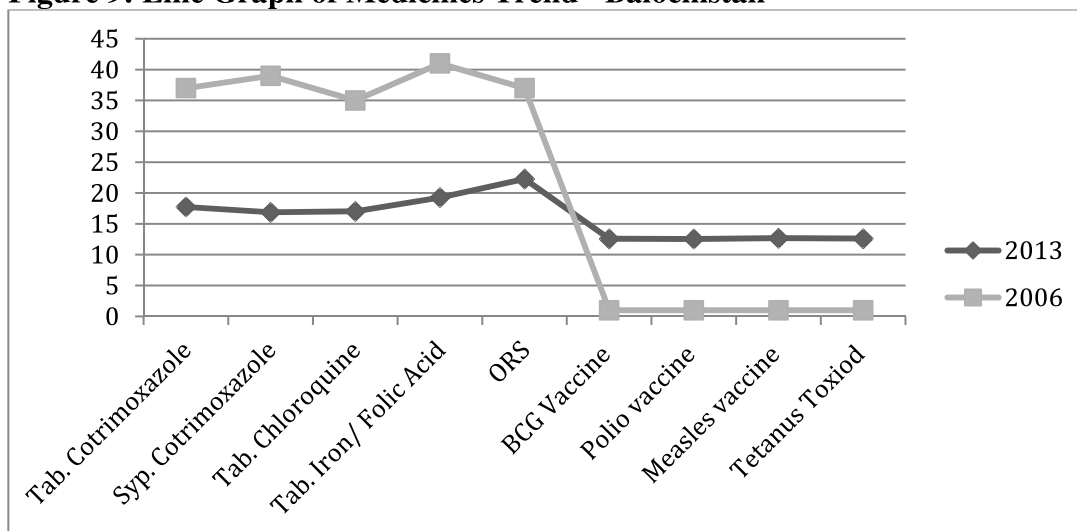
Figure 8: Percentage of Facilities out of Stock - Balochistan



The above chart shows Tab. Cotrimoxazole was out of stock in 37% health facilities in 2006, whereas, in 2013 it was out of stock in 18% health facilities. Syp Cotrimoxazole was out of stock in 39% health facilities in 2006 whereas in 2013 it was out of stock in 17% health facilities. Similarly, Tab Chloroquine figure was 35% in 2006, and 17% in 2013; Tab. Iron/ Folic Acid 41% in 2006, and 19% in 2013, ORS, 37% in 2006, and 22% in 2013, BCG Vaccine 1% in 2006, and 13% in 2013, Polio vaccine 1% in 2006, and 13% in 2013, Measles vaccine 1% in 2006, and 13% in 2013, and Tetanus Toxoid 1%, 13% in 2006 and 2013 respectively.

The above-mentioned comparison can be divided into two portions. The medicines portion shows positive trends i.e. less health facilities were out of stock in 2013 as compare to 2006. The other portion is related to vaccines that show negative trends and health facilities out of stock increased in 2013 as compare to 2006.

The following chart shows the trends of medicines and vaccines:

Figure 9: Line Graph of Medicines Trend - Balochistan

Utilization of health facilities

The utilization of health facilities is analyzed based on the average number of patients per facility per day. The results revealed that in 2008 utilization rate was 17 per facility per day whereas in 2013 it was 18 per facility per day. The increase in number of patients is 3.4%, which is not significant.

Khyber Pakhtunkhwa

Khyber Pakhtunkhwa, (KP) spread over 74,521 sq km, has an estimated population of over 22 million. KP is divided into 24 districts. KP is the third most populous province of Pakistan. Nearly half the population lives in the mountainous and arid areas. The population density of the province was 332.4 people/square km in 1998.

Table 29: Health Indicators of KP

Infant Mortality Rate	58 per 1000 live births
Under 5 mortality rate	70 per 1000 live births
Total fertility rate	3.9
Pregnant women who received ANC from skilled provider (%)	61
Births assisted by a skilled provider (%)	48
Births delivered in a health facility (%)	41
Children 12-23 months fully vaccinated (%)	53
Source: Pakistan Demographic and Health Survey (PDSH) 2012-13	

Organization of Service Delivery

The KP is committed to up-gradation and optimal usage of health care facilities leading to measurable improvement in primary, secondary and tertiary health care and building upon and improving health delivery systems and health management systems with measurable impact on Millennium Development Goals (MDGs) 4, 5 and 6. The KP has 751 **Basic Health Units** (BHUs), 362 Civil Dispensaries, 53 Civil Hospital, 22 District Headquarter Hospitals, 50 Mother & Child Health Center (MCH), 23 Sub Health Center (SHCs), and 41 Rural Health Centres (RHCs).

Healthcare Legislative Paradigm

Although North-West Frontier Province Medical and Health Institutions and Regulation of Health Care Services Ordinance was passed in 2002 to regulate medical institutions and public health institutions. It aimed to regulate on the rendering of services by a private hospital, nursing home or maternity home, clinic, including medical, dental and x-ray clinics, clinical laboratory and a blood bank etc.; but an institutional mechanism to implement the provisions of this legislation has not been put in place so far by the current Government.

However, the KP Government through an act of parliament has regularized the Lady Health Workers in the province, thus given the Lady Health Worker Programme a permanent status which is a real grass root level healthcare providers programme taking healthcare to the doorstep of the population.

KP assembly has also promulgated the following acts related health:

1. The Khyber Pakhtunkhwa Regulation of Lady Health Workers Program and Employees (Regularization) and Standardization Act, 2014)
2. The Khyber Pakhtunkhwa Medical Transplantation Regulatory Authority Act, 2014.
3. The Khyber Pakhtunkhwa Food Safety Authority Act, 2014
4. The Khyber Pakhtunkhwa Tibb and Homeopathic Employees (Regularization of Services) Bill, 2014

Policies, Strategies and Plans

The Provincial Departments of Health are facing numerous problems including lack of the requisite organizational capacity for handling the additional responsibilities such as health strategy formulation and managing the devolved structure and institutes also there is a gross disparity between the provinces in terms of capacity and organization. Each province has established or strengthened its Health Sector Reform Unit (HSRU), which will act as a purely technical think tank and the focal point for policy making. KP has also established a Health Sector Reform Unit (HSRU) long time ago. This unit in collaboration with health partners spearheaded the development of health sector strategy for Punjab which derives its inspiration from Comprehensive Development Strategy of the province. The key strategic directions of these Provincial health strategies are; to improve access to healthcare, availability of adequate health workforce, efficient health sector governance and accountability, credible and fully functioning

health information systems, optimized healthcare financing through fiscal responses to reduce out of pocket expenditure and to ensure uninterrupted supply of quality essential medicine and health technology.

Although the strategy is quite comprehensive and addresses all the health needs of the provinces, however, its implementation in a systematic way is still awaited. An operational plan needs to be made and funds mobilized to achieve various target set in the health sector strategy.

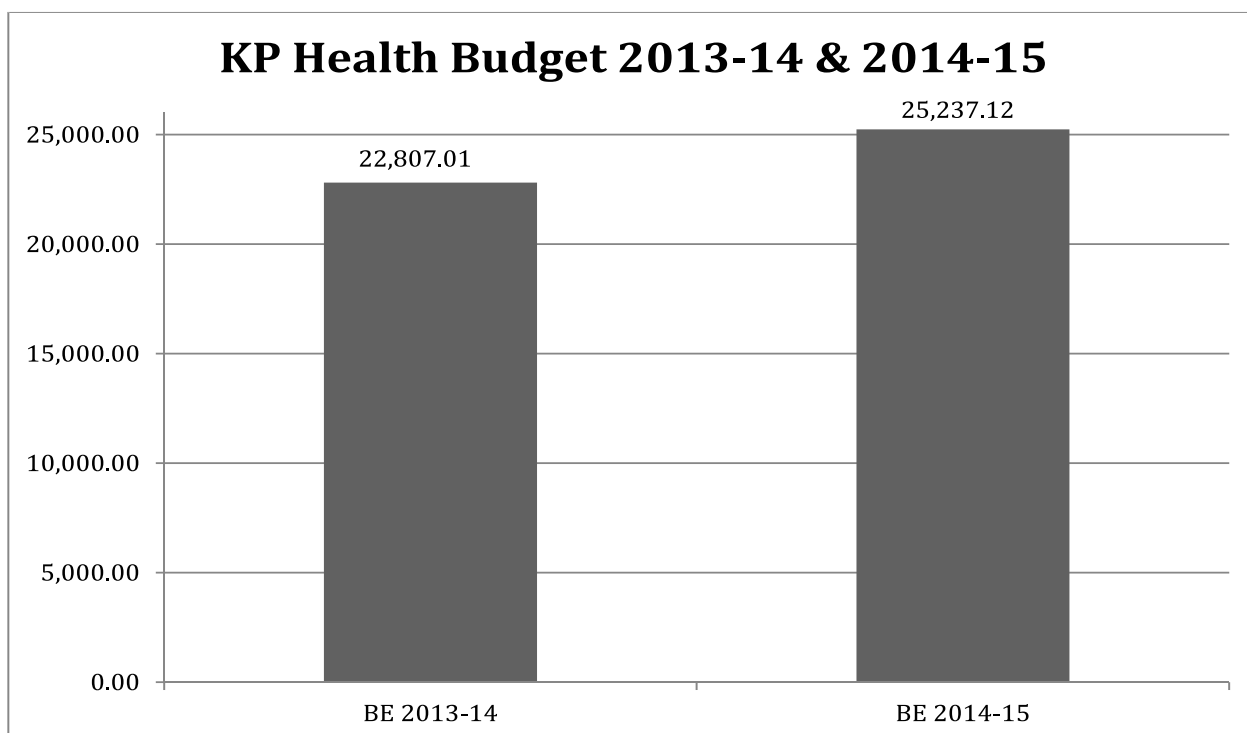
Budgetary Framework

The segregation of Budget 2014-2015 of the Government is divided into three parts i.e. welfare, administration and development. The health falls in the category of welfare budget. Allocation in the Budget 2014-15 for Health Department has been increased from Rs.22,807.005 million to Rs. 25,237.123 million which shows an increase of 10.65%. The budget of Health Department includes Provincial and district health institutions and also regular Grants-in-aid to various autonomous health institutions. A sum of Rs. 219,694.522 million has been allocated for utilization under Welfare Budget 2014-15 (including health), which is 54.27% of the total budget of Rs. 404,805.000 million.

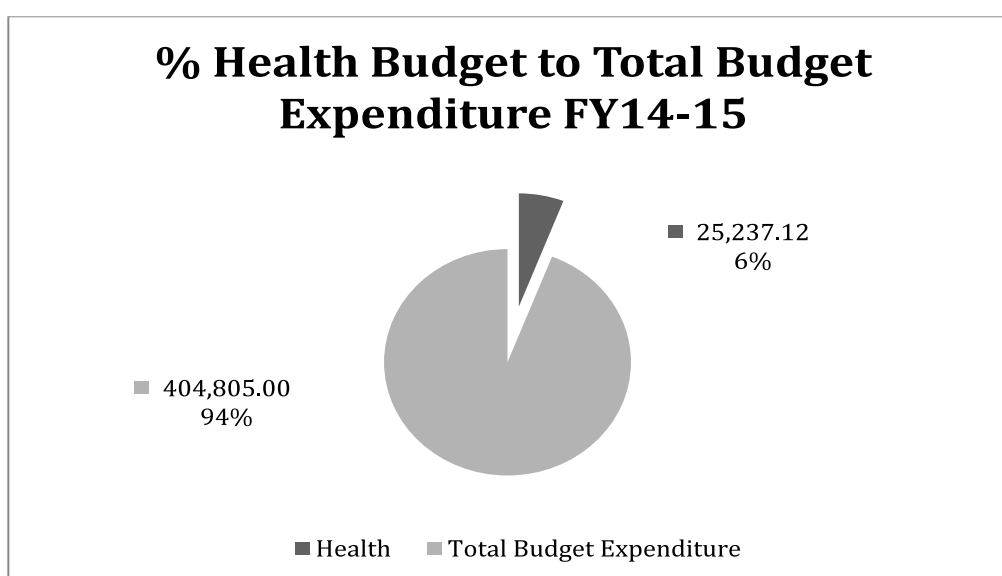
Table 30: Health Budget 2013-2014 & 2014-2015

Health Budget Rs in Millions			
Classification	BE 2013-14	RE 2012-13	BE 2014-15
Health	22,807.01	24,842.21	25,237.12
Total Budget	344,000.00		404,805.00

The above table reveals that the health budget estimates for the FY 2013-2014 was 22,807.005 whereas in current FY 2014-2015 it is 25237.123 with an increase of 9.6%.

Figure 10: KP Health Budget FY 2013-2014 & 2014-2015

The following figure portrays that the total budget for KP is Rs. 404,805.00 out of which 25,237.12 is allocated for health that constitute 6% of the total budget.

Figure 11: Percentage Health Budget of Total Budget

The Government lags behind in increase of health budget and proportion of health budget to total budget when compared to other provinces. The Balochistan Government has given 20.9% increase in health budget which is highest from all provinces, Punjab being 2nd on 17% increase, Sindh 16.5% being 3rd and KP has given 9% increase which lowest among all provinces. Likewise Balochistan and Sindh have greater proportion of health Budget i.e. 9% than other provinces. The Punjab has 7% whereas KP has less proportion of health budget (6%) to total when compared with other provinces.

Human Resources for Health

Although the province of KP has extensive healthcare infrastructure and capacity to produce required human resources for health (HRH) but could not be translated into an optimal healthcare delivery due to number of issues related to all six building blocks of health system, viz; poor motivation of health workforce due to lack of good career structure and work environment, inequitable distribution between urban and rural areas and lack of a HRH policy/strategy. Absorption capacity in Government sector and regulation of private sector medical education are two big issues. KP also continues to suffer from sub optimal performing health systems as a result of low investment in health, the poor mismatch between available resources and the growing burden of rapidly increasing population as well as the double burden of disease. KP needs to address HRH issues on priority because if everything else is in place but in the absence of a well-trained and motivated HRH, targets of healthcare can't be achieved.

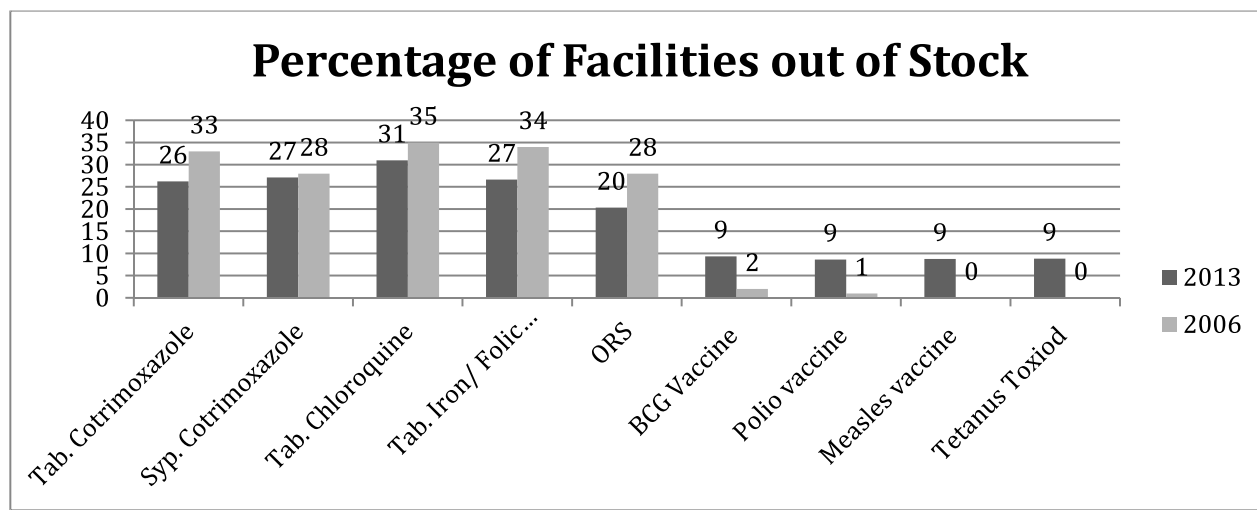
Percentage of Health Facilities out of Stock

In this analysis, the status of health facilities with out of stock of essential medicines was compared. The comparison was made during the year 2006 and 2013.

The list of essential medicines at First Level Care Facility (FLCF) used for this analysis is given below:

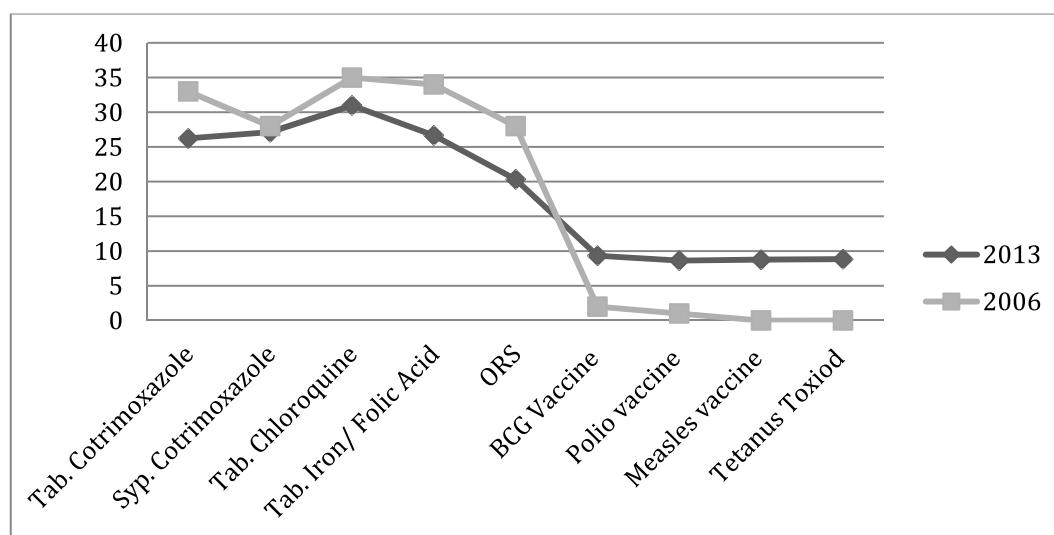
- Tab. Cotrimoxazole
- Syp. Cotrimoxazole
- Tab. Chloroquine
- Tab. Iron/ Folic Acid
- ORS
- BCG Vaccine
- Polio vaccine
- Measles vaccine
- Tetanus Toxiod

It is pertinent to mention here that the above-mentioned medicines were in essential medicines' list in 2006 afterwards; many other medicines have been added to it. Since the data was available for the year 2006 related to these medicines, therefore we have made comparison only these medicines.

Figure 12: Percentage of Facilities out of Stock

The percentage of health facilities out of essential medicines stock in 2013 decreased as compared to 2006. The above chart shows Tab. Cotrimoxazole was out of stock in 33% health facilities in 2006, whereas, in 2013 it was out of stock in 26% health facilities. Syp Cotrimoxazole was out of stock in 28% health facilities in 2006 whereas in 2013 it was out of stock in 27% health facilities. Similarly, Tab Chloroquine figure was 35% in 2006, and 31% in 2013; Tab. Iron/ Folic Acid 34% in 2006, and 27% in 2013, ORS, 28% in 2006, and 20% in 2013, BCG Vaccine 2% in 2006, and 9% in 2013, Polio vaccine 1% in 2006, and 9% in 2013, Measles vaccine 0% in 2006, and 9% in 2013, and Tetanus Toxoid 0%, 9% in 2006 and 2013 respectively.

The above mentioned comparison can be divided into two portions. The medicines portion shows positive trends i.e. less health facilities were out of stock in 2013 as compared to 2006. The other portion is related to vaccines that show negative trends and health facilities out of stock increased in 2013 as compared to 2006.

Figure 13: Line Graph of Medicines Trend - KP

Utilization of Health Facilities

The utilization of health facilities is analysed based on the average number of patients per facility per day. The results revealed that in 2008 utilization rate was 20/per facility per day whereas in 2013 it was 41 per facility per day. The results revealed that the utilization has been doubled with 110% increase. This shows positive trend and significant increase in the number of patients in the facilities.

The utilization of health facilities is analysed based on the average number of patients per facility per day. The results revealed that in 2008 utilization rate was 20 per facility per day whereas in 2013 it was 41 per facility per day. The results revealed that the utilization has been doubled with 110% increase. This shows positive trend and significant increase in the number of patients in the facilities.

Punjab

Punjab constitutes 56% of the overall population of Pakistan. The estimated population is above 74 Million according to the 1998 population census⁸⁵ and land area comprising 205,344 sq km, administratively the province of Punjab is divided into 36 districts, 127 tehsils⁸⁶.

⁸⁵ <http://www.pbs.gov.pk>

⁸⁶ http://www.punjab.gov.pk/?q=punjab_quick_stats

Table 31: Health Indicators of Punjab

Infant Mortality Rate	88 per 1000 live births
Under 5 mortality rate	105 per 1000 live births
Total fertility rate	3.8
Pregnant women who received ANC from skilled provider (%)	78
Births assisted by a skilled provider (%)	53
Births delivered in a health facility (%)	49
Children 12-23 months fully vaccinated (%)	66
Source: Pakistan Demographic and Health Survey (PDSH) 2012-13	

Organization of Health Care Delivery

Punjab's health care system like the rest of the country has a three-tiered health care delivery system: primary, secondary and tertiary care. It starts at the grass roots level, health houses provide community health care services through lady health worker and are connected to basic health units with an upward referral pathway to rural health centers, *tehsil* hospitals and district hospitals. There are well-equipped tertiary level teaching hospitals too. There are 2461 Basic Health Units (BHUs), 293 Rural health centers (RHCs), 88 Tehsil Headquarter Hospitals, 34 District Head Quarter hospitals and 23 teaching/tertiary care hospitals⁸⁷. Despite such an extensive network of healthcare facilities, the health status of the people of the province is poor.

Legislative paradigm

Punjab Government has promulgated numerous legal frameworks like the Punjab healthcare commission act 2010 and has established regulatory bodies in the province to regulate healthcare and procurement of supplies. The legal frameworks have been followed by regulations and implementation in the current Government first year. For example; the Punjab health foundation act was enacted in 1992 but health foundation has been made functional in the current Government period. Similarly; Provincial Quality Control Board Punjab has been set up by the current Government under the provisions of the Drugs Act 1976 to enable drug inspectors to check the pharmaceutical industry. Punjab has also promulgated following acts related to health⁸⁸:

1. The Punjab Mental Health (Amendment) Bill 2014 (Bill No. 13 of 2014)
2. The Punjab Reproductive, Maternal, Neo-natal and Child Health Authority Bill 2014 (Bill No. 12 of 2014)

⁸⁷ DHIS Cell, Department of Health, Govt of the Punjab, Lahore, 2013.

⁸⁸ <http://www.pap.gov.pk/index.php/home/en>

Punjab Healthcare Commission

The Punjab Healthcare Commission (PHC) is an autonomous health regulatory body established under the PHC Act 2010. The PHC aims to improve the quality, safety and efficiency of healthcare service delivery for all Public and Private Healthcare Establishments (HCEs) including Allopaths, Homeopaths and Tibbs in the province of Punjab. The PHC is responsible for developing and enforcing Minimum Service Delivery Standards (MSDS) at all levels of healthcare, to improve the quality of healthcare services and foster a culture of Clinical Governance. All Healthcare Establishments are required to implement MSDS to acquire a License to deliver healthcare services in Punjab.

Punjab Procurement Regulatory Authority

Punjab Procurement Regulatory Authority Ordinance was initially promulgated in 2007 but it lapsed as the Provincial Assembly, Punjab did not pass it in the stipulated time of Four Months. A new Ordinance with the same nomenclature was promulgated in 2009 which was later on converted as Act after it was passed by the Provincial Assembly and assented by the Governor, Punjab in November, 2009. The Act is in fact a replica of Federal PPRA Ordinance except with a few changes such as Addition in functions (Establishment of Performance Indicator for the procuring agencies, assistance of capacity building and preparation of Standard Documents for public procurement), A large Board of Management (13 members), and audit of the PPRA by a Chartered Accountant firm instead of Auditor General, Pakistan. Following legal frameworks are in vogue:

1. Punjab Procurement Regulatory Authority (PPRA) ACT 2009
2. Punjab Procurement Rules 2014 [Amended in 2014]
3. Public Private Partnership (PPP) ACT 2010

Punjab health watch or E-monitoring

Government of Punjab has created several dashboards in health like HRIS dash board, dengue dashboard etc. but the most important is E-Monitoring or Health watch dashboard. Through this online system, health facilities performance is reported upon at regular basis, which is a very good system of accountability.

Policies, Strategies and Plans

The Provincial Departments of Health are facing numerous problems including lack of the requisite organizational capacity for handling the additional responsibilities such as health strategy formulation and managing the devolved structure and institutes also there is a gross disparity between the provinces in terms of capacity and organization. Each province has established or strengthened its Health Sector Reform Unit (HSRU), which will act as a purely technical think tank and the focal point for policy making. Punjab has also established a policy strategy programme unit. This unit in collaboration with health partners spearheaded the development of health sector strategy for Punjab. The key strategic directions of these Provincial health strategies are; to improve access to healthcare, availability of adequate health workforce, efficient health sector governance and accountability, credible and fully functioning health

information systems, optimized healthcare financing through fiscal responses to reduce out of pocket expenditure and to ensure uninterrupted supply of quality essential medicine and health technology.⁸⁹

Although the health sector strategy is quite comprehensive and addresses all the health needs of the provinces. However, its implementation in a systematic way is still awaited. An operational plan needs to be made and funds mobilized to achieve various target set in the health sector strategy.

Budgetary Framework

The Government of Punjab despite its limited resources and severe economic crises has managed to allocate substantial amount of budget to health sector. The following table shows the budgetary details of the current fiscal year i.e. 2014-15⁹⁰:

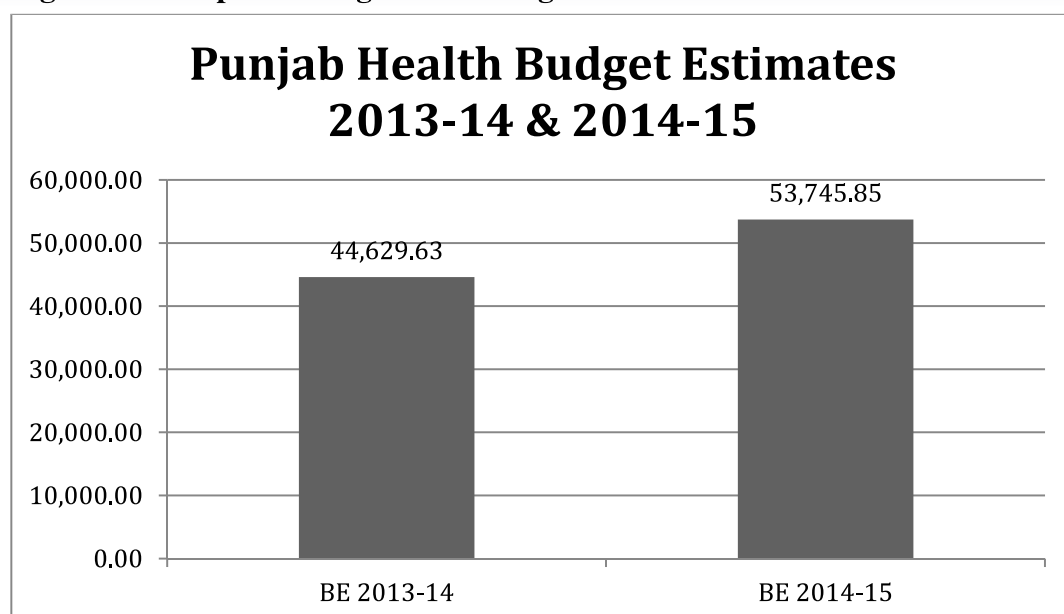
Table 32: Health Budget FY 2013-14 & 2014-15

Health Budget			
<i>(Rs. in Million)</i>			
Classification	Budget (BE) 2013-14	Revised Estimates (RE) 2013-14	BE 2014-15
Health	44,629.627	43,968.363	53,745.852
Total Budget	607,569.311	584,670.278	699,951.083

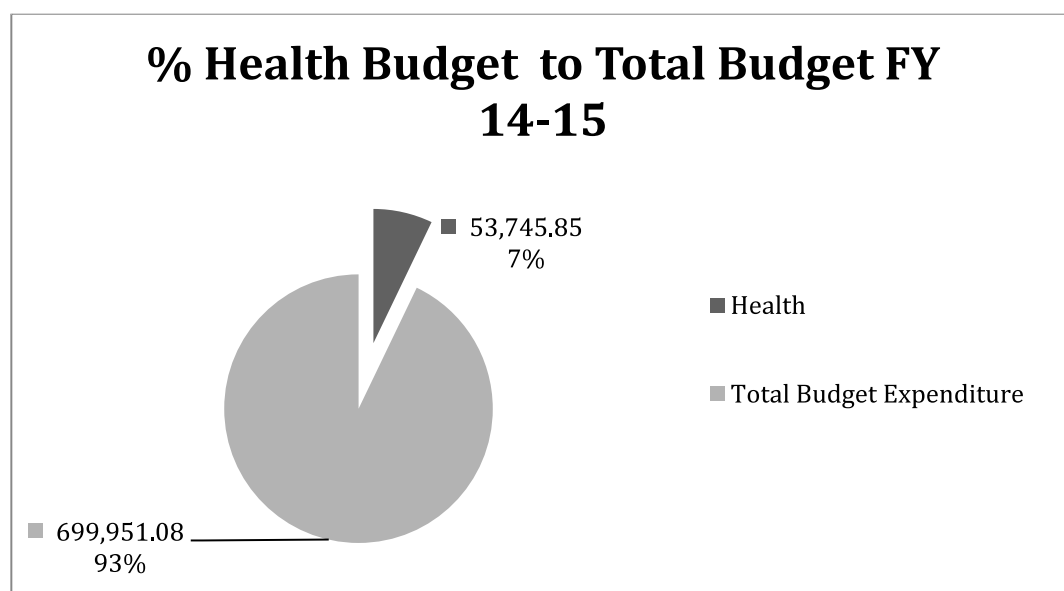
The Government of Punjab has allocated 53,745.852 M for the health sector which is 17% increase than previous FY 2013-14. The Health budget includes Rs 48,039.911 for Hospital Services, Rs 135.135 for Public Health Services and Rs 5,570.806 for Health Administration.

⁸⁹ Strategy Health Sector of Punjab 2012–2020 (printed document)

⁹⁰ www.finance.punjab.gov.pk/system/files/WP2014_15.pdf

Figure 14: Graph showing Health Budget FY 2013-14 & 14-15

There is Rs. 9,116.23 million increases in health budget of 2014-15 compared to 2013-14 which means 17% rise.

Figure 15: Health Budget Proportion to Total Budget

The health budget is 7% of the total budget expenditures for the Fiscal year 2014-15. The Punjab Government has given significant increase in the current Health budget and remains at 2nd after Balochistan that has given 20.9% increase in health budget which is highest from all provinces, Sindh 16.5% being 3rd and KP has given 9% increase which lowest among all provinces. Likewise Balochistan and Sindh have greater proportion of Health Budget i.e. 9% than other

provinces. The Punjab has 7% whereas KP has less proportion of Health budget i.e. 6% to total budget when compared with other provinces.

In the current budget, Health Sector development programme has been focused on improvement and up-gradation of primary, secondary and tertiary health care and expansion of medical education in the public sector. Efforts have been made for optimal utilization of the existing health facilities by providing essential missing facilities.

Human Resource for Health

Although the province of Punjab has extensive healthcare infrastructure and capacity to produce required human resources for health but could not be translated into an optimal healthcare delivery due to number of issues related to all six building blocks of health system, viz; poor motivation of health workforce due to lack of good career structure and work environment, urban rural mal-distribution and lack of a HRH policy/strategy. Absorption capacity in Government sector and regulation of private sector medical education are two big issues. Punjab also continues to suffer from sub optimal performing health systems as a result of low investment in health, the poor mismatch between available resources and the growing burden of rapidly increasing population as well as the double burden of disease⁹¹.

The current Government has enhanced its focus on human resources for health in a holistic way. It has started to develop a comprehensive HRH strategy for which it had compiled an HRH profile of the province. HRH profile gives a snap shot of existing health workforce, its production, distribution and attrition⁹². In the next stage, an HRH strategy will be drafted to address HRH issue in a comprehensive way.

Punjab has also developed an online HRH information system called HRIS dashboard through which with a click of button each and every health worker can be traced with its full profile.

Percentage of Health Facilities Out of Stock

In this analysis, the status of health facilities with out of stock of essential medicines was compared. The comparison was made between 2013 and 2006 for which the data is available. The list of essential medicines at First Level Care Facility (FLCF) used for this analysis is given below:

- Tab. Cotrimoxazole
- Syp. Cotrimoxazole
- Tab. Chloroquine
- Tab. Iron/ Folic Acid
- ORS
- BCG Vaccine

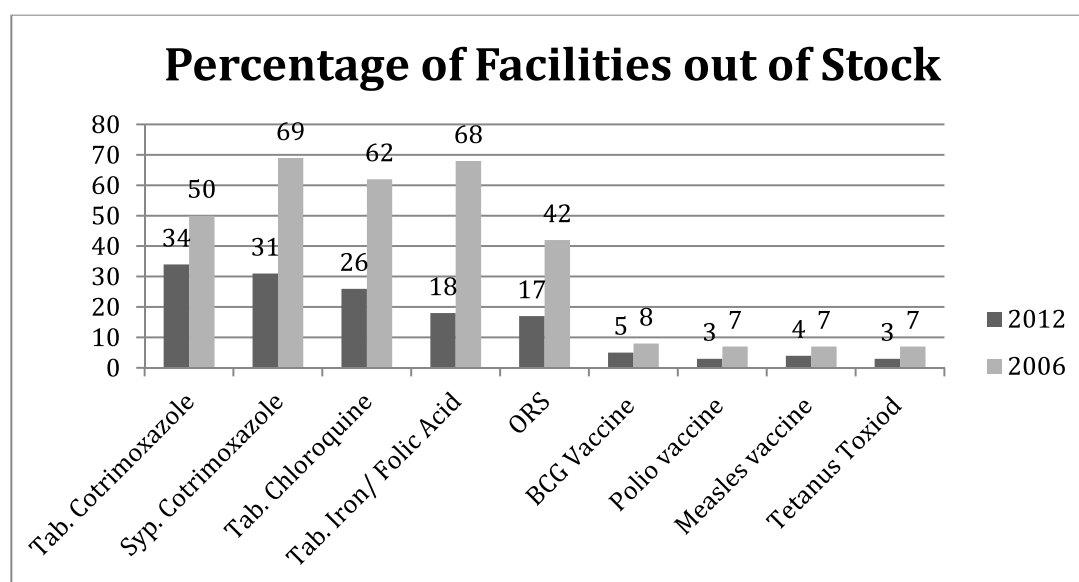
⁹¹ Situation analysis for health sector strategy Punjab by TRF 2012 (printed document)

⁹² HRH profile Punjab by WHO 2012 (printed document)

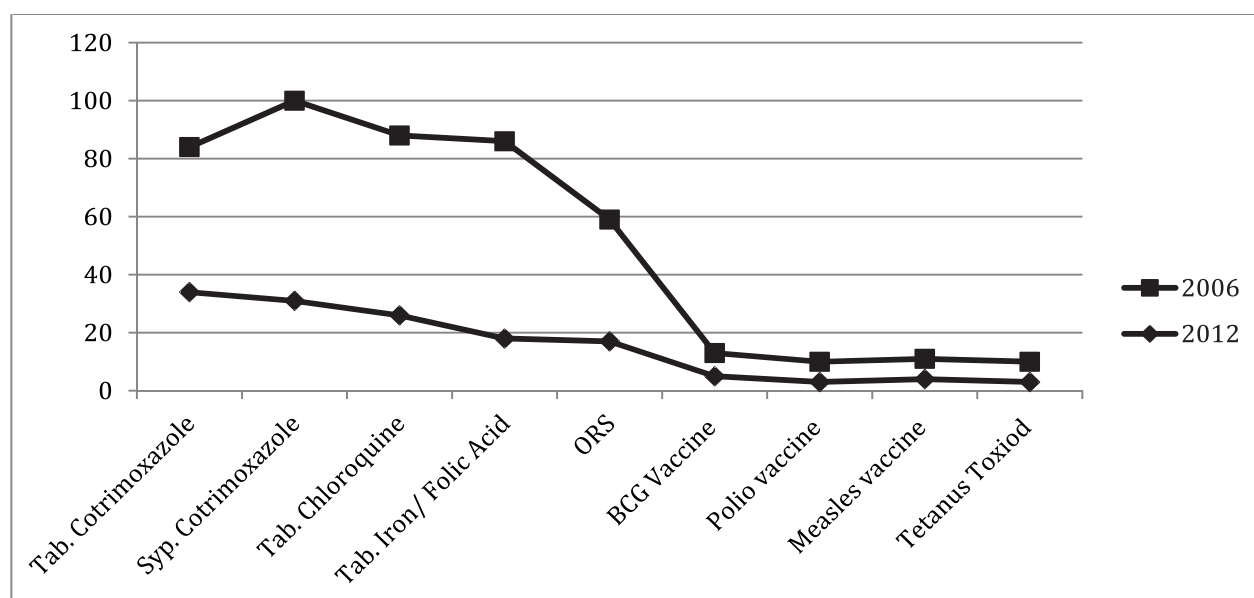
- Polio vaccine
- Measles vaccine
- Tetanus Toxiod

It is pertinent to mention here that the above-mentioned medicines were in essential medicines' list in 2006 afterwards; many other medicines have been added to it. Since the data was available for the year 2006 related to these medicines, therefore we have made comparison only these medicines.

Figure 16: Percentage of Facilities Out of Stock in the Punjab



The percentage of health facilities out of essential medicines stock in 2013 decreased as compared to 2006. The above chart shows Tab. Cotrimoxazole was out of stock in 69% health facilities in 2006, whereas, in 2013 it was out of stock in 31% health facilities. This medicine remained at top in all medicines. Syp Cotrimoxazole was out of stock in 50% health facilities in 2006 whereas in 2013 it was out of stock in 34% health facilities. Similarly, Tab Chloroquine figure was 62 in 2006, 26 in 2013; Tab. Iron/ Folic Acid 68 in 2006, and 18 in 2013, ORS, 42 in 2006, and 17 in 2013, BCG Vaccine 8 in 2006, and 5 in 2013, Polio vaccine 7 in 2006, and 3 in 2013, Measles vaccine 7 in 2006, and 4 in 2013, and Tetanus Toxiod 7, 3 in 2006 and 2013 respectively.

Figure 17: Line Graph of Medicines Trend – Punjab

Utilization of Health Facilities

The year under review for comparison is 2013 and 2008 for which data is available. The utilization of health facilities is examined based on the average number of patients per facility per day. The results revealed that in 2008 utilization rate was 65/per facility per day whereas in 2013 it was 75 per facility per day. The 15% increase in utilization of health facilities shows positive trend and increase in the number of patients in the facilities.

Sindh

Sindh has 42.92 Million estimated populations and a second largest province of Pakistan. It has an area of 14153 Sq. Km land. Sindh is divided into 23 districts, Taluka/Towns 114. The Province comprises 23% of Pakistan's population and 18% of its land area. It has the highest concentration of urban population at 49% as compared to an overall country average of 33%, making it the most urbanized province in the country. Sindh's capital Karachi is not only the most populous metropolis of the country, but also a commercial hub.

Table 33: Health Indicators of Sindh

Infant Mortality Rate	74 per 1000 live births
Under 5 mortality rate	93 per 1000 live births
Total fertility rate	3.9
Pregnant women who received ANC from skilled provider (%)	78
Births assisted by a skilled provider (%)	61

Births delivered in a health facility (%)	59
Children 12-23 months fully vaccinated (%)	29
Source: Pakistan Demographic and Health Survey (PDSH) 2012-13	

Organization of Service Delivery

In Sindh, the public health sector is poorly utilized in both urban and rural areas; it is at 22% compared to 29% in rest of the country. There is a well-designed district health system in rural areas, but frontline facilities and even several secondary care Taluka hospitals are not properly utilized due to continual issues of staff retention particularly of female staff, very frequent drug shortages, and poor maintenance of equipment and building. It has 6 Teaching Hospitals, 11 Civil Hospitals, 26 other Hospitals / Major, 43 Taluka Hospitals, 106 Rural Health Centers, 5 Urban Health Centers, 771 Basic Health Units, 16 Urban Health Units, 19 Maternity Homes, 37 MCH Centers and 377 Government Dispensaries.⁹³

Legislative Paradigm

The Sindh Assembly has passed a bill to establish the Sindh Healthcare Commission to work as a watchdog for the hospitals in the province. The law aims to ensure high quality healthcare services at public and private hospitals, as well as, at autonomous healthcare centres. It will also ban the practice of quackery to promote the rights of patients, doctors and health workers.

The commission will not only revoke and renew licenses to hospitals and medical practitioners but monitor and regulate the quality and standards of the healthcare services. The commission will also frame guidelines to protect health service providers from harassment, undue pressure and damage to property. The security and protection of healthcare workers should be the responsibility of the organizations. The public and private hospitals must provide physical and legal protections to doctors and healthcare workers. In case of physical injury on duty, the doctors and healthcare workers should be fully compensated.⁹⁴

Environmental protection Bill-2014 has also been passed by the Assembly. The bill would empower the Government to regulate its environmental affairs following the devolution of the subject from the Centre to the province through the 18th constitutional amendment. The province requires stringent laws and rules to check and reverse the increasing levels of pollution in air, land, and water reservoirs which will have positive effects on health of population. Sindh Assembly has also promulgated following acts related to health⁹⁵:

1. The Sindh Environmental Protection Act, 2014
2. The Sindh Healthcare Commission Act, 2013
3. The Sindh Newborn Screening Act, 2013
4. The Sindh HIV and AIDS Control Treatment and Protection Act, 2013
5. The Gambat Institute of Medical Sciences (Amendment) Act, 2013

⁹³ DHIS Cell, Department of Health, Govt of Sindh, Hyderabad, 2013.

⁹⁴ <http://www.sindh.gov.pk/notifications.htm>

⁹⁵ <http://www.pas.gov.pk/index.php/home/en>

6. The Sindh Mental Health Act, 2013
7. The Sindh Prevention and Control of Thalassemia Act, 2013

Policies, Strategies and Plans

The Provincial Departments of Health are facing numerous problems including lack of the requisite organizational capacity for handling the additional responsibilities such as health strategy formulation and managing the devolved structure and institutes also there is a gross disparity between the provinces in terms of capacity and organization. Each province has established or strengthened its Health Sector Reform Unit (HSRU), which will act as a purely technical think tank and the focal point for policy making. Sindh has also established a Health Sector Reform Unit (HSRU). This unit in collaboration with health partners spearheaded the development of health sector strategy for Punjab. The key strategic directions of these Provincial health strategies are; to improve access to healthcare, availability of adequate health workforce, efficient health sector governance and accountability, credible and fully functioning health information systems, optimized healthcare financing through fiscal responses to reduce out of pocket expenditure and to ensure uninterrupted supply of quality essential medicine and health technology.⁹⁶

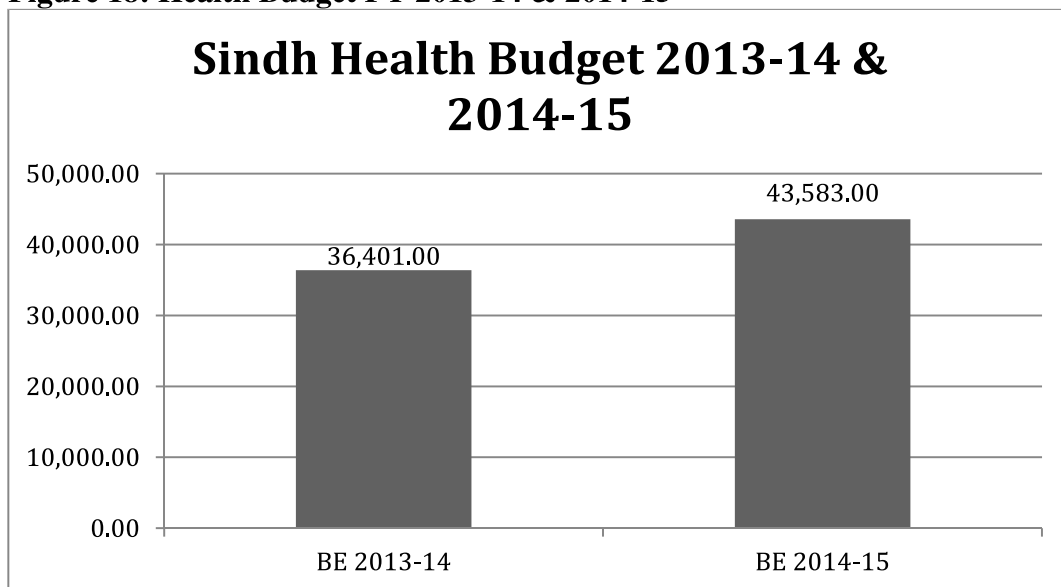
Although the strategy is quite comprehensive and addresses all the health needs of the provinces. However, its implementation in a systematic way is still awaited. An operational plan needs to be made and funds mobilized to achieve various target set in the health sector strategy.

Budgetary Framework

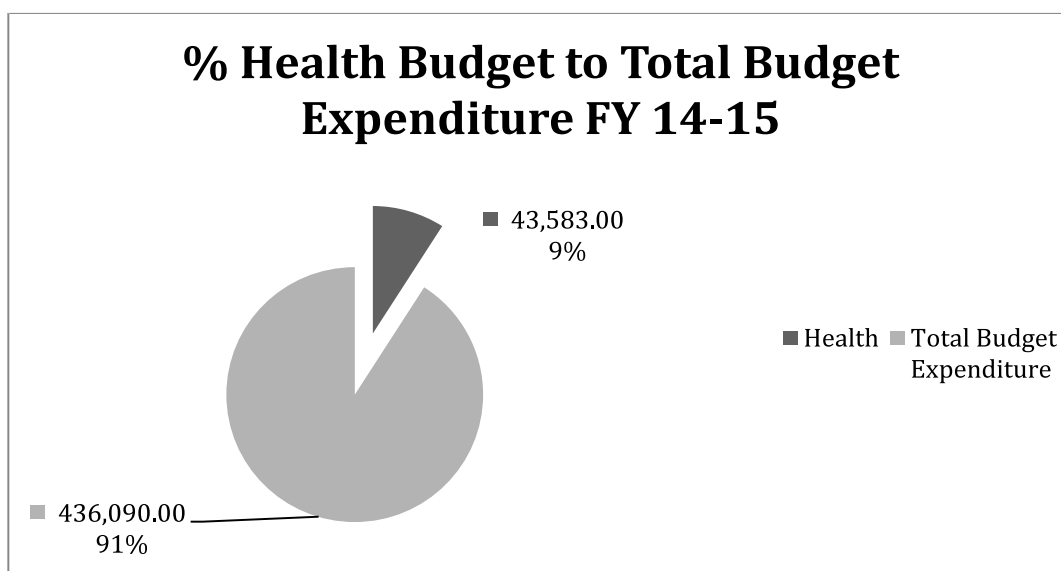
In Sindh Province, the health sector was partially devolved to Local Governments (LGs) where District Headquarter Hospitals, Rural Health Centers, Taluka Headquarter Hospitals and Basic Health Units remained with them while teaching and other specialized hospitals were and are with the Provincial Government. The abolition of Sindh Local Government Ordinance 2001 has reversed the scenario and now all the hospitals except those with People Primary Healthcare Initiative (PPHI) are under the administrative control of the Provincial Government. The funding for the Current Revenue Expenditure (CRE) under this social service has increased from Rs. 36.7 billion in BE 2013-14 to Rs. 43.5 billion in BE 2014-15 showing an increase of around 16.5%.⁹⁷

⁹⁶ Strategy Health Sector of Sindh 2012–2020 (printed document)

⁹⁷ fidsindh.gov.pk/site/cms.php?page=Budget_Volumes

Figure 18: Health Budget FY 2013-14 & 2014-15

The Sindh Government has allocated Rs 43,583.00 M for the Health in the current budget, which is 7,182.00 M (16.5 %) increase from the previous FY 2013-14.

Figure 19: % Health Budget

The health budget of the Sindh constitutes 9% of the total budget expenditure of Rs. 436,090M.

The Sindh has given significant increase the Health budget. The Balochistan Government has given 20.9% increase in health budget which is highest from all provinces, Punjab being 2nd on 17% increase, Sindh 16.5% being 3rd and KPK has given 9% increase which lowest among all provinces. Likewise Balochistan and Sindh have greater proportion of Health Budget i.e. 9%

than other provinces. The Punjab has 7% whereas KPK has less proportion of Health budget i.e. 6% to total budget when compared with other provinces.

Human Resource for Health

Although the Province of Sindh has extensive healthcare infrastructure and capacity to produce required human resources for health but could not be translated into an optimal healthcare delivery due to number of issues related to all six building blocks of health system, viz; poor motivation of health workforce due to lack of good career structure and work environment, urban rural mal-distribution and lack of a HRH policy/strategy. Absorption capacity in Government sector and regulation of private sector medical education are two big issues. Sindh also continues to suffer from sub optimal performing health systems as a result of low investment in health, the poor mismatch between available resources and the growing burden of rapidly increasing population as well as the double burden of disease.⁹⁸

The current Government has enhanced its focus on human resources for health in a holistic way. It has started to develop a comprehensive HRH strategy for which it had compiled an HRH profile of the province. HRH profile gives a snap shot of existing health workforce, its production, distribution and attrition⁹⁹. An HRH strategy has been drafted to address HRH issue in a comprehensive way.

Sindh is the first province to regularize lady health workers, which is a real grass root level healthcare provider taking healthcare to the doorstep of the population.

Percentage of Health Facilities Out of Stock

In this analysis, the status of health facilities with out of stock of essential medicines was compared. The comparison was made during the year 2006 and 2013.

The list of essential medicines at First Level Care Facility (FLCF) used for this analysis is given below:

- Tab. Cotrimoxazole
- Syp. Cotrimoxazole
- Tab. Chloroquine
- Tab. Iron/ Folic Acid
- ORS
- BCG Vaccine
- Polio vaccine
- Measles vaccine
- Tetanus Toxiod

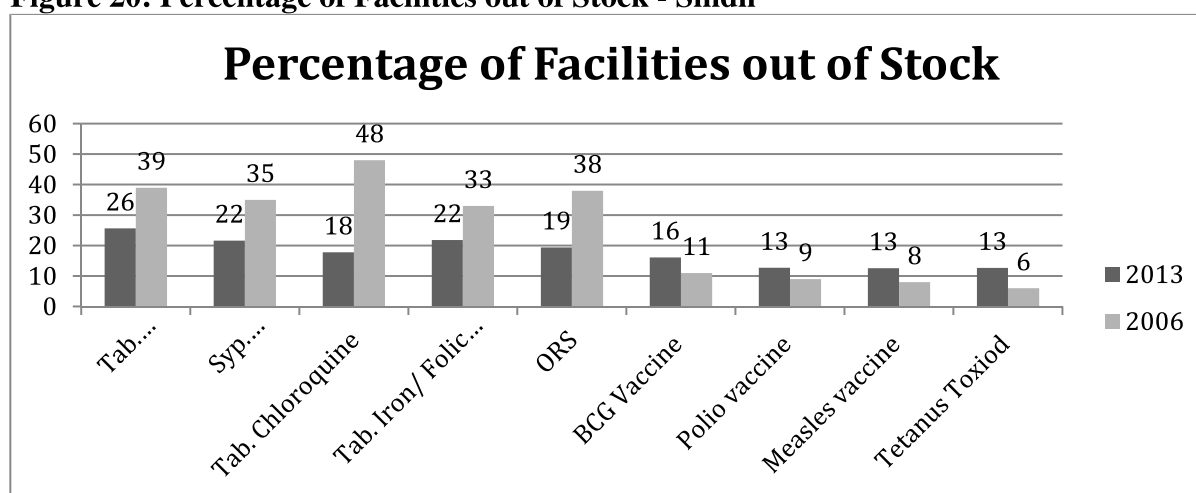
It is pertinent to mention here that the above-mentioned medicines were in essential medicines' list in 2006 afterwards; many other medicines have been added to it. Since the data was available

⁹⁸ Situation analysis for health sector strategy Sindh by TRF 2012 (printed document)

⁹⁹ HRH profile Sindh by WHO 2012 (printed document)

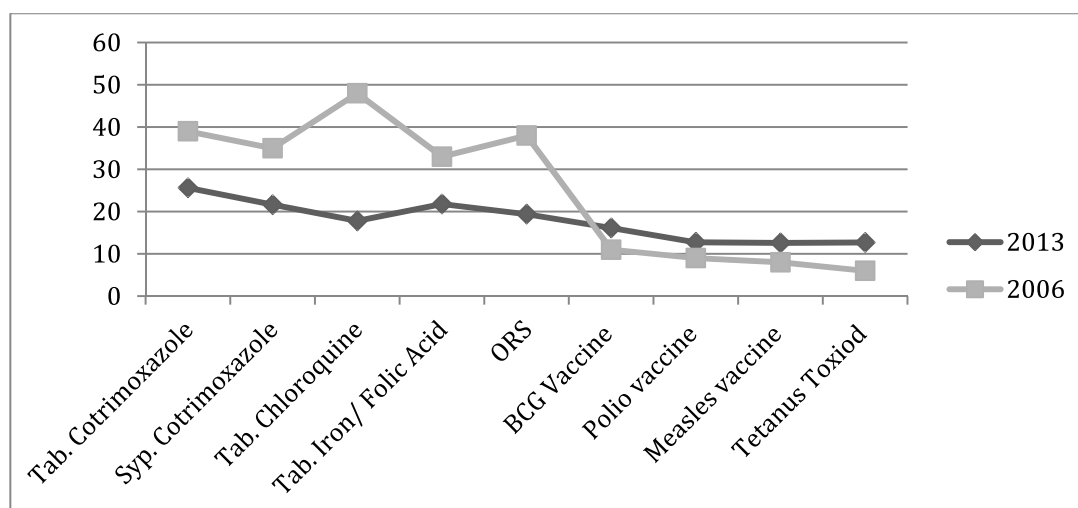
for the year 2006 related to these medicines, therefore we have made comparison only these medicines.

Figure 20: Percentage of Facilities out of Stock - Sindh



The percentage of health facilities out of essential medicines stock in 2013 decreased as compared to 2006. The above chart shows Tab. Cotrimoxazole was out of stock in 39% health facilities in 2006, whereas, in 2013 it was out of stock in 26% health facilities. Syp Cotrimoxazole was out of stock in 35% health facilities in 2006 whereas in 2013 it was out of stock in 22% health facilities. Similarly, Tab Chloroquine figure was 48% in 2006, and 18% in 2013; Tab. Iron/ Folic Acid 33% in 2006, and 22% in 2013, ORS, 38% in 2006, and 19% in 2013, BCG Vaccine 11% in 2006, and 16% in 2013, Polio vaccine 9% in 2006, and 13% in 2013, Measles vaccine 8% in 2006, and 13% in 2013, and Tetanus Toxoid 6%, 13% in 2006 and 2013 respectively.

The above-mentioned comparison can be divided into medicines and vaccines portions. The medicines portion shows positive trends i.e. less health facilities were out of stock in 2013 as compare to 2006. The other portion is related to vaccines that show negative trends and health facilities out of stock increased in 2013 as compare to 2006.

Figure 21: Line Graph of Medicines Trend – Sindh**Utilization of Health Facilities**

The utilization of health facilities is reviewed for the year 2008 and 2013. The utilization of health facilities is assessed based on the average number of patients per facility per day. The results revealed that in 2008 utilization rate was 61/per facility per day whereas in 2013 it was 80 per facility per day. The 31% increase shows positive trend and increase in the number of patients in the facilities.

Immunization of Children

Dr. Zulfikar Khan

Polio Eradication

Polio is a crippling and potentially fatal infectious disease. There is no cure, but there are safe and effective vaccines. The strategy to eradicate polio is therefore based on preventing infection by immunizing every child until transmission stops and the world is polio-free.

Pakistan is among few countries where polio has never been eradicated. Polio in Pakistan has been a particular worry recently, with a disturbing spike in cases. According to the WHO, 61 out of 77 cases of polio reported all over the world from January to mid-May 2014 were in Pakistan. In other words, 79% cases were only reported in Pakistan. Now the polio cases in Pakistan has reached 209 which is very alarming situation.

In May 2014, the WHO declared the international spread of wild poliovirus a Public Health Emergency of International Concern and issued a set of Temporary Recommendations (IHR) under the IHR (2005) to address the emergency. As one of the countries from where the virus has spread in 2014, Pakistan is now implementing the IHR for international travel.

In this parameter, we will analyze the efforts made by each province in eradication of poliomyelitis and number of polio cases reported in each province during the year 2013 and 2014.

Children Less than 12 Months Fully Immunized

It is always better to prevent a disease than to treat it after it occurs. Diseases that used to be common in this country and around the world, including polio, measles, diphtheria, whooping cough, rubella, mumps, tetanus, rotavirus and Haemophilus influenza type b can now be prevented by vaccination.

A vaccine is a safer substitute for a child's first exposure to a disease. The child gets protection without having to get sick. Through vaccination, children can develop immunity without suffering from the actual diseases that vaccines prevent. In this parameter, we will see the province wise efforts for the indicator "children less than 12 months fully immunized" through the DHIS Data.

Pregnant Women Received TT2 Vaccine

Some diseases are particularly harmful for pregnant women and their babies. Many of these can be prevented through immunization. A mother's immunity can protect her baby during pregnancy and often for the baby's first six to 12 months of life.

When planning and experiencing pregnancies, women often have more contact with health-care professionals than at other times in their lives. This makes it a good opportunity for them to have

their immunization status evaluated and to consider which vaccines might be beneficial to them and their baby.

In the last century, immunization programs have saved more lives than any other health intervention. Many diseases that could affect mother or baby are preventable through immunization. This keeps them safe, and also protects the rest of the population particularly people who cannot receive vaccines or who do not develop full immunity. In this indicator, we will analyze the data of pregnant women received TT2 vaccine in the provinces during the year 2006 and 2013.

Balochistan

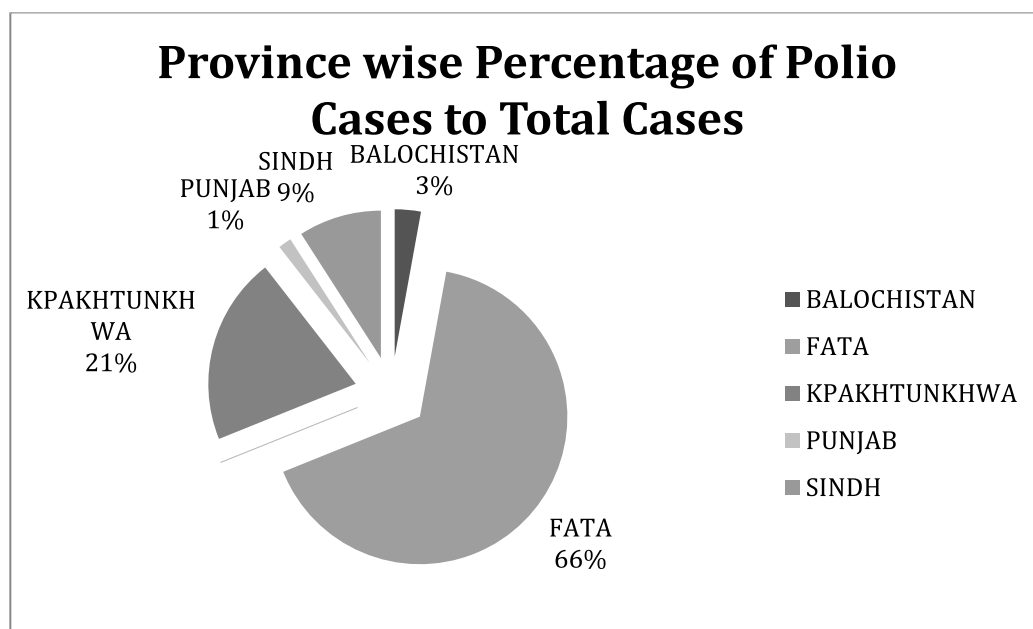
The Balochistan province has less number of cases but greater than Punjab. The number of cases reported up to end of October 2014 is 6.

This figure is very high as compared to previous year wherein no polio case was detected.

Table 34: Polio cases in Balochistan during 2013 & 2014

Polio cases	Year	
Province/Area	2013	2014 (Oct)
BALUCHISTAN	0	6

The below chart portrays that the Balochistan has 3% of polio cases to total cases of Pakistan.

Figure 22: Percentage of Polio Cases to Total Cases

The following table entails the SIAs details for year 2013:

Table 35: SIAs during 2013

SIAs conducted during the Year 2013				
Month	Date	SIAs	Target	Coverage
Jan	14-16	SNID	764,229	697,414
Jan	28-30	SIAD	1,275,126	589,951
Feb	18-20	SNID	1,001,505	546,054
Mar	4-6	SNID	1,080,849	1,100,607
Apr	15-17	NID	2,284,041	2,064,746
May	27-29	SNID	929,928	924,320
Jun	10-12	SNID	1,001,505	533,968
Jul	1-3	SNID	1,221,992	435,507
Aug	19-21	NID	2,224,123	2,120,457
Sep/Oct	30-02	NID	2,224,123	2,062,600
Oct	23-25	SIAD	914,849	842,850
Nov	18-20	NID	2,224,123	2,019,210
Dec	12-14	SNID	1,575,867	1,533,428

The above table reveals that there were 4 rounds of NIDs in 2013, SNIDs have 7 rounds and SIAD has 2 rounds throughout the year.

Table 36: Supplementary Immunization Activities (SIAs) during 2014

SIAs conducted during the Year 2014 (upto Sep)				
Month	Date	SIAs	Target	Coverage
Jan	20-22	NID	2,224,123	2,064,462
Feb	10-12	SIAD	789,415	718,845
Feb	24-26	NID	2,224,123	2,004,883
Mar	10-12	SIAD	789,415	770,282
Mar	24-26	NID	2,224,123	2,121,692
Apr	14-16	SNID	832,988	820,444
Apr	28-30	SIAD	524,118	508,846
May	5-7	SNID	1,167,524	1,094,135
May	19-21	SIAD	505,968	521,290
Aug	18-20	SIAD	789,415	723,953
Sep/Oct	29-01	NID	2,224,123	2,106,687

The above table reveals that there were 4 rounds of National Immunization Days (NIDs), SNIDs 2 rounds and Short Interval Initial Dose (SIAD) has 5 rounds. It can be seen that the Balochistan Province could not covered more of its targets during majority of polio immunization rounds both during 2013 and 2014. Balochistan is also facing many challenges/issues in implementation of immunization campaigns due to security reasons. The Balochistan province is the largest province according to the land area and access to each and every corner of the province is a big issue. The Balochistan province has no polio case in 2013 whereas it has now 6 polio cases and account for 3% of the total cases of Pakistan. Moreover; polio eradication also requires a highest standard of good governance because successful implementation of SNIDs and NIDs require; good planning, implementation, training of vaccinators, on time payment of previous round and the most important is the supervision of workers involved in the immunization campaign. Corruption, maladministration and terrorism have been the main cause of failure of the Governments to eradicate Polio from the country.

Children Less than 12 Months Fully Immunized

The results showed that 30,020 children less than 12 months were fully immunized in 2006 and 33,927 children were fully immunized during the year 2013. The difference is 3,907, which mean that 13% more children were immunized from 2006 to 2013.

Pregnant Women Received TT2 Vaccine

The results revealed that 19,407 pregnant women received TT2 vaccine in 2006 and 26,549 in 2013. The difference is 7,142 and shows that 36.80% increase in 2013 as compared to 2006.

The above results reveal that medicines' stock improved and less health facilities were out of stock in 2013 as compared to 2006. On the other hand, vaccines portion show contrary results. The vaccines became unavailable in more health facilities in 2013 than 2006. This is very alarming situation where poliovirus is spreading all over the country. The shortage of vaccines may impede the struggles in eradication of poliovirus.

There is no significant increase in number of patient at health facilities. Only 3.4% increase can be seen in 2013 as compared to 2008. Immunization in children and vaccination of pregnant women is seen satisfactory. The overall governance seems to be less effective and as a result, Balochistan health performance is facing many challenges.

Khyber Pakhtunkhwa

Khyber Pakhtunkhwa has the highest number of cases among all the provinces of Pakistan. The number of cases reported up to end of October 2014 is 43. This figure is very high as compared to previous year wherein 11 cases were reported only.

Table 37: Number of Polio Cases Reported in KP during 2013 & 2014

Polio cases	Year	
Province/Area	2013	2014 (Oct)
KP	11	43

Figure 23: Percentage of Polio Cases to Total Cases

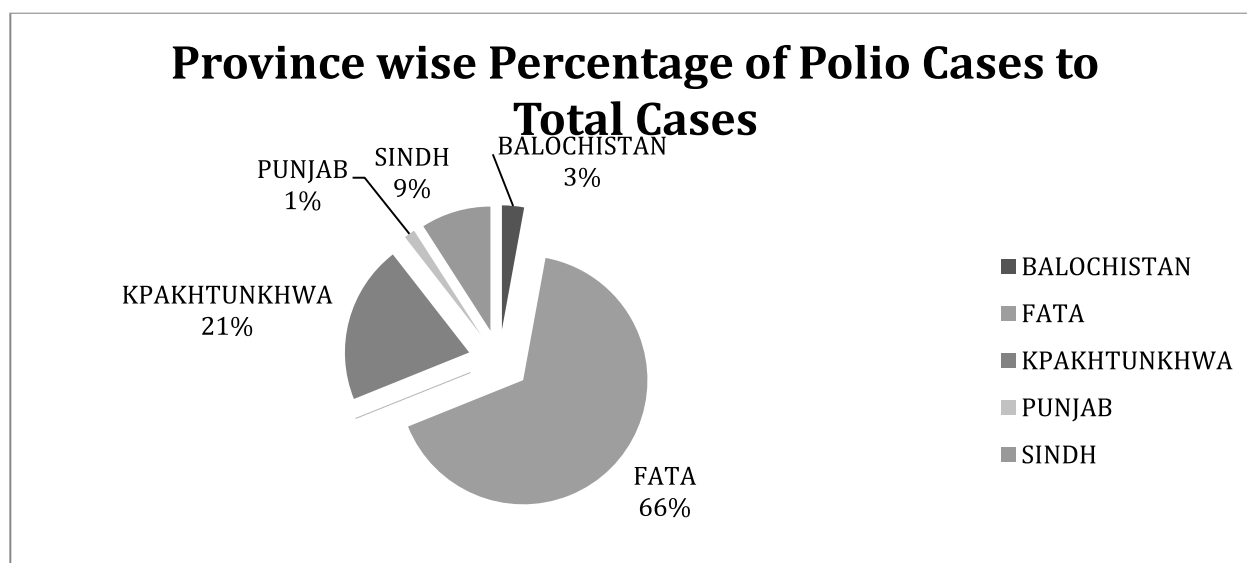


Table 38: Target and Coverage

Month	Date	SIAs	Target	Coverage
Jan	14-16	SNID	1,828,468	1,247,155
Jan	28-30	SIAD	4,200,553	3,632,242
Feb	18-20	SNID	3,672,721	3,424,298
Mar	4-6	SNID	4,399,288	3,748,048
Mar	25-27	SIAD	1,815,138	1,657,237
Apr	5-7	SIAD	1,936,793	1,691,956

Apr	15-17	NID	5,111,213	4,933,392
May	27-29	SNID	2,753,358	1,430,534
Jun	10-12	SNID	3,041,597	1,768,007
Jul	1-3	SNID	3,426,185	2,729,168
Aug	19-21	NID	5,164,434	4,909,748
Sep/Oct	30-02	NID	5,164,434	5,068,887
Oct	23-25	SIAD	1,374,787	1,093,944
Nov	18-20	NID	5,164,434	5,008,389
Dec	12-14	SNID	3,181,177	2,136,530

Table 39: Supplementary Immunization Activities (SIAs) conducted during 2013

SIAs conducted during the Year 2014				
Month	Date	SIAs	Target	Coverage
Jan	6-8	SIAD	2,167,369	1,301,659
Jan	20-22	NID	5,164,434	4,275,839
Feb	10-12	SIAD	1,691,818	1,244,149
Feb	24-26	NID	4,395,046	4,305,292
Mar	10-12	SIAD	1,691,818	1,281,665
Mar	24-26	NID	4,395,046	3,478,782
Apr	14-16	SNID	2,735,484	2,462,172
Apr	28-30	SIAD	1,201,842	1,152,992
May	5-7	SNID	1,067,842	1,053,409
May	19-31	SIAD	1,039,993	1,075,585
Jun	14-16	SIAs	2,116,062	1,884,958
Aug	18-20	SIAD	2,749,622	2,433,184
Sep	01-03	SIAD	3,075,705	2,643,548
Sep/Oct	29-01	NID	5,149,429	5,129,703

The data reveals that there were 4 rounds of National Immunization Days (NIDs) in 2013, Sub National Immunization Days (SNIDs) have 7 rounds and SIAD has 4 rounds throughout the year.

The table reveals that there were 4 rounds of NIDs, SNIDs 2 rounds and SIAD has 7 rounds. It can be seen that the KP could not cover more of its targets during majority of polio immunization rounds both during the year 2013 and 2014. There are many challenges/issues faced by KP Government in implementation immunization campaigns. The killing of polio workers in the province has increased the risk of vaccinators' lives and have direct impact on immunization campaigns. The on going military operation in FATA is also creating impediments in the campaigns. Migration of large number of people from these areas of operation increase the risk of polio spread in KP and other parts of the country. KP has 21% of total cases of Pakistan and remains at second number after FATA that have 66% of total polio cases of Pakistan. Moreover; polio eradication also requires a highest standard of good governance because successful implementation of SNIDs and NIDs require; good planning, implementation, training of vaccinators, on time payment of previous round and the most important is the supervision of

workers involved in the immunization campaign. Corruption, maladministration and terrorism have been the main cause of failure of the Governments to eradicate Polio from the country.

Children less than 12 Months Fully Immunized

The results showed that 70,517 children less than 12 months were fully immunized in 2006 and 519,607 children were fully immunized during the year 2013. The difference is 449,090 which mean 636.85% increase in immunization from 2006 to 2013.

Pregnant Women Received TT2 Vaccine

The results revealed that 41,811 pregnant women received TT2 vaccine in 2006 and 372,945 in 2013. The difference is 331,134 and shows that 791.98 % increase in 2013 as compared to 2006.

The above results show considerable difference from 2006 to 2013. The quality of governance has significantly improved. The medicines stock and utilization of health facilities increased during the year 2013. Furthermore, immunization in children has significant improvement with 636.85% increase as well as pregnant women vaccination with 791.98% increase. This is very good sign and indicates the Government commitment towards eradication of polio and improvement of health of mothers. The reason for health facilities out of stock in vaccines may be due to massive campaign of vaccination. This massive campaign might have eventually lead more vaccination of children causing shortage at health facilities.

Punjab

The Punjab province is doing its best to eradicate Polio from its boundaries. The Punjab Government is taking this issue seriously and therefore has less polio cases than other provinces. The polio cases reported so far are 3 in Punjab, 19 Sindh, 43 in KP and 6 in Balochistan. The highest numbers of polio cases are reported in Federally Administrative Tribal Areas (FATA), where 138 cases have been reported so far.

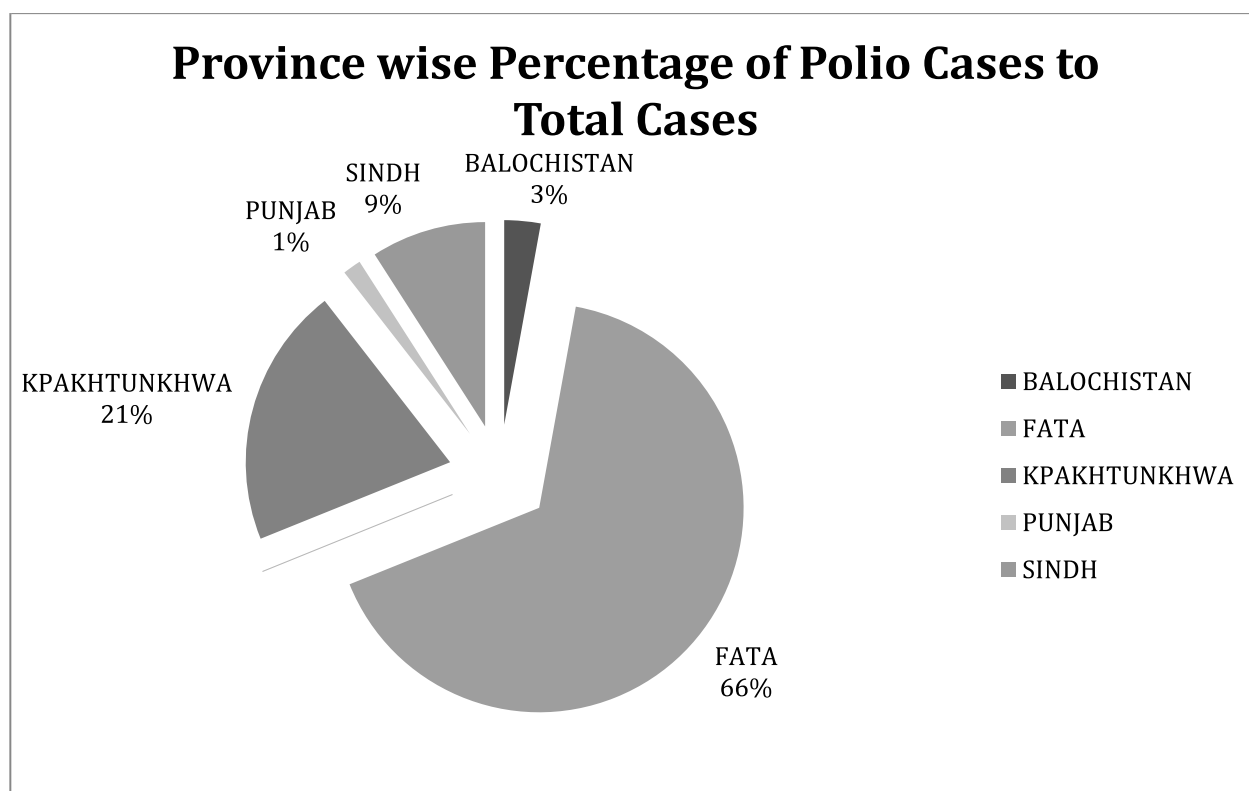
In Punjab, 7 polio cases were reported in 2013, whereas in the current year up to end of October 2014, only 3 cases have been reported¹⁰⁰.

Table 40: Polio Cases in Punjab 2013 & 2014

Polio cases	Year	
Province/Area	2013	2014 (Oct)
PUNJAB	7	3

¹⁰⁰ World Health Organization. (www.who.int/country/pak/en)

Figure 24: Percentage of Polio Cases to Total Cases



The following table depicts the Polio immunization; Supplementary Immunization Activities (SIAs) details for year 2013. It includes National Immunization Days (NIDs), which is nationwide immunization. The other is Sub Immunization Days (SNIDs), which is 50% of the NIDs. The main objective of the Short Interval Additional Dose (SIAD) is to rapidly build up population immunity by conducting short spaced successive rounds, together with intensive supervision and monitoring to ensure a campaign of the highest possible quality. The details of the SIAs are as under:

Table 41: SIAs during 2013

SIAs conducted during the Year 2013				
Month	Dates	SIAs	Target	Coverage
Apr	15-17	NID	15,946,289	17,117,916
May	27-29	SNID	613,289	633,972
Jun	10-12	SNID	7,804,426	7,944,726
Jul	1-3	SNID	7,105,563	7,063,942
Aug	19-21	NID	16,521,654	17,087,611
Sep/Oct	30-02	NID	16,521,654	17,478,852
Oct	23-25	SIAD	1,163,416	1,258,800
Nov	18-20	NID	16,521,654	17,596,092
Dec	12-14	SNID	5,953,308	6,360,196

The above table reveals that there were 4 rounds of NIDs in 2013. Likewise, SNIDs have 4 rounds and SIAD has only one round throughout the year.

Table 42: SIAs during Year 2014

SIAs conducted during the Year 2014 (up to Sep 2014)				
Month	Dates	SIAs	Target	Coverage
Jan	6-8	SIAD	2,302,022	2,425,447
Jan	20-22	NID	16,521,654	17,879,040
Feb	10-12	SIAD	1,717,235	1,926,068
Feb	24-26	NID	16,521,654	17,869,812
Mar	10-12	SIAD	3,465,023	3,371,466
Mar	24-26	NID	16,521,654	17,822,625
Apr	14-16	SNID	4,127,636	4,578,532
May	5-7	SNID	4,918,196	5,262,966
May	19-21	SIAD	775,609	807,490
Aug	18-20	SIAD	3,940,197	3,497,227
Sep	01-03	SIAD	3,416,081	2,913,843
Sep/Oct	29-01	NID	16,521,654	18,115,359

The above table reveals that there were 4 rounds of NIDs, SNIDs 2 rounds and SIAD has 6 rounds. It can be seen that Punjab covered more than its targets during majority of polio immunization rounds both during 2013 and 2014, which shows, moreover; polio eradication also requires a highest standard of good governance because successful implementation of SNIDs and NIDs require; good planning, implementation, training of vaccinators, on time payment of previous round and the most important is the supervision of workers involved in the immunization campaign. Corruption, maladministration and terrorism have been the main cause of failure of the Governments to eradicate Polio from the country.

Children Less than 12 Months Fully Immunized

The results showed that 2,801,371 children less than 12 months were fully immunized in 2010 and 2,877,387 children were fully immunized during the year 2013. The difference is 76,016, which mean that 2.71 % more children were immunized during 2013 as compared to 2010.

Pregnant Women Received TT2 Vaccine

The results revealed that 2,147,720 pregnant women received TT2 vaccine in 2010 and 2,044,376 in 2013. The number has declined, but this is not a significant difference.

The above results show considerable difference from 2006 to 2013. The quality of governance has significantly improved. The medicines stock and utilization of health facilities increased during the year 2013. The good governance factors include transparent bidding and procurement system for medicine, lesser corruption, less nepotism for posting transfers of human resources,

better financial and HR management leading to improved availability of medicines at the facilities which also encourage people to use the facilities resulting in increased utilization rates. Furthermore, immunization in children and pregnant women vaccination has also improved. The quality of governance, effective management practices, availability of doctors and medicines at FLCF are some factors for this improvement.

Sindh

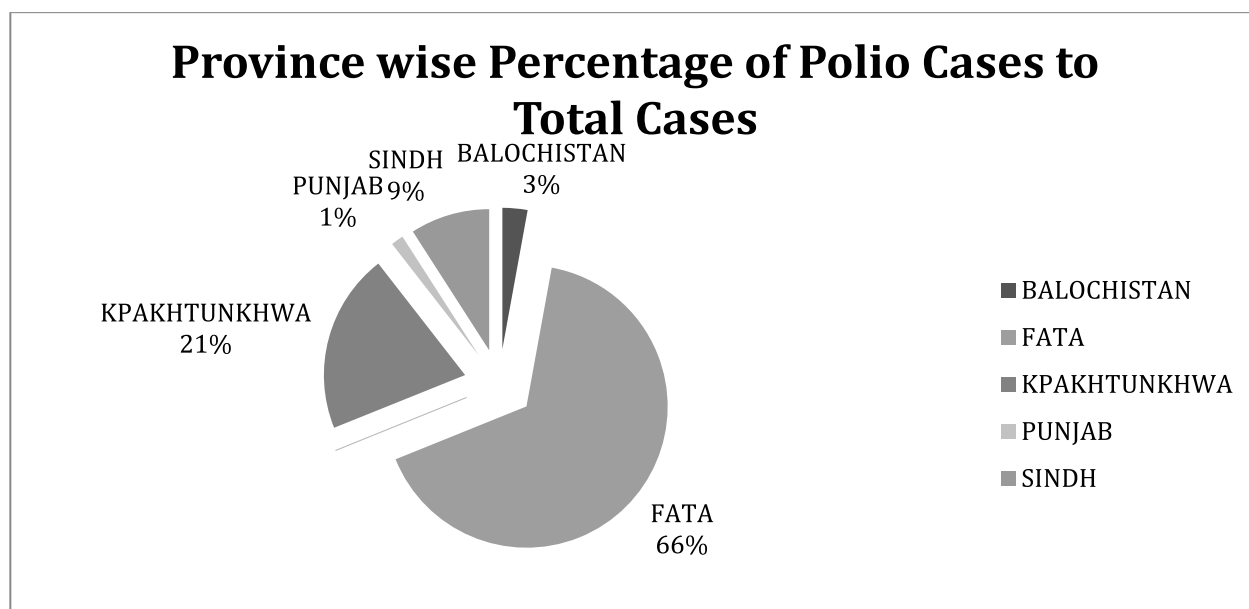
There are 19 polio cases reported in Sindh during the 2014 up to end of October. This figure is high as compared to Punjab and Balochistan having 3 and 6 respectively.

In previous year 2013, only 10 cases were reported whereas in current year, this figure has reached up to 19 up to end of October 2014¹⁰¹.

Table 43: Polio cases in Sindh during 2013 & 2014

Polio cases	Year	
Province/Area	2013	2014 (Oct)
SINDH	10	19

Figure 25: Percentage of Polio Cases to Total Cases



¹⁰¹ World Health Organization. (www.who.int/country/pak/en)

Table 44: SIAs during Year 2013

SIAs conducted during the Year 2013				
Month	Date	SIAs	Target	Coverage
Jan	14-16	SNID	14,56,252	810,167
Jan	28-30	SIAD	4,358,904	3,347,290
Feb	18-20	SNID	3,616,814	3,708,351
Mar	4-6	SNID	1,617,269	1,399,373
Mar	25-27	SIAD	1,175,634	928,139
Apr	15-17	NID	7,500,232	7,863,636
May	27-29	SNID	3,757,355	3,526,030
Jun	10-12	SNID	4,671,907	4,374,421
Jul	1-3	SNID	3,797,225	3,422,709
Aug	19-21	NID	7,974,810	7,796,213
Sep/Oct	30-02	NID	7,974,810	7,909,689
Oct	23-25	SIAD	1,039,458	993,143
Nov	18-20	NID	7,974,810	7,598,935
Dec	12-14	SNID	6,781,899	6,769,434

The table reveals that there were 4 rounds of NIDs in 2013. Likewise, SNIDs have 7 rounds and SIAD has 3 rounds throughout the year.

Table 45: SIAs during 2014

SIAs conducted during the Year 2014				
Month	Date	SIAs	Target	Coverage
Jan	6-8	SIAD	1,395,143	636,473
Jan	20-22	NID	7,974,810	7,003,941
Feb	10-12	SIAD	2,065,041	1,339,274
Feb	24-26	NID	7,974,810	7,495,080
Mar	10-12	SIAD	1,001,377	1,008,658
Mar	24-26	NID	7,974,810	7,754,804
Apr	14-16	SNID	740,492	
May	5-7	SNID	2,884,583	2,885,780
May	19-31	SIAD	1,019,656	887,655
Aug	18-20	SIAD	2,480,203	2,575,229
Sep	01-03	SIAD	2,894,031	2,974,661
Sep/Oct	29-01	NID	7,974,810	8,162,966

The above table reveals that there were 4 rounds of NIDs, SNIDs 2 rounds and SIAD has 6 rounds. It can be seen that the Sindh province could not covered more of its targets during majority of polio immunization rounds both during 2013 and 2014. The data shows that the

planned SNID could be implemented in the month of April 2014. Resultantly, polio cases in Sindh are increasing and have been almost doubled than previous year as depicted in table 8. The polio campaigns faced many obstacles in Sindh particularly in Karachi where killing of polio workers have direct impact on campaigns. Moreover; polio eradication also requires a highest standard of good governance because successful implementation of SNIDs and NIDs require; good planning, implementation, training of vaccinators, on time payment of previous round and the most important is the supervision of workers involved in the immunization campaign. Corruption, maladministration and terrorism have been the main cause of failure of the Governments to eradicate Polio from the country.

Children Less than 12 Months Fully Immunized

The results showed that 225,685 children less than 12 months were fully immunized in 2006 and 460,417 children were fully immunized during the year 2013. The difference is 234,732, which mean that 104.01% more children were immunized from 2006 to 2013.

Pregnant Women Received TT2 Vaccine

The results revealed that 220,639 pregnant women received TT2 vaccine in 2006 and 313,591 in 2013. The difference is 92,952 and shows that 42.13% increase in 2013 as compared to 2006.

The above results show considerable difference from 2006 to 2013. The quality of governance has significantly improved. The medicines stock and utilization of health facilities increased during the year 2013. The good governance factors include transparent bidding and procurement system for medicine, lesser corruption, less nepotism for posting transfers of human resources, better financial and HR management leading to improved availability of medicines at the facilities which also encourage people to use the facilities resulting in increased utilization rates. Furthermore, immunization in children and pregnant women vaccination has also improved. The quality of governance, effective management practices, availability of doctors and medicines at FLCF are some factors for this improvement.

Investment Friendliness***Dr. Hafiz A. Pasha***

The objective of this report is to assess the degree of 'investment friendliness' of the Federal and Provincial Governments respectively. It needs to be stated upfront that the investment climate of Pakistan is influenced by a number of non-economic factors like the incidence of acts of terrorism and the extent of political stability, which are essentially exogenous to investment policy. As such, the investment friendliness of a Government has to be judged given the non-economic factors.

Federal Government**Level of Investment**

The induction of the PML-N Government in June 2013 was expected to usher a new era of investment, given that it is considered business-friendly. But in the presence of the above mentioned factors and the prevailing severe energy shortage, investment by the private sector did not pick up fully in 2013-14.

The data shows that gross capital formation by the private sector in aggregate terms has been falling from the peak attained in 2005-06 of 13.5 percent of the GDP. It now stands at less than 9 percent of the GDP.

The sharpest decline has been witnessed in the manufacturing sector of over 2 percent of the GDP. The other sector which has seen a big fall in the investment rate is transport and communications. By and large, much of the investment by the private sector today is in agriculture (32 percent), housing (23 percent), manufacturing (13 percent), private services (12 percent) and transport and communications (10 percent).

The fall in foreign direct investment is even greater, as shown in Table 47. Here, the investment climate has had an even stronger negative impact. In addition, the slowdown in the world economy has implied a fall in global FDI. As shown in Table 47, South Asian countries have generally witnessed a decline in FDI as percentage of the GDP.

Table 46: Gross Capital Formation by the Private Sector (Rs in Billion)

	2005-06	2007-08	2010-11	2012-13	2013-14
TOTAL	1109	1364	1697	2168	2270
<i>% of GDP</i>	13.49	12.82	9.29	9.64	8.94
I. Agriculture	257	303	537	697	730
<i>% of GDP</i>	3.13	2.84	2.93	3.10	2.87
II. Industry					
Mining and quarrying	23	22	31	35	54
<i>% of GDP</i>	0.28	0.21	0.17	0.16	0.21
Manufacturing	284	31.2	257	367	289
<i>% of GDP</i>	3.46	2.93	1.41	1.63	1.13

Electricity and Gas	3	9	50	7	14
% of GDP	-	0.08	0.27	0.03	0.05
Construction	15	14	9	14	30
% of GDP	0.18	0.13	0.05	0.06	0.12
III. Services					
Wholesale and Retail Trade	22	31	52	64	73
% of GDP	0.27	0.29	0.28	0.28	0.29
Transport & Communication	215	280	212	232	236
% of GDP	2.58	2.63	1.15	1.03	0.93
Finance and Insurance	20	31	25	37	38
% of GDP	0.24	0.29	0.14	0.16	0.15
Housing	190	253	342	468	525
% of GDP	2.31	2.38	1.87	2.08	2.07
Other Private Services	83	109	184	246	281
% of GDP	1.01	1.02	1.00	1.09	1.11
Source: PES					

Table 47: Net Foreign Direct Investment as percentage of GNI

	Pakistan	India	Bangladesh	Sri Lanka
2005	2.0	0.9	1.3	1.1
2006	3.1	2.1	1.2	1.7
2007	3.7	2.0	1.0	1.9
2008	3.2	3.5	1.3	1.8
2009	1.4	2.6	0.9	1.0
2010	1.1	1.6	0.9	1.0
2011	0.6	1.9	1.1	1.6
2012	0.4	1.3	1.3	1.6
2013	0.5	1.5	1.2	1.4
Source: WDI, World Bank				

Pakistan's International Rankings

Foreign investors are guided by the ranking of countries in various indices. The first is the *Ease of Doing Business* Index of the World Bank. Pakistan has a low ranking in this index. The ranking has fallen further from 107 in 2013 to 110 in 2014 out of 189 countries. However, Pakistan does better in this index than India and Bangladesh.

The other important ranking is the *Global Competitiveness Index* of the World Economic Forum. Here, Pakistan has ranking of 129 out of 144 countries in 2014. This is better than the ranking in the previous year of 133. Also, on the positive side, Moody has upgraded Pakistan's rating status from 'negative' to 'stable', earlier in 2014. But the country rating at Caa+ is the lowest in South Asia.

An important improvement in perceptions is revealed by the Transparency International. Pakistan's ranking in the Corruption Perceptions Index has improved visibly from 139 in 2012 to 127 in 2013. This is clearly in recognition of the fact that there have been no major exposures of mega corruption in the first year of the PML(N) Government, unlike the case with the previous PPP Government.

Federal Policies

The new Government has announced a number of changes in various policies to promote investment. This indicates the 'investment friendliness' of the Federal Government.

Investment Policy

The Investment Policy of 2013 builds on the liberal Investment Policy of 1997 of the second PML-N Government. The guiding principles are as follows:

- (a) Reducing the cost of doing business in Pakistan
- (b) Introducing one-window operations
- (c) Creation of industrial clusters and Special Economic Zones (SEZs)
- (d) Link Investment Policy with trade, industrial, fiscal and monetary policies.

The investment regime is being liberalized by free entry to foreign investors, ease of registration and entry, flexibility in financial procedures, focus on pioneer industry, development of sector-specific policies and special emphasis on small and medium-sized enterprises (SMEs) and renewable energy. Measures are also proposed to provide greater investor protection.

Investors in SEZs will be allowed duty free import of capital goods and income tax exemption for ten years. Security arrangements will be provided by Provincial Governments.

Tax Policy

The steps taken by the PML-N in the realm of tax policy to promote investment are as follows:

2013-14 Budget

- (1) The maximum corporate tax rate reduced by 1 percent annually from 35 percent to 30 percent.
- (2) Investments in Special Economic Zones (SEZs) will enjoy tax holidays of 10 years as compared to 5 years earlier and import of machinery will be exempted from customs duty.

2014-15 Budget

- (1) Extension of duty-free facility of machinery imports to the textile sector.
- (2) Reduction in GST rate on tractors from 17 percent to 10 percent.
- (3) In order to attract FDI, the corporate tax rate is being reduced to 20 percent from 33 percent on foreign investors.
- (4) Number of import duty slabs reduced to six, with maximum rate of 25 percent.

Monetary and Exchange Rate Policy

The major move was the revaluation of the rupee by almost 12 percent in early 2014. This has significantly reduced the upfront costs of investment, based on imported machinery.

Given the sizeable reduction in bank borrowing by the Government, there has been much less 'crowding out' of the private sector. Credit to the private sector by scheduled banks has increased by Rs 384 billion in 2013-14 as compared to a contraction of Rs 19 billion in 2012-13. The mark-up rate on the Long-Term Financing Facility has been reduced from 11.40 percent to 9 percent, especially for exporters.

Development Priorities

The PML-N Government has begun to focus much more aggressively on removing infrastructural bottlenecks to investment. These are primarily water for agriculture and power for industry. There is strong evidence that this public investment 'crowds in' private investment. The Public Sector Development Program (PSDP) allocations at the Federal level for the two sectors are given in the following Table.

Table 48: Federal PSDP Allocations for Water and Power

	PSDP Allocation on		
	Power	Water	(Rs in Billion) Combined Total
2012-13 (R.E)	78.8	45.3	124.1
2013-14 (R.E)	128.4	54.0	182.4
2014-15 (B.E)	115.1	43.4	153.5
	% of PSDP		
2012-13 (R.E)	20.3	11.7	32.0
2013-14 (R.E)	30.2	12.7	42.7
2014-15 (B.E)	21.9	8.3	30.0
Source: MOF, <i>Budget in Brief</i>			
R.E = Revised Estimate			
B.E = Budget Estimate			

Therefore, the priority to infrastructure visibly increased in 2013-14. However, it has come down in PSDP allocations for 2014-15. The emphasis has shifted towards highways.

The Government is focusing on obtaining large investment of \$ 34 billion in the energy and other sectors from the Chinese Government. This will contribute to a big expansion of over 30 percent in power generation capacity, primarily with coal. Two large dams are also in the investment portfolio of the Government, viz., Dasu and Daimer-Basha . Already, the World Bank has committed to a credit of \$ 700 million for the Dasu Dam.

Overall, the Federal Government of PML- N has revealed a high level of ‘investment friendless’ in its first year. But the impact has been severely limited by the negative factors in the investment climate. This is likely to be further dampened by the deteriorating performance of the economy in the first quarter of 2014-15. FDI has declined by 26 percent and the IMF program is in a state of hiatus. Also, the level of political uncertainty, following the *Dharnas* and the *Jalsas*, has greatly increased. However, the success in the *Zarb-e-Azb* military operations against the terrorists holds out the prospect of a safer environment eventually for investors, both foreign and domestic.

Punjab

Punjab is the largest province of Pakistan with a population of over 100 million. It has a per capita GDP close to the National average. The share of Punjab’s agricultural economy in the agricultural sector of the country is high at 62 percent, while the share of manufacturing is 40 percent.

The Province has a comparative advantage with respect to the rest of the country in major crops, small-scale manufacturing and agro-based industry. Between 2001-02 and 2007-08, the GDP of Punjab increased annually by 5.5 percent. Since then the growth rate has fallen to 3 percent.

Level of Investment

Estimates of the level of investment at the Provincial level are not available in Pakistan. However, a good proxy is the amount of private sector credit from the banking system, data on which is available from the SBP.

The share of Punjab in the stock and flow of credit is given in the table below.

Table 49: Share of Punjab in Bank Credit to Private Sector

	(as of end - June)			
	2001-02	2007-08	2012-13	December 2013
Share (%):				
Outstanding Credit	46.1	43.0	44.5	43.7
Flow of Credit		40.0	46.1	32.4
Source: SBP				

The share of Punjab in the flow of credit increased during the period, 2007-08 to 2012-13. However, it has fallen sharply in the second half of 2013.

Ranking in Ease of Doing Business

The World Bank has given a ranking at the city level of the ease of doing business in 2013. Seven out of the 13 cities selected are from Punjab. The ranking by city of Punjab are given in Table 50. In the overall ranking on ease of doing business, the cities of Punjab perform relatively well.

Faisalabad is ranked first, Multan is second and Lahore, third. Punjab has high ranking with regard to construction permits, registration of property, enforcement of contracts and starting a business.

Table 50: City Rankings in Ease of Doing Business

	Starting a Business	Dealing with Construction Permits	Registering Property	Enforcing Contracts	Overall Ease of Doing Business
PUNJAB					
Faisalabad	2	6	1	2	1
Multan	6	1	7	4	2
Lahore	3	3	4	8	3
Sheikhupura	9	8	5	6	5
Gujranwala	13	10	6	4	6
Rawalpindi	8	5	7	10	10
Sialkot	12	11	1	10	11

Source: World Bank

Investment Climate

Punjab also has a better investment climate because of much lower incidence of acts of terrorism and a better law and order situation. But investment is constrained by the more severe energy shortage. Industrial units generally face more power load shedding and gas shortages than in the rest of the country. It is estimated that electricity consumption per industrial unit from public supply has fallen in Punjab by 10 percent since 2007-08.

Investment in Infrastructure

The new PML-N Government in Punjab is attaching greater priority to public investment in critical infrastructure in order to attract private investment. Table 51 shows that the share of water and power sectors in the Annual Development Program (ADP) of the Punjab Government has increased significantly from 8.5 percent in 2012-13 to 18.1 percent in 2014-15.

Table 51: Development Priorities in Punjab's ADP (Rs. in Billion)

	2012-13	2013-14	2014-15
Irrigation	11.2	22.4	31.6
Energy	10.0	20.4	31.0
Total	21.2	42.8	62.6
% of PSDP	8.5	14.8	18.1

Source: Government of Punjab, White Paper

Board of Investment

The *Punjab Board of Investment and Trade* has been set up as a Company under Section 42 of the Companies Ordinance. It has yet to have a significant presence.

Two industrial parks have been set up in Punjab. The first is the Ruyi Masood Textile Park in Faisalabad. Second, recently the Garments City, as part of the Pak-China Industrial Zone, Kala Shah Kaku (along the Motorway) has been established.

Overall Assessment

Punjab has a favorable investment climate and also does well in ease of doing business. Therefore, it ranks high in terms of 'investment friendless'. But it is not getting the requisite share in investment primarily because of a severe energy shortage.

Sindh

Sindh is the second largest province of Pakistan with a population of 45 million.. It has a per capita GDP 24 percent higher than the national average. The share of Sindh in Pakistan's agriculture is 22% and in Industry, 42 percent.

The Province has the largest metropolis of the country, Karachi. The city is the major port and the industrial and financial centre of the economy of Pakistan. The Province has a comparative advantage is large-scale manufacturing and mining, trade, banking and insurance and community, personal services.

Sindh was the fastest growing regional economy between 2001-02 and 2007-08, with a growth rate of over 7.5 percent. Since then, the growth rate has fallen sharply to 2 percent.

Level of Investment

The share of Sindh in the stock and flow of bank credit is given in the table below.

Table 52: Share of Sindh in Bank Credit to Private Sector

	2001-02	2007-08	2012-13	December 2013
Share (%):				
Outstanding Credit	32.1	34.7	44.5	43.7
Flow of Credit		37.4	55.7	32.4
Source: SBP				

Sindh's share in credit to the private sector has been increasing since 2001-02. It has been the favored location for investment.

Ranking in Ease of Doing Business

The World Bank's ranking of Sindh cities, among the 13 cities of Pakistan, is given below, in Table 53. It is somewhat surprising that the three cities of Sindh – Karachi, Hyderabad, Sukkur – do poorly in the ranking among cities of Pakistan in ease of doing business. This is a reflection of the low level of friendliness of the Sindh bureaucracy towards investors and the alleged propensity for demanding side payments to complete a task. There is a need for reducing the transaction costs of investing in the Province.

Table 53: Ranking of Cities of Sindh in Ease of Doing Business, 2013

	Starting a Business	Dealing with Construction Permits	Registering Property	Enforcing Contracts	Overall Ease of Doing Business
SINDH					
Karachi	3	10	11	3	9
Hyderabad	11	13	11	7	13
Sukkur	10	4	10	1	7
Source: World Bank					

On top of this, there is the serious problem of law and order in Karachi, with 'target killings' and 'bhatta' (protection money).

Investment in Infrastructure

Sindh is a favored location for investors because of better access to gas and electricity. The province is the major source of natural gas in the country. Also, the incidence of power load shedding is relatively low, especially in Karachi.

The Government of Sindh is also devoting a significant portion of its ADP to water and power projects, as shown in the table below.

Table 54: Development Priorities in Sindh's ADP (Rs in Billion)

	2013-14	2014-15
Water / Irrigation	10.0	12.9
Power	19.0	20.5
Total	29.0	33.4
% of PSDP	14.9	17.3
Source: GOS, ADP		

Identification of Investment Opportunities

The *Sindh Board of Investment (SBI)* has an impressive website which provides information on the special advantages of investing in Sindh, a listing of investment opportunities including project feasibility reports and sector studies. The sectors focused on are coal, granite, renewable energy, poultry, dairy, dates, fruits and tourism.

SBI has set up the Education City Project, Marble City Project, the first SEZ in Khairpur and the Sukkur Dry Port. A Sindh Enterprise Development Fund (SEDF) has been set up. A number of exhibitions and conferences have been held.

Overall Assessment

Overall, Sindh has remained the preferred choice of private investors because of its favorable location and better access to infrastructure, especially in Karachi. These advantages have been large enough to override the problems of law and order and a perhaps not-so-friendly Sindhi bureaucracy.

Khyber Pakhtunkhwa

Khyber-Pakhtunkhwa has a population of 25 million.. It has a per capita GDP 15% lower than the national average. It receives substantial remittances both from other parts of the country and from abroad.

Khyber-Pakhtunkhwa has managed to sustain its GDP growth rate at above 5% since 2007-08, unlike the rest of the country. It has a dynamic sector in sectors like transport and communications and wholesale and retail trade. Also, the livestock and forestry sectors are relatively developed in the province.

Level of Investment

The share of KP in the stock and flow of bank credit is given in Table 55. The share is small, but it has increased somewhat since 2007-08. A large part of the investment in KP is probably in the informal sector.

Table 55: Share of KP in Bank Credit to Private Sector (Rs in Billion)

	2007-08	2012-13	December 2013
Share (%):			
Outstanding Credit	4.9	5.6	5.5
Flow of Credit		6.4	4.8
Source: SBP			

Ranking in Ease of Doing Business

The capital city, Peshawar, of KP is one of the 13 cities covered by the World Bank in Pakistan in the Ease of Doing Business Survey. Peshawar is ranked eighth. However, it does well in starting business, with a ranking of third.

Investment Climate

The biggest problem that KP faces is that it has the highest incidence of acts of terrorism in the country, especially in Peshawar. This is only partly compensated for by somewhat lower power load shedding than in the cities of Punjab.

Investment in Infrastructure

KP has large hydro-electricity potential. The largest dam, Tarbela, is located in this province. There are also many opportunities for investment in small hydel projects. However, as shown in Table 56, the Government of KP is attaching relatively low priority to investment in water and power, with a share of less than 6 percent in the PSDP.

Table 56: Development Priorities in KPs PSDP (Rs in Billion)

	2013-14	2014-15
Irrigation	1.1	4.7
Energy	2.8	3.0
Total	3.9	7.7
% of PSDP	5.2	5.5

Source: GOS, ADP

Investment Opportunities

The KP Government has recently established an *Investment Promotion Cell* (IPC). This body is likely to be upgraded to a Board of Investment.

Overall Assessment

KP is handicapped by a negative investment climate due primarily to acts of terrorism. The institutional framework is relatively 'friendly' but much of the investment is small-scale and in the informal sector. The investment opportunity for the private sector in small hydel projects needs to be actively promoted.

Balochistan

Balochistan has a population of 10 million. It is a relatively backward province, with a per capita GDP 9 percent below the national average. Due to problems of law and order and insurgency by nationalists, the Province has lagged behind the rest of the country in terms of economic growth. Consequently, the per capita income has fallen by 10 percent during the last decade.

The development potential of the Province remains largely unexploited. It has rich mineral resources, including that of copper and gold. There has been significant increase in the production of vegetables and fruits in the Province.

Ranking in Ease of Doing Business

The capital city, Quetta, of Balochistan is one of the 13 cities covered by the World Bank in Pakistan in the Ease of Doing Business Survey. Quetta does very poorly in the Survey. It is ranked twelfth among the 13 cities. It has the worst ranking in registering property and enforcing contracts.

Investment Climate

As mentioned above, Balochistan faces the problem of a bad law and order situation. It is largest province in terms of area, but with a poorly developed road network. Development of the Gwadar Port has been slow. Also, the incidence of power outages is high.

Access to bank credit to the private sector in the Province is very low. Less than one percent of bank credit is disbursed in the Province.

Investment in Infrastructure

The Government of Balochistan is devoting a large part of its PSDP to highways. The share of water and power is also relatively high as shown in the table below.

Table 57: Development Priorities in Balochistan's PSDP (Rs. in Billion)

	2013-14	2014-15
Irrigation	3.8	4.4
Energy	2.0	2.4
Total	5.8	6.8
% of PSDP	16.1	15.5
Source: GOS, ADP		

Investment Opportunities

Given the ample investment opportunities, the Government of Balochistan has established a BOI in December 2013.

Overall Assessment

Balochistan has the potential of attracting large investment, both domestic and foreign, in the mineral sector. But the investment climate and the institutional framework will have to be much more 'friendly'.

Management of Inflation

Mr. Sakib Sherani¹⁰²

Executive Summary

After a few months of remaining elevated in the immediate aftermath of the PML-N Government's taking office in June 2013, inflation has begun to slide down since December 2013. Causative factors include:

- A decline in the landed price of imports caused by a combination of a fall in global commodity prices and an appreciation in the value of the Rupee;
- Stable domestic supply of essential food items during this period;
- A substantial retirement by the Government of its borrowing from SBP.

More recently, the dramatic collapse of international oil prices and the Government's decision to pass-through the impact to the consumer is likely to reinforce the easing of inflationary pressure.

While a decline in overall inflation is welcome, its underlying factors so far are more exogenous than policy-induced. Were it not for a steep reduction in global commodity prices and for a stable supply of agri-produce, domestic inflation is unlikely to have eased as much. In addition, a substantial part of the fiscal space created that allowed the Government to retire part of its loans from SBP, came from one-off receipts and inflows, rather than via permanent fiscal consolidation.

Until the Government seriously pursues credible structural reform – especially with regards to the taxation system – inflation is unlikely to be stable and under control over a long period. Inflation has institutional as well as fiscal roots in Pakistan. Fiscal reform will not only allow the Government greater cushion to absorb price shocks, such as rising world oil prices, into the budget in the short run, but more importantly, can lower its deficit financing needs via smaller budget deficits – and reduce its reliance on borrowing from the central bank (SBP), which is highly inflationary.

By increasing the availability of budgetary resources, fiscal reform can also allow space for reducing the need for indirect taxation and taxation of energy – both of which add to the cost of living of the average citizen.

Backdrop

For the better part of its history, Pakistan has been a low-inflation economy, with average inflation remaining in single digits over several decades. This is contrary to the experience of many developing countries, which witnessed bouts of high, and fairly frequently, hyper-inflation for prolonged periods during much of the twentieth century.

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However, starting in 2008, Pakistan experienced a high-inflation period that lasted 5 years till 2012. Cumulatively, the consumer price index, the most widely referenced measure of inflation, increased 88% over this period (between 2008 and 2012), while food inflation – which has a disproportionate impact on the poor – totalled 114%.¹⁰³

This was the most sustained episode of high, above-trend inflation in the country's history, barring a spike in 1973-74 caused by the international oil crisis following the Arab embargo. In the latest episode, at its peak, consumer price inflation measured in year-on-year terms had crossed 25% in August 2008.

The sharp increase in inflation beginning 2008 was caused by the coming together of a number of unfavorable developments, most of which were external in nature, at least initially. These adverse price-related developments included:

- A super-spike in world oil prices, which touched US\$ 144 per barrel at their peak in the summer of 2008;
- A concomitant unprecedented sharp increase in global prices of non-oil commodities as well, especially in the case of food. Food prices, as measured by the benchmark FAO Food Price Index, rose more than 68 percent between January 2007 and June 2008;
- A steep fall in the value of the Rupee, which cumulatively amounted to 27% between 2008 and 2009, following the severe balance of payments crisis that hit Pakistan;
- Large increases in energy prices during this period under the IMF program, notably hikes in electricity tariffs that totalled over 120 percent for some categories;¹⁰⁴
- Hefty increases in the wheat support price in two successive years by the PPP Government, cumulatively amounting to 123 percent. Research studies have pointed to a significant increase in the wheat support price as a leading contributor to inflation in the short run in Pakistan.¹⁰⁵

While inflation declined rapidly in 2008-09, a year after hitting a peak, due to strong macroeconomic stabilization policies put in place to stem the crisis, the pressure on the price level returned 2009-10 onwards with the easing of prudent fiscal and monetary policies that were being pursued. On an annual basis, CPI inflation touched 13.7% in 2010-11, before declining subsequently.

While the initial spike in inflation in 2008 stemmed largely from external price shocks, much of the inflationary pressure in 2010-2011 came from a loose fiscal framework, resulting from little focus on enhancing tax revenue or controlling expenditure. The absorption of electricity subsidies in the budget averaging nearly 3% of GDP each year between 2008 and 2012, together with losses of other state-owned enterprises (SOEs) such as Steel Mills and PIA, increased the consolidated fiscal deficit to historic highs. Between 2008 and 2013, the fiscal deficit averaged

¹⁰³ Using a compounded measure. All data pertaining to inflation used in this document has been sourced from the Federal Bureau of Statistics (FBS) and SBP.

¹⁰⁴ Domestic tariff for 100-300 units used as an indicative benchmark. Source: Economic Survey (various issues).

¹⁰⁵ (Khan & Schimmelpfennig 2006).

over 7% of GDP each year. Tax collection as a percentage of GDP averaged a paltry 9%, sinking to a low of 8.5% in 2012-13.¹⁰⁶

As a direct result of the failure to collect needed tax revenue – that too in the form of direct income tax rather than via indirect taxes that burden the poor – the Government borrowed a mammoth Rs 6,880 billion domestically in the five-year period between 2008-2012. A large part of this was from borrowed from the central bank (SBP).

The “money” channel to inflation works in a number of ways. The conduits include the following:

- The phenomenon of too-much-money-chasing-too-few-goods;
- By leading to speculation in commodities when the central bank resorts to a policy of “easy money” and artificially low interest rates (usually negative in inflation-adjusted terms);
- By the de-basing of the exchange rate via an expansion of the monetary base;

The weakness of the Rupee adds significantly to inflationary pressure in the economy since it affects the price of a wide range of imported goods used as inputs. The most important of these are petroleum products. The price of furnace oil determines the generation cost of electricity, and a combination of international prices and Rupee depreciation puts upward pressure on tariffs.

The price of diesel impacts transportation costs, which is a key component of food prices as well as a wide range of other goods. It is not surprising that the prices of non-perishable food commodities, which are generally transported longer distances, have risen more than those of perishable ones in the past few years.

Another important channel by which the weak fiscal performance of the Government transmits directly into inflationary pressure in the economy is via the taxation of petroleum products. On many occasions, a cash-strapped Government has failed to pass on a sharp fall in international oil prices to domestic consumers simply because it was earning “windfall” revenue.

Against this fiscal and price backdrop, the May 2013 general elections took place and a new Government took office.

Inflation management by PML-N Government

At the time of the new Government taking office in June 2013, CPI inflation had eased to 5.9 percent year-on-year. Food inflation was running at 7.9%, while inflation in the non-food items of the consumer basket was at 4.4%. Core inflation, as measured by the non-food and non-energy components, was recorded at 7.8%.

As a result of the conditionality of the IMF program the Government signed up to in September 2013, there was a hefty increase in electricity tariffs, a 1% increase in the sales tax rate and a nearly 10 percent depreciation of the Rupee effected between June and November 2013. These

¹⁰⁶ All fiscal and tax related data has been sourced from the Ministry of Finance (GoP) and FBR respectively.

measures caused a short term spike in inflation. By November 2013, CPI inflation had risen to 10.9 percent (year-on-year).

However, after an initial period of rising inflationary pressure, the fiscal discipline imposed by the IMF program – coupled with a sharp *appreciation* of the Rupee between December 2013 and July 2014 on the receipt of large external inflows – started to take effect and inflation began to decelerate sharply.

The main factors responsible for the rapid decline in inflation from January 2014 onwards appear to have been:

- A decline in the landed price of imports caused by a combination of a fall in global commodity prices and an appreciation in the value of the Rupee;
- Stable domestic supply of essential food items during this period;
- A substantial retirement by the Government of its borrowing from SBP.

Since July this year, the decline in inflation has picked up momentum. Headline CPI inflation for November has fallen to 4 percent, with more declines likely in the months ahead as the Government passes-through the impact of falling world oil prices to domestic consumers. The Government's cause on the inflation front is also being helped by global food prices falling to four-year lows, and stability in domestic supplies. As a result, food inflation has declined dramatically to 2.1% in November, and is expected to fall further.

To what extent is the recent sharp fall in the rate of inflation attributable to Government policy or measures? Of all the factors that appear to have caused the recent rapid decline in inflation, the Government's decision, as part of IMF loan conditionality, to drastically reduce its reliance on SBP borrowing, is the only one that can be considered as a policy-induced factor in helping contain inflation over the past sixteen months. However, a substantial part of the fiscal space created that allowed the Government to retire part of its loans from SBP came from one-off receipts and inflows, rather than through more permanent measures such as an increase in tax revenue or a reduction in wasteful public sector expenditure.

The most important contributing factor to the recent decline in inflation appears to be related to international commodity prices, especially of oil. Some of the other factors responsible for taming inflation, such as the Government's decision not to increase electricity tariffs and to continue with generous subsidies, are a reflection of *a lack of reform*. While they may produce favourable short run benefits such as containing inflation, these policies are unsustainable in the longer term.

Inflation is a complex inter-play of a number of external, institutional, structural and policy variables. Nonetheless, one pre-dominant factor is excessive money creation, caused by the failure to collect taxes combined with a failure to rein-in Government spending. As pointed out repeatedly by SBP over the past many years, it is no coincidence that the longest period of high inflation in Pakistan has coincided with one of the weakest fiscal performances in Pakistan's history.

Inflation management needs to be viewed through the prism of long-term structural and institutional arrangements and policies put in place, rather than in the context of short term measures.

Without meaningful tax and expenditure reform, which has not occurred as yet under the PML-N Government, Pakistan can return to the path of uncontrollably high fiscal deficits which, together with recourse to deficit financing from the central bank, can easily refuel inflation to double-digits once again.

With regards to protecting consumers from high inflation, without fiscal reform, the ability of the budget to absorb external price shocks such as a future increase in international oil prices, remains limited. This means that any future increase in global oil and commodity prices will need to be passed on to consumers, which will raise petroleum prices, electricity tariffs and the overall cost of transportation. This will feed into higher across-the-board inflation.

In conclusion, while inflationary pressure in the economy has subsided sharply in the past few months, much of it is on account of either external developments or is a function of the Government's backsliding on structural reform. Higher global commodity prices, and/or a resumption of electricity and gas tariff increases, can easily reverse the path of inflation. For a longer lasting and more substantial containment of underlying inflation in the economy, and for a better distribution of the benefits of economic growth, the Government will have to pursue fundamental economic reform more vigorously.

Management of Unemployment

Dr. Hafiz A. Pasha¹⁰⁷

The responsibilities of the Federal and the Provincial Governments in managing unemployment are linked to the allocation of functions following the 18th Amendment. This amendment led to the abolition of the Concurrent List. Accordingly, the following functions stand transferred to the Provincial Governments:

- (i) Welfare of labor; conditions of labor, provident funds; employer's liability and workmen's compensation, health insurance including invalidity pensions, old age pensions;
- (ii) Trade Unions; industrial and labor disputes;
- (iii) The setting up and carrying on labor exchanges, employment information bureaus and training establishments;
- (iv) Unemployment insurance.

Therefore, the Federal Government's role in management of unemployment is more macro and indirect, by following a development strategy which promotes employment and reduces unemployment. The Provincial Governments not only have a similar role but also more directly in performing functions indicated in (iii) and (iv) above.

Federal Government

Before the role of the Federal Government is discussed, the trends in the unemployment rate at the national level are given in table 58. The unemployment rate fell significantly between 2001-02 and 2007-08. Since then it has been rising, given the low rate of growth in GDP. It is estimated at almost 7 percent in 2013-14. In the first year, the PML-N Government has most probably not been able to reduce the unemployment rate in the country. The unemployment rate is higher in urban areas and may have approached 9.5 percent in 2013-14. This is one explanation for the growing discontent in the cities.

Table 58: Rate of Unemployment (%)

	2001-02	2007-08	2012-13	2013-14* (Projected)
Pakistan	8.27	5.20	6.24	6.92
Urban	9.80	6.34	8.83	9.50
Rural	7.55	4.71	5.08	5.62
*Projected on the basis of the employment elasticity of output. Source: PBS, Labor Force Surveys.				

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Size of PSDP

The size of the PSDP, executed at the Federal level, is given in the table below.

Table 59: Size of Federal PSDP (*actual expenditure*)

	Size (Rs. in Billion)	% of GDP
2009-10	294	2.0
2010-11	233	1.3
2011-12	313	1.6
2012-13	348	1.5
2013-14	441	1.7

Source: MOF, Government of Pakistan.

Development expenditure not only expands the productive capacity of the economy and leads to greater labor absorption but also provides employment during the period of construction.

The size of the Federal PSDP executed in 2013-14 is 1.7 percent of the GDP. This is slightly larger than the level in 2012-13, but below that attained in 2009-10. For major impact on unemployment, the size of the PSDP will have to be raised substantially. In 2014-15, the budgetary allocation for the PSDP is Rs 525 billion, equivalent to 1.8 percent of the projected GDP. First indications are that the PSDP may be cutback during the year.

Sectoral Priorities

Major supply-side constraints have emerged in the economy. These have negatively impacted on employment. The biggest problem is the shortage of energy. Also, in years to come, water will become a major factor impeding growth of agriculture.

Therefore, larger allocations from the Federal PSDP must go to the water and power sectors. The recent trend in allocations is an increase in the share of these sectors. It is likely to rise even further as large Chinese financing becomes available.

Social Protection

One of the major factors contributing to poverty is unemployment or low wage employment. The Federal Government has been operating since 2009-10 the Benazir Income Support Program (BISP). This program gives monthly income support to households below the poverty line. Originally, the stipend of Rs 1000 per month was given. In the Budget of 2014-15, this has been raised to Rs 1500 with a targeted coverage of over four million households. Credit is due to the PML(N) Government for not only continuing a program started by the PPP, but also for raising the funds allocated to the program.

Youth Programs

Today, there are 17.5 million youth (15 to 24 years age), representing almost 29 percent of the labor force. The unemployment rate among these youth is as high as 11 percent. The situation is worsening year-to-year, with an additional 180,000 youth getting unemployed each year and new entrants having only 60 percent chance of finding a job.

The Prime Minister has announced a number of programs for youth, with the objective of their productive absorption into the economy. The following programs have been started:

- (i) micro interest free loans of Rs 12,000 each to 250,000 youth;
- (ii)
- (iii) loans ranging from 0.5 million to 2 million, with a concessionary rate of 8 percent;
- (iv) youth training scheme involving a stipend of Rs 10,000 per month during the internship;
- (v) skill development scheme for jobless youth at Rs 5,000 monthly.

The total cost of these programs annually is about Rs 15 billion. However, the initial feedback is that the programs are moving slowly because of problems of providing collateral for loans and lack of implementation capacity of agencies executing these programs.

Export – Led Employment

One of the primary ways of reducing unemployment is to promote labor-intensive export-oriented industries, like the garments industry in Bangladesh. But exports have not done well since the induction of the PML (N) Government. One major explanation is the energy shortage. It is unfortunate that Pakistan has not been able to take full advantage of the GSP+ status given by the EU at the start of the year, 2014.

Exports grew by less than 2 percent in 2013-14 and have actually fallen by 10 percent in the first quarter of 2014-15. This is leading to a reduction in employment in major industrial centers, like Faisalabad.

The issue is one of competitiveness of exports. This has been impaired by the large revaluation of the rupee in early 2014. Currently, the rupee is overvalued by almost 10 percent, despite the recent fall. This step by the SBP has revealed a strong anti-export bias.

Overall, in its first year, the PML (N) Government has failed to arrest the rise in unemployment. The energy shortage has persisted and constrained the growth in output and employment. Exports have fallen in recent months, among other reasons because of a wrong move on the exchange rate front. While a number of employment promotion programs have been put in place, they are yet to have a significant impact.

Punjab

The Labor Market

Punjab had the highest labor force participation rate (LFPR) among the Provinces of Pakistan in 2012-13. It is 70.2 percent in the case of males and 26.4 percent among females, implying an overall LFPR of 48.3 percent for population aged 10 years and above. The LFPR is 52.5 percent in rural areas and 40.8 percent in urban areas.

The labor force is estimated at 35.7 million in 2012-13, of which 72.6 percent is male. The annual growth rate of the labor force is 1.95 percent. The number employed is 33.4 million, of which 72 percent are in the rural areas. The overall unemployment rate is projected at close to 7 percent in 2013-14, as shown in Table 60. It has risen from 5.5 percent in 2007-08.

Table 60: Unemployment Rate in Punjab (%)

	2001-02	2007-08	2012-13	2013-14 (P)
Punjab	8.51	5.54	6.38	7.02
Urban	10.78	7.14	8.70	
Rural	7.56	4.91	5.44	

Source: PBS, Labor Force Surveys.

Factors Contributing to Unemployment

The principal factor contributing to the rise in the rate of unemployment is the slowdown in the growth rate of the regional economy of Pakistan, concomitant with the fall in the GDP growth rate of the national economy. The economy of Punjab is estimated to have grown annually at over 5 percent between 2001-02 and 2007-08. This fell to 3 percent between 2007-08 and 2013-14.

Profile of Unemployment

In 2012-13, the unemployment rate was significantly higher in the urban areas at 8.7 percent as compared to 5.4 percent in the rural areas. There is a small difference in the unemployment by gender. It is 5.7 percent in the case of males and 6.2 percent among female workers.

A worrying feature of the labor market is the high unemployment rate of highly educated workers (with degree or above) of 10.6 percent. Also, youth (15-29 years) are finding it difficult to get jobs. Their unemployment rate currently is 9.2 percent.

Education Spending

The expenditure by the Government of Punjab has been comparatively low, as shown in Table 61. The Provincial Government spends only 1.6 percent of the Provincial GDP in educating its people for better jobs. This is the lowest ratio among the four Provinces. The share of Provincial expenditure has increased in the case of primary and secondary education. It now stands at 79 percent.

Table 61: Education Spending in Punjab (Rs in Billion)

	Total Education Expenditure	% of Provincial GDP	Share of Expenditure on Primary and Secondary Education
2007-08	73.4	1.3	71.3
2012-13	196.1	1.6	73.8
2013-14 (Provincial)	218.0	1.6	78.9

Source: MOF, PRSP Progress Reports.

Development Spending

Projects implemented under the Annual Development Program (ADP) of the Provincial Government not only increase the capacity of the regional economy and increase the labor absorption but also increase employment directly during the period of construction.

The size of the ADP of Punjab and the share devoted to water and power, the two major constraints to higher employment is given in Table 62. Despite the big increase in transfers following the 7th NFC Award, the level of development spending has fallen sharply from 2.1 percent of the Provincial GDP in 2007-08 to 1.4 percent in 2013-14. However, the share of water and power in the ADP has increased.

Table 62: Development Expenditure by the Government of Punjab (Rs in Billion)

	ADP (Actual Expenditure)	% of Provincial GDP	Share of Expenditure on Water and Power
2007-08	118.8	2.1	n.a.
2012-13	154.6	1.3	8.5
2013-14	196.3	1.4	14.8

Source: MOF, Fiscal Operations.

Training

The Government of Punjab has given high priority to training. The Technical and Vocational Training Authority (TEVTA) of Punjab is operating under the TEVTA Act of 2010. The basic objective is to promote and provide demand driven technical education and vocational training service.

TEVTA offers short courses as well as degrees like B. Tech and DAE. The total enrolment is about 86,000 in a network of over 500 institutes at the district level. It is proposed to expand the number in the next three years to over 400,000

Overall Assessment

Overall, the rate of unemployment continues to rise in the Province. The Government of Punjab is not devoting enough resources on educating its people for better jobs. However, it is focusing strongly on technical and vocational training for raising employability, especially of young workers. The level of development is also relatively low, which limits the prospects for faster growth in output and employment.

Khyber Pakhtunkhwa

The Labor Market

KP had a relatively low LFPR among the Provinces of Pakistan in 2012-13. It is 60.2 percent in the case of males and 14.2 percent among females, implying an overall LFPR of 36.8 percent for population aged 10 years and above. The LFPR is 37.1 percent in rural areas and 35.9 percent in urban areas.

The labor force is estimated at 6.7 million in 2012-13, of which 80.5 percent is male. The annual growth rate of the labor force is only 1.1 percent, due largely to out-migration of workers. The number employed is 6.1 million, of which 83 percent are in the rural areas. The overall unemployment rate is projected at close to 9 percent in 2013-14, as shown in Table 63. It has shown only marginal increase after 2007-08. However, urban unemployment has shown a rising trend.

Table 63: Unemployment Rate in KP (%)

	2001-02	2007-08	2012-13	2013-14 (P)
KP	13.09	8.62	8.57	9.00
Urban	12.16	9.77	11.82	
Rural	12.79	8.40	7.88	

Source: PBS, Labor Force Surveys.

Factors Contributing to Unemployment

The principal factor contributing to the rise in the rate of unemployment is the slowdown in the growth rate of the regional economy of KP, concomitant with the fall in the GDP growth rate of the national economy. The economy of KP is estimated to have grown annually at about 5 percent between 2001-02 and 2007-08. This fell to 3 percent between 2007-08 and 2013-14. The Province has been particularly vulnerable to acts of terrorism.

Profile of Unemployment

In 2012-13, the unemployment rate was significantly higher in the urban areas at 11.8 percent as compared to 7.9 percent in the rural areas. There is also a large difference in the unemployment rate by gender. It is 6.7 percent in the case of males and 16.5 percent among female workers.

A worrying feature of the labor market is the high unemployment rate of highly educated workers (with degree or above) of about 18 percent. Also, youth (15-29 years) are finding it difficult to get jobs. Their unemployment rate currently is over 12 percent.

Education Spending

The expenditure by the Government of KP has been comparatively high in relation to other Provinces, as shown in Table 64. The Provincial Government devotes 3.1 percent of the Provincial GDP in educating its people for better jobs. This is the highest ratio among the four Provinces. There has been a visible jump after the 7th NFC Award. The share of Provincial

expenditure has increased in the case of primary and secondary education. It now stands at 78 percent.

Table 64: Education Spending in KP (Rs in Billion)

	Total Education Expenditure	% of Provincial GDP	Share of Expenditure on Primary and Secondary Education
2007-08	24.3	2.2	71.3
2012-13	84.4	3.3	76.5
2013-14 (Provincial)	89.7	3.1	77.5

Source: MOF, PRSP Progress Reports.

Development Spending

Projects implemented under the ADP of the Provincial Government not only increase the capacity of the regional economy and increase the labor absorption but also increase employment directly during the period of construction.

The size of the ADP of KP and the share devoted to water and power, the two major constraints to higher employment is given in Table 65. The level of development spending has fallen from 2.9 percent of the Provincial GDP in 2012-13 to 2.5 percent in 2013-14. The share of water and power in the ADP is also low.

Table 65: Development Expenditure by the Government of KP (Rs in Billion)

	ADP (Actual Expenditure)	% of Provincial GDP	Share of Expenditure on Water and Power
2007-08	27.9	2.5	n.a.
2012-13	74.3	2.9	5.6
2013-14	72.6	2.5	5.2

Source: MOF, Fiscal Operations.

Overall Assessment

Overall, the unemployment situation is adverse and worse than in the other provinces. Reliance has been placed on out-migration of workers to relieve the pressure on the labor market. The formal sector of the Province is small and much of the employment is in the informal sector. Growth of the regional economy has been severely impacted by the high incidence of acts of terrorism. During 2013-14, both the ADP and education spending declined as a percentage of the GDP. The Government of KP needs to formulate a regional development strategy, which will promote employment.

Sindh

The Labor Market

Sindh had a labor force participation rate of 45.3 percent in 2012-13. It is 70.7 percent in the case of males and 15.9 percent among females. The LFPR is 51.6 percent in rural areas and 39.2 percent in urban areas.

The labor force is estimated at 14.7 million in 2012-13, of which 83.6 percent is male. The annual growth rate of the labor force is 2.35 percent. The number employed is 14 million, of which 57.7 percent are in the rural areas. The overall unemployment rate is the lowest in Pakistan and is projected at close to 5.6 percent in 2013-14, as shown in Table below. It has risen from 3.1 percent in 2007-08, with a big jump in urban employment.

Table 66: Unemployment Rate in Sindh (%)

	2001-02	2007-08	2012-13	2013-14 (P)
Sindh	5.15	3.10	5.24	5.60
Urban	7.09	3.63	8.72	
Rural	2.19	2.04	2.52	

Source: PBS, Labor Force Surveys.

Factors Contributing to Unemployment

The principal factor contributing to the rise in the rate of unemployment is the slowdown in the growth rate of the regional economy of Sindh, concomitant with the fall in the GDP growth rate of the national economy. The economy of Sindh is estimated to have grown annually at over 7 percent between 2001-02 and 2007-08. This fell very sharply to about 2 percent between 2007-08 and 2013-14 due, in particular, to the bad law and order situation in Karachi.

Profile of Unemployment

In 2012-13, the unemployment rate was significantly higher in the urban areas at 8.7 percent as compared to 2.5 percent in the rural areas. There is also a large difference in the unemployment by gender. It is 4.67 percent in the case of males and 8.16 percent among female workers.

A worrying feature of the labor market of Sindh is the high unemployment rate of highly educated workers (with degree or above) of 8.05 percent. Also, youth (15-29 years) are finding it difficult to get jobs. Their unemployment rate currently is 7 percent.

Education Spending

The expenditure by the Government of Sindh has been comparatively low, as shown in Table 67. The Provincial Government spends 1.4 percent of the Provincial GDP in educating its people for better jobs. This is the lowest ratio among the four Provinces. The share of Provincial expenditure has increased in the case of primary and secondary education. It now stands at 74 percent.

Table 67: Education Spending in Sindh (Rs in Billion)

	Total Education Expenditure	% of Provincial GDP	Share of Expenditure on Primary and Secondary Education
2007-08	38.0	1.1	62.6
2012-13	98.4	1.5	73.5
2013-14 (Provincial)	106.1	1.4	73.5

Source: MOF, PRSP Progress Reports.

Development Spending

Projects implemented under the ADP of the Provincial Government not only increase the capacity of the regional economy and increase the labor absorption but also increase employment directly during the period of construction.

The size of the ADP of Sindh and the share devoted to water and power, the two major constraints to higher employment is given in Table 68. Despite the big increase in transfers following the 7th NFC Award, the level of development spending has risen marginally from 1.4 percent of the Provincial GDP in 2007-08 to 1.6 percent in 2013-14. However, the share of water and power in the ADP has increased.

Table 68: Development Expenditure by the Government of Sindh (Rs in Billion)

	ADP (Actual Expenditure)	% of Provincial GDP	Share of Expenditure on Water and Power
2007-08	45.4	1.4	n.a.
2012-13	102.3	1.5	12.8
2013-14	120.9	1.6	14.9

Source: MOF, Fiscal Operations.

Overall Assessment

Sindh enjoys the lowest unemployment rate among the four Provinces. In recent years, as the growth rate of the regional economy plummeted, the rate of urban unemployment, in particular, has risen sharply. This is a reflection of the inability of the Provincial Government to improve the bad law and order situation in Karachi. The Provincial Government also appears to be attaching relatively low priority to education and for implementing programs for directly creating employment opportunities.

Balochistan**The Labor Market**

Balochistan had a relatively low labor force participation rate among the Provinces of Pakistan in 2012-13. It is 68.5 percent in the case of males and only 10.4 percent among females, implying an overall LFPR of 42.3 percent for population aged 10 years and above. The LFPR is 44.6 percent in rural areas and 36.8 percent in urban areas.

The labor force is estimated at 2.6 million in 2012-13, of which 88 percent is male. The annual growth rate of the labor force is high at over 7 percent. The number employed is 2.5 million, of which 79 percent are in the rural areas. The overall unemployment rate is projected at close to 4.4 percent in 2013-14, as shown in Table 69. It has risen from 2.8 percent in 2007-08. There was a big decline in the unemployment rate between 2001-02 and 2007-08.

Table 69: Unemployment Rate in Balochistan (%)

	2001-02	2007-08	2012-13	2013-14 (P)
Balochistan	7.76	2.78	3.93	4.40
Urban	12.70	3.80	6.25	
Rural	6.69	2.21	3.28	

Source: PBS, Labor Force Surveys.

Factors Contributing to Unemployment

The principal factor contributing to the rise in the rate of unemployment is the slowdown in the growth rate of the regional economy of Balochistan, concomitant with the fall in the GDP growth rate of the national economy. The economy of Balochistan is estimated to have grown annually at 4 percent between 2001-02 and 2007-08. This fell to 2 percent between 2007-08 and 2013-14.

Profile of Unemployment

In 2012-13, the unemployment rate was significantly higher in the urban areas at 6.3 percent as compared to 3.3 percent in the rural areas. There is also a large difference in the unemployment by gender. It is 3.5 percent in the case of males and 7.3 percent among female workers.

A worrying feature of the labor market of is the high unemployment rate of highly educated workers (with degree or above) of 13.5 percent. Also, youth (15-29 years) are finding it difficult to get jobs. Their unemployment rate currently is 6.5 percent.

Education Spending

The expenditure by the Government of Balochistan has been comparatively high, as shown in Table 70. The Provincial Government spends 3.1 percent of the Provincial GDP in educating its people for better jobs. This is a relatively high among the four Provinces. The liberal 7th NFC award to the Province has led to a major increase in education expenditure. The share of Provincial expenditure has increased in the case of primary and secondary education. It now stands at 76 percent.

Table 70: Education Spending in Balochistan (Rs in Billion)

	Total Education Expenditure	% of Provincial GDP	Share of Expenditure on Primary and Secondary Education
2007-08	7.4	1.4	62.2
2012-13	29.1	2.8	72.2
2013-14 (Provincial)	36.8	3.1	76.4

Source: MOF, PRSP Progress Reports.

Development Spending

Projects implemented under the ADP of the Provincial Government not only increase the capacity of the regional economy and increase the labor absorption but also increase employment directly during the period of construction.

The size of the ADP of Balochistan and the share devoted to water and power, the two major constraints to higher employment, is given in Table 71. Despite the big increase in transfers following the 7th NFC Award, the level of development spending has fallen sharply from 4.2 percent of the Provincial GDP in 2007-08 to 3.4 percent in 2013-14. Nevertheless, this is a relatively high ratio. Also, the share of water and power in the ADP is high.

Table 71: Development Expenditure by the Government of Balochistan (Rs in Billion)

	ADP (Actual Expenditure)	% of Provincial GDP	Share of Expenditure on Water and Power
2007-08	22.0	4.2	n.a.
2012-13	40.3	3.8	16.1
2013-14	40.6	3.4	15.5

Source: MOF, Fiscal Operations.

Overall Assessment

Despite being a backward Province, Balochistan has a low level of unemployment. This is a reflection of the small population base and low labor force participation, especially of females. Following the favorable 7th NFC Award, the Provincial Government has made efforts to raise the level of education spending. However, it needs to raise the size of the ADP further and focus on expanding the productive capacity of the regional economy.

Management of Relations with International Institutions*Mr. Naveed Saleh Siddique¹⁰⁸ and Mr. Shueb Iqbal¹⁰⁹***Executive Summary**

1. Pakistan has been for long a recipient of international assistance and has historically obtained economic assistance from the following: Paris Club Countries; non-Paris club countries; and multilateral agencies.
2. Under the Federal Government's Rules of Business 1973, the Economic Affairs Division is empowered to undertake programming and negotiation for securing technical assistance from foreign government organisations.
3. In 2005 a law titled Fiscal Responsibility and Debt Limitation Act was promulgated by the Parliament, 'to provide for elimination of revenue deficit and reduction of public debt to a prudent level by effective debt management'. A Debt Coordination Office was also established. This Law has made it mandatory on the Federal Government to lay down its Annual Debt Policy Statement before the Parliament. The Federal Government has been preparing this document since 2006-07, and the latest Debt Policy Statement 2013 – 14 is available on the website of the Federal Finance Division.
4. The analysis in this report is based on the following indicators: total size of external debt of the province, the composition of external debt i.e. grants and loans, major donors that are contributing foreign assistance to the province, and the sectors for which foreign assistance is sought by the province. This analysis is only based on foreign assistance routed through government channels and does not include foreign assistance for other projects and programs that are implemented by donors with NGOs/CSOs etc.
5. The overall size of foreign assistance to the provinces is \$ 4.467 billion in 2013-14¹¹⁰. Sindh has a share of \$ 1.167 billion for the same period. The foreign assistance portfolio of the province increased in size to around \$ 1.190 billion in the financial year 2014 – 15.
6. In case of Sindh in 2013-14, 31% of its foreign assistance is coming as grant and the balance 69% is a loan to the Government of Sindh.
7. As already stated, the size of foreign assistance portfolio of the Government of Sindh is \$ 1.167 billion. Asian Development Bank, the World Bank, USAID, and EU are the largest foreign aid providers for Sindh. The Asian Development Bank is the single largest contributor, providing over 34% of the total foreign assistance flowing to the province at \$ 401 million. The USAID is providing grant assistance of \$ 222 million, which is around 19% of the total foreign assistance flowing to the province. The EU is also providing a grant assistance of \$ 48.146 million to the provincial government.
8. DFID is conspicuous by its absence from the foreign assistance portfolio of the Government of Sindh as it is not providing any assistance to the provincial government; however the Agency is working in the province on various initiatives that are being implemented in the province by its implementation partners.

¹⁰⁸ The author is a Governance Advisor at Subnational Governance Programme (SNG), Punjab.

¹⁰⁹ The author is a Team Leader North Cluster at the Subnational Governance Programme (SNG), Punjab

¹¹⁰ This is the size of foreign assistance as reported by the Planning and Development (P&D) Departments of the three provinces (Punjab, Sindh and KP) and includes all active projects and programmes as in the financial year 2013-14.

9. In Sindh, a major portion of the foreign assistance (63%) is going into the following sectors: irrigation, roads and communications, and education. The Works and Services Department receives 7% of the total foreign assistance at \$81.55 million, closely followed by municipal services at 6% (\$ 66million). The health sector receives only 5% (\$ 58.03 million) of the total foreign assistance, followed by coastal development and agriculture at 3% each (\$ 36 million and \$ 35 million respectively).
10. In the financial year 2014 – 15, an additional \$ 23.69 million have been allocated for upgrading primary schools into elementary schools in rural Sindh, and for sustainable livestock development for rural Sindh with the assistance of JICA.
11. Despite availability of additional resources under the 7th NFC Award, development expenditure remains well below the desired levels¹¹¹. Sind's accounts for 23% of Pakistan's population nevertheless it contributes about 27% to the national GDP. Still its potential is well under-exploited due largely to its poor governance structures.

Introduction

The world's rich countries agreed in 1970 to give annually 0.7% of their gross national income as official international development aid. This agreement was also reflected in a United Nations General Assembly Resolution passed at that time. Since the last over 40 years, rich nations have rarely met their actual promised targets (Shah 2010)¹¹². While addressing needs of poor countries was a prominent feature under foreign assistance, economic rationale for foreign aid was mainly based on two-gap model¹¹³ (Chenery and Strout 1966)¹¹⁴. Paris Declaration on Aid Effectiveness 2005 further required donors to align their support with the needs and priorities of the recipient nation. Pakistan has been for long a recipient of international assistance and historically obtained economic assistance from the following¹¹⁵:

Bilateral: Paris Club countries namely Australia, Austria, Belgium, Canada, Denmark, Finland, France. Germany, Italy, Japan, Korea, Netherlands, Norway, Russia, Spain, Sweden, Switzerland, United Kingdom and United States of America. **Non-Paris Club Countries** like Bulgaria, China, Czechoslovakia, Poland, Romania, Yugoslavia, UAE, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and Turkey.

Multilateral Agencies: Asian Development Bank, International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, International Fund for Agriculture Development, European Union, European Investment Bank, Islamic Development Bank, Nordic Development Fund, Nordic Investment Bank, Organization of Petroleum Exporting Countries [OPEC] Fund, and UN Agencies.

¹¹¹ <http://www.brecorder.com/business-a-economy/189/1197712/>: Retrieved on November 8, 2014.

¹¹² Shah, Anup. "Foreign Aid for Development Assistance." *Global Issues*. April 25, 2010. <http://www.globalissues.org/article/35/foreign-aid-development-assistance> (accessed November 9th, 2014).

¹¹³ Two-gap theory explains that foreign assistance is mainly to address the foreign currency and saving gaps in the country.

¹¹⁴ Chenery, H, and A.M. Strout. "Foreign Assistance and Economic Development." *American Economic Review* 56 (1966): 679 – 733.

¹¹⁵ Debt Management Manual, Economic Affairs Division, Government of Pakistan.

In order to fully understand the analysis in the subsequent pages, it would be useful to differentiate foreign assistance under the following two categories:

(i) Grants; and (ii) Loans

As the name suggests, no repayment is required for foreign assistance that is disbursed as grants, whereas loans have to be repaid in accordance with the agreed schedule of payment.

Legal and Institutional Framework

Under the Federal Government's Rules of Business 1973, the Economic Affairs Division is empowered to undertake, "Assessment of requirements, programming and negotiation for securing technical assistance to Pakistan from foreign Governments organizations including nominations for EDI Courses".¹¹⁶ □

In 2005 a law titled **Fiscal Responsibility and Debt Limitation Act, 2005** was promulgated by the Parliament to, 'provide for elimination of revenue deficit and reduction of public debt to a prudent level by effective debt management'. A debt coordination office was established under this law, to prepare policy papers to contain and ultimately reduce public debt, to monitor and evaluate external and domestic borrowing strategies, to prepare a debt policy statement annually. This law also makes it mandatory on the federal government to lay down this annual debt policy statement, along with a few other related documents, before the parliament. Furthermore, this law also makes it obligatory on the federal government not to reduce its social and poverty alleviation related expenditures below 4.5% of the estimated gross domestic product for any given year, along with the commitment that the budgetary allocations for health and education will be doubled as compared to the existing levels within the next 10 years.

The Debt Policy Statement 2013-14 is a document prepared under the Fiscal Responsibility and Debt Limitation Act 2005 by the Debt Coordination Office of the Federal Finance Division. This document provides some useful information on the debt situation of the country as on June 30, 2013. The Federal Finance Division's Debt Coordination Office has been preparing this document since 2006 – 07. These reports have historically been covering the following topics: details of domestic and external debt of the country; report on compliance with Fiscal Responsibility and Debt Limitation Act 2005; and debt management strategy of the federal government. A Medium-Term Debt Management Strategy (2013-14- 2017-18) has also been prepared by the Debt Coordination Office of the Federal Finance Division with the objective of, 'debt sustainability and enhancing the debt servicing capacity of the country'.¹¹⁷

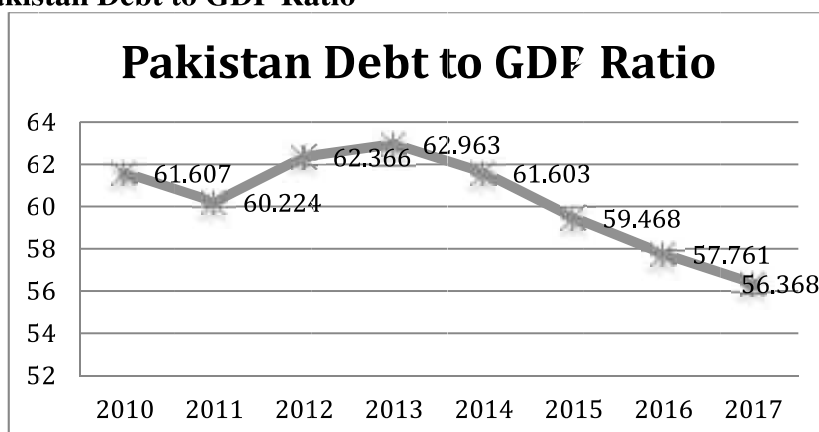
There was a 13% increase in the public debt stock at the end of the financial year 2012-13, and the outstanding public debt was to the tune of \$ 139.76 billion, which is roughly 63% of its GDP¹¹⁸. India, on the other hand, has its debt to GDP ratio of 66.7 in 2013¹¹⁹. Despite this 13% increase in the debt stock of the country, there is an overall declining trend for debt to GDP ratio, as depicted below:

¹¹⁶ Rules of Business 1973 as amended on 16 August 2012, Government of Pakistan.

¹¹⁷ Medium-Term Debt Strategy 2013 – 14 - 2017 – 18, Government of Pakistan, Federal Finance Division, Debt Coordination Office.

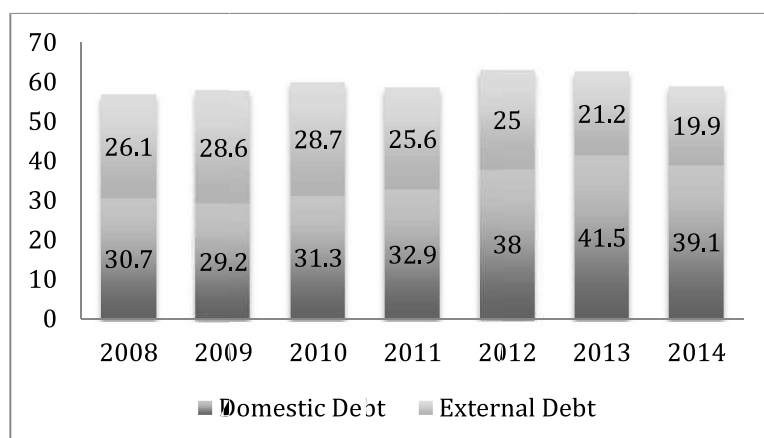
¹¹⁸ The World Bank estimates the GDP of Pakistan in 2013 to be \$236.6 billion.

¹¹⁹ <https://www.gfmag.com/global-data/economic-data/public-debt-percentage-gdp>

Figure 26: Pakistan Debt to GDP Ratio

Data Source: International Monetary Fund, World Economic Outlook Database, October 2012

Another trend that is worth noticing is that the composition of Pakistan's debt stock has changed overtime in favor of domestic debt as compared to external debt. This trend is depicted in the graph below:

Figure 27: Debt Policy Statement, 2013-14

Source: Debt Policy Statement, 2013-14, Finance Division, Government of Pakistan

Sindh – Socioeconomic and political context

Sindh province is facing all kinds of challenges including eroding investment climate, crumbling physical infrastructure, burgeoning unemployment and above all ever worsening law and order situation. Most of the social sector indicators are abysmally low and unsatisfactory. Lawlessness and violence has torn Karachi apart, the lifeline of Pakistan. In the rural Sindh poverty has increased¹²⁰. While miseries of the residents of Thar continue unabated, the situation has exposed the poor governance of the provincial government.

¹²⁰ <http://thefinancialdaily.com/NewsDetail/61001.aspx>

Despite receiving additional funding under 7th NFC, health indicators remain very low as compared to national health indicators. Against national IMR 78, and MMR 276, Sindh's IMR & MMR are at 81 and 314 respectively. Food insecurity at 72% also stands high against national average of 58%. Still 29% of the Sindhi children aged 5-16 are not going to school¹²¹. Although unemployment rate fell during 2012-13 in Sindh however, still approximately 0.77 million Sindhis do not have jobs and the number is rising with every passing quarter¹²².

PIL DAT has recently conducted a survey on quality of governance in the four provinces of Pakistan using 27 different indicators¹²³. Unfortunately, none of the indicators received a positive score for the province of Sindh. The people of Sindh have also viewed provincial government's management of relations with international donor agencies negatively. Indeed, the people of Sindh did not hesitate to pronounce the performance of its provincial government poorest among all the four provinces. This negative perception has come from none other than the people who voted the present government to power for a consecutive second term. Moreover, recent political rift among various parties in Sindh has further aggravated the political situation in the province.

Aid Profile

Despite additional resources flowing under the current NFC Award, foreign aid continues to be a critical tool for improving public services in Sindh. The aid profile of the province of Sindh has been prepared in line with the following indicators namely; the total size of external debt of the province, the composition of external debt i.e. grants and loans, major donors that are contributing foreign assistance to the province, and the sectors for which the foreign assistance is sought by the province. The objective of this baseline analysis is to determine what policies the provincial government has pursued in obtaining foreign assistance, and to what purposes that foreign assistance will be utilized. It must be added here that a lot of data on the subject is not readily available; therefore various sources were tapped to obtain this data, and wherever appropriate the relevant sources have also been cited. In most cases the data was obtained from the Planning and Development Department of the provincial government or the Department's website. For the purposes of this analysis, the data of foreign assistance advanced for all current (i.e. in the financial year 2013-14) programs and projects will be used, without looking at the completion period for these projects/programs. It must also be added that the analysis presented in the following pages would be based on the foreign assistance directly flowing to the provincial governments and would not include additional foreign assistance that may be routed through other channels by the donors such as through other projects and programs that are implemented by the donors with their implementing partners without having the monies flow to the provincial government.

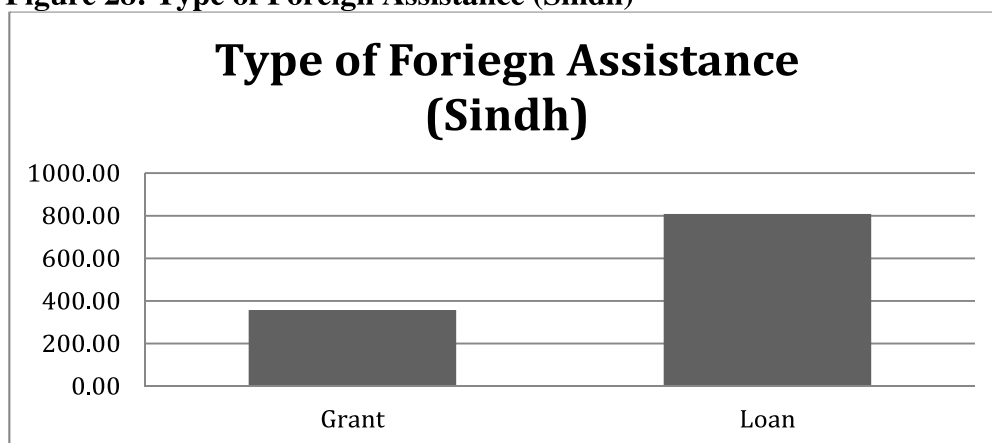
¹²¹ Annual Status of Education Report ASER 2013 National Survey.

¹²² Economic Survey of Pakistan 2013-14

¹²³ Survey 'Public Opinion on the Quality of Governance' in Pakistan, First year of federal and provincial governments June 2013-May 2014, PIL DAT (2014)

Type of foreign assistance: loans and grants¹²⁴

The overall size of foreign assistance to the provinces is \$ 4.467 billion in 2013-14¹²⁵. Sindh has a share of \$ 1.167 billion for the same period. The foreign assistance portfolio of the province increased in size to around \$ 1.190 billion in the financial year 2014 – 15. In case of Sindh in 2013-14, 31% of its foreign assistance is coming as grant and the balance 69% is a loan to the Government of Sindh. Three major donors of this grant money are United States Agency for International Development (USAID), UNICEF and the European Union (EU)¹²⁶. The total grant money provided by USAID, UNICEF and the EU is \$ 337.546 million, which is roughly 30% of the total foreign assistance flowing to the province.

Figure 28: Type of Foreign Assistance (Sindh)

Data Source: Government of Sindh, P&D Department

Foreign assistance by donors

As already explained in the earlier section of this paper, foreign assistance is provided by bilateral and multilateral agencies. This is also true in case of most of the provincial governments; however some provincial governments tend to rely more on bilateral partners; whereas other appear to be more dependent on multilateral agencies for meeting their funding requirements.

Unlike Punjab, the provincial government of Sindh is benefiting from USAID's foreign assistance flowing to Pakistan under the Enhanced Partnership with Pakistan Act of 2009, popularly known as the Kerry - Lugar Act. The details of foreign assistance flowing to Sindh are as below:

¹²⁴ Author's own calculations, based on data taken from the P&D Department Sindh's website at www.sindhpn.gov.pk

¹²⁵ This is the size of foreign assistance as reported by the Planning and Development (P&D) Departments of the three provinces (Punjab, Sindh and KP) and includes all active projects and programmes as in the financial year 2013-14.

¹²⁶ For the calculation of percentage of foreign assistance coming as a grant or loan to the province, the foreign assistance provided by the donor that has both loan and grant component has been treated as grant. This approach gives an exaggerated estimate of the grant component of foreign assistance, in the absence of separate figures for these components.

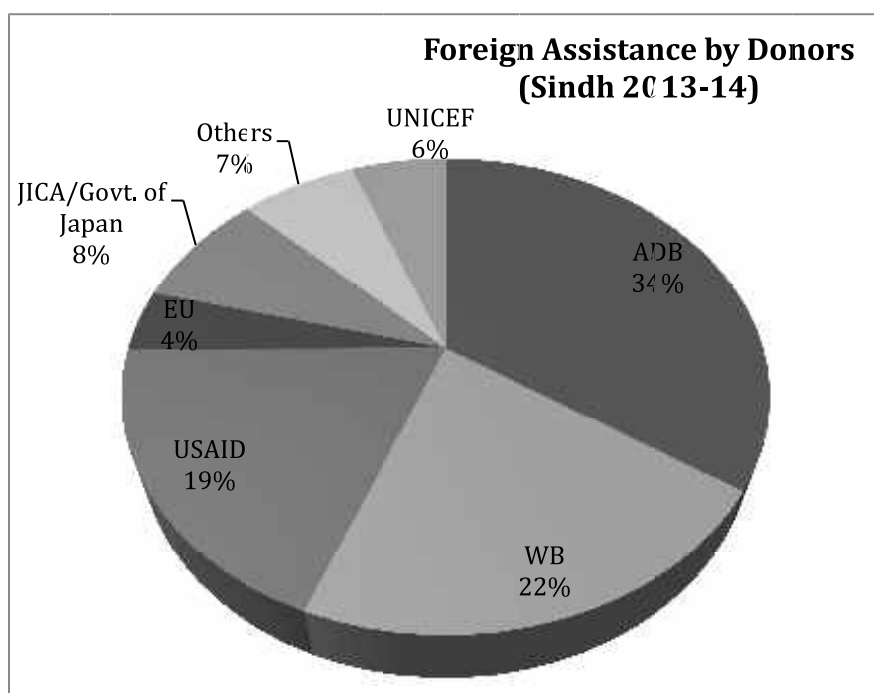
Foreign Assistance by Donors (Sindh) (2013-14)		
Donor	Assistance Million \$	%
ADB	401.00	34%
WB	250.95	22%
USAID	222.20	19%
EU	48.146	4%
JICA/Govt. of Japan	96.13	8%
Others	81.00	7%
UNICEF	67.20	6%
	\$1,166.62	100%

Source: Government of Sindh, P&D Department

Others include: Assistance from Chinese, Korean and Italian Governments.

Note: In 2014 – 15 JICA is providing additional funding of Rs. 2.37 billion for two projects: Upgrading Primary Schools into Elementary Schools In Rural Sindh; and Sustainable Livestock Development for Rural Sindh. The rest of the portfolio remains unchanged.

Figure 29: Foreign Assistance by Donors



Data Source: Government of Sindh, P&D Department

The size of foreign assistance portfolio of Government of Sindh is \$ 1.166 billion. Asian Development Bank, the World Bank, USAID, and EU are the largest foreign aid providers for Sindh. The Asian Development Bank is the single largest contributor, providing over 34% of the total foreign assistance flowing to the province at \$ 401 million. This is a multilateral loan extended to the provincial government. The USAID is providing grant assistance of \$ 222 million, which is around 19% of the total foreign assistance flowing to the province. The EU is also providing a grant assistance of \$ 48 million to the provincial government.

Foreign assistance by sectors

In Sindh, a major portion of the foreign assistance (76%) is going into the following sectors: irrigation, roads and communications, education, municipal services, and works and services department. The health sector receives only 5% (\$ 58 million) of the total foreign assistance, followed by coastal development and agriculture at 3% each (\$ 36 million and \$ 35 million respectively).

The following three major projects will be implemented in irrigation sector with loan money:

1. Flood emergency reconstruction project;
2. Sindh water sector improvement project; and
3. Procurement of machinery for rehabilitation of infrastructure (irrigation).

The implementation of these three projects indicates the well-placed priorities of the provincial government in combating the threat of floods that are currently facing the province. ADB, the World Bank and the Chinese Government provide funding for these three projects as loans to be paid back by the province.

In the financial year 2014 – 15, an additional \$ 23.69 million have been allocated for upgrading primary schools into elementary schools in rural Sindh, and for sustainable livestock development for rural Sindh with the assistance of JICA.¹²⁷

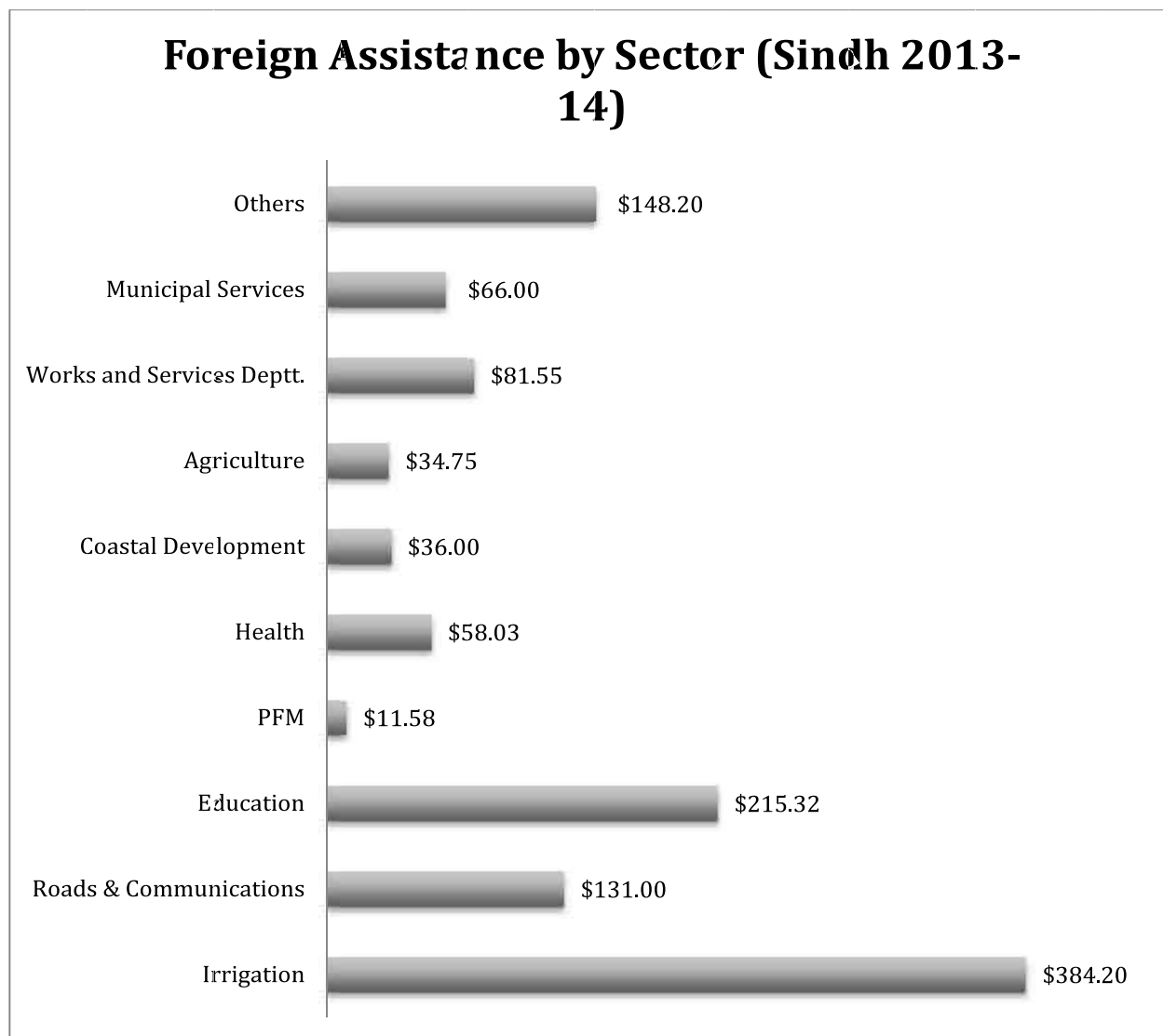
¹²⁷ Planning and Development Department, Government of Sindh at www.sindhpn.gov.pk

Table 72: Foreign Assistance by Sector

Foreign Assistance by Sector		
Sindh (2013-14)		
Sector	Assistance	% age
Irrigation	\$384.20	33%
Roads & Communicatio	\$131.00	11%
Education	\$215.32	18%
PFM	\$11.58	1%
Health	\$58.03	5%
Coastal Development	\$36.00	3%
Agriculture	\$34.75	3%
Works and Services De	\$81.55	7%
Municipal Services	66	6%
Others	148.2	13%
	\$1,166.62	100%

Data Source: Government of Sindh, P&D Department

A \$150 million loan has been secured from the World Bank in the Irrigation sector for the development of institutions for participatory irrigation management to improve operation and management of the system and its long-term sustainability. JICA is providing \$ 76 million for improvement of rural roads in the province. Additionally \$ 131 million loan has been secured from the ADB for construction of roads that have been destroyed by floods. Two additional highway construction projects will also be completed using the foreign assistance provided under this sector.

Figure 30: Foreign Assistance by Sector (Sindh 2013-14)

Data Source: Government of Sindh, P&D Department

In the education sector, \$ 155 million grant has been provided by USAID for the Sindh Basic Education Project. The Sindh Skill Development Project will also be implemented with \$ 21 million loan provided by the World Bank. In the health sector, the Sindh Nutrition Support Program will be implemented with a \$ 45 million loan from the World Bank.

In the municipal services sector, the Municipal Service Delivery Program is being implemented with \$ 66 million grant support from the USAID.

DFID is conspicuous by its absence from the foreign assistance portfolio of the Government of Sindh as it is not providing any assistance to the provincial government; however the Agency is working in the province on various initiatives that are being implemented in the province by its

implementation partners. To give an example, the Education Fund for Sindh (a not for profit company) is working in Karachi, Khairpur and Qamabar Shahdad Kot districts of the province for establishment of 700 schools for 21,000 children with DFID support¹²⁸.

Analytical overview

Traditionally Sindh has been the mainstay of PPP therefore, despite its major political set back in rest of Pakistan, PPP was still able to form government in Sindh. However, continuation in power has not been translated into improved conditions of the people of Sindh. Sectarian and ethnic killings still continue and Karachi is still shutdown every other day.

Despite availability of additional resources under the 7th NFC Award, development expenditure remains well below the desired levels¹²⁹. Sind's accounts for 23% of Pakistan's population nevertheless it contributes about 27% to the national GDP. Still its potential is well under-exploited due largely to its poor governance structures.

Given the size of challenges confronting the Sindh Government, there is a potential entry point for all the international development partners to play their role in improving the lot of the people of Sindh. While Karachi is no less than a giant volcano, which can erupt anytime, yet with better governance, prudent policies and effective utilization of foreign aid proceeds, it alone can bring about a turnaround in Sindh and whole of Pakistan.

Khyber Pakhtunkhwa

Executive Summary

1. Pakistan has been for long a recipient of international assistance and has historically obtained economic assistance from the following: Paris Club Countries; non-Paris club countries and multilateral agencies.
2. Under the Federal Government's Rules of Business 1973, the Economic Affairs Division is empowered to undertake programming and negotiation for securing technical assistance from foreign government organisations.
3. In 2005 a law titled Fiscal Responsibility and Debt Limitation Act was promulgated by the Parliament, 'to provide for elimination of revenue deficit and reduction of public debt to a prudent level by effective debt management'. A Debt Coordination Office was also established. This Law has made it mandatory on the Federal Government to lay down its Annual Debt Policy Statement before the Parliament. The Federal Government has been preparing this document since 2006-07, and the latest Debt Policy Statement 2013 – 14 is available on the website of the Federal Finance Division.
4. The analysis in this report is based on the following indicators: total size of external debt of the province, the composition of external debt i.e. grants and loans, major donors that are contributing foreign assistance to the province, and the sectors for which foreign assistance is sought by the province. This analysis is only based on foreign assistance routed through

¹²⁸ <http://www.thenewstribes.com/2013/11/25/uk-brings-good-news-for-kids-of-sindh/>

¹²⁹ <http://www.brecorder.com/business-a-economy/189/1197712/>: Retrieved on November 8, 2014.

government channels and does not include foreign assistance for other projects and programs that are implemented by donors with NGOs/CSOs etc.

5. The overall size of foreign assistance to the provinces is \$ 4.467 billion in 2013-14¹³⁰. The foreign assistance portfolio of KP is around \$ 389.76million in the financial year 2014 – 15. This has increased from \$ 350 million in 2013 – 14.
6. The proportion of grants provided to the province in the total foreign assistance that it receives has decreased in 2014 – 15 as compared to the last financial year 2013-14. In 2014 – 15, 79% of the foreign assistance is provided in the shape of grants and remaining 21% was advanced as loans to the province, while in 2013 – 14 this percentage was 88% and 12% respectively.
7. The major donors for the province are DFID, EU, ADB, USAID, and JICA in both financial years i.e. 2013 – 14 and 2014 – 15.
8. In case of KP in 2014-15, 86% of foreign assistance is allocated to the following sectors: elementary and secondary education, roads, regional development, home/law and order, health, and energy and power. In 2013 – 14, the sectoral allocations of foreign assistance were as follows: elementary and secondary education 22%, home 11%, finance and social welfare 9% each, urban development, district water supply and sanitation, and agriculture 7% each, regional development 6% and roads and health 5% each.
9. In order to harmonise donor interventions with the priorities of the government, Strategic Development Partnership Framework (SDPF) has been developed by the Government of KP. This document was launched in October 2013. Furthermore, in order to promote government - donor harmony, the Sub National Governance Program (a DFID funded program) is □ supporting the quarterly strategic dialogue between the development partners and the provincial government.
10. Government of KP has also been prepared an Integrated Development Strategy (2014-18). This document was launched at the second strategic dialogue meeting between the Provincial Government and the development partners on 31st March 2014 at Islamabad. This document provides existing provincial development strategies to enable the donors to align their priorities with those of the province.

Introduction

The world's rich countries agreed in 1970 to give annually 0.7% of their gross national income as official international development aid. This agreement was also reflected in a United Nations General Assembly Resolution passed at that time. Since the last over 40 years, rich nations have rarely met their actual promised targets (Shah 2010)¹³¹. While addressing needs of poor countries was a prominent feature under foreign assistance, economic rationale for foreign aid was mainly based on two-gap model¹³² (Chenery and Strout 1966)¹³³. Paris Declaration on Aid Effectiveness

¹³⁰ This is the size of foreign assistance as reported by the Planning and Development (P&D) Departments of the three provinces (Punjab, Sindh and KP) and includes all active projects and programmes as in the financial year 2013-14.

¹³¹ Shah, Anup. "Foreign Aid for Development Assistance." *Global Issues*. April 25, 2010. <http://www.globalissues.org/article/35/foreign-aid-development-assistance> (accessed November 9th, 2014).

¹³² Two-gap theory explains that foreign assistance is mainly to address the foreign currency and saving gaps in the country.

¹³³ Chenery, H, and A.M. Strout. "Foreign Assistance and Economic Development." *American Economic Review* 56 (1966): 679 – 733.

2005 further required donors to align their support with the needs and priorities of the recipient nation. Pakistan has been for long a recipient of international assistance and historically obtained economic assistance from the following¹³⁴:

Bilateral: Paris Club countries namely Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Korea, Netherlands, Norway, Russia, Spain, Sweden, Switzerland, United Kingdom and United States of America. **Non-Paris Club Countries** like Bulgaria, China, Czechoslovakia, Poland, Romania, Yugoslavia, UAE, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and Turkey.

Multilateral Agencies: Asian Development Bank, International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, International Fund for Agriculture Development, European Union, European Investment Bank, Islamic Development Bank, Nordic Development Fund, Nordic Investment Bank, Organization of Petroleum Exporting Countries [OPEC] Fund, and UN Agencies.

In order to fully understand the analysis in the subsequent pages, it would be useful to differentiate foreign assistance under the following two categories:

(i) Grants; and (ii) Loans

As the name suggests, no repayment is required for foreign assistance that is disbursed as grants, whereas loans have to be repaid in accordance with the agreed schedule of payment.

Legal and Institutional Framework

Under the Federal Government's Rules of Business 1973, the Economic Affairs Division is empowered to undertake, "Assessment of requirements, programming and negotiation for securing technical assistance to Pakistan from foreign Governments organizations including nominations for EDI Courses".¹³⁵ □

I

In 2005 a law titled **Fiscal Responsibility and Debt Limitation Act, 2005** was promulgated by the Parliament to, 'provide for elimination of revenue deficit and reduction of public debt to a prudent level by effective debt management'. A debt coordination office was established under this law, to prepare policy papers to contain and ultimately reduce public debt, to monitor and evaluate external and domestic borrowing strategies, to prepare a debt policy statement annually. This law also makes it mandatory on the federal government to lay down this annual debt policy statement, along with a few other related documents, before the parliament. Furthermore, this law also makes it obligatory on the federal government not to reduce its social and poverty alleviation related expenditures below 4.5% of the estimated gross domestic product for any given year, along with the commitment that the budgetary allocations for health and education will be doubled as compared to the existing levels within the next 10 years.

The Debt Policy Statement 2013-14 is a document prepared under the Fiscal Responsibility and Debt Limitation Act 2005 by the Debt Coordination Office of the Federal Finance Division. This document provides some useful information on the debt situation of the country as on June 30, 2013. The Federal Finance Division's Debt Coordination Office has been preparing this

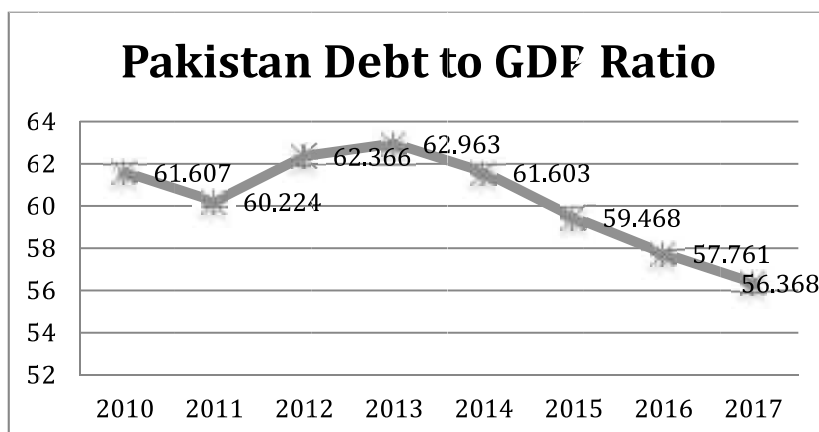
¹³⁴ Debt Management Manual, Economic Affairs Division, Government of Pakistan.

¹³⁵ Rules of Business 1973 as amended on 16 August 2012, Government of Pakistan.

document since 2006 – 07. These reports have historically been covering the following topics: details of domestic and external debt of the country; report on compliance with Fiscal Responsibility and Debt Limitation Act 2005; and debt management strategy of the federal government. A medium-term debt management strategy (2013-14- 2017-18) has also been prepared by the Debt Coordination Office of the Federal Finance Division with the objective of, 'debt sustainability and enhancing the debt servicing capacity of the country'.¹³⁶

There was a 13% increase in the public debt stock at the end of the financial year 2012-13, and the outstanding public debt was to the tune of \$ 139.76 billion, which is roughly 63% of its GDP¹³⁷. India, on the other hand, has its debt to GDP ratio of 66.7 in 2013¹³⁸. Despite this 13% increase in the debt stock of the country, there is an overall declining trend for debt to GDP ratio, as depicted below:

Figure 31: Pakistan Debt to GDP Ratio



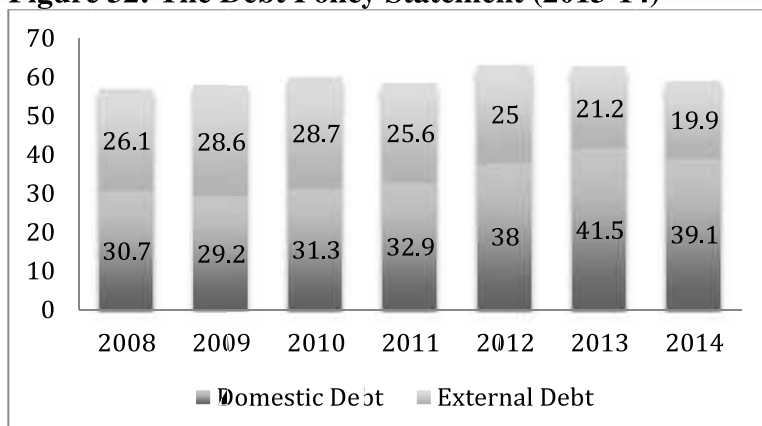
Data Source: International Monetary Fund, World Economic Outlook Database, October 2012

Another trend that is worth noticing is that the composition of Pakistan's debt stock has changed overtime in favor of domestic debt as compared to external debt. This trend is depicted in the graph below:

¹³⁶ Medium-Term Debt Strategy 2013 – 14 - 2017 – 18, Government of Pakistan, Federal Finance Division, Debt Coordination Office.

¹³⁷ The World Bank estimates the GDP of Pakistan in 2013 to be \$236.6 billion.

¹³⁸ <https://www.gfmag.com/global-data/economic-data/public-debt-percentage-gdp>

Figure 32: The Debt Policy Statement (2013-14)

Source: The Debt Policy Statement (2013-14), Finance Division, Government of Pakistan

Khyber Pakhtunkhwa (KP) – Socioeconomic and political context

Down with poor and ever worsening social and economic indicators, KP still bleeds under religious and political extremism. Ever crumbling state institutions, weakening governance mechanisms and security challenges are mainly responsible for this situation. While unemployment has risen to 8.5%¹³⁹, about 14.6% or an estimated 2.5 million¹⁴⁰ of KP children aged 5-16 year remain out of schools¹⁴¹. PILDAT has recently conducted a Survey on Quality of Governance using 27 governance indicators. For transparency, utility bills collection, and public transport, KP received a positive score. Similarly indicators related to use of technology for better governance, immunization of children, and access to justice system also scored positively. All other social and governance indicators including health, education, civic services and merit-based recruitments received negative scores. The KP Government also failed to attain a positive score on management of relations with the international donor agencies. Most people resident of KP found performance of the provincial government poor and unsatisfactory. Recent political turmoil has apparently further weakened the governance of the province.

Achievement of MDGs by 2015 seems an uphill task for KP. The incidence of poverty is greater than the national average. In fact, against national average of 22.3%, the provincial incidence of poverty is 28.2%¹⁴². While quarter of the population is below the caloric-based poverty line, more than one third of the KP children are reported to be underweight. Additionally, KP's health indicators such as IMR & MMR are abysmally low at 63/1000 live births and 275/100,000 live births respectively¹⁴³. This could possibly be because of low levels of antenatal care and births attended by traditional birth attendants. Immunization rates in KP are also below that of national average¹⁴⁴.

¹³⁹ Economic Survey of Pakistan 2013-14

¹⁴⁰ <http://thussnami.blogspot.com/2014/10/25-million-kids-out-of-school-education.html>

¹⁴¹ Annual Status of Education Report 2011

¹⁴² KPK MDG Report (2011), UNDP Pakistan

¹⁴³ <http://complex.pakresponse.info/LinkClick.aspx?fileticket=dVjgfv87Rnc%3D&tabid=78&mid=507> -Health Cluster Response Plan - Life saving Health Response in Khyber Pakhtunkhwa and FATA

¹⁴⁴ Ibid

Foreign Aid Profile

While capturing foreign aid profile of KP, the following analytical framework will be employed with focus on indicators including the total size of external debt of the province, the composition of external debt i.e. grants and loans, major donors that are contributing foreign assistance to the province, and the sectors for which foreign assistance is sought by the province. The objective of this baseline analysis is to determine what policies the provincial government has pursued in obtaining foreign assistance, and to what purposes that foreign assistance will be utilized. It must be added here that a lot of data on the subject is not readily available; therefore various sources were used to obtain this data, and wherever appropriate the relevant sources have been cited. In most cases the data was either obtained from the Planning and Development Department of the Provincial Government or taken from the Department's website. For the purposes of analysis, the data of foreign assistance advanced for all current (i.e. in the financial year 2014-15) programs and projects will be used, without looking at the completion period for these projects/programs. It must also be added that the analysis presented in the following pages would be based on the foreign assistance directly flowing to the provincial government and would not include additional foreign assistance that may be routed through other channels by the donors such as through other projects and programs that are implemented by the donors with their implementing partners without having the monies flow to the provincial government.

Type of foreign assistance: loans and grants

In 2014-15, KP will receive foreign assistance to the tune of US\$ 389.76 million. This is compared with \$ 350 million that it received in the last financial year i.e. 2013 – 14. In KP, 79% of the foreign assistance is provided in the shape of grants and the remaining 21% is in the shape of loans advanced to the province in 2014-15, the figure for the same was 88% and 12% in the last financial year. So, there has been decrease in the flow of grants to the province as compared to last year. A major chunk of this grant money comes from DFID and the EU, both contributing over \$ 150 million as grant to the province in 2014-15.

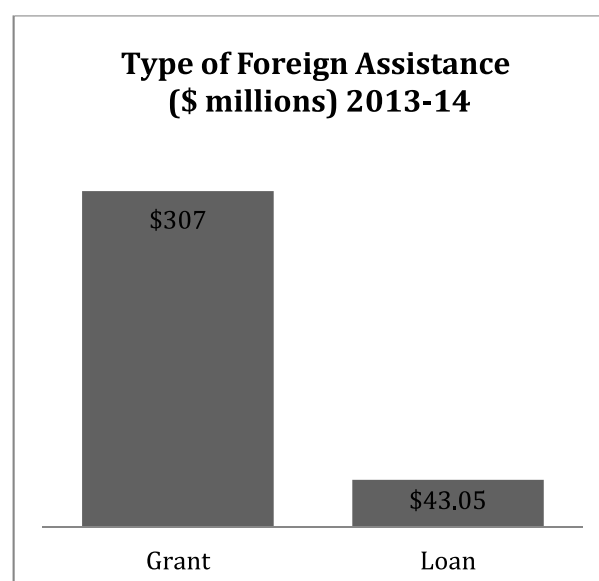
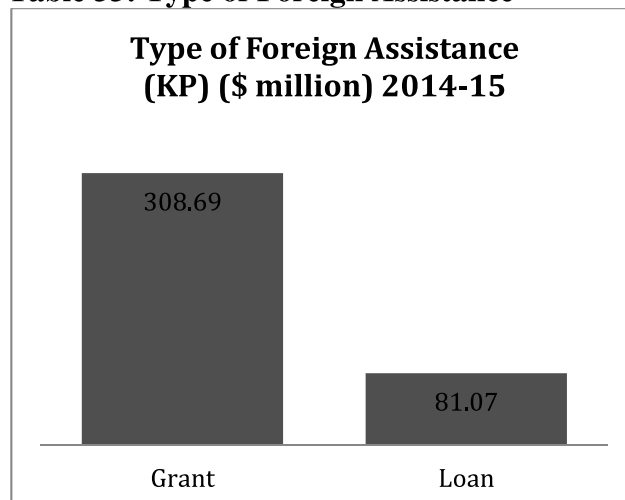
The foreign exchange debt liability of the province as on 1st July 2014 was Rs. 120.055 billion.¹⁴⁵ Most of these loans are concessionary in nature with long maturity periods. The details are given below:

¹⁴⁵ White Paper 2014-15, Finance Department, Government of KP

Table 73: White Paper 2014-15

Donor Agency	Service Charges Grace period (%)	Repayment period (Years)	Grace period (Years)
World Bank (IDA)	0.75	25	10
Asian Development Bank (ADB)	1-1.5	15-30	10
International Fund for Agricultural Development (IFAD)	1-4	30-40	10

Source: White Paper 2014-15, Finance Department, Government of KP

Table 33: Type of Foreign Assistance

Data Source: P&D Department, Government of KP, 2013-14 & 2014-15

Foreign assistance by donors

As already explained in the earlier section of this paper, foreign assistance is provided by bilateral and multilateral agencies. This is also true in case of most of the provincial governments; however some provincial governments tend to rely more on bilateral partners, whereas other provinces appear to be more dependent on multilateral agencies for meeting their funding requirements.

Unlike Punjab which has an unstated policy not to take any grant assistance from USAID, the provincial governments of KP is benefiting from USAID's foreign assistance flowing to Pakistan under the Enhanced Partnership with Pakistan Act of 2009, popularly known as the Kerry - Lugar Act.

The foreign assistance portfolio of the Government of KP is much diversified, indicating the tremendous interest of donor agencies both bilateral and multilateral in providing foreign assistance to the province for obvious reasons. Nevertheless, the total volume of foreign assistance directly flowing to the Government of KP is not very large at only \$ 390 million in 2014 – 15, this has increased from \$350 million in the last year i.e. 2013 – 14. However, it must be added that a lot of additional foreign assistance coming to the province is not directly placed at the disposal of the Government of KP; instead it is routed through other channels, such as various other projects and programmes being undertaken by donor agencies with other implementing partners. Another interesting characteristic of this foreign assistance portfolio is almost a virtual dominance of grant funding, with only \$ 81 million loans flowing in from the ADB and JICA/Japan in 2014 – 15, although the share of loans in the total foreign assistance inflow to the province has increased in the current financial year as compared to the last financial year. The details are given below:

Table 74: Foreign Assistance by Donors (KP- 2014-15)

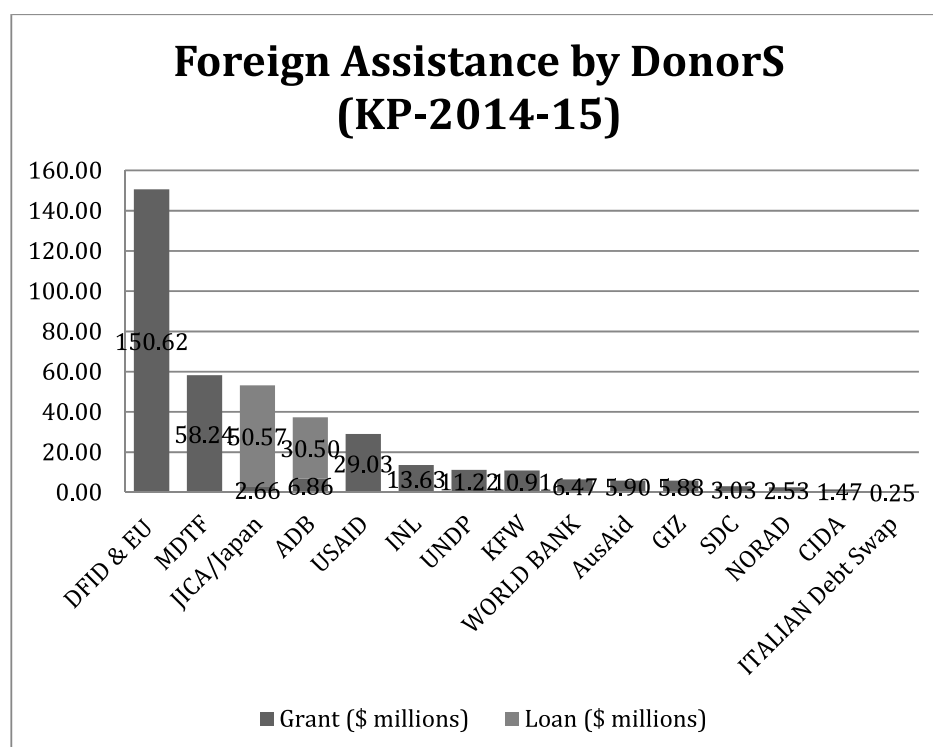
Donor	Grant (\$ Millions)	Loan (\$ Millions)	Total (\$ Millions)	%
DFID & EU	150.62		150.62	38.64%
MDTF ¹⁴⁶	58.24		58.24	14.94%
JICA/Japan	2.66	50.57	53.23	13.66%
ADB	6.86	30.5	37.36	9.59%
USAID	29.03		29.03	7.45%
INL	13.63		13.63	3.50%
UNDP	11.22		11.22	2.88%
KFW	10.91		10.91	2.80%
WORLD BANK	6.47		6.47	1.66%
AusAid	5.9		5.9	1.51%

¹⁴⁶ The Multi-Donor Trust Fund (MDTF) for Khyber Pakhtunkhwa, Federally Administered Tribal Areas and Balochistan was established in August 2010 to support the reconstruction, rehabilitation, reforms and other interventions needed to build peace and create the conditions for sustainable development in the aftermath of the 2009 crisis. It is administered by the World Bank and supported by eleven donors - Australia, Denmark, European Union, Finland, Germany, Italy, Netherlands, Sweden, Turkey, UK, and the USA. (Source: MDTF website at <http://www.pakistanmdtf.org>)

GIZ	5.88		5.88	1.51%
SDC	3.03		3.03	0.78%
NORAD	2.53		2.53	0.65%
CIDA	1.47		1.47	0.38%
ITALIAN Debt Swap	0.25		0.25	0.06%
Total	308.69	81.07	389.76	100.00%

Data Source: Government of KP, P&D Department, 2014-15

Figure: 34: Foreign Assistance by Donors



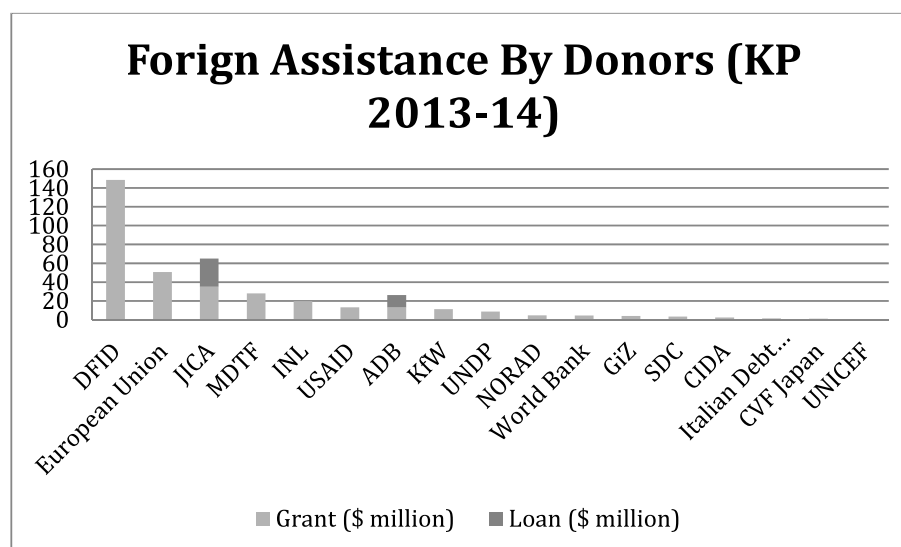
Data Source: Government of KP, P&D Department, 2014-15

Table 75: Donor-wise Summary of Foreign Assistance

The situation in the last financial year 2013 – 14 is depicted below:

DONOR-WISE SUMMARY OF FOREIGN ASSISTANCE				
				(Million \$.)
Name	Grant	Loan	Grand Total	% Contribution
DFID	148.611		148.611	42.5
European Union	50.697		50.697	14.5
JICA	5.142	30.000	35.142	10.0
MDTF	28.043		28.043	8.0
INL	19.722		19.722	5.6
USAID	13.150		13.150	3.8
ADB	0.000	13.047	13.047	3.7
KfW	11.300		11.300	3.2
UNDP	8.759		8.759	2.5
NORAD	4.665		4.665	1.3
World Bank	4.500		4.500	1.3
GiZ	4.001		4.001	1.1
SDC	3.410		3.410	1.0
CIDA	2.373		2.373	0.7
Italian Debt Swap	1.478		1.478	0.4
CVF Japan	1.102		1.102	0.3
UNICEF	0.001		0.001	0.0
Grand Total	306.953	43.047	350.000	100.0

Data Source: Government of KP, P&D Department, 2013-14

Figure 35: Foreign Assistance by Donors

Data Source: Government of KP, P&D Department, 2013-14

The above figures clearly indicate that the major donors have remained the same over the years 2013-14 and 2014 – 15; specifically the major donors of KP in 2013 – 14 were DFID and the European Union along with MDTF, INL and USAID. The situation is not much different in 2014 – 15 and all these donors figure in the five large donors of foreign assistance to the province.

Foreign assistance by sectors

In case of KP in 2014-15, 86% of foreign assistance is going to the following sectors: elementary and secondary education, roads, regional development, home/law and order, health, and energy and power. In terms of the number of projects initiated in the sector, elementary and secondary education is leading with 29 projects, followed by the regional development sector with 10 projects. 30% of the total foreign assistance received by the province is earmarked for elementary and secondary education sector with an allocation of over \$ 115 million. The roads sector gets over \$ 75 million, and the regional development sector gets over \$ 46 million (12% of total foreign assistance) for 10 projects. The home sector was allocated over \$ 35 million (9% of total foreign assistance) to strengthen it to meet the extraordinary law and order challenges faced by the province. The health sector gets an allocation of around \$ 29 million (8% of total foreign assistance). In the energy and power sector \$ 25.6 million have been allocated for one scheme. The details are as follows:

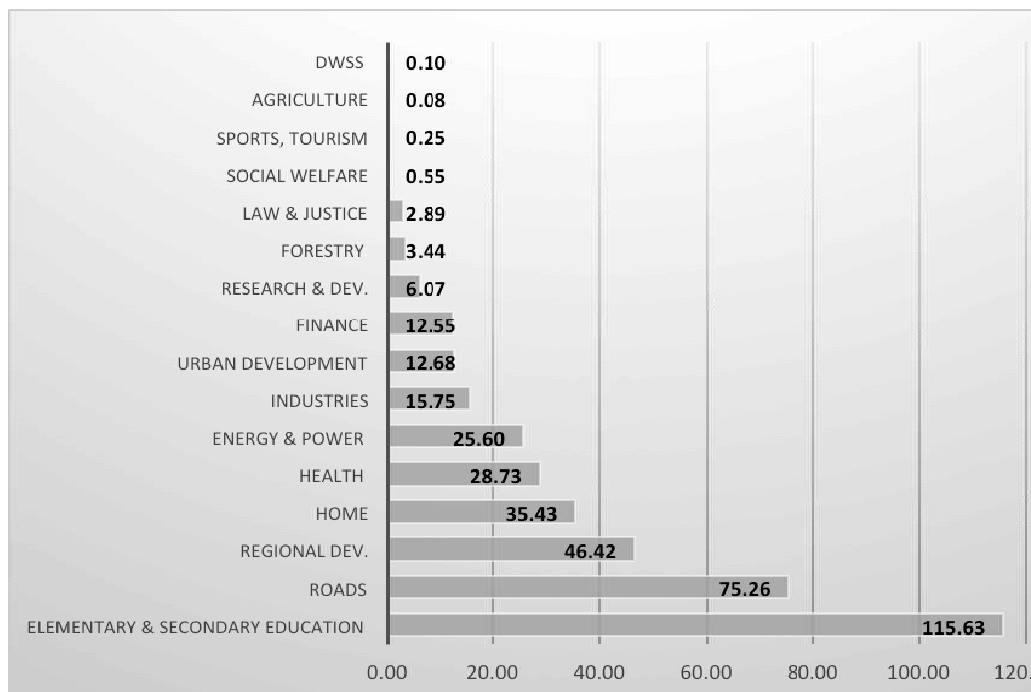
Table 76: Foreign Assistance by Sectors

Foreign assistance by sectors (KP- 2014-15)			
Sectors	Allocations (\$ millions)	No. of Projects	%
Elementary & Secondary Education	115.63	29	30%
Roads	75.26	5	20%
Regional Dev.	46.42	10	12%
Home	35.43	7	9%
Health	28.73	6	8%
Energy & Power	25.60	1	7%
Industries	15.75	3	4%
Urban Development	12.68	3	3%
Finance	12.55	1	3%
Research & Dev.	6.07	3	2%
Forestry	3.44	1	1%
Law & Justice	2.89	1	1%
Social Welfare	0.55	2	0%
Sports, Tourism	0.25	1	0%
Agriculture	0.08	1	0%
DWSS	0.10	1	0%

Source: Government of KP, P&D Department

Foreign assistance by sectors (KP- 2014-15)

Figure 36: Sectors



The projects that will be implemented in the elementary and secondary education sector in KP with foreign assistance are projects for up-gradation of existing schools, development of curriculum, provision of stipends to girl students, capacity development of Parent-Teacher Councils, provision of missing facilities in existing schools, construction of additional classrooms, and building the capacity of elementary and secondary education Department, Government of KP.

In 2013 – 14, the sectoral allocations of foreign assistance were as follows: elementary and secondary education 22%, home 11%, finance and social welfare 9% each, urban development, district water supply and sanitation, and agriculture 7% each, regional development 6% and roads and health 5% each. Other sectors with less than 5% allocation of foreign assistance were: R&D, energy and power, industries, forestry, law, and water¹⁴⁷.

A comparison of sector priorities in the current financial year with the last financial year indicates that elementary and secondary education has remained the top priority of the province. Additionally, the roads and regional development sectors have been given more importance in the current financial year as compared to the last financial year in terms of allocation of foreign assistance. Likewise health and energy and power sectors have also been allocated more funds received from foreign donors as compared to last year. These trends highlight the changing development priorities of the Provincial Government of KP from one financial year to another; however it would be difficult to make any further comments on this without looking at additional data.

¹⁴⁷ Data Source: Government of KP, P&D Department

Analytical overview

PTI had a great opportunity to set the new rules of the game and create a new KP that is reflective of PTI promised ideals. However, unnecessary engagement with non-issues has indeed, further eroded social and political fabric of the province. Given the enormous challenges facing KP, donors should find in KP a unique opportunity for engagement for reforms and change. On the other hand, resource constrained KP needs foreign assistance to improve the living conditions of its people. Therefore, a win-win situation exists for both international donors and KP Government, which needs to be exploited optimally for the well being of the people of KP. Strengthening of institutional and governance structures in terms of evidence supported planning, budgeting and monitoring of public services could be the starting point.

In order to harmonise donor interventions with the priorities of the government, Strategic Development Partnership Framework (SDPF) has been developed by the Government of KP. This document was launched in October 2013. Furthermore, in order to promote government - donor harmony, the Sub National Governance Program (a DFID funded program) is supporting the quarterly strategic dialogue between the development partners and the Provincial Government.

Additionally, the Government of KP has also been prepared an Integrated Development Strategy (2014-18). This document was launched at the second strategic dialogue meeting between the Provincial Government and the development partners on 31st March 2014 at Islamabad. This document provides existing provincial development strategies to enable the donors to align their priorities with those of the province.

The above two initiatives can be emulated by other provinces to improve donor relationship and harmonization of donor priorities with those of the province.

Punjab

Executive Summary

1. Pakistan has been for long a recipient of international assistance and has historically obtained economic assistance from the following: Paris Club Countries; non-Paris club countries; and multilateral agencies.
2. Under the Federal Government's Rules of Business 1973, the Economic Affairs Division is empowered to undertake programming and negotiation for securing technical assistance from foreign government organisations.
3. In 2005 a law titled Fiscal Responsibility and Debt Limitation Act was promulgated by the Parliament, 'to provide for elimination of revenue deficit and reduction of public debt to a prudent level by effective debt management'. A Debt Coordination Office was also established under this law. This Law has made it mandatory on the Federal Government to lay down its Annual Debt Policy Statement before the Parliament. The Federal Government has been preparing this document since 2006-07, and the latest Debt Policy Statement 2013 – 14 is available on the website of the Federal Finance Division.
4. The analysis in this report is based on the following indicators: total size of external debt of the province, the composition of external debt i.e. grants and

loans, major donors that are contributing foreign assistance to the province, and the sectors for which foreign assistance is sought by the province. This analysis is only based on foreign assistance routed through government channels and does not include foreign assistance for other projects and programs that are implemented by donors with NGOs/CSOs etc.

5. In Punjab, irrigation, education, agriculture and health sectors were the main recipient of international aid in 2013 – 14. Other important sectors include land record management, energy, and urban development. The World Bank and DFID are major donors in education and health sectors; the irrigation sector is financed through ADB's and JICA's financial assistance.
6. The total volume of foreign assistance coming to the province in 2013 – 14 is \$ 2.910 billion. 27% of the total foreign assistance (about \$ 775.82 million) is a grant to the province; whereas the balance \$ 2.190 billion has been advanced as a loan to the provincial government. In 2014-15 one additional project is likely to be signed with IFAD for \$ 35 million. Additionally in the current financial year another project has been signed with the ADB for a loan of \$150 million to undertake the up gradation of Trimu-Panjnad Barrage.
7. Three major donors of Punjab are: DFID, ADB and the World Bank. Around 89% of the total foreign assistance flowing to the province comes from these three sources. Amongst these three donors, the World Bank is the largest provider of foreign assistance with a loan portfolio of \$ 1.183 billion, followed by ADB (\$754.33million) and DFID, which has provided a grant assistance of \$ 754.33 million.
8. By not taking grant assistance from USAID, the province has to rely primarily on multilateral donor agencies for financing advanced by them as loans for its development projects.
9. In case of Punjab, over \$ 946 million and \$914 million are allocated for irrigation and education sectors respectively. This is around 64% of total foreign assistance flowing to the province. Followed by these two sectors is the health sector, which gets a share of \$ 264 million. The agriculture sector is close behind with a share of \$ 250 million, followed by urban development, land records management information system, regional planning, energy, municipal services and PPMRP.
10. It is striking to note that although energy is a high priority area for the provincial government however; projects worth US\$ 85.01 million only have been initiated in the sector through loan extended by the ADB.
11. Punjab is faring well in comparison to other federating units; however its development outcomes have not been commensurate to its potential, resource base and efforts. In fact, it is more of poor performance of other provinces and less of its better performance that elevated Punjab on top of other provinces.
12. The policy of the provincial government not to take any funding from the USAID is also not understandable. This policy is depriving over half the population of the country of this grant money that is available, and can be used for social and economic uplift of the province.

Introduction

The world's rich countries agreed in 1970 to give annually 0.7% of their gross national income as official international development aid. This agreement was also reflected in a United Nations General Assembly Resolution passed at that time. Since the last over 40 years, rich nations have rarely met their actual promised targets (Shah

2010)¹⁴⁸. While addressing needs of poor countries was a prominent feature under foreign assistance, economic rationale for foreign aid was mainly based on two-gap model¹⁴⁹ (Chenery and Strout 1966)¹⁵⁰. Paris Declaration on Aid Effectiveness 2005 further required donors to align their support with the needs and priorities of the recipient nation. Pakistan has been for long a recipient of international assistance and historically obtained economic assistance from the following¹⁵¹:

Bilateral: Paris Club countries namely Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Korea, Netherlands, Norway, Russia, Spain, Sweden, Switzerland, United Kingdom and United States of America. **Non-Paris Club Countries** like Bulgaria, China, Czechoslovakia, Poland, Romania, Yugoslavia, UAE, Iran, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and Turkey.

Multilateral Agencies: Asian Development Bank, International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, International Fund for Agriculture Development, European Union, European Investment Bank, Islamic Development Bank, Nordic Development Fund, Nordic Investment Bank, Organization of Petroleum Exporting Countries [OPEC] Fund, and UN Agencies.

In order to fully understand the analysis in the subsequent pages, it would be useful to differentiate foreign assistance under the following two categories:

(i) Grants; and (ii) Loans

As the name suggests, no repayment is required for foreign assistance that is disbursed as grants, whereas loans have to be repaid in accordance with the agreed schedule of payment.

Legal and Institutional Framework

Under the Federal Government's Rules of Business 1973, the Economic Affairs Division is empowered to undertake, "Assessment of requirements, programming and negotiation for securing technical assistance to Pakistan from foreign Governments organizations including nominations for EDI Courses".¹⁵² □

In 2005 a law titled **Fiscal Responsibility and Debt Limitation Act, 2005** was promulgated by the Parliament to, 'provide for elimination of revenue deficit and reduction of public debt to a prudent level by effective debt management'. A debt coordination office was established under this law, to prepare policy papers to contain and ultimately reduce public debt, to monitor and evaluate external and domestic borrowing strategies, to prepare a debt policy statement annually. This law also makes it mandatory on the federal government to lay down this annual debt policy statement,

¹⁴⁸ Shah, Anup. "Foreign Aid for Development Assistance." *Global Issues*. April 25, 2010. <http://www.globalissues.org/article/35/foreign-aid-development-assistance> (accessed November 9th, 2014).

¹⁴⁹ Two-gap theory explains that foreign assistance is mainly to address the foreign currency and saving gaps in the country.

¹⁵⁰ Chenery, H, and A.M. Strout. "Foreign Assistance and Economic Development." *American Economic Review* 56 (1966): 679 – 733.

¹⁵¹ Debt Management Manual, Economic Affairs Division, Government of Pakistan.

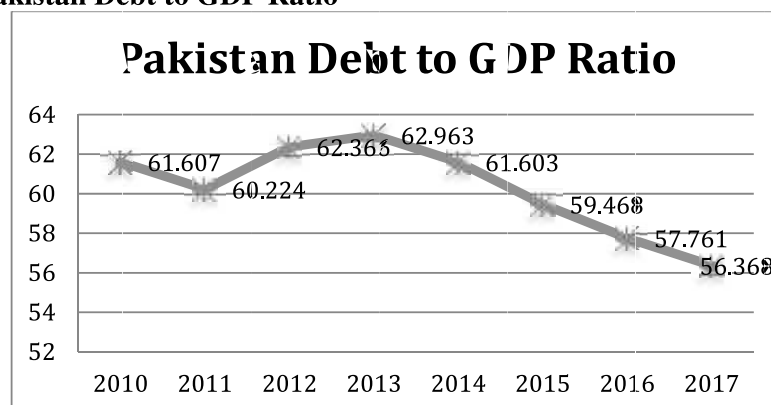
¹⁵² Rules of Business 1973 as amended on 16 August 2012, Government of Pakistan.

along with a few other related documents, before the parliament. Furthermore, this law also makes it obligatory on the federal government not to reduce its social and poverty alleviation related expenditures below 4.5% of the estimated gross domestic product for any given year, along with the commitment that the budgetary allocations for health and education will be doubled as compared to the existing levels within the next 10 years.

The Debt Policy Statement 2013-14 is a document prepared under the Fiscal Responsibility and Debt Limitation Act 2005 by the Debt Coordination Office of the Federal Finance Division. This document provides some useful information on the debt situation of the country as on June 30, 2013. The Federal Finance Division's Debt Coordination Office has been preparing this document since 2006 – 07. These reports have historically been covering the following topics: details of domestic and external debt of the country; report on compliance with Fiscal Responsibility and Debt Limitation Act 2005; and debt management strategy of the federal government. A medium-term debt management strategy (2013-14- 2017-18) has also been prepared by the Debt Coordination Office of the Federal Finance Division with the objective of, 'debt sustainability and enhancing the debt servicing capacity of the country'.¹⁵³

There was a 13% increase in the public debt stock at the end of the financial year 2012-13, and the outstanding public debt was to the tune of \$ 139.76 billion, which is roughly 63% of its GDP¹⁵⁴. India, on the other hand, has its debt to GDP ratio of 66.7 in 2013¹⁵⁵. Despite this 13% increase in the debt stock of the country, there is an overall declining trend for debt to GDP ratio, as depicted below:

Figure 37: Pakistan Debt to GDP Ratio



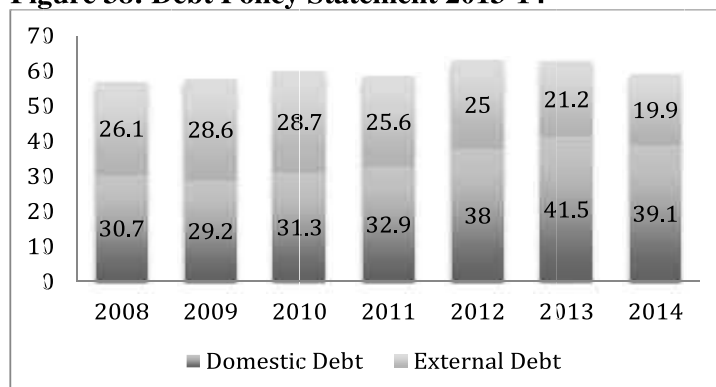
Source: International Monetary Fund, World Economic Outlook Database, October 2012

Another trend that is worth noticing is that the composition of Pakistan's debt stock has changed overtime in favor of domestic debt as compared to external debt. This trend is depicted in the graph below:

¹⁵³ Medium-Term Debt Strategy 2013 – 14 - 2017 – 18, Government of Pakistan, Federal Finance Division, Debt Coordination Office.

¹⁵⁴ The World Bank estimates the GDP of Pakistan in 2013 to be \$236.6 billion.

¹⁵⁵ <https://www.gfmag.com/global-data/economic-data/public-debt-percentage-gdp>

Figure 38: Debt Policy Statement 2013-14

Source: Debt Policy Statement 2013-14, Finance Division, Government of Pakistan

Punjab - Socioeconomic and political context

Punjab faces a myriad of socio-political, and economic challenges in improving service delivery especially for the poor and the unprivileged groups of the society. Social and economic indicators remain low and unsatisfactory despite 'show of significant efforts' and 'micro- management' by the Chief Minister, Punjab. Effectiveness of development efforts is constrained largely due to lack of effective linkages with data collection and analysis, planning, target setting, budgeting, implementation, monitoring and accountability at policy making and service delivery levels. In fact, poor governance structures have reversed the gains that accrued due to some of the pro poor expenditures undertaken by the government. Governance failure has further manifested itself through the active exclusion of particular groups including women, children and laborers from education, healthcare, and employment opportunities, political life and access to justice and voice.

The province of Punjab had a small debt liability (Rs. 426 billion) as compared to its gross regional product. At the end of June 2014, this has been estimated to be at slightly over 3.5%, and this is roughly 2% of the national GDP. Most of the foreign debt liabilities of the province (94%) are owed to foreign bilateral and multilateral agencies. The Asian Development Bank, the World Bank and the Government of Japan are its major creditors.¹⁵⁶ As per the Government's White Paper, most of this debt is concessionary with an average maturity period of 15 years. The debt servicing by the province as a percentage of its total revenue is showing a declining trend.¹⁵⁷

Aid Profile

For the purpose of this analysis, the following indicators will be looked at in some detail: the total size of external debt of the province, the composition of external debt i.e. grants and loans, major donors that are contributing foreign assistance to the province, and the sectors for which the foreign assistance is sought by the province. The objective of this baseline analysis is to determine what policies the provincial government has pursued in obtaining foreign assistance, and to what purposes that foreign assistance will be utilized. It must be added here that a lot of data on the

¹⁵⁶ Government of the Punjab, Finance Department, White Paper budget 2014 – 15.

¹⁵⁷ White Paper ibid

subject is not readily available; therefore various sources were used to obtain this data, and wherever appropriate the relevant sources have been cited. In most cases data was taken from the Planning and Development Department of the provincial government or from the Department's website. For the purposes of analysis, the data of foreign assistance advanced for all current (i.e. in the financial year 2013-14) programs and projects will be used, without looking at the completion period for these projects/programs. It must also be added that the analysis presented in the following pages would be based on the foreign assistance directly flowing to the provincial government and would not include additional foreign assistance that may be routed through other channels by the donors such as through other projects and programs that are implemented by the donors with their implementing partners without having the monies flow to the provincial government account.

While education, health and irrigation sectors remain the main recipient of international aid; other important sectors include land record management, energy, urban development and agriculture productivity. Following foreign aid portfolio of the province of Punjab reveals focus of donors' reform agenda, which, is quite in line with provincial development priorities. Education and Health Roadmaps are at the vanguard of provincial reform menu. Similarly, Land Records Management Information System (LRMIS) is also very close to the heart of the Chief Minister Punjab. In a similar vein, irrigation sector is also accorded high priority given its significance for agriculture sector as well as a safeguard against devastating floods. While World Bank and DFID mainly dominate education and health sectors; ADB and JICA have held the irrigation and urban sectors.

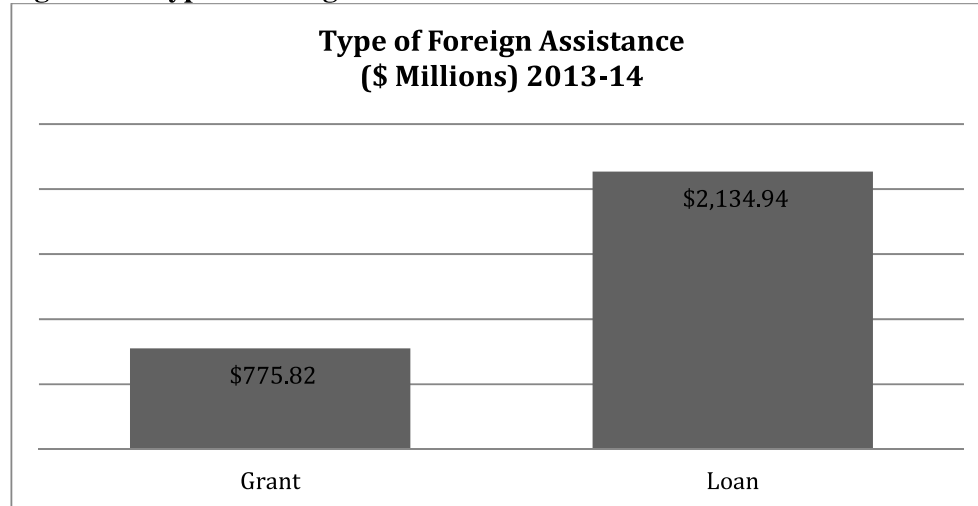
It seems worth reporting here that the donor's priority sectors of education and health are actually the ones that scored positively in PILDAT's public opinion survey on Quality of Governance in Pakistan (Punjab) 2014¹⁵⁸. However, indicators relating to irrigation sector scored negatively in the Survey.

Type of foreign assistance: loans and grants

The overall size of foreign assistance to all the provinces is \$ 4.467billion in 2013-14¹⁵⁹. The largest share of this foreign assistance is going to Punjab. The total volume of foreign assistance coming to the province in 2013 – 14 is \$ 2.91 billion. 27% of the total foreign assistance (about \$ 775.82 million) is a grant to the province; whereas the balance \$ 2.135 billion has been advanced as a loan to the provincial government. In 2014-15 one project in the irrigation sector namely Up gradation of Trimu- Panjnad Barrages Project has been signed with the ADB for \$150 million, and another project likely to be signed soon with IFAD for \$ 35 million.

¹⁵⁸ Survey 'Public Opinion on the Quality of Governance' in Pakistan, First year of federal and provincial governments June 2013-May 2014, PILDAT (2014)

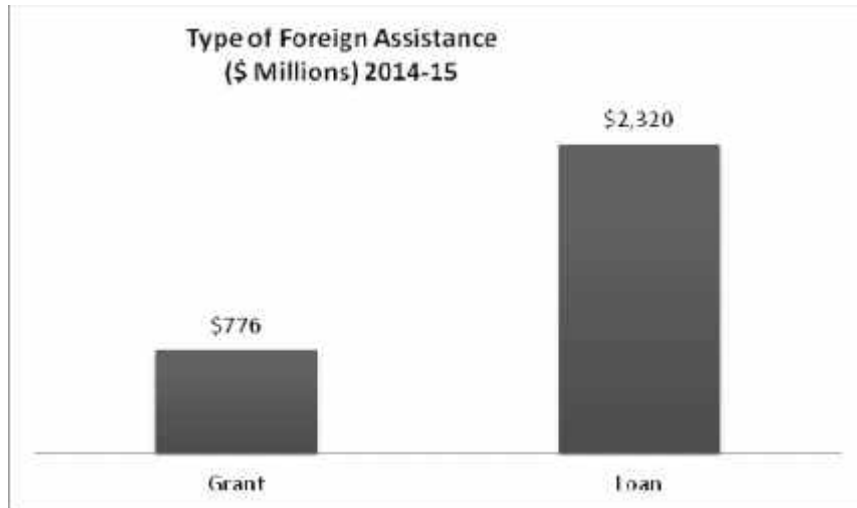
¹⁵⁹ This is the size of foreign assistance as reported by the Planning and Development Departments of the three provinces (Sindh, Punjab and KP) and includes all active projects and programs as in the financial year 2013-14.

Figure 39: Type of Foreign Assistance

Data Source: Government of the Punjab, P&D Department

Most of this grant funding is coming from one donor that is the Department for International Development (DFID), United Kingdom, and a sum of \$ 21.50 million also been given by the World Bank as a grant for the Punjab Health Sector Reform Project.

For the financial year 2014-15, another foreign funded project titled Livestock and Access to Markets Project at a cost of \$ 35.10 million is about to be signed with IFAD. Additionally, Upgradation of Trimu- Panjnad Barrages Project has been signed with the ADB for \$150 million. This is likely to increase the foreign debt liability of the province by another US\$ 185.10 million to US\$ 2.32 billion. There has not been any other change in the development portfolio of the province funded from foreign sources.

Figure 40: Type of Foreign Assistance 2014-15

Data Source: Government of the Punjab, P&D Department

Foreign assistance by donors

As already explained in the earlier section of this paper, for provided by bilateral and multilateral agencies. This is also true the provincial governments; however some provincial government on bilateral partners, whereas other provinces appear to be n multilateral agencies for meeting their funding requirements.

About 20 projects and programmes are being implemented with th international foreign aid agencies. In line with policy rhetoric of leadership, USAID's foreign aid seems glaringly missing in Punj visibility. Similarly UN family especially UNDP, UNICEF and other agencies as USAID and GIZ are also working in various However, their funding or technical support works outside the budgeting and accounting system.

In the case of Punjab, most of the foreign assistance comes from tl ADB and the World Bank. Combined together, these three dor 90% of the total foreign assistance flowing to the province. At donors, the World Bank is the largest provider of foreign assi portfolio of \$ 1.182 billion, followed by DFID, which provides a \$ 754.33 million, and the ADB has extended a loan of about \$ 65 province in 2013-14. The province is predominantly reliant on agencies namely the Asian Development Bank and the World Ba of its foreign assistance/loan financing. What is striking in the d province's reliance on foreign loans to meet its capital requireme \$ 775.33 million grant provided by DFID and the World Bank, v of the total foreign assistance flowing to the province, the remain are all loans, which have to be paid back by the province. At absence in the debt portfolio of the province is that of USAI

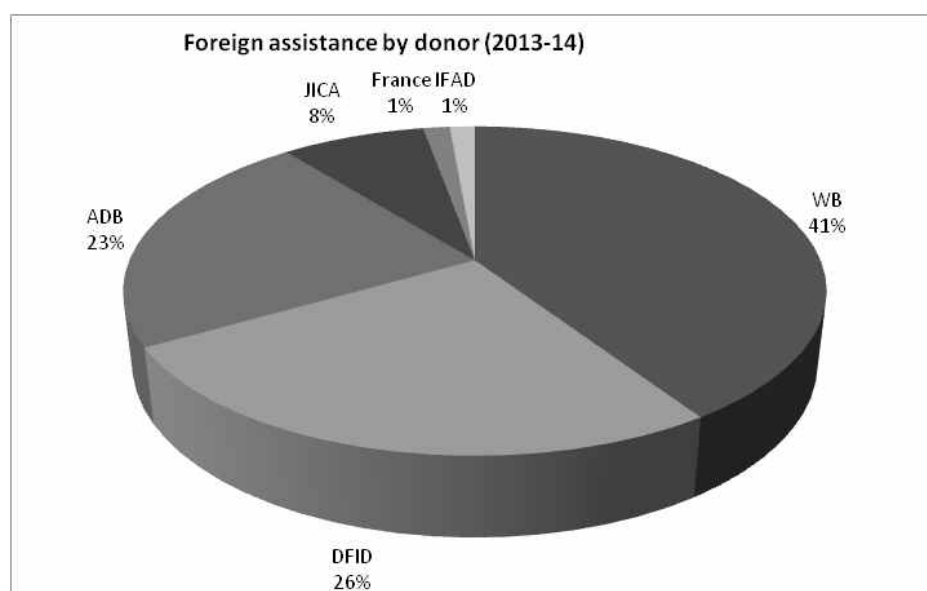
government has adopted a policy not to take any grant assistance from USAID. The details of foreign assistance to the province are as below:

Table 77: Foreign Assistance by Donors

Foreign Assistance by Donors			
(Punjab) (2013-14)			
Donor	Assistance		
	Million \$	%	Type of Assistance
WB	1182.75	40.6%	Loan/Grant
DFID	754.33	25.9%	Grant
ADB	655.81	22.5%	Loan
JICA	230.00	7.9%	Loan
France	42.50	1.5%	Loan
IFAD	40.13	1.4%	Loan
OPEC/OFID	5.25	0.2%	
	2910.76		

Data Source: Government of the Punjab, P&D Department

Figure 41: Foreign Assistance by Donor



Data Source: P & D Department, Government of the Punjab

Foreign assistance by sectors

This section will look at the sectors for which the donors provide foreign assistance, and the sectors from which loans are required by the provincial governments to meet their capital needs for the sectors.

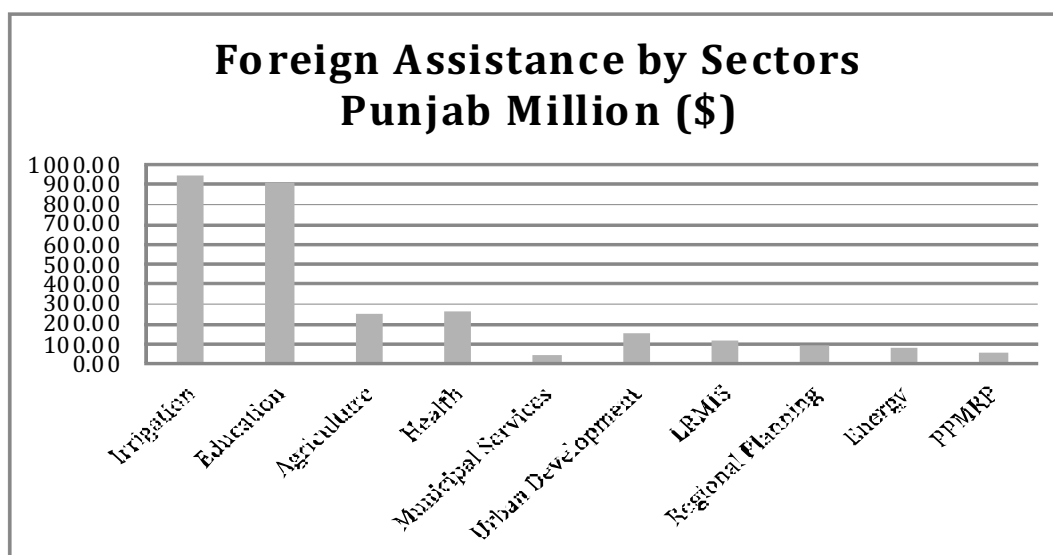
In case of Punjab, over \$ 900 million each is going to the irrigation and education sectors. This is over 64% of total foreign assistance flowing to the province. Followed by these two sectors are the agriculture and health sectors, which get a share of \$ 250 million and \$263.50 million respectively. These are followed by urban development, land records management information system, municipal services, regional planning, energy and PPMRP. The details are given below:

Table 78: Foreign Assistance by Sectors

Foreign Assistance by Sectors		
Punjab (2013-14)		
Sectors	Million (\$)	%
Irrigation	946.40	33%
Education	913.98	31%
Agriculture	250.00	9%
Health	263.50	9%
Municipal Services	42.50	1%
Urban Development	150.00	5%
LRMIS	115.65	4%
Regional Planning	88.47	3%
Energy	85.01	3%
PPMRP	50.00	2%
Others	5.25	0%
	2910.76	100%

Data Source: Government of the Punjab, P&D Department

Figure 42: Foreign Assistance by Sectors



Data Source: Government of the Punjab, P&D Department

The projects to be undertaken with foreign assistance in the irrigation sector are as follows:

1. Punjab Barrages improvement project-II
2. New Khanki Barrage Construction Project
3. Pakpattan Canal and Sulemanki Barrage Improvement Project
4. Lower Bari Doab Canal Improvement Project (LBDCIP)
5. Rehabilitating Lower Chanab Canal System (Part B)
6. Punjab Irrigation System Improvement Project (PISIP)

The above projects appear to be quite vital for the economy of the province, which has been adversely affected by devastating floods. The improvement of Punjab Barrages is likely to have a positive effect on controlling floods in the province. The improvement of canals/irrigation system in the province is likely to improve the availability of water for agriculture purposes and reduction in wastage of waters in the irrigation channels.

In case of education sector, the Punjab Education Sector Project will be implemented with foreign assistance. This Project gets co-funding from DFID and the World Bank, with DFID contribution over \$ 564 million as Grant for this project, whereas the World Bank provides a \$ 350 million loan. Additionally, over Rs. 3.8 billion will also be provided by the provincial government as counterpart funding for the implementation of this project.

The heavy provincial financial commitment to education sector indicates the sectoral priorities of the provincial government, which is committing tremendous amount of funds over the next few years to improve education sector outcomes in the province. Initiatives such as the Education Sector Roadmap have also been introduced in the province whose performance is directly monitored at the apex level in the province. This is again indicative of the top priority assigned to the education sector in the province.

It is worth mentioning that the health sector in the province gets only 9% of the total foreign assistance flowing to the province at around \$ 263 million. This is despite the fact that the health sector indicators in the province are not very good; however a final verdict on the sector priorities of the provincial government in health cannot be given without looking at the complete data sets showing all the monies that are allocated for health sector. It must be added that the Punjab Health and Nutrition Program has been initiated with \$ 142 million grant support from DFID in the sector.

It is striking to note that although energy is a high priority area for the provincial government however; projects worth US\$ 85.01 million only have been initiated in the sector through loan extended by the ADB. The programme is titled Renewable Energy Development Sector Investment Program. There is also a local funding component of over Rs. 2.6 billion for this programme. A few other projects are also under implementation in the sector as joint ventures with Chinese and other

Analytical overview

Despite additional proceeds under current 7th NFC Award, support of international development agencies has been a critical implement for provision of better public services in Punjab. Moreover, a heavy mandate and about three decades' governance experience has not been able to improve the lot of the miserable. Punjab is faring well in comparison to other federating units; however its development outcomes have not been commensurate to its potential, resource base and efforts. In fact, it is more of poor performance of other provinces and less of its better performance that elevated Punjab on top of other provinces. Recent Survey on the Quality of Governance 2014 conducted by PILDAT shows positive scores in education and health sectors, access to justice and water development and management. Also on management of relations with international agencies, Punjab received a positive score. However, the civil servants and civil service system responsible for delivering these services failed to attain a positive score. Similarly, on transparency, accountability, anticorruption, procurement and decentralization of power, Punjab was scored negatively. Besides, the PILDAT Survey on Quality of Governance has also shown negative perceptions on indicators relating to energy.

Despite this tardy development journey, Punjab still remains the first choice of donors. A very proactive Chief Minister seems to be the obvious reason for this engagement. Education and health sectors are solely driven by DFID and World Bank supported Education and Health Roadmaps. While these Roadmaps have given some sense of direction to the sectors, these also provide for a robust performance evaluation and accountability at least on quantitative aspects of these sectors.

The provincial government plans to increase the provincial GDP to 8%, create 4 million jobs, lift about 7 million people from poverty, enhance private sector investment from US\$ 8 billion to US\$ 17 billion and cut energy shortages by 2018¹. In order to enable the provincial machinery to accomplish these milestones, a very ambitious governance reform agenda must also be an essential part of the strategy. Given current socioeconomic, political and governance challenges confronting Punjab, these targets seem highly ambitious and inaccessible. In fact, a similar economic growth strategy failed to produce desired results during the last tenure (2008-2013) of the current government.

The policy of the provincial government not to take any funding from the USAID is also not understandable. The provincial government is willing to take loans and not accept grants advanced by this Agency. This policy becomes even more incomprehensible considering the fact that the Federal Government is also being run by the same political party, which is accessing USAID funding without any inhibitions. In short, this policy is depriving over half the population of the country of this grant money that is available, and can be used for social and economic uplift of the province.

¹ Economic Growth Strategy Punjab 2014-18



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