

# 8 Social Sector Developments

## 8.1 Overview:

In common with many other developing economies, our economy is faced with wide range of socioeconomic challenges. Despite government's commitment, a number of factors including limited fiscal space, inadequate infrastructure, institutional governance issues, etc., have slowed the progress of initiatives undertaken for the social uplift of people. Thus, a review of socioeconomic indicators of the country shows that there has been a marginal improvement in some of the health education and employment indicators, while poverty in the country is expected to have risen, during FY09.

According to the UNDP Annual Report 2007/2008 Pakistan's Human Development Index (HDI)<sup>1</sup> ranking has declined from 136 to 139 among 179 countries.

Although the number of people below poverty line is expected to have increased, unemployment level has marginally declined during the year as against the global trend of rising unemployment. A positive development in the education sector is that primary education completion and female net enrolment rates in the country were the highest since FY05 though the government was not able to achieve literacy rate targets set for the year. Similarly while health sector witnessed decline in infant mortality rate; crude birth rates and fertility rates in the country remain one of the highest in South Asian region. Pakistan has the lowest public health expenditure among South Asian countries. On the environment front, indicators are depicting improvement, however, much more needs to be done to provide a healthy and clean environment to the people.

This section of the report provides an insight into socioeconomic development of the country (developments related to the socioeconomic indicators) during the last year while highlighting challenges in providing better living conditions to the people. It is worth to mention here that the analysis remains limited due to the unavailability of recent data on poverty and income distribution in the country.

## 8.2 Population

The population of Pakistan is estimated to have reached 163.8 million<sup>3</sup> in 2008.

A regional comparison shows that the country has the highest population growth rate, total fertility, and crude birth rates (see **Table 8.1**) among South Asian member countries. Pakistan is currently ranked as the 7<sup>th</sup> most populous country and given the high population growth rate, the country is expected to surpass Brazil in 2050 to become the 6<sup>th</sup> most populous nation of the world.<sup>4</sup>

The population distribution shows that most of the population (64 percent) is residing in rural areas while 46 percent is in residing in the urban regions of the country (see **Figure 8.1**). It is interesting to note that overall population of the country has grown by 5.5 percent during 2005-2008, with rural

**Table 8.1: Population Comparison (South Asian Region)**

	PGR*	TFR	CBR	CDR
Bangladesh	1.6	2.5	23	7
Bhutan	1.7	3.1	25	8
India	1.6	2.7	23	7
Maldives	1.8	2.3	22	4
Nepal	2.1	3.1	29	9
Pakistan <sup>2</sup>	2.3	4.0	30	7
Sri Lanka	1.2	2.4	19	7

\*PGR= Population Growth Rate

Source: World Population data Sheet 2009, Population Reference Bureau (PRB)

<sup>1</sup> HDI is a composite index calculated by United Nations Development Programme. It measures human development in terms of life expectancy, literacy, educational attainment, and GDP per capita for 179 countries.

<sup>2</sup> According to Pakistan Economic Survey 2008-09, population growth rate was 1.73 percent, TFR was 3 percent, CBR was 25 per 1000 births, and CDR was 7.7 per thousand as on 1<sup>st</sup> July 2008.

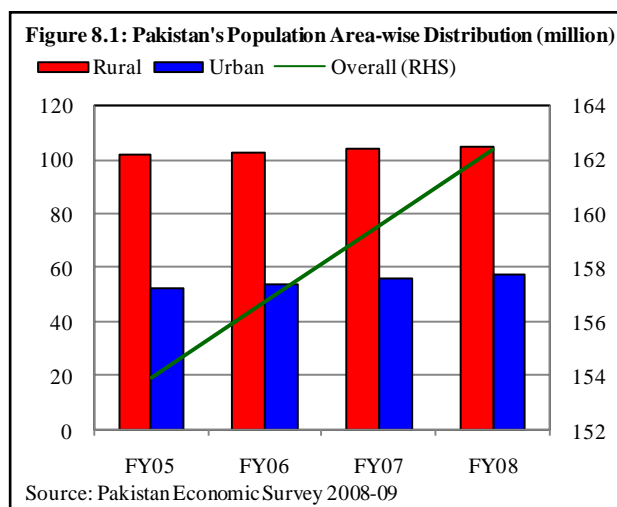
<sup>3</sup> Pakistan Economic Survey 2008-09.

<sup>4</sup> Population Reference Bureau.

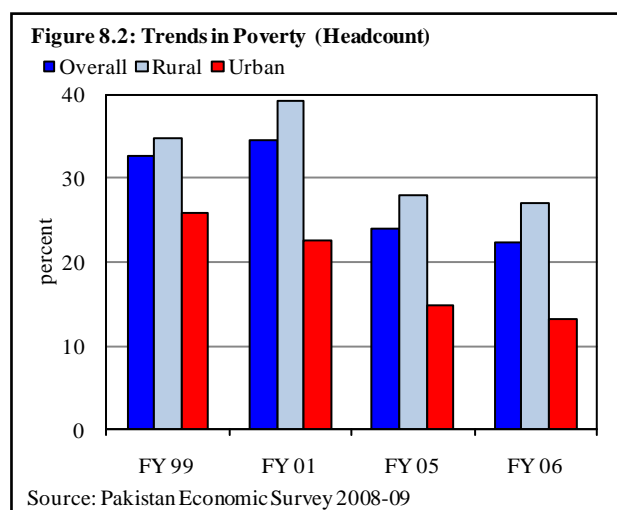
population estimated to have risen by 3.5 percent and urban population by more than 9.3 percent during the same period, indicating substantial migration within the country. The concentration of employment opportunities in urban areas is probably one of the main causes of the difference between rural urban population growth rates, suggesting the need for policies that foster greater job creation in rural areas.

### 8.3 Poverty

According to the MDG Report 2009 by UNDP, around 55-90 million more people have fallen below the poverty line due to recent financial crisis. Globally, the number of chronically hungry people is expected to have soared from 960 million in 2008 to one billion in 2009.<sup>5</sup> In Pakistan, the share of “severely food insecure population” is also expected to have increased from 23 percent in FY06 to 28 percent in 2008.<sup>6</sup> Low economic growth rate (2 percent for FY09), global economic recession, sharp rise in inflation during FY08, reduction in subsidies and insufficient employment opportunities are main reasons for growing poverty in the country.



Although the latest poverty figures are not available, the Economic Survey 2008-09 mentions that headcount ratio (HCR) in Pakistan is estimated to have soared from 33.8 percent in FY08 to 36.1 percent in FY09<sup>7</sup> (see **Box 8.1**). Earlier data estimates indicated a decline in HCR over the period between FY99 and FY06 (see **Figure 8.2**); HCR declined by 10.3 percentage points and fell from 32.6 percent in FY99 to 22.3 percent in FY06. However the decline in urban poverty was more pronounced than rural poverty except for FY05. High incidence of poverty in rural region can be linked to inadequate infrastructure, lack of opportunities and resources. Urban poverty remained lower than both overall and rural poverty because of relatively easier accessibility to resources and opportunities in these areas. The government plans to reduce expenditure under the head of rural development through years 2009-2013<sup>8</sup>, with the intention of targeting poverty in rural and urban areas on equal footings. Allocating equal resources



<sup>5</sup> The UN's Food & Agriculture Organization (FAO) has estimated that the number of hungry people to have soared from 915 million in 2008 to 1.02 billion in 2009.

<sup>6</sup> Pakistan Economic Survey 2008-09.

<sup>7</sup> Pakistan Economic Survey 2008-09.

<sup>8</sup> From 0.22 percent to 0.06 of the GDP, according to PRSP II.

for urban and rural areas have an underlying danger of increasing the incidence of poverty in rural areas since they will have relatively less resources while already having higher poverty level than urban areas. It has been observed that despite a decline in various indicators of poverty i.e. headcount ratio, poverty gap, and severity of poverty, a significant proportion of the population remain clustered around the poverty line. Thus, while the headline numbers have shown improvement, this does not necessarily imply a substantial improvement in their living standards. Moreover, this observation also suggests that people who have been able to come out of the poverty trap have access to only minimum subsistence level of living; any shock to the economy can push them back into poverty.

**Box 8.1: The Poverty Debate in Pakistan**

Notwithstanding the international trends, poverty, as measured by headcount ratio (HCR), in Pakistan was earlier reported to have fallen by the Centre for Poverty Reduction and Social Policy Development (CPRSPD). However, later reports reveal that poverty in Pakistan has risen in line with the international trend. Conflicting reports about the level of poverty in the country have forced the government to revisit the poverty figures for FY08.

Subsequently, the World Bank re-visited the poverty estimates by CPRSPD in order to validate the latter's results but found a 4-5 percentage points increase in poverty figures in the last quarter of FY08. The Bank has further projected that HCR in Pakistan may rise above 25 percent in FY10.

According to the World Health Organization's inter-agency assessment mission 2008 on impact of food crisis in Pakistan, 24 percent of the population is still living under the poverty line. The report further states that there are chances of severe food crises and subsequent social unrest in the country. The food crises will result in malnutrition, particularly among the urban population, lower health and lower labor productivity. This is expected to result in higher poverty levels in the country. The causes of food crisis are thought to be widespread regional and socioeconomic inequalities prevailing in different parts of Pakistan.

The Panel of Economists constituted by the government has pointed out that as many as 10 million more people were expected to fall into the poverty trap during FY08. The interim report 'Economic Stabilization with a Human Face' states that headcount ratio in the country may have risen by 3.5 percentage points in FY08 from 22.3 percent in FY06. Going ahead, a further rise is expected in FY09 by additional 2.7 percentage points. This brings the headcount ratio figures in the country at 28.5 percent in FY09. Moreover, the World Bank's task force on food security estimated that HCR has increased in Pakistan to 33.8 percent in FY08 and 36.1 percent in FY09. This means that approximately 62 million may have fallen below poverty line in FY09.

Recent data suggests that between 2005 and 2009, more than 12-14 million people are expected to have slipped into poverty. Considering these figures, it is estimated that poverty may have risen between 30-35 percent in FY09. The global economic crisis, decline in manufacturing sector in the country, and closure of industries due to power crisis is likely to push more people in poverty.

*Sources: Pakistan Economic Survey 2008-09; Interim Report on Economic Stabilization with a Human Face, Panel of Economists, Planning Commission; UN Inter Agency Assessment Mission on Impact of Food Crisis in Pakistan, World Health Organization*

Poverty remains a serious challenge for Pakistan as an in-depth analysis of poverty line distribution reveals that the total number of population below and around the poverty line is 42.8 percent<sup>9</sup>. Though out of this 20.5 percent is in the vulnerable to poverty group, however, their living conditions need attention as they do not have access to necessities of life and face problems in terms of missed opportunities, lack of education, and health facilities. The government needs to focus on the qualitative side of these issues as a marginal improvement in terms of percentages does not capture the severity of the problem.

In order to help poor break the vicious circle of poverty, government has focused on social protection strategies in PRSP II which are based upon five key elements: income support, nutrition support, human resource development, natural disaster management, and facilitation for the role of non-

<sup>9</sup> Economic survey 2007-2008.

government and private sector organizations in the implementation of these pro-poor policies. In this regard, the government has also built a comprehensive network of social protection which includes direct as well indirect measures. Direct social protection mechanisms include provisions like employment-based social safety guarantees (Employees Old-age Benefit Institution, Worker's Welfare Fund etc), direct transfers like Benazir Income Support Programme (BISP) (see **Box 8.2b**) zakat, Pakistan Bait-ul-Maal etc; and market-based interventions like microfinance initiatives, and measures to encourage the community participation through enhancing the role of community organizations such as the Pakistan Poverty Alleviation Fund (see **Box 8.2a**).

## Box 8.2: Government Initiatives for Poverty Reduction:

### 8.2a: Pakistan Poverty Alleviation Fund (PPAF)

Pakistan Poverty Alleviation Fund (PPAF) is an institution which is involved in providing funds on wholesale basis to civil society and community organizations. The institution enters into partnership with civil society organizations (called Partner Organizations or POs) having a well targeted community outreach. The project provides income generating opportunities by providing access to resources, improves physical and social infrastructure, and provides skill development facilities. So far, there have been three parts of the project: PPAF I (1999), PPAF II (2003), and the recently launched PPAF III (2009) (see **Table 8.2.1**).

According to the PPAF Annual Report 2008, since its inception, PPAF had disbursed Rs 34 billion by June 2008 under different heads: including micro-credit (Rs 26 billion), Health and education (Rs 312 million), and Human & Institutional Development (Rs 2.4 billion). Micro-credit and SME finance have been the largest intervention areas of PPAF. It is estimated that 13 million individuals have benefited from micro-credit facilities, while 9 million have benefited from health, infrastructure, education, and water supply supported initiatives. The Fund has assisted in building of 120,000 housing units, trained more than 0.1 million individuals in earthquake-reconstruction technologies, repaired 400 water schemes, and reconstructed 19 health and education infrastructures in the earthquake affected areas. In recent years, PPAF has also made interventions in emerging technologies for power generation for rural communities like micro-hydel, windmills, bio-gas and solar technology to cater to the ever-increasing energy needs.

### 8.2b: Benazir Income Support Programme (BISP):

The Benazir Income Support Programme; a safety net measure, has been initiated by the government of Pakistan to mitigate the impact of inflation on the purchasing power of extremely poor segment of society. The programme targets extremely poor through direct transfers of Rs 1000 per month per family to help them fulfill their nutritional needs. (**Table 8.2.2**).

With an initial allocation of Rs 34 billion (US \$ 425 million approximately) for FY09, about 3.5 million needy and poor families are expected to benefit from the scheme. It is estimated that the programme is going to cover about 15 percent of entire population. Under the BISP, beneficiaries will be entitled to get free health facilities, life insurance, and vocational training. Initially they would be issued Benazir Smart Cards (BSC) through which they will be able to avail the monthly Rs 1000 income and other benefits.

In order to ensure fair and transparent distribution of funds, National Database and Registration Authority (NADRA) will create a comprehensive database of deserving poor families and issue a list of eligible beneficiaries. This will enable the beneficiaries able to claim funds under the BISP. A third-party evaluation process will be conducted ensuring the transparency and accountability.

**Table 8.2.1: PPAF I, II, and III Comparison**

Starting year	PPAF I 1999	PPAF II 2003	PPAF III 2009
Project cost (million US \$)	90	368	250
Target areas (percent of funds):			
Micro- and SME			
finance	50	70	70
Other social services	19	10	10
Roads and highways	15	5	5
Water supply	8	10	10
Irrigation and			
drainage	8	5	5
No. of beneficiaries			
(million)	7.5	9	n.a.

Source: World Bank (www.worldbank.org)

**Table 8.2.2: BISP Roadmap**

Year	2009-10	2010-11	2011-12	2012-13
Amount (Rs billion)	42.1	65.3	73.8	82.8
No. of beneficiaries (families)	3.7	7.0	n.a.	n.a.

Source: PRSP II

### 8.3.1 Income Distribution:

In recent years consumption and income distribution inequalities have increased in the country. Despite this, the regional comparison shows that Pakistan has the most equitable income distribution among its South Asian group (see **Table 8.2**). Pakistan having a Gini index of 30.6 is ranked at 110 among 135 countries considered in the CIA World Fact Book.<sup>11</sup>

In this regard, the government has been pursuing various initiatives for the uplift of the poor segments of the society for example the Food Support Programme, Pakistan Baitul Maal, etc. However these initiatives need to be focused and long termed to ensure better income distribution in the society.

### 8.4 Employment:

According to the World Bank Global Monitoring Report 2009, the global financial crisis which has grown into an economic crisis resulting in high unemployment and if left unchecked may turn into a social crisis. Due to current economic recession it is estimated that as much as 30 million people around the world would get unemployed by 2009, more than 76 percent of which would be in the developing countries.<sup>12</sup> However, despite a substantial slowdown in the domestic economy, the unemployment rate in Pakistan is reported to have declined during FY08.<sup>13</sup>

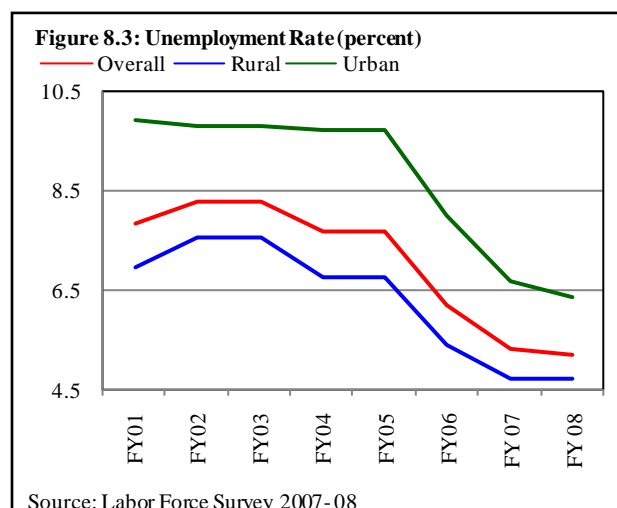
**Table 8.2: Gini Index of Regional Countries**

Country/ (data year) <sup>10</sup>	Rank	Index
India (2004)	79	36.8
Sri Lanka (2007)	28	49.0
Bangladesh (2005)	94	33.2
Nepal (2008)	35	47.2
Pakistan (FY07/FY08)	110	30.6

Source: CIA World Fact Book

#### 8.4.1 Unemployment

According to latest Economic Survey, the unemployment rate declined from 5.3 percent in FY07 to 5.2 percent in FY08. Overall and rural unemployment rates declined more as compared to urban unemployment rate. As observed in **Figure 8.3**, the decline in rural unemployment rate has been more than urban unemployment rate since FY05. In case of FY09 this difference in decline can be attributed to the agricultural sector growth of 4.7 percent, which is the major profession in the rural region and to the declining share of major urban employment sectors (trade and manufacturing sectors<sup>14</sup>) in the overall economy due to structural problems, power shortages, and global recession.<sup>15</sup>



<sup>10</sup> Latest data available is given against each country in the parenthesis.

<sup>11</sup> As calculated by the CIA World Fact Book. The rank of each country denotes the level of equality in distribution of family income, the higher the rank, the more equitable distribution of family income. On the other hand, the Gini index shows the degree of inequality in the distribution of household income in a country. The lower the Gini index, the more equally a country's income distribution, and vice versa.

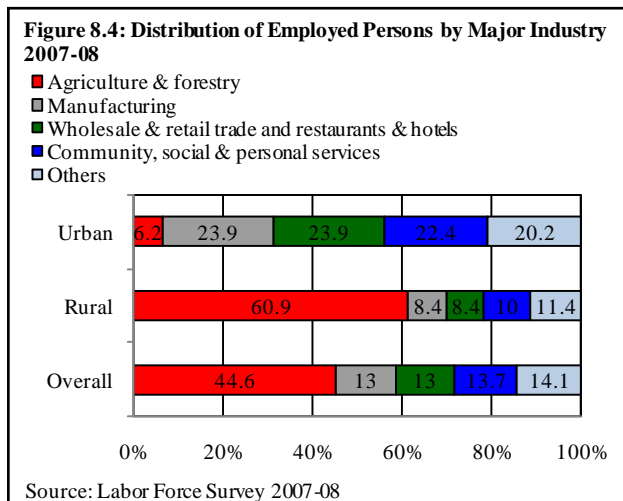
<sup>12</sup> International Labour Organization ([www.ilo.org](http://www.ilo.org)).

<sup>13</sup> Pakistan Economic Survey 2008-09.

<sup>14</sup> Pakistan Economic Survey 2008-09.

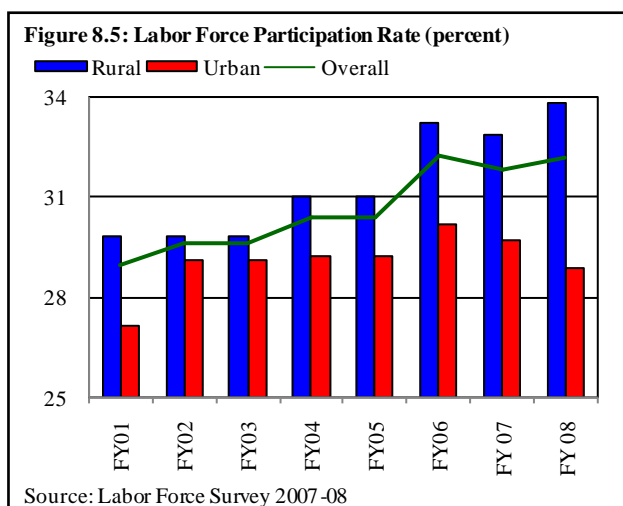
<sup>15</sup> A Development Emergency (2009), Global Monitoring Report.

Sector-wise employment distribution along with rural urban bifurcation (see **Figure 8.4**) suggests that agriculture remains the mainstay of rural population, employing more than 64 percent of the rural labor force while industry and trade are the major employment generating sectors in urban areas during FY08. Construction employs almost the same percent of labor in both rural and urban areas. It is important to note that community, social, and personal sector employs more than double in urban areas (22.4 percent) than in rural areas (10 percent), implying that these sectors are more developed in urban regions as compared to rural areas.



#### 8.4.2 Civilian Labor Force

As far as labor force participation is concerned, **Figure 8.5** reveals that urban labor force participation rate (in percent terms) has declined while overall and rural labor force participation rates have risen in FY08 as compared to FY07. Rural labor force participation has climbed up to the highest in FY08 since FY00. This has occurred due to dependency of most of the rural population on agriculture as the main source of employment over the discussed period; however, the decline in urban labor force participation can be linked to slowdown in urban economic activity due to economic downturn in recent years and low growth in services and manufacturing sector. Concentration of employment in agriculture sector can lead to saturation and underemployment in this sector. Holistic efforts are required in order to ensure that the urban economy gets back on track so that the urban labor force participation remains in consonance with the trend in overall labor participation rate.



#### 8.4.3 Province-wise Labor Force

##### Participation

Province-wise labor force participation rate is given in **Table 8.3**. Labor force participation in Punjab is the highest while that in NWFP is the lowest. Similarly, NWFP has the lowest male labor force participation rate among the four provinces. This may be due to (a) adverse security situation; and (b) negative growth rate in agri-credit disbursement in the province.<sup>16</sup> On the other hand, Balochistan has the lowest female labor force participation rate among the four

**Table 8.3: Province-wise Labor Force Participation Rates FY08 (in percent)**

	Total	Male	Female
Punjab	33.8	50.5	16.7
Sindh	32.3	51.0	10.7
NWFP	27.0	42.7	11.1
Balochistan	27.8	46.7	6.5

Source: Labor Force Survey 2007-08

<sup>16</sup> Third Quarterly Report for FY09 on the State of Pakistan's Economy, SBP.

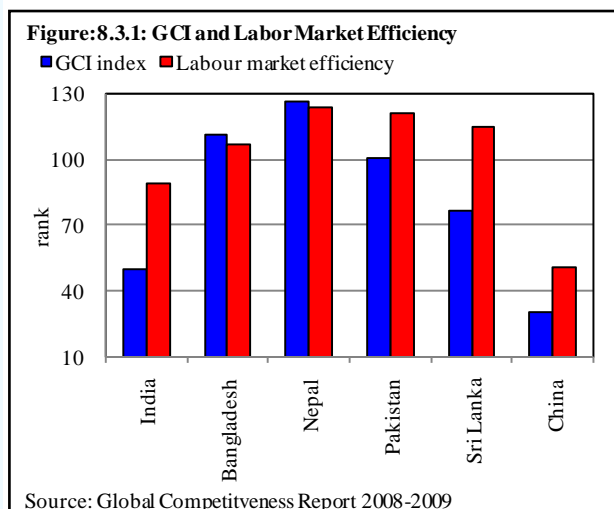


provinces. This may be due to cultural reasons, lack of female education and employment opportunities in the province. Another important insight is that, while Punjab and Sindh are having overall labor force participation rates in the range of 32-33 percent, Balochistan and NWFP are having a participation rate around 27 percent. This shows that there is gap between opportunities and resources available for the population in latter two provinces than the former two. There is need for government intervention in this area so that the labor force participation in these provinces can be increased for the economy's growth. One area of intervention is through investment and extension of credit facilities, both micro-credit as well as agri-credit.

### Box 8.3: Global Competitiveness Index (GCI):

The GCI measures competitiveness of a country by taking various social and economic indicators into consideration and assigning weights to each indicator. Though it is not a direct measure of any particular socio-economic indicator, it is an indicator of economic, social and institutional stability of a country. The GCI uses twelve indicators called the twelve pillars including institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market sophistication, technological readiness, market size, business sophistication, and innovation. The higher the GCI number, the lower the country's competitiveness profile as compared to other nations.

**Figure 8.3.1** shows GCI rank and labor market efficiency, one of the indicators used in the calculation of GCI, of some regional countries. According to the GCI, Pakistan has one of the lowest labor market efficiency among the regional countries, while China has the most efficient labor market in the region. According to the GCI Report 2008-09, Pakistan's ranking in Global Competitiveness Index (GCI) is 101 among 134 countries; Sri Lanka, India, and China stand at GCI of 77, 50, and 30 respectively; while Bangladesh is at 111 and Nepal is ranked 126 on GCI.



The GCI is used by big businesses and international investors as an indicator of economy's investment openness. Weak macroeconomic indicators and institutional infrastructure have led Pakistan to lag behind other South Asian neighbors in the GCI Index. A consistent and sustainable economic outlook will be required in coming years for Pakistan to be at a better position in the GCI Index.

Global recession has also been one of the major reasons of recent unemployment in most of the developing countries and it calls for a global solution. Achievement of MDG target of decent and productive work for all seems to be endangered by current global economic turmoil. According to a recent report by the World Bank<sup>17</sup>, developing countries need to overcome economic recession by providing fiscal response through social safety nets and protecting infrastructure and programmes that can generate employment, provide support to the private sector in development of SMEs, and undertake programmes of human development.

Keeping the above in view, government of Pakistan has adopted multi-pronged policies to reduce unemployment; measures have been taken not only to create job opportunities but also to ensure decent and productive work. In this regard, PRSP II highlights development of employment generating sectors like manufacturing, construction, and SMEs, with greater focus on skill development e.g. the People's Works Programme, National Internship Programme and the NAVTEC (see **Box 8.3**). Employment guarantee schemes have been successfully implemented in various

<sup>17</sup> A Development Emergency (2009), Global Monitoring Report.

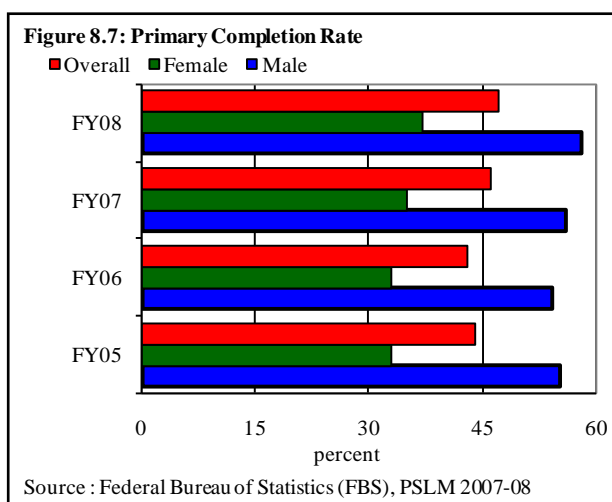
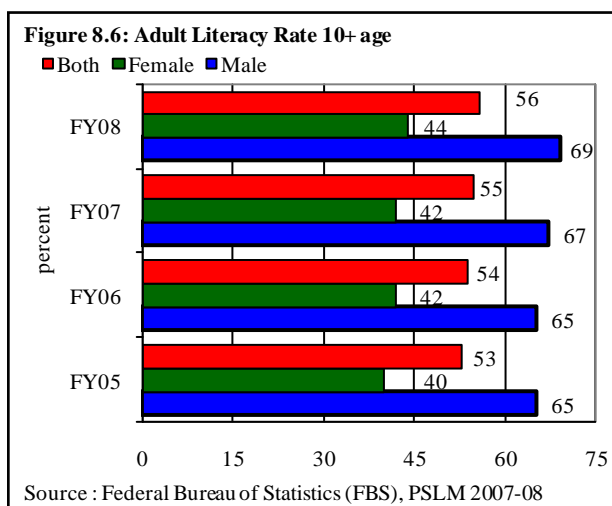
countries and have proved to be effective in reducing unemployment. The government of Pakistan has planned to launch an employment guarantee scheme under which training and employment for one person from each household will be provided. Initially the programme will be launched in the poorest 10-15 districts of the country, with an allocation of Rs 10 billion. This programme has multiple benefits for both, the economy as well as in eradication of poverty by helping the poor get employment through small public works and social mobilization initiatives. These initiatives would help in lowering the unemployment and helping the youth to contribute to the economic growth of the country.

## 8.5 Education

Education is an essential tool for human resource development as it enhances the capabilities, improves efficiency and productivity. Over the years various initiatives have been undertaken by respective governments to improve the literacy level in the country. Despite these efforts, education sector in Pakistan is still faced with major challenges such as low access and poor quality of education. Along with these challenges performance of education sector has been limited by lack of budgetary support. A paradigm shift in education policies is required along with a significant increase in budgetary support may help in overcoming these challenges.

Literacy rate in the country was recorded at 56 percent in FY08; a slight improvement from 55 percent in FY07 showing a 1.8 percent annual growth. It is important to note that a much higher growth is required to achieve the target of 88 percent by 2015. Gender parity in literacy has also improved from 63 to 64 percent during FY08 as compared to last year; as literacy rate among the male increased from 67 to 69 percent while female segment experienced an improvement from 42 to 44 percent (see **Figure 8.6**).

Among other commonly used output indicators net enrolment rate and primary completion rate showed improvement during FY08. Net enrolment rate (NER)<sup>18</sup> in the country during FY08 was recorded at 55 percent with male enrolment of 59 percent and 52 percent enrolment of females. NER has improved in the country during FY08 however; it is still far away from the target of 100 percent to be achieved by 2015. It is interesting to mention that rural area enrolment by private sector during FY07 reached at 38 percent of the total enrolments.



<sup>18</sup> NER refers to the number of students enrolled in primary school divided by number of children between 5-9 year age.



On the other hand number of children, who have successfully completed primary education was recorded at 47 percent during FY08, against a targeted primary completion rate of 100 percent by the end of 2015 (see **Figure 8.7**). Government of Pakistan has also committed to a target of attaining full parity in youth literacy and primary education by 2015.

Looking at the position of provinces, data shows that Punjab is leading with 61 percent male and 59 percent female primary enrollment rate (see **Table 8.4**). In Sindh and NWFP, more than 50 percent children get enrolled. While male NER in Sindh and NWFP remained at 55 percent each and female NER was 46 percent and 41 percent

respectively. However, Balochistan is far behind with less than 50 percent Net Enrollment Rate (47 percent male and 35 percent female NER). This can be attributed to poor public private partnerships, low community involvement and weak institutional capacity of the public sector.

Classifying the population in different educational levels provides a better understanding of educational status of the country (see **Figure 8.8**). The data indicates that more than 42 percent of the population is having no formal education; on the other side only 4 percent of population has degree level education, with major part of this 4 percent having degrees without attending any university. Between the two extremes 38 percent of population is below metric level, with 11 percent having education up to metric and only 5 percent up to higher secondary level.

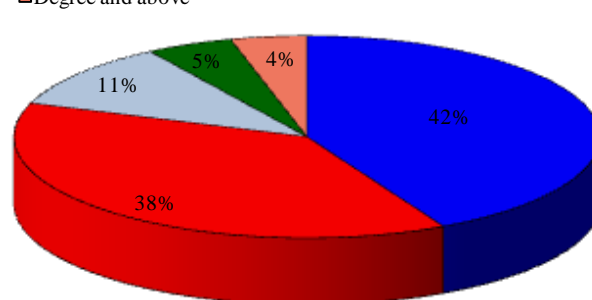
**Table 8.4 : Basic Educational Indicators for Provinces**

Region	NER (primary)			Literacy rate (adult)		
	Male	Female	Both	Male	Female	Both
Overall	59	52	55	69	44	56
Punjab	62	59	61	70	48	59
Sindh	55	46	51	69	42	56
NWFP	55	41	49	68	33	49
Balochistan	47	35	41	66	23	46

Source : Federal Bureau of Statistics (FBS), PSLM 2007-08

**Figure 8.8: Education Levels**

■ No formal education ■ Below matric  
■ Matric but less than Inter ■ Inter but less than degree  
■ Degree and above



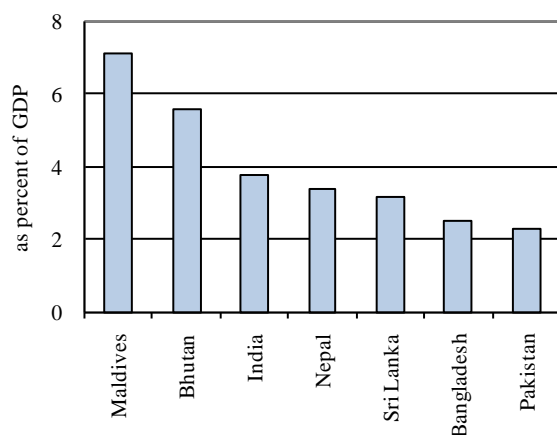
Source: Time Use Survey 2007

In terms of resource allocation, Pakistan stands at bottom among South Asian peer group, having lowest public expenditure on education (see **Figure 8.9**). Moreover the public expenditure over the years for this sector has remained below 2.5 percent of GDP except for FY07 and FY08 (see **Figure 8.10**). The recent budget allocation (FY 09) is also estimated at 2.1 percent of the GDP. Development expenditure on education sector through PRSP has also declined in FY09. Deficiencies in planning and institutional capacity are evident from 20 to 30 percent of unutilized funds during FY09.

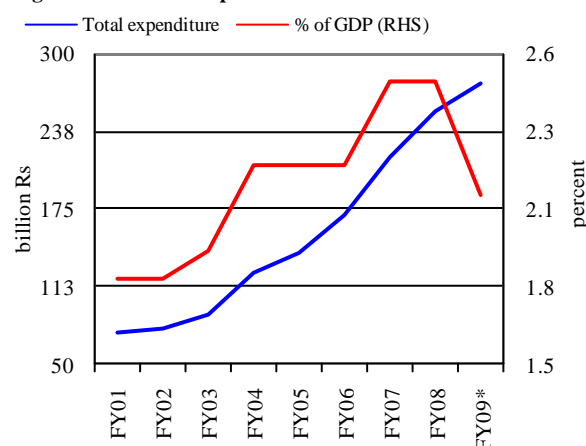
#### **Box 8.4: National Vocational & Technical Education Commission (NAVTEC)**

In a country like Pakistan having population growth rate of 1.7 percent with unemployment rate of 5.3 percent and having a rapidly expanding services sector facing challenges like WTO & Globalization, it was absolutely imperative to develop some institutional framework for technical and vocational education & training (TVET) system in the country. In this connection, government of Pakistan accorded high priority to skill development in the Medium Term Development Framework (2005-2010) and introduced a plan of producing approximately one million skilled workforces annually through technical education and vocational training system by 2010.

National Vocational and Technical Education Commission (NAVTEC) was established through an executive notification in December 2005 which was revalidated through NAVTEC Ordinance 2006. In February this year, NAVTEC announced

**Figure 8.9: Public Expenditure on Education (2005)**

Source : Human Development Report 2007-08

**Figure 8.10: Public Expenditure on Education**

\* Estimated

Source: Economic Survey 2008-09

National Skills Strategy 2008-2013. It is a comprehensive document developed for implementation of NAVTEC mandate. The strategy was developed after studying international TVET systems and consultation with donor agencies in Pakistan.

The vision for this strategy is 'skills for employability, skills for all'.

Initiatives taken by the government under technical education and vocational training such as *Funni Maharat & Hunarmand Pakistan Programs* are specially focused on marginalized segments of the society; earthquake hit areas, Federally Administered Tribal Areas and Balochistan. NAVTEC has provided skills to 50,000 workers under Hunarmand Pakistan program with 34,000 people currently under training (see **Table 8.4.1**). Moreover, under Funni Maharat program, NAVTEC is establishing 130 new vocational training institutes that will provide skills to 45,000 workers.

## 8.6 Health

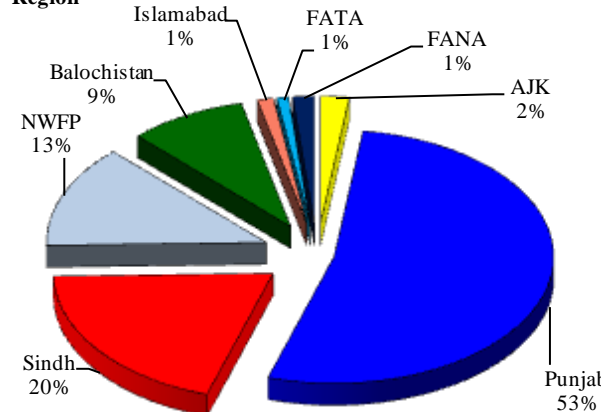
Health is viewed as a form of human capital and therefore an input in growth process. Countries with healthy and educated populations are in a better position to prosper.<sup>19</sup>

Existing health infrastructure is not sufficient to cater to the needs of over 160 million people residing in the country. According to the data on health centers a minimal increase in health centers was witnessed during 2000-2007 (see **Table 8.5**). Moreover, there exists a significant difference among

**Table 8.4.1: Technical Education and Vocational Training (TEVT)**

	Government			Registered private		
	Male	Female	Co-ed.	Male	Female	Co-ed.
Enrolment	92,074	101,523	55,847	33,816	14,525	16,403
Institutes	469	452	219	218	46	118
Teachers	7,119	2,712	2,814	3,138	246	1,392

Source: NAVTEC Survey 2006-07

**Figure 8.4.1: Technical and Vocational Training Institutes by Region**

Source: NAVTEC Survey 2006-07

<sup>19</sup> Health, Economic Growth, and Poverty Reduction, World Health Organization (WHO), April 2002.

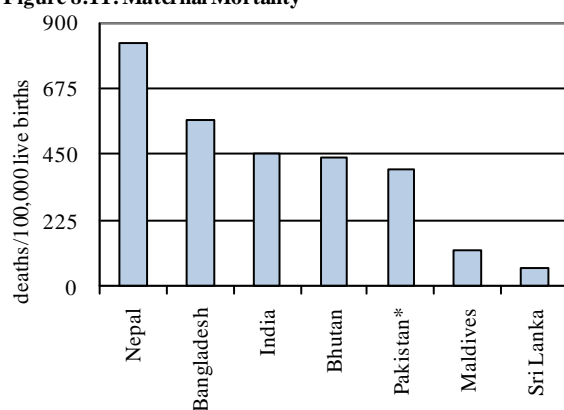
provinces. Health facilities in Balochistan and NWFP are lower as compared to Punjab and Sindh. One of the explanations for this difference can be the difference in their respective populations; however the status regarding the number of health centers and beds remains poor.

If we look at health output indicators, Pakistan's position is relatively weak in some of the important indicators as compared to international standards. In maternal mortality, with 400 deaths per 100,000 live births Pakistan stands at third last position in South Asia (see **Figure 8.11**). Pakistan has witnessed improvement in maternal health over the last few years; however it is still far from achieving the target of 140 deaths per 100,000 live births by the end of 2015.

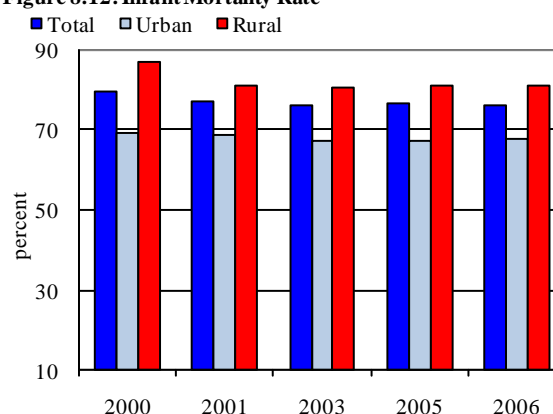
**Table 8.5: Health Facilities**

	Health centers*		No. of beds		Population (million)
	2000	2007	2000	2007	2007
Punjab	2272	2310	43004	45775	87.7
Sindh	2362	2556	27201	28606	36.5
NWFP	801	902	14432	16691	21.9
Balochistan	837	742	5040	5983	8.2

\* Includes hospitals, dispensaries, maternal & child welfare centers  
Source : Federal Bureau of Statistics (FBS), Statistical Year Book 2008

**Figure 8.11: Maternal Mortality**

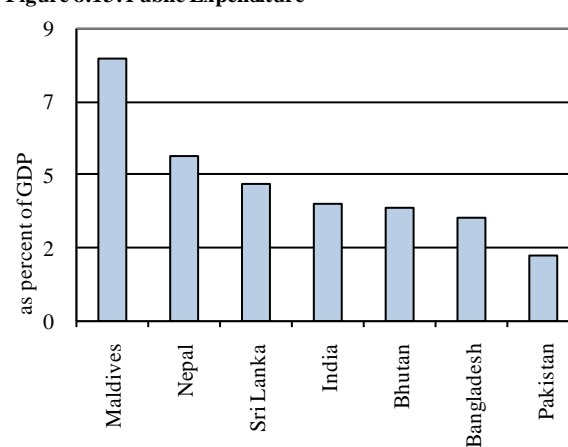
Source: WHO Health Statistic 2009  
Data refers to year 2006, \*: PMDR 2005

**Figure 8.12: Infant Mortality Rate**

Source : Social Indicators of Pakistan 2007, FBS

Similarly Infant Mortality Rate (IMR)<sup>20</sup> for the country has improved and IMR in the country has decreased to 76 percent, which is close to the MDG target of 77 percent (see **Figure 8.12**). A positive element about this decline in IMR is that this improvement is mainly concentrated in rural areas. IMR in rural areas decreased to 81 percent in year 2006, from 87 percent in year 2000.

A review of South Asian region shows that unfortunately Pakistan stands at the bottom in terms of public expenditure on health (see **Figure 8.13**). Total budgetary expenditure by the government is declining for last few years. In FY09 public expenditure as a percentage of GDP declined to 0.55 percent from 0.57 percent in FY08. On the other

**Figure 8.13: Public Expenditure**

Source : World Health Statistics 2009, Data refers to year 2006

<sup>20</sup> Infant mortality rates are calculated as the proportion of children who die before they reach their first birthday.

hand budgetary allocation for the implementation of PRSP is also on a declining trend over the last two years. In FY09 total expenditure in health sector through the PRSP channel declined to Rs 26,819 millions only, while it was 61,127 millions in FY08. Developing public private partnerships (PPPs) can provide some of the resources needed to improve health sector indicators.

#### Box 8.5: Prices of Essential Medicines in Pakistan:

In developing countries only one third of the population have access to medicines through public sector, while private sector provides medicines to rest of the two-thirds. Prices people pay for lowest-priced generic medicines vary from 2.5 times to 6.5 times of international reference prices (IRPs) in the two sectors respectively. This is mainly because developing countries lack proper regulation or assessment system to assess the pricing of medicines.

In Pakistan there exists 28 to 35 percent disparity between consumer and producer prices of essential medicine in private sector. Pakistan is relatively in a better position in comparison to the countries mentioned in the **Table 8.5.1**. Key contributor to these add-on costs are wholesaler, retailer markups, taxes and duties in the supply chain.

The role of pharmaceutical companies, ranging from multinationals to generic manufacturers to national distributors, would be critical in this effort.

Government of Pakistan can improve access to essential medicines through developing stronger partnership with pharmaceutical companies and civil society to ensure universal access to essential medicines.

**Table 8.5.1: Margin Between Consumer and Producer Prices in Private Sector**

Country	Markup	
	Minimum	Maximum
Pakistan	28	35
Tanzania	56	56
Morocco	53	93
Mongolia	68	98
Mali	87	118
Ethiopia	76	148
Malaysia	65	149
Uganda	100	358
India	29	694
El Salvador	165	894

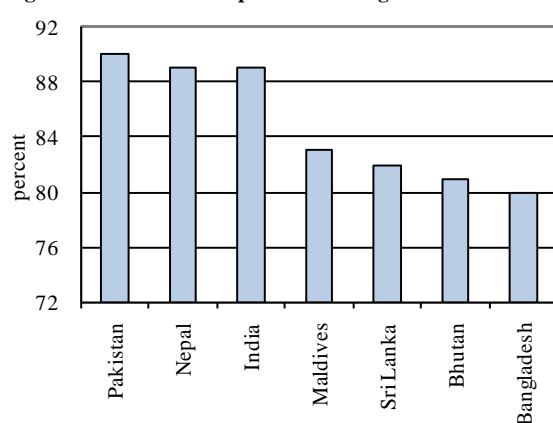
Source : MDG Gap Task Force Report 2008

## 8.7 Environment

Pakistan's environment policy focuses on sustainable development of renewable natural resources (RNR) i.e. forests, watersheds, rangelands, wildlife, biodiversity and their habitats. The country's poverty reduction strategy discusses two environmental issues that are water availability and sanitation as improved water and sanitation facilities help in reducing the incidence of diseases.

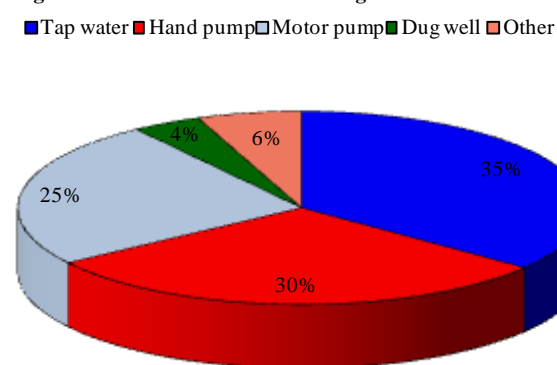
Despite the fact that Pakistan's public spending on environment is not sufficient, the country's position regarding access to water and sanitation among regional countries is better; Pakistan is the

**Figure 8.14: Access to Improved Drinking Water**



Source : World Health Statistics 2009, data refers to 2006

**Figure 8.15: Main Source of Drinking Water**



Source : Federal Bureau of Statistics (FBS), PSLM2007-08

leading country in South Asia where 90 percent of the population has access to improved drinking water<sup>21</sup> (see **Figure 8.14**). According to the Planning Commission and Ministry of Environment, the above data relates to sources of water supplies rather than safety levels.

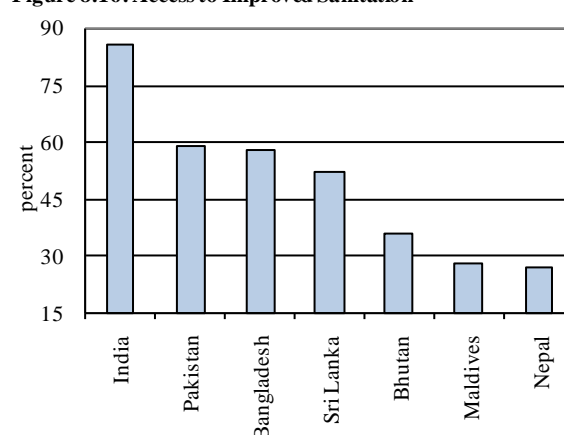
In Pakistan 35 percent of the population is using tap water<sup>22</sup> for drinking (see **Figure 8.15**); 30 percent of the population gets water from hand pumps, installed at homes, streets or at common areas, while motor pump is a source of drinking water for 25 percent of the population constituted mostly in urban areas. Of the remaining population 4 percent are using dug wells as a source of drinking water, while 6 percent are using other sources<sup>23</sup>. It is estimated that almost 60 percent of all diseases in Pakistan are water borne.<sup>24</sup>

Pakistan is ranked second for sanitation provision in South Asia, with 59 percent of the population having access to improved sanitation (see **Figure 8.16**). During FY09 a pilot project for sewerage, drainage & sanitation management, using currently prevailing advanced technology was initiated in urban and rural areas by the environment division. This technology is both environment friendly and cost effective.

According to International Energy report released in October, 2007 the country stands at 51<sup>st</sup> position in the world for carbon dioxide emission from the consumption and flaring of fossil fuels. However the country stands third in South Asia in carbon dioxide emission with a 0.8 ton per capita Carbon Dioxide emission. Pakistan is ranked at 51<sup>st</sup> among the top carbon dioxide emitting countries (see **Figure 8.17**).

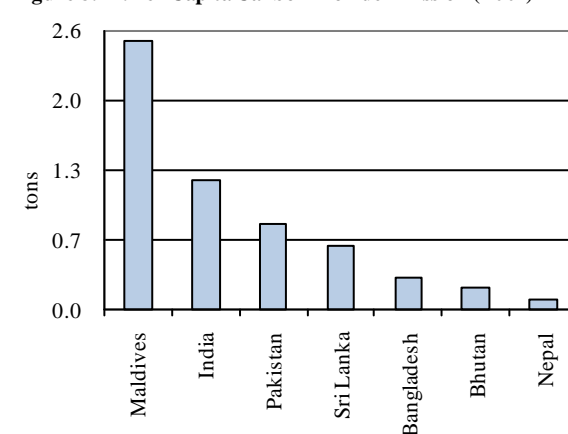
Rapidly increasing population in Pakistan along with problems like power shortage is resulting in increased use of fossil fuels, both at public and private levels. This may affect the environment as fossil fuel consumption generates green house gases, majorly Carbon Dioxide (CO<sub>2</sub>).

**Figure 8.16: Access to Improved Sanitation**



Source : World Health Statistics 2009, data refers to the year 2006

**Figure 8.17: Per Capita Carbon Dioxide Emission (2004)**



Source : Human Development Report 2007-08

<sup>21</sup> Improved water means tap water; water distributed by trucks from water stations, public stand posts; and from groundwater sources availed by way of using tube wells.

<sup>22</sup> Tap water is the water distributed by the municipal administration from the municipal water stations.

<sup>23</sup> Other includes public standpipe (supplied by tanker), water seller, canal, river, spring, stream, pond and other.

<sup>24</sup> PRSP-II document.

If we look at the other environmental indicators, forests in Pakistan cover about 3 million hectares that is 5.2 percent of the country's land (see **Table 8.6**). Most of these forests are in the Northern Areas and Azad Kashmir, where the management of these resources is difficult due to inadequate infrastructure in these areas. Lack of tree cover contributes too many problems, including soil erosion, silting of streams, flooding, and a shortage of timber and firewood. On the other hand, area protected for wildlife conservation is 11.3 percent of the total land against a target of 12 percent by 2015. On a positive note increasing use of Compressed Natural Gas (CNG) has made Pakistan the largest user of CNG in Asia. This is a positive step towards environment protection.

**Table 8.6: Other Environmental Indicators**

Pakistan's share in total global emissions (%)	0.4
Cost of environmental neglect & degradation to Pakistan's economy	Rs. 365 billion
Forest cover -% of total land area	5.2
Protected area for wildlife conservation (% of total land area)	11.3
Per capita water availability	1090 cubic meters
Largest user of CNG in Asia	In 2007, Pakistan became the largest user of CNG in Asia
Current status of MDG 2015 goals on environment	Govt. of Pakistan is likely to meet these targets in time

Source: United Nations Development Program Pakistan