

8 Social Sector Developments

Social sector development in the past few years was supported by consistent high economic growth, however recent macroeconomic situation particularly double digit inflation and twin deficits may affect the pace of developmental projects. The latest available data shows positive trends reflected by key socioeconomic indicators including head count ratio, literacy rate, gross enrolment rate, life expectancy rate, and unemployment rate. Nevertheless, Pakistan's Human development Index (HDI) ranking at 136th position (only above Bangladesh and Nepal in South Asia) highlights the fact that a lot more is needed to check growing income inequality, rising child mortality, and inflationary impact on poor and vulnerable segments of society.¹

The government is giving high priority to social sector development as reflected in Medium Term Development Framework (MTDF) in the light of Millennium Development Goals (MDGs) of the U.N. Out of 34 indicators adopted by Pakistan for monitoring progress of MDGs, Pakistan is ahead of target in 7 indicators, on track in 16 indicators and lagging in 11 indicators.² The main thrust of the government's pro-poor strategy is to maintain macroeconomic stability while enhancing developmental expenditure. In this regard, pro-poor expenditure of 5.7 percent of GDP during FY08 was well above the requirement of 4.5 percent of GDP under the Fiscal Responsibility and Debt Limitation Act 2005.³ Despite this and resultant improvement in key indicators a significant portion of population still remains trapped in poverty and not having access to the necessities of everyday life i.e. education, clean drinking water, and access to basic health facilities. The government needs to dedicate more funds for the social uplift of the poor and vulnerable while ensuring an efficient and transparent utilization of these resources.

8.1: Population

Pakistan is the fourth most populous country in Asia and sixth in the world. Having an average annual growth rate of 2.02 percent the population of the country reached 160 million in 2007 as compared to 139 million in 2002, whereas during the said period the overall world population increased by average annual growth rate of 1.17 percent.

Though, population growth rate in Pakistan has declined to 1.8 percent in 2008 from 2.06 percent in 2000, according to Population Reference Bureau (PRB), the projected population increase in the country over the period 2007-2050 would be 74 percent; second highest in South Asia Maldives being the first (77 percent). Currently population of Maldives is only 0.3 million and its higher percent growth may be attributed to base effect.

A spatial analysis of population shows that the major portion of population still resides in rural areas. Besides that over the last 35 years (1972-2007) there is a significant increase of 10 percentage points in urban population (see **Table 8.1**), making Pakistan the most urbanized nation in South Asia. This trend of

Table 8.1: Population Bifurcation
percent

	Urban	Rural	Male	Female
1972 (Census)	25	75	53	47
1981 (Census)	28	72	52	48
1998 (Census)	33	67	52	48
2000	33	67	52	48
2005	34	66	50	50
2007	35	65	49	51

Source: Economic Surveys

¹ Source: Human Development Report 2007-08

² Source: Annual Plan 2008-09

³ Source: Economic Survey 2007-08

population structure can be attributed to concentration of economic opportunities in the urban region. The migration of people from rural to urban region has started to put pressure on the limited resources of urban regions. Hence, the government needs to adopt a multipronged approach not only to create economic opportunities in rural areas, but also to provide proper and sufficient infrastructure to support the increasing number of migrants to the urban region.

The share of males and females in overall population in 2007 has changed with an increase in the share of female population to 51 percent from 50 percent (see **Table 8.1**) in 2005. This development is worth focusing at, as due to lack of opportunities and social setup the true potential of this segment of population remains untapped. Though female literacy rate and female labor force participation is rising (see **Section 8.3**) in the country but the pace of improvement is slow. Strategies emphasizing on education and enhancing female participation in economic activity can lead to an improvement in the social indicators and thus produce multiplying impact⁴ on overall socio-economic status of the country.

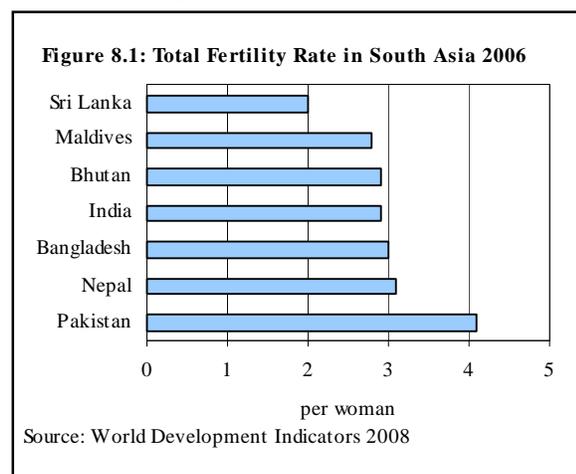
Other population indicators like Crude Birth Rate (CBR) and Crude Death Rate (CDR) have improved (see **Table 8.2**). CDR has shown improvement from 8.6 per thousand in 2000 to 7.1 per thousand in 2006 probably due to elimination of epidemic diseases and improvement in medical services. CBR, however, despite declining to 26.1 per thousand in 2006 from 30.5 per thousand in 1999 is still towards the higher end⁵. Moreover, the refined measure of fertility; Total Fertility Rate (TFR), is depicting a downward trend but is still the highest in South Asian region (see **Figure 8.1**).

Realising the importance of these indicators, Medium Term Development Framework (2005-10) outlines the targets and strategy for population welfare sector, with a focus to improve integration between the population and health sector (see **Box 8.1**). To achieve the lower level of CBR and TFR in Pakistan the government has initiated a number of awareness raising programs regarding the negative impact of high population growth on

Table 8.2: Population Indicators

Year	Crude birth rate*	Crude death rate*	Total fertility rate**
2000	30.50	8.60	4.30
2002	27.30	8.00	4.10
2004	27.80	8.70	4.07
2006	26.10	7.10	3.80

Source: Various issues of Economic Survey of Pakistan
* per 1000 persons, ** percent



Box 8.1: Medium Term Development Framework (2005-10) Targets of Population Welfare Sector

- Reducing population growth rate from 1.87 percent in 2005 to 1.6 percent in 2010
- Attaining the replacement level fertility of 2 children per woman by 2020.
- Provision of reproductive health services including family planning through all service outlets of health departments.
- Increasing contraceptive prevalence rate from 29 percent in 2005 to 51 percent in 2010
- Enhancing the public-private partnership to achieve targets of population welfare sector.

Source: Mid-term Review of Medium Term Development Framework (2005-10).

⁴ See Annual Report 2004-05, SBP

⁵ According to Population Reference Bureau (PRB), more than 30 per thousand is high CBR while less than 18 per thousand is considered low CBR.

economic development of the country. In this regard, not only planned communication and advocacy strategy about family planning is being followed but many social marketing interventions are being implemented in the country⁶. The proactive approach adopted by the government will help in lowering the growth rate of population leading to improvement in population indicators.

8.2: Poverty

Global Scene:

Eradication of extreme poverty and hunger is the first goal among eight Millennium Development Goals (MDGs) of the United Nations Millennium Declaration (MD) 2000. Three targets of this goal are to be achieved by 2015 by the signatory countries.⁷ These

targets include: (a) *halving the number of people whose income is less than \$1 a day*, (b) *achieving full and productive employment and decent work for all, including women and young people*; and, (c) *reducing the number of people who suffer from hunger by half*. The latest poverty projections show that global poverty (based on \$1 a day definition) is estimated to decline from 29 percent in 1990 to 10 percent in 2015.⁸ **Table 8.3** shows that all regions except Sub-Saharan Africa are on track to achieve the target of halving poverty by 2015 as compared to 1990.⁹ In South Asian region poverty declined to 30.8 percent by 2004 and the projected poverty estimate of 15.1 percent by 2015 is expected to surpass the target of 21.5 percent. Despite being on track of achieving MDG1, South Asia, in 2005 was ranked as the poorest region in the world in terms of GDP per capita at market exchange rate, however, in terms of purchasing power parity (PPP), South Asia surpassed only Sub-Saharan Africa.¹⁰

Besides above estimates, there are rising concerns that the recent surge in food prices may undermine efforts of poverty reduction especially in the low income countries.¹¹ According to a World Bank study,¹² based on data of nine low income countries, in the short-run higher staple food prices resulted in an increase in poverty incidence for all these countries. According to a recent IMF study, “The food and fuel prices have greatly raised policy challenges associated with reducing poverty, ensuring food security, and maintaining macroeconomic stability”.¹³

Poverty in Pakistan:

The latest available numbers indicate a modest improvement in the poverty level during 2005-06 as compared to 2004-05; however, the impact of double digit inflation observed in FY08 is likely to affect poverty adversely. During FY08 CPI inflation was recorded at 12 percent, however, for the

Table 8.3: Regional Poverty Projections and MDG1 Targets

percent of population below 1\$ poverty line

Regions	Actual poverty 2004	Projected poverty 2015	MDG1 poverty target 2015
Sub-Saharan Africa	41.1	31.4	23.4
East Asia & Pacific	9	2.8	14.9
Europe & Central Asia	0.9	0.2	0.3
South Asia	30.8	15.1	21.5
Latin America & Caribbean	8.6	5.5	5.1
Middle East & North Africa	1.5	0.7	1.2

Source: Global Monitoring Report 2008

⁶ Source: Economic Survey 2007-08

⁷ For details on other MDGs see the website: <http://www.un.org/millenniumgoals/>

⁸ Source: Global Monitoring Report, 2008

⁹ In contrast to the achievements in reducing global poverty, there are serious shortfalls in reducing hunger and malnutrition. However, most countries in South Asia are on track of reducing malnutrition and hunger.

¹⁰ Source: World Development Indicators, 2008, World Bank

¹¹ According to World Economic Outlook Update, July 2008, “price pressures are unlikely to abate much in the foreseeable future”.

¹² Ivanic, Maros, and, Will Martin, 2008, “Implications of Higher Global Food Prices for Poverty in Low-Income Countries”, Policy Research Working Paper 4594, The World Bank

¹³ Source: “Food and Fuel Prices-Recent Developments, Macroeconomic Impact, and Policy Responses”, IMF, June 30, 2008

lowest income group it was 14.26 percent as compared to 10.71 percent for the highest income group¹⁴, which shows that inflation affects the poorest segments with high intensity.¹⁵

Table 8.4 presents a comparative position of poverty indicators in 2000-01, 2004-05, and 2005-06. The Headcount Index¹⁶ shows that the number of people living below the poverty line¹⁷ has decreased from 23.9 percent in 2004-05 to 22.3 percent during 2005-06. This decline in poverty is largely supported by decline in urban poverty by 1.8 percentage points as compared to 1.1 percentage point decline in rural poverty during the period of one year.

The other two poverty indicators i.e. poverty gap¹⁸ and severity of poverty¹⁹ also declined in 2005-06 as compared to 2004-05. These indicators improved at the national level as well as at the rural and urban levels.

Poverty gap has narrowed from 4.8 percent during 2004-05 to 4.0 percent during 2005-06 and severity of poverty has declined from 1.5 percent during 2004-05 to 1.1 percent during 2005-06. The urban poverty gap declined by 0.8 percentage point as compared to 0.6 percentage point decline in rural poverty gap in 2005-06 compared to 2004-05. Severity of poverty indicator reflects that rural decline in severity of poverty by 0.4 percentage point is higher than urban decline in severity of poverty by 0.3 percentage points.

Table 8.4: Trends of Poverty (in percent)

	2000-01	2004-05	2005-06
Headcount			
Pakistan	34.46	23.9	22.3
Urban	22.69	14.9	13.1
Rural	39.26	28.1	27
Poverty gap			
Pakistan	7	4.8	4
Urban	4.6	2.9	2.1
Rural	8	5.6	5
Severity of poverty			
Pakistan	2.1	1.5	1.1
Urban	1.4	0.8	0.5
Rural	2.4	1.8	1.4

Source: Economic Survey 2007-08

Table 8.5: Population Under Various Poverty Bands (in percent)

Definitions of Bands	2000-01	2004-05	2005-06
	Poverty line= Rs. 723.40	Poverty line= Rs. 878.64	Poverty line= Rs. 944.47
Extremely poor: Population consuming less than 50% of poverty line expenditure	1.10	1.00	0.50
Ultra poor: Population consuming between 50% and 75% of poverty line expenditure	10.80	6.50	5.40
Poor: Population consuming between 75% and 100% of poverty line expenditure	22.50	16.40	16.40
Vulnerable: Population consuming between 100% and 125% of poverty line expenditure	22.50	20.50	20.50
Quasi non-poor: Population consuming between 125% and 200% of poverty line expenditure	30.10	35.00	36.30
Non-poor: Population consuming more than 200% of poverty line expenditure	13.00	20.50	20.90

Source: Economic Survey 2007-08

Along with the above discussion on trends in poverty, it is important to study where different portions of population reside in relation to poverty line. For this purpose, population is grouped into various 'poverty bands' such as extremely poor, ultra poor, poor, vulnerable, quasi non-poor and non-poor. Since 2000-01 the percentage of extremely poor and ultra poor have declined whereas percentage of quasi non-poor and non-poor has increased (see **Table 8.5**). Between 2004-05 and 2005-06

¹⁴ 14.10 and 12.81 percent for middle income groups

¹⁵ Source: Inflation Monitor, State Bank of Pakistan, June 2008

¹⁶ Head Count Ratio (HCR) is the percentage of population below poverty line.

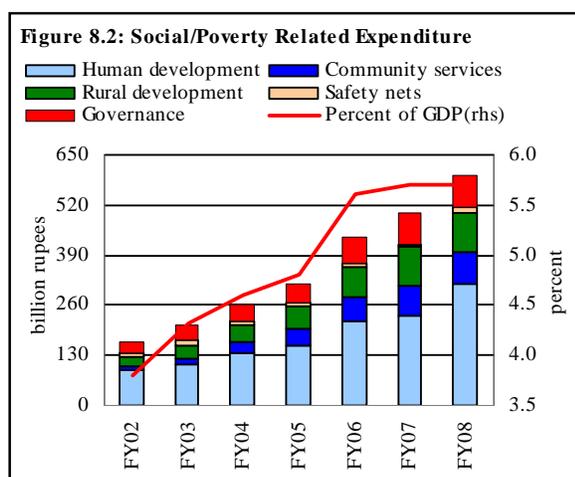
¹⁷ The latest estimate of inflation-adjusted poverty line is Rs.944.47 per adult equivalent per month as compared to Rs. 878.64 in 2004-05.

¹⁸ Poverty Gap (PG) Index measures the depth of poverty and PG index divided by HCR provides the average short fall from the poverty line. Lower value of PG indicates poor are bunched around the poverty line.

¹⁹ Severity of Poverty (SOP) explains the inequality among poor.

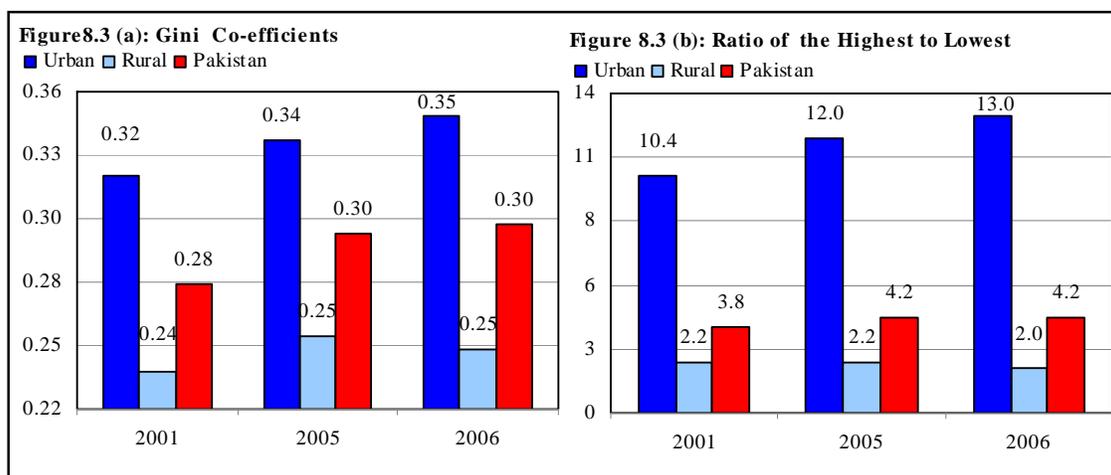
percentage of extremely poor has halved to 0.5 percent and percentage of ultra poor has declined by 1.1 percentage points. However, percentage of ‘poor’ and ‘vulnerable’ segments of the population in 2005-06 was unchanged as compared to 2004-05 and contains the largest portion (36.9 percent) of the population. There is fear that recent surge in food and oil prices and slow growth of agriculture could affect this proportion which may erode achievements in poverty reduction over the last few years.

Government of Pakistan is committed to expand its efforts to eradicate poverty and hunger in the country. In this regard, the government has consistently increased its pro-poor expenditure from Rs. 167.3 billion in FY02 to Rs. 497.5 billion in FY07 (see **Figure 8.2**).²⁰ The pro-poor expenditure of 5.7 percent of GDP during FY07 was well above the 4.5 percent required under the Fiscal Responsibility and Debt Limitation Act, 2005. Further, this expenditure was increased by 20 percent to Rs. 597.5 billion in FY08 which is 6.0 percent of the GDP.²¹



Consumption Inequality:

Contrary to the declining trend in the absolute poverty in Pakistan, the consumption inequality has increased reflecting a rise in rich-poor divide. Commonly used indicators for measuring inequality; gini coefficient²² and consumption expenditure ratio of highest to lowest quintiles, both reflect that consumption inequality at national level has increased over the years (See **Figures 8.3a and 8.3b**). The gini coefficient for Pakistan marginally increased to 0.3018 in 2006 up from 0.2976 estimated for 2005. Similarly, the ratio of the share of consumption expenditures of the highest to lowest quintiles also increased from 4.15 in 2005 to 4.2 in 2006. The ratio 4.2 indicates that the share of consumption of the richest top 20 percent of population is 4 times more than the share of consumption of the



²⁰ Source: Economic Survey 2007-08

²¹ Source: Ibid.

²² The Gini coefficient takes on a value between 0 and 1. The higher the value of Gini coefficient, the higher will be the inequality.

bottom 20 percent of the population (40.3 vs. 9.6 percent). As far as inequality in urban and rural consumptions is concerned, both indicators show that rural inequality declined in 2006 as compared to 2005 whereas urban inequality has increased during the same period.

The rise in consumption inequality is distressing; however, the government is of the opinion that a significant improvement in consumption inequality is possible only in the long run through creation of employment opportunities for the poor. For this purpose, the government has prioritized sectors like agriculture, small & medium enterprises (SMEs), and housing & construction.²³ Along with long run strategy, in the short to medium term a targeted social protection²⁴ strategy is being implemented to provide ad hoc support to poor and vulnerable segments of the society.

Strategies of Poverty and Inequality Reduction

The decline in poverty during 2005-06 is a proof of Pakistan's commitment to the Millennium Development Goals (MDGs). For achieving the MDGs targets; MTDf provides seven themes on poverty reduction.²⁵ MTDf provides a

roadmap to achieve two main targets of MD 2000 related to eradication of poverty and hunger.²⁶ It aims to reduce poverty to 21 percent by 2010 and to 13 percent by 2015.²⁷ MTDf strategy for poverty reduction involves pro-poor growth, social development, good governance and social protection. While the MTDf aims to translates vision 2030 into implementation during the period 2005-10 with an emphasis on "sustainable economic growth" the PRSP-II presents a strategy to ensure that the growth is broad-based and leads to effective poverty reduction. There are seven pillars of PRSP-II (see **Box 8.2**) ensuring a broad

based poverty reduction strategy in line with MTDf 2005-10. Moreover, the government is aware of the impact of rising food and oil prices on poor. Recognizing the likely adverse impact of inflation particularly food inflation on poverty in Pakistan, the newly elected government is proactively pursuing poverty reduction programs. In this regard, the core of Prime Minister's Special Initiatives during 2008-09 is poverty reduction and employment generation measures (see **Box 8.3**).

Box 8.2: Pillars of Poverty Reduction Strategy Paper-II (PRSP-II)

The second generation poverty reduction strategy is prepared around following seven pillars:

Pillar 1: Drivers of economic growth and macroeconomic stability

Pillar 2: Crafting a competitive advantage

Pillar 3: Harnessing potential of the people

Pillar 4: Financial sector deepening and economic development

Pillar 5: Provision of world class infrastructure

Pillar 6: Effective governance and management

Pillar 7: Targeting the poor and the vulnerable.

Source: Draft Summary of Poverty Reduction Strategy Paper-II, Ministry of Finance, Government of Pakistan, April 2007.

²³ Source: Medium Term Development Framework 2005-10

²⁴ See, special section on Social Protection in SBP's Third Quarterly Report, FY08

²⁵ Other themes include basic and college education, health, nutritional interventions, population welfare, water and sanitation, environment and sustainable development and women empowerment.

²⁶ (i) halving the proportion of people under poverty line and (ii) halving the proportion of population who suffer from hunger.

²⁷ Source: Mid Term Review of Medium Term Development Framework 2005-10, Planning Commission, Government of Pakistan, May 2008

Box 8.3: Recent Poverty Reduction Initiatives of the Government.

- Increasing targeted safety net programs to protect poor and vulnerable against shocks
- Accelerating employment generation by improving education including technical education
- Focusing on less developed areas for development
- Revitalize agricultural growth as poverty is persistent in rural areas
- Financial inclusion with particular focus on microfinance and Small and Medium Sector(SME).

In this regard, special programs include Income Support Fund involving social protection initiatives, Hunarmand Pakistan, Placement Bureaus, Housing Fund for the poor, White Revolution, Expansion and Up-gradation of Basic Health Units (BHUs), Village Product Specialization and doubling Lady Health Workers from 100000 to 200000.

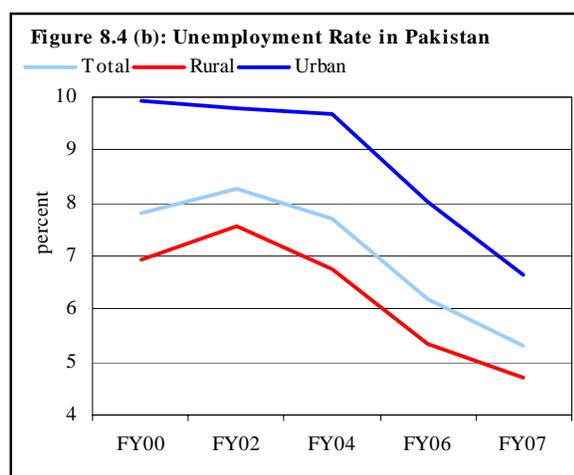
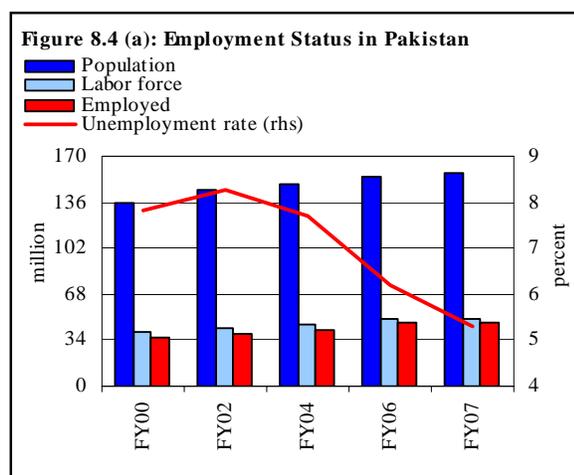
Source: Annual Plan 2008-09

8.3: Employment:

Strong global economic growth during 2007 helped stabilize the world labor markets. The major portion of jobs created due to increasing level of productivity was in South Asia. According to the ILO and the IMF estimates globalized labor market is expected to minimize the impact of economic slowdown on global employment as there are chances that the regions with positive economic growth would offset the slowdown effect from other countries²⁸.

The labor force of Pakistan has witnessed a rise over the years and was estimated to be 50.33 million in 2006-07. Positive economic growth over the last six years has led to an increase in the number of employed labor force reaching 47.65 million during 2006-07 as compared to 46.95 million in 2005-06 and 38.37 million in 2001-02. This increase in employed labour force was accompanied by enhanced labor force participation rate (LFPR) and has also resulted in a significant decline in unemployment rate (see **Figure 8.4(a)**). Unemployment rate declined from 3.46 percent in 2001-02 to 2.68 in 2006-07. Though these rising indicators project a positive scenario, there are elements of concern also. During 2006-07 only 0.7 million employment opportunities were created with a significant difference between rural (0.62 million) and urban (0.08 million) share of jobs.

The unemployment level continues to decline since 2001-02. As per the latest available figures the unemployment level dropped to 2.68 million in 2006-07 from 3.10 million in 2005-06 mainly on account of government policies geared towards employment creation (see **Box 8.4** for government



²⁸ Global Employment Trends 2008 International Labor Organization Geneva

Box 8.4: Government's Employment Generation Initiatives

The government has initiated a number of programs to provide employment for all. This includes direct interventions to create employment opportunities at home and abroad. The initiatives taken by the government include.

Small and Medium Enterprise (SME): Small and Medium Enterprise (SME) sector is believed to be a good source for employment generation. The government has not only established SME bank but also introduced 'Humdard Pakistan Scheme' for facilitating self employment. By 2008 these initiatives have been able to provide employment to 47,213 persons and financed 6,745 SMEs.

Microfinance: Microfinance has proved to be an effective tool for poverty alleviation and job creation. The State Bank of Pakistan has facilitated setting up of micro finance banks, while the government with the help of multilateral agencies has introduced various initiatives, Khushhali bank being a major one of them. By July 2007 Khushhali bank had disbursed loans to the tune of Rs 11.71 billion generating jobs for 1118,502 individuals. National Bank of Pakistan has developed a range of micro finance based products under the President's Rozgar Scheme and branded them as 'NBP Karobar'. Under the scheme the bank provides an average loan of Rs 100,000 for maximum period of five years. To facilitate micro entrepreneurs the bank also provides a three month grace period.

National Internship Program: In order to provide young professionals an opportunity to seek training and financial relief the federal government has introduced the National Internship Program (NIP). Fresh graduates having 16 years of education are paid a stipend of 10,000 rupees and 20,000 youth have been inducted in various government departments. The program has helped in capacity building of the youth and in improving efficiency of the public sector.

Labor Market Information System: Labor and Manpower Division have introduced a Labor Market Information System, the objective of which is to collect and consolidate information related to the labor market. The system will facilitate compilation of data on employment and unemployment level in the country and help policy makers to formulate policies accordingly.

Policy Planning Cell: The ministry of Labor and Manpower has established a dedicated cell that is mandated to formulate policies related to employment within the country and international market, facilitate migration of the overseas labor, introduce labor laws and protect the interest of labor force by introducing measures like the establishment of welfare funds and pension schemes.

Technical and Vocational Training: To ensure availability of a skilled labor force National Vocational and Technical Education Commission (NAVTEC) has been established at the federal level. The commission is expected to ensure adequate infrastructure for enabling up-to-date curriculum, training centers and narrowing the gap between technical education and vocational training. During 2007, 23844 trainees were trained under NAVTEC with a target of 200,000 trainees set for 2008.

Skill Development Councils: The Division of Manpower and labor has established Skill Development Councils (SDC) across five major cities, Islamabad, Karachi, Lahore, Peshawar and Quetta. The councils undertake feasibility studies on the basis of which training needs are identified for these areas. These councils are led by representatives of the industry and have so far trained 46,674 individuals.

Source: Pakistan Economic Survey 2007-08 and MTFD

initiatives of employment creation). Since agriculture remains the dominant sector providing employment opportunities, rural unemployment remains lower than the urban areas (see **Figure 8.4b**).

As far as gender wise unemployment is concerned, female unemployment has seen a decline in both rural and urban areas with a modest improvement in the level of male unemployment level. The reasons for decline in female unemployment rate may include initiatives like microfinance that have provided women with business opportunities.

Age specific unemployment rate (see **Table 8.6**) depicts a positive development i.e. a rise in the rate for unemployment for younger age people and a decline in unemployment rate for the prime age work force. Moreover the unemployment rate has dropped for all age groups from 15-19 till 55-59 years and starts rising for the age group of 60+. The share of old group in the total unemployed labor force increased to 13.71 percent in 2006-07 from 11.62 percent in 2005-06. The government has been trying to provide facilities to senior citizens through a number of initiatives. However due to lack of resources the scope of these measures remains limited. It therefore becomes vital for the survival of this age group (60+) to secure employment to support their livelihood which is made difficult by the rising level of unemployment for this group. Though there is a noticeable decline in the unemployment rate, however the economic managers need to ensure that the benefits of economic growth continue to translate in employment creation especially within the context of recent developments of a slowdown in GDP growth and high inflation.

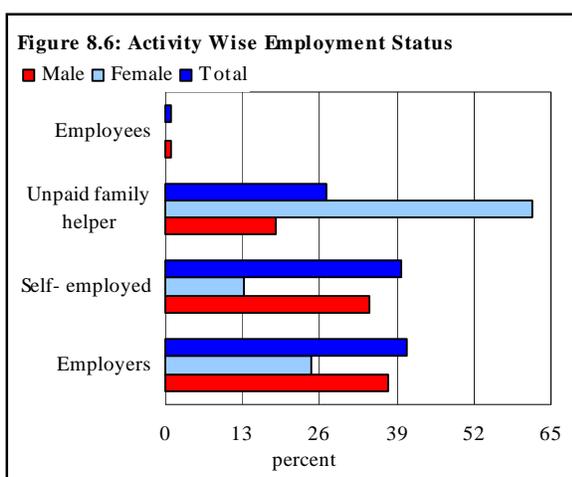
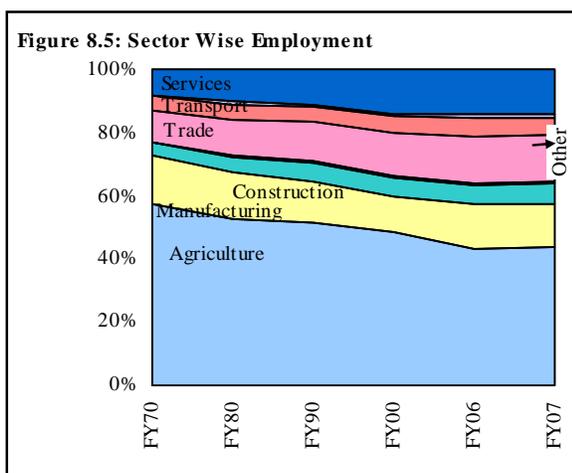
The status of employment sector wise depict that four sectors of the economy employed 86 percent of the total work force during 2006-07, with Agriculture sector employing 43.61 percent, trade 14.43 percent, services 14.41 percent and manufacturing having a share of 13.54 percent (see **Figure 8.5**). Agriculture still remains the largest sector in terms of employment opportunities. Along with agriculture, the construction sector experienced an increase in their share of employed workforce.

Activity wise distribution of labor force reveals that employees (37.42 percent) account for the majority of the labor force (see **Figure 8.6**), followed by self employed (34.52 percent). The number of unpaid family helpers was recorded as 12.98 million in 2006-07 which is 27.24 percent of the total labor force; up from 21.39 percent in 1990-2000. This increase in the unpaid family workers by 5.84 percentage points can be

Table 8.6: Age-Specific Unemployment Rates
percent

Age Group	2005-06	2006-07
	Total	Total
10 Years & Above	6.2	5.32
Between 10 and 14	7.89	9.1
Between 15 and 19	9.98	8.38
Between 20 and 24	7.37	6.67
Between 25 and 29	4.88	4.07
Between 30 and 34	2.85	1.97
Between 35 and 39	2.37	1.5
Between 40 and 44	2.68	1.76
Between 45 and 49	2.87	2.6
Between 50 and 54	6.32	4.78
Between 55 and 59	8.35	7.39
60 yrs and above	11.62	13.71

Source: Economic Survey 2007-08



attributed to government initiatives in the dairy and livestock sectors. The share of women in unpaid family workers has risen to 45.46 percent in 2006-07 from 32.9 percent²⁹ in 1999-00. In other categories of employment women's share do not registered a significant change in percentage terms. Developments like this and presence of a significant informal sector as employer remains a challenge for policy makers. They are not able to protect this segment of the work force and hence they are less likely to take advantage of employment related reforms (see **Box 8.5**).

The labor force participation rate (LFPR) indicates the supply of labor in the economy and its composition has picked up with the working age (10 years and above) population estimated to be 111.39 million³⁰ in 2006-07. Provincial LFPR except Punjab remained below the national average of 45.2 percent in 2006-07, with all provinces experiencing a decline (see **Figure 8.7**). Punjab 0.4 percentage point, Sindh 0.2 percentage point, NWFP 3.4 percentage point, and Balochistan 1.6 percentage point in their LFPR during 2006-07 compared to 2005-06.

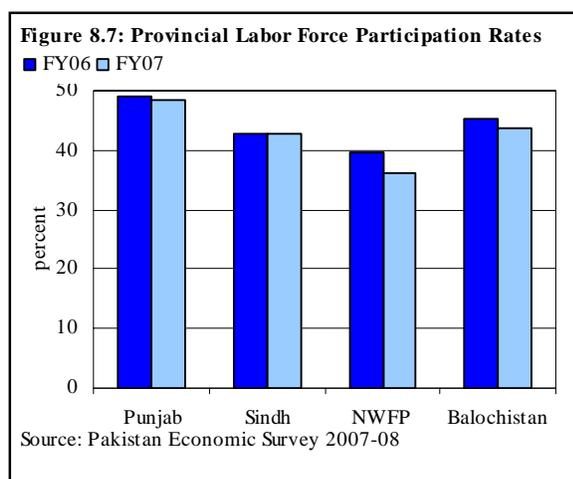


Table 8.7. Labor Force Participation Rate

	LFP rate (percent)		Young LFP
	Crude	Refined	
2001-02	29.6	43.3	43.4
2003-04	30.4	43.7	43.6
2005-06	32.2	46	45.9
2006-07	31.8	45.2	44.2

Source: Pakistan Economic Survey 2007-08

Young labor force is an important part of the work force. While the developed countries are experiencing a decline in their young labor force, developing countries have a rising trend. Pakistan not only has a higher proportion of young labor force but youth labor force participation rate is also increasing (see **Table 8.7**) and reached 44.2 percent during 2006-07. Gender disparity, however, remains an issue as the gap between young men and women is 50.7 percent high above the regional South Asian level of 34.6 percent in 2006. Going ahead the widening gender gap and lack of

Box 8.5: Indicators of Vulnerable Employment

The indicator of vulnerable employment calculates the sum of self-employed and unpaid family workers as a percentage of total labor force. Since self-employed and unpaid family workers are less likely to have formal work arrangements this indicator provides information about the vulnerable employment in terms of an increasing or decreasing level of informal labor market. These two segments of the workforce are prone to economic risk as they do not have access to social protection and safety nets to guard them against economic shocks. The data for vulnerable employment in Pakistan is taken from the Labor Market Information and Analysis Project (LIMA) of UNDP/ILO.

Based on the information provided by LIMA in 2007, vulnerable employment level decreased by 2.5 percentage points between 1990-00 and 2005-06 in Pakistan. This decline is a matter of concern as it has happened in the period of high economic growth, careful analysis needs to be done about which segments of the labor force benefited and which ones have been left out. At the national level vulnerable unemployment is associated with high level of illiteracy due to which people are attracted to work as self employed or unpaid family workers.

According to the trends released by LIMA in 2007 gender based analysis highlights that the vulnerable employment has declined by 0.5 percentage points for male while it has increased by a significant level 6.5 percentage points for females. This rise for females can be attributed to their increasing proportion in unpaid family workers.

Source: Global Employment Trends, ILO 2008

²⁹ Economic Survey 2007-08

female participation can be an impediment in not only maximizing the full potential of available human resource but also achieving women empowerment in the society.

8.4: Education

The constitution of Pakistan requires the government to ensure that its citizens have access to education. The government with its limited resources has adopted several measures to improve education in the country (see **Box 8.6**). Being signatory to accords like MD 2000 and Dakar framework 2000 reflects commitment of the government to promote education among masses. With more focused efforts by the government, educational indicators have shown improvement at national level during FY07 compared to FY06. Literacy rate estimated at 55 percent in FY07 registered one percentage point increase over FY06 (see **Table 8.8**). Gross enrolment rate increased by 4 percentage points to reach 91 percent in FY07. Net enrolment rate witnessed an increase of 3 percentage points to touch 56 percent in FY07.

Province wise analysis (see **Table 8.8**) shows that Punjab maintained first place having highest literacy rate (58 percent), gross enrolment rate (100 percent) and net enrolment rate (62 percent). Various initiatives by the provincial government including conditional cash transfer programs, free textbooks, free uniforms and some of the other incentives offered under the Punjab Education Sector Reforms contributed to the improvement in education indicators of the province. Sindh continues to occupy the second position while NWFP is placed at third position in terms of literacy rate, gross enrolment rate (GER) and net enrolment rate (NER). Though Balochistan is ranked lowest in terms of education level, the pace of improvement for all three key indicators for the province was more than the other provinces during 2006-07. Better performance of Balochistan can be attributed to the low base effect³¹.

According to the PSLM 2006-07 the overall

Table 8.8: Educational Indicators for Provinces

	Literacy rate		GER (primary)		NER (primary)	
	FY06	FY07	FY06	FY07	FY06	FY07
Punjab	56	58	94	100	57	62
NWFP	46	47	83	82	49	49
Sindh	55	55	80	79	50	50
Balochistan	38	42	65	72	34	41
Pakistan	54	55	87	91	53	56

Source: Economic Survey 2007-08

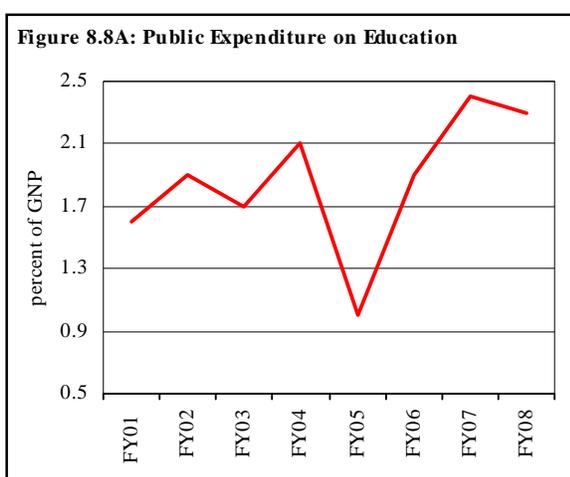


Table 8.9: Gender Parity Index

	Literacy rate		GER (primary)		NER (primary)	
	FY 06	FY 07	FY 06	FY 07	FY 06	FY 07
Pakistan	0.65	0.63	0.85	0.82	0.86	0.85
Punjab	0.71	0.72	0.91	0.9	0.88	0.92
Sindh	0.63	0.63	0.81	0.77	0.87	0.77
NWFP	0.47	0.42	0.75	0.7	0.82	0.73
Balochistan	0.37	0.38	0.63	0.58	0.69	0.65

Source: Economic Survey 2007-08

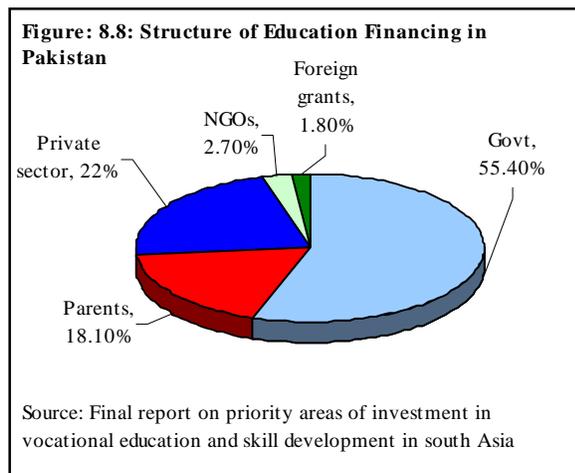
³⁰ *ibid*

³¹ Balochistan has quite low literacy rate, GER and NER as compared to other provinces. So there is significant room for better performance in these indicators for Baluchistan.

GPI³² for the whole country has deteriorated when compared to the last year (see **Table 8.9**).

Province wise analysis shows that except Punjab the rest of the provinces depict a decline in terms of GPI during the period FY06-FY07.

Financing structure of education (see **Figure 8.8**) in Pakistan indicates that the government is the biggest investor in the sector. A detailed analysis of public sector expenditure shows that the expenditure in education (see **Figure 8.8A**) has registered an overall increase in the last seven years. As a share of GNP, public sector expenditure on education averages around 2 percent during the last seven years with FY05-07 witnessing a sharp increase. While during the FY08 spending on education have been decreased, which is reflected in the federal budget FY09. An amount of Rs. 24.6 billion has been earmarked for education in the current federal budget (2008-09). Though this amount is 1.22 percent of the total budget outlay and 4.47 percent of the total development expenditure in the current budget, it is less than last year's budget allocation for education. Last year an amount of Rs. 24.28 billion was allocated for education representing 1.24 percent and 5.29 percent of the total federal budget expenditure and total development expenditure respectively. The government, however, appears committed to ensuring education for all and has plans to raise the total public allocation for education to 3.6 percent of the GNP by 2010³³.



Another indicator from the input side is the Pupil-Teacher Ratio (PTR). For Primary education the national Pupil Teacher Ratio (PTR) has been recorded at 40 with the highest level for Punjab (47) and lowest for FATA (29). For female the ratio has been estimated at 36. At middle level, PTR has been found at 16 for the whole country and 10 for female. The PTR at middle level is 33 for Islamabad capital territory (ICT) and 12 for Balochistan followed by FATA and AJK. The highest PTR of female at middle level has been calculated for ICT and lowest for Balochistan. For secondary education, overall PTR has been assessed at around 6 while it has been around 4 for female (see **Figure 8.9**). When compared to other South Asian countries, Pakistan has a relatively high PTR (see **Table 8.10**). The high PTR for Pakistan requires attention and needs to be improved.

Table 8.11: Comparison of PTR in the South Asian Region

Country	Pupil /teacher ratio at pre-primary level	Pupil/teacher ratio at primary level	Pupil/teacher ratio at secondary level
Bangladesh	34	51	27
Bhutan	23	31	28
India	41	40	32
Iran	27	19	19
Maldives	26	20	14
Nepal	20	40	35
Pakistan	41	38	37
Sri Lanka	-	22	20

Source: Global Education Digest 2007

Performance Regarding Millennium Development Goal (MDG)

Pakistan is under obligation to raise Net Enrolment Ratio (NER) at the primary level to 100 percent by 2015; being signatory to the Millennium Development Goals (MDG). A detailed analysis shows that Pakistan lags behind in targets (see **Table 8.10**) set by the Millennium Development Declaration.

³² Gender Parity Index (GPI) refers to female male enrolment ratio. A GPI of more than one indicates that, in proportion, for every male in the school, there exists more than one female.

³³ Private sector expenditure is expected to add 1.5 percent to this amount.

The target (58 percent) regarding Net primary enrolment (NER) that the government pledged to attain by 2005-06 could not be achieved even in 2006-07 (56 percent). District wise analysis reveals that out of 105 districts, 30 have less than 20 percent participation rate at the primary level and only 7 have more than 60 percent participation rate.

Table 8.10: Pakistan Status Regarding MDG

Indicators	FY02	FY03	FY05	FY06	FY07	FY06 PRSP Targets	2011 Perspective Plan targets	2015 MDG Targets
Net primary enrolment ratio	51%		52%	53%	56%	58%	91%	100%
Completion/survival rate to grade 5	68%	72%	72%	74%		79%	-	100%
Adult literacy rate	50.50%	54.00%	53%	54%	55%	59.50%	78%	88%

Source: Pakistan Millennium Development Goals Report 2005 & Pakistan Economic Survey 2007-08

Low literacy rates, particularly among females and in rural areas and low survival rate to grade 5 still remain a key challenge. However, the government seems committed to the millennium development goals as it has increased the allocated amount for the pre-primary and primary education in the budget 2008-09. Share of primary education expenditure has increased by 10 percent in the federal budget. Middle level has been calculated for ICT and lowest for Balochistan. For secondary education, overall PTR has been assessed at around 6 (see **Figure 8.9**) while it has been around 4 for female. When compared to other South Asian countries, Pakistan has a relatively high PTR (see **Table 8.11**). The high PTR for Pakistan requires attention and needs to be improved in 2008-09 as against 8 percent in 2007-08. The government needs to allocate more financial resources to achieve the goal of universal primary education.

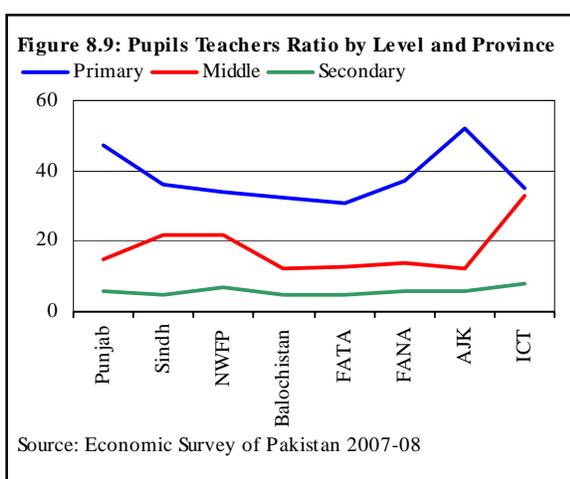
8.5: Health

Health is perhaps the biggest challenge and constraint for human development in South Asia as reflected by the Human Development Index (HDI) and especially the Health index. Most of the South Asia is lagging behind in achieving the four-health-related MDGs. Pakistan is no exception to this situation as Pakistan's key health indicators do not depict an encouraging picture when compared even to regional countries (see **Table 8.12**). This section provides an assessment of the health indicators of Pakistan.

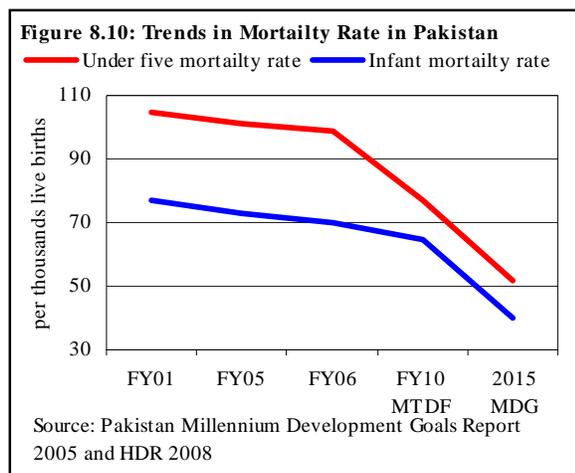
Table 8.12: Health Indicators

Countries	Life expectancy at birth (years)		Mortality rate (per 000 live births)			
			Infant		Under 5 year age	
	2000	2005	2000	2005	2000	2005
Pakistan	63	64.6	83.3	70	110	99
India	63	63.7	69.2	56	88	74
Bangladesh	61	63.1	60	54	83	73
Srilanka	73	71.6	15	12	18	14
Maldives	65	67	15	33	18	42
Bhutan	62	64.7	57.6	65		75
Nepal	59	62.6	73.6	56	105	74

Source: Human Development Report 2007-08

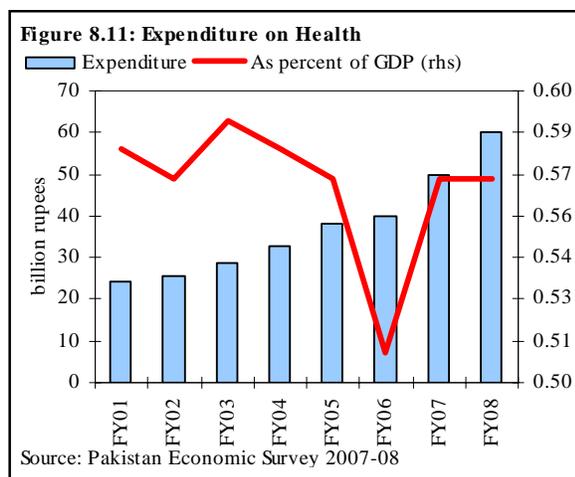


Life expectancy in Pakistan has improved since 2000-01 and stood near the average life expectancy for South Asian countries according to the 2005 estimates (see **Table 8.12.**). Pakistan has also witnessed an improvement in infant mortality rate (IMR) and less than five mortality rate (U5MR) during the period 2000-06, but the rate of improvement remained slow (see **Figure 8.10.**). Out of each one thousand live births, 99 children die before the age of five while 70 children fail to see their first birthday. What is worrying is that Pakistan has the highest IMR and U5MR among the South Asian countries. Both education and income-based disparities lead to inappropriate care seeking behavior and inaccessibility to child health care services. This directly contributes to the death of many infants and children each year. Some of the indirect factors that also lead to high IMR include neo-natal tetanus, nutritional as well as general health condition of mother etc. The MTDf targets are to reduce the U5MR to 77 deaths per 1,000 live births and IMR to 65 deaths per 1,000 live births by 2009-10. The corresponding MDG targets are 52 deaths and 40 deaths per 1,000 for U5MR and IMR by 2015. With the current rate of decline the MTDf target for IMR is likely to be achieved. However MTDf IMR target appears to pose challenge. Both MTDf and MDG targets for U5MR seem ambitious and challenging in view of current status. Improving this situation requires attention, dedicated efforts and more financial resources on the part of the government.



Total expenditure on health at the end of FY08 stood higher than double its value at the end of FY02 (see **Figure 8.11.**). An increase of Rs.10 billion (20 percent) has been recorded in total health expenditure during the period FY07-FY08. Health expenditure, however, as percentage of GDP is low and has changed little as it has moved between the narrow range of 0.5 and 0.6 percent during FY01-FY08.

It is also important to analyze other indicators like maternal mortality ratio (MMR), spread of HIV/AIDS, malaria and tuberculosis to assess the performance of a country in achieving MDGs regarding health. The latest available estimates (see **Figure 8.12**) place maternal mortality ratio (MMR) at 350 per 100,000 live births. The higher rate of MMR is mainly a result of the poor health status of women in Pakistan. Specifically, high MMR can be chiefly attributed to hemorrhage, infection, eclampsia and obstructed labor. Apathy in seeking professional care and lack of adequate human resources and trained personnel at the service centers also



contribute to high maternal mortality. Last but not the least is logistical factor as most of the health centers and private clinics are located in urban areas. The effective way to prevent maternal deaths is to have deliveries in suitable and favorable environment and availability of trained personnel to

manage such situations³⁴. Furthermore, antenatal care is also necessary for the improvement of maternal health. The decline in MMR (30 percent) coincided with the decline in total fertility rate (27 percent) over the period 2000 to 2005 which lends evidence to the claim that lower fertility rate also

Box 8.6: Translating Vision 2030 into a Reality

The vision 2030 of the Government of Pakistan envisages an education system that fulfills the true purpose of education by creating a spirit of enquiry and critical thinking and improving problem-solving skills in students.

Aligned with this vision, the National Education Policy (NEP) 2008 helps define the basic features of an education system that can translate vision 2030 into reality. The NEP 2008 contends that an extensive assessment mechanism must be placed at the heart of the education system since good quality, merit oriented, equitable and efficient education system is the most crucial instrument in realizing the goal of a knowledge-based economy. The assessment mechanism is expected to promote analytical thinking and critical reflections. These indicators can be used to measure overall system efficiency as well as individual student performance for movement in the education system.

The education system based on vision 2030 recognizes the teacher as the most crucial factor in implementing all educational reforms. There must be a primary emphasis on factors such as teacher professional development and monitoring and evaluation mechanisms. A teacher's performance will be determined by how well and how many of his/her respective students perform on the end-of-year (EOY) exam. A number of incentives would exist to keep the teacher motivated for their growth in career. Continuous assessment of this system is not restricted to teachers and students only but is extended to include education administrators. Their performance is linked with the skilled utilization of scarce resources. Transparency would be ensured in this education system.

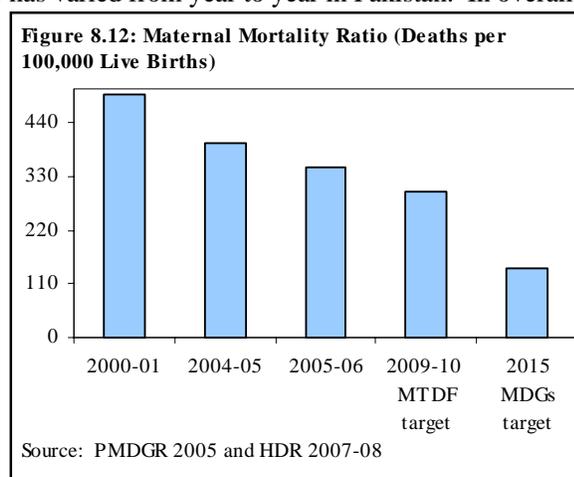
The essential elements mentioned above can lead to a high performing system that is most likely to stimulate high quality teaching and learning. A curriculum that is designed in accordance with this system will certainly promote critical thinking, problem solving, team work, and knowledge application. Teachers working in this environment are expected to equip with modern pedagogical techniques that foster inquiry, interaction, and lateral thinking among all students. This system is set to encourage teachers to learn from the experience and knowledge of other teachers. The accountability systems that have been put in place ensure the elimination of political interference.

Source : National Education Policy 2008

contributes to the improvement in maternal health

HIV/AIDS, Malaria and Tuberculosis prevalence has varied from year to year in Pakistan. In overall population the prevalence of HIV/AIDS is still less than 1 percent and Pakistan is therefore, considered a low prevalence country. In Pakistan, diagnosed HIV/AIDS cases in men are higher compared to women.

The updated 2006 Situation and Response Analysis report indicates that the diagnosed cases of HIV/Aids virus are on a rise (see **Table 8.13**). Government of Pakistan has adopted a number of strategies to achieve the MDG targets for HIV/AIDS. Some of these strategies include a mass media campaign to raise awareness and allocating more than \$71 million of financial resources to support the national response to the life threatening disease³⁵.



Despite excessive efforts to eradicate it, tuberculosis is one disease that still remains an issue. The current incidence of tuberculosis is 133 per 100,000 people. High population growth, crowded living

³⁴ Pakistan Millennium Development Goals Report 2005

³⁵ Pakistan Millennium Development Goals Report 2006

conditions, poor health care facilities and incomplete treatment of TB patients are some of the factors that have contributed to the high incidence of TB.

Table 8.13: Incidence of HIV, Malaria and Tuberculosis

Indicators	1990-91	2001-02	2004-05	2005-06	MTDF target 2009-10	MDGs targets 2015
HIV prevalence among 15-24 year old pregnant women (%)	n/a	0.03	0.03	n/a	n/a	Baseline to be reduced by 50%
HIV prevalence among vulnerable group (e.g., active sexual workers) (%)	n/a	0.031	2	n/a	n/a	Baseline to be reduced by 50%
Proportion of population in malaria risk areas using effective malaria prevention and treatment measures	n/a	20	30	25	50	75
Incidence of tuberculosis per 100,000 population	n/a	177	160	133	130	45
Proportion of TB cases detected and cured under DOTS (Direct Observed Treatment Short Course)	n/a	25	40	70	80	85

Source: Pakistan Millennium Development Goals Report 2006

Malaria also continues to pose a threat and is more accentuated in the rural areas. The proportion of population in malaria risk areas using effective malaria prevention and treatment measures is used as one of the indicators for measuring progress in the achievement of eradicating malaria disease. The percentage of population living in these districts using effective malaria prevention measures and having access to malarial treatment decreased from 30 percent in 2004-05 to 25 percent in 2005-06.

The government is pursuing an aggressive health strategy for the last five years. Some of the improvements during 2000-07 need to be mentioned. Throughout the country, a network of health care facilities including 1138 MCH centers which show an improvement over the last several years has been established. A glimpse at the **Table 8.14** shows that the number of doctors, dentists, nurses and LHV's has significantly increased in the last seven years. Despite this increase population/service ratio is high partly as a consequence of high population growth rate (2.4 percent during 1990-2006). According to the latest available information, there exists one doctor for 1225 individuals and one nurse for 2501 individuals. This situation reflects limited service available in the country.

Table 8.14: Human Resource Available During 2000-2007

Year	MCH				Mid-wives	Lady health workers
	Centres	Doctors	Dentists	Nurses		
2000	856	92824	4165	37528	22525	5443
2001	879	97200	4600	40000	22700	5600
2002	862	102500	5100	44500	23100	6300
2003	907	108151	5531	46331	23318	6559
2004	906	113295	6128	48446	23559	6741
2005		118098	6743	51270	23897	7073
2006	1138	123125	7438	57646	24692	8405
2007		127859	8195	62651	25261	9302

Source: Economic Survey of Pakistan 2007-08

Another source of concern is the unequal distribution of health services; that are concentrated in urban areas. Majority of poor people, who are more vulnerable to illness, are living in rural areas. Yet the availability and quality of health services remain relatively low in these areas.

Realizing the fact that the public resources are limited and not being utilized properly, there is an urgency to encourage private sector, not-for profit organizations, civil society, and community organizations to provide health services, while government needs to focus on the area of policy formulation, monitoring and regulation of the health sector.

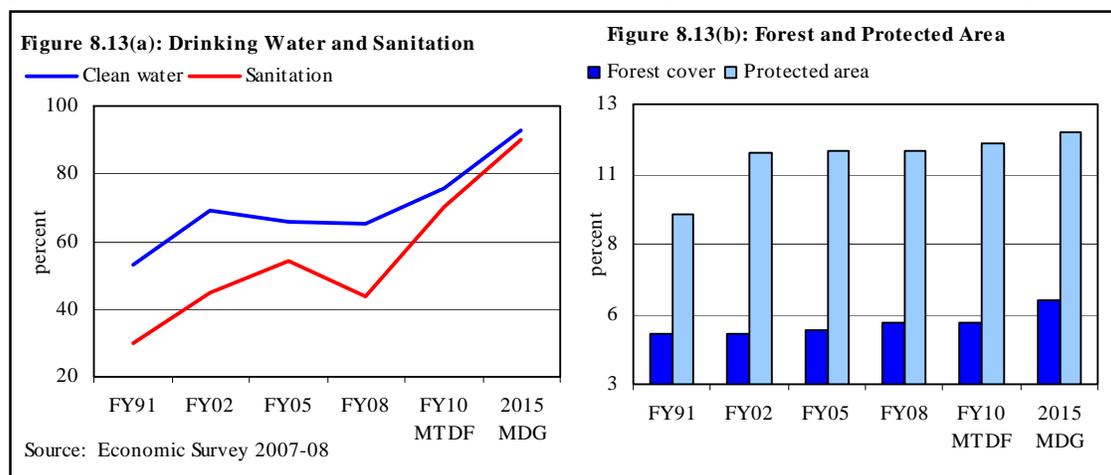
8.6: Environment

Pursuing rapid economic growth and development can place environmental resources under strain. This phenomenon of over exploitation of environmental resources is characterized by deforestation, soil erosion, air pollution and shortage of clean drinking water etc. Poverty and growing population are often considered as major cause of degradation of resources. Environmental degradation affects the poor through pollution increasing the risk of diseases and eventually results in loss of productivity and income of the poor.

Noise and air pollution and vehicular exhausts are touching alarming levels in Pakistan. Air pollution levels in Pakistan's most populated cities are among the highest in the world and are feared to climb further. Air pollution in Pakistan is adding about \$500 million per year to health care cost³⁶. Government of Pakistan with its limited resources is committed to adopting measures to improve country's environment (see **Box 8.7**). To that end the government has become signatory to various environment related international agreements, MDG being one of them. Goal number 7 of MDG aims at ensuring environmental sustainability. The adjoining figures show the achievement made regarding environmental related MDG until recent times.

The area covered by forest in Pakistan (see **Figure 8.13(b)**) has increased to 5.2 percent of the total land area in 2007-08. The targeted area of 5.2 percent for MTFD 2009-10 has already been achieved and looking at the current trend the target for MDG 2015 is likely to be met. The protected area for conservation of wildlife (percent of total area) stood at 11.3 percent in 2008-07. Given the past trend the targeted levels set for MTFD (11.6 percent) and MDG (12 percent) seems achievable.

During the year 2007-08 access to sanitation reached 44 percent. The targeted levels are set at 50 percent in case of MTFD 2009-10 and 90 percent in case of MDG 2015 (see **Figure 8.13a**). The government therefore needs to accelerate its effort in this regard. Access to clean water is reported at



65 percent in 2007-08, while the MTFD 2009-10 target is 76 percent and MDG 2015 target is 93 percent. If the current trend continues the targets will hopefully be achieved in the due course.

The relative improvement in some of the environmental indicators discussed above in connection with Goal 7 of MDG can be attributed to the National Environment Action plan (NEAP) launched in 2001.

³⁶ www.rrcap.unep.org/projects/nsds/Env%20POVERTY1-Talat.ppt

Box 8.7: Major initiatives to protect the environment

The present government has declared 2009 year of environment.

- An amount of Rs. 210 million has been earmarked in the federal budget 2008-09 for environmental protection which shows an increase of 14.75 percent over the amount allocated for environmental protection in the previous year budget.
- The Government is planning to launch 8000 environment friendly CNG buses in major cities of the country.
- To provide access to clean drinking water, a National Drinking Water Policy has been introduced. The overall goal of this policy is to ensure safe drinking water to the entire population at an affordable cost, in an equitable, efficient and sustainable manner.
- Ministry of environment has come up with conveniently observed indicators to assess the quality of drinking water. These indicators include color, taste, odour and turbidity of water.

The main objective of the programme was to achieve environmental sustainability and poverty reduction in the context of economic growth. NEAP Phase-I achieved various targets relating to National Environmental Policy, National Sanitation Policy, Clean Development Mechanism Strategy and National Forest Policy and energy Conservation Policy.

Another achievement that merits mentioning here is the replacement of liquid petroleum fuels with CNG to protect environment especially in urban areas where air pollution is fast becoming a major problem. Currently, Pakistan has become the largest user of CNG in Asia and is the third-leading country in the world to use CNG to fuel vehicles after Argentina and Brazil.

Presently, more than 1.7 million vehicles are using CNG as fuel and 2063 CNG stations are operational in different parts of the country. CNG is a lead-free fuel with no sulphur and particulate emissions and release 1/10th level of carbon dioxide emissions as compared to petrol. After the successful CNG programme for petrol replacement (see **Figure 8.14**), the government is now designing a programme to replace the more polluting diesel fuel used in road transports. As part of this move the government is offering incentives to investors to promote the use of CNG buses.

