The Sustainable Development Policy Institute (SDPI) is pleased to announce its Eighteenth Sustainable Development Conference (SDC) from 8 – 10 December 2015 in Islamabad, Pakistan. The overarching theme of the SDC is “Securing Peace and Prosperity.” This SDC will be a prequel to the Nineteenth South Asian Association for Regional Cooperation (SAARC) Summit being hosted by Pakistan in early 2016.

Overarching Vision:
This SDC will be a thinkers’ agenda, a gathering of regional think tanks working closely with policy makers of their respective countries and representatives of existing and potential SAARC member countries; a congregation of visionaries in Islamabad. Keeping SAARC’s collective conscience of “promoting peace, stability, amity and progress in the region ..., particularly respect for the principles of sovereign equality, territorial integrity, national independence...” in mind, a mutual respect for each other’s solidarity1 echoes through the efforts made over the years to achieve sustainable peace in the region. It is hoped that the forthcoming SAARC Summit 2016 will witness once more regional commitment to the cause that “… economic, social and technical cooperation among the countries of South Asia would contribute significantly to national and collective self-reliance.”2

The SAARC Summit would be focusing on various agendas such as the potential of new agreements based on recent political developments between silent neighbours, along with deliberating on giving member status to current observer state.

In view of the above, the Sustainable Development Conference would focus on understanding regional integration and the attempt of SAARC countries at various forums recently to establish new corridors to achieve sustainable development in the region and beyond. The Conference would also highlight the global political complementarities across borders, while pushing for a progressive approach of expanding the narrative from the bottlenecks of the peace and development process to wealth of possibilities that South Asia holds within itself and for the entire world.

Conference Sub-themes:
SDPI invites regional think tanks who are actively and intensively engaging policy makers in their respective countries to share their ideas, experiences and thoughts in the form of policy recommendations pertaining to education, peace and conflict, the SDGs, trade, economic growth, environment, energy, governance, women empowerment, minority rights, disaster management and preparedness and so on. These policy recommendations will be presented to esteemed panelists at the Conference comprising of policy makers, government officials, civil society members, academicians, private sector and researchers for open and interactive discussion, in spirit of the SAARC Summit 2016.

Conference Outcomes:
As done so in earlier SD Conferences, SDPI will compile the policy recommendations from the 20 panels that would be featured to be communicated to respective Ministries. The Institute envisions that the document formulated from the event may be used as a White Paper for the Nineteenth SAARC Summit 2016.

The 2015 Conference will also showcase launch of the 2014 Conference Anthology titled ‘Pathways to Sustainable Development’, a peer reviewed publication; as well as SDPI’s first academic journal in English.

Like all SDPI events, the SDC key note plenaries and sessions will be broadcast live on SDPI’s web-based TV (www.sdpi.tv) providing website and media interaction for wider dissemination.

At last year’s SDC, 194 panellists from 18 countries, including

---

2. Ibid
Pakistan, participated as speakers, special commentators, chair-persons and guests of honour. The Institute was honoured to host delegates from Afghanistan, Australia, Bangladesh, Belgium, Bhutan, Brazil, France, Germany, India, Ireland, Kazakhstan, Nepal, Pakistan, Sri Lanka, Tanzania, Thailand, UK, and the USA. We are looking forward to doing so again this year.

Eighteenth SDC: Conference Format
There will be two to three keynote plenary sessions in which prominent keynote speakers will be invited to address significant areas as highlighted in the overarching theme. The plenary each day will be followed by concurrent sessions / panels on sub-themes. The plenary will last for one hour and 30 minutes while the duration of each panel will be two hours with three to five presentations.

Dates to Remember:
Submission of abstracts: 17 August 2015 (Indian and Bangladeshi passport holders are encouraged to submit their abstracts by the first week of August so that they can be shortlisted and requested to send their visa clearance documents)
Submission of documents by Indian and Bangladeshi passport holders: 1 September 2015

Call for Abstracts:
Under the overarching theme, a number of panels based on sub-themes will be organized. Panel write-ups will be uploaded to the Conference website. Speakers are requested to submit their abstracts matching the panel sub-theme addressing the questions specifically asked. For details of the panels, authors’ guidelines, submission deadlines, etc., please visit our website www.sdpi.org/sdc.php.

All abstracts will go through a software review for originality and if cleared will be reviewed by an editorial committee. Only those speakers with short-listed abstracts will be informed and will be requested to submit their papers by the deadline.

List of Panels:
Over 20 panels will be organized at SDPI’s Eighteenth Sustainable Development Conference. Potential speakers are requested to review and revisit the website www.sdpi.org/sdc.php for updated information which will be uploaded from time to time.

Understanding Non-Tariff Barriers between India and Pakistan

Muhammad Sohaib* and Muhammad Hamza Abbas**
The trade perception survey by the Sustainable Development Policy Institute (SDPI) was conducted to gather perception of stakeholders engaged in Pakistan-India Trade. The analysis is based on the information collected against six indicators including awareness of trade policy, communication, infrastructure constraints, banking facilities, customs and expectations. The overarching aim of the survey was to gather information on the potential of ‘textile and agricultural products’. The stakeholders were interviewed in Lahore, Faisalabad, Islamabad, Rawalpindi, Rawalakot, and Muzaffarabad. Interviews were conducted with 102 stakeholders including importers, exporters, freight forwarders, custom agents and government officials.
Under the new trade regime, a key gap concerning awareness about the trade policy reflects a low understanding of positive and negative list. In 2012, Pakistan had abolished the positive list. However, under the current trade policy, imports from India are allowed under the recently introduced negative list. The level of awareness is high among respondents with reference to understanding of trade policy and tariff rates.

An overwhelming majority were aware of the railway service used for exports and imports. Moreover, majority of the respondents knew that goods can be imported from India except those contained in the negative list. Since mostly traded items are perishable, traders preferred land route instead of rail route.

There are three land routes for trade, namely Wagah (Lahore), Chakoti (Muzzafarabad) and Tittri Not (Rawalakot). The rail facility is available only between Lahore and Amritsar. The bilateral trade is being done only through Wagah. There is no bilateral trade at Chakothi and Tittri Points, the trade known as Intra Kashmir trade which is on a barter basis. Opening more trade routes can boost the bilateral trade. Currently trade is only allowed through Wagah-Atari although there are other land routes for trade that can be used. During the survey, respondents were of that view that Wagah is a feasible and convenient route for trade. But it is far away from Sindh so there is a need to open more land routes. Pakistan Punjab is connected with Indian Punjab at several points and Sindh is connected with Rajasthan. Most respondents felt that the new land route should be Hussainiwala-Ganda Singh Wala in Punjab and Munabao-Khokhrapar in Sindh with Rajhastan.

Scuffles on the border impact the confidence level of the traders on both sides of the border. This hampers trade due to the reason that small and medium traders refrain from trading because of fear of loss. These are only two countries whose economic relations are somewhat dependent on political ties. Most of the stakeholders responded that recent political statements and security clash at the border would have negative impact on bilateral trade.

Communication has been a major bottleneck between the traders of the two countries. Roaming facility for cell phones is not available although internet has solved majority of the issues of communication between the countries. The respondents reported that they use email and mobile phones for communication purposes. They reported that allowing the roaming facilities will have an average impact on trade.

Respondents were enquired about the non-tariff barriers (NTBs) between India and Pakistan. Most of them were of the view that irregular payments at different stages and poor infrastructure are the most important NTBs. Currently only 137 items are allowed to be traded via Attari-Wagha land route. Most traders felt that bilateral trade will increase if more items were allowed to be imported in Pakistan. There is a demand for Indian saris, bridal wears, jewellery, auto parts, cosmetics and herbal products.

Inefficient land route infrastructure increases transaction cost which is why respondents believed that this is a bottleneck in enhancing trade. There are no facilities for containerization at Wagah-Atari border, whereas the scanners are placed on Pakistan side of the border only. Decent infrastructure may reduce cost which can play a vital role in increasing bilateral trade. Most traders felt that impact of bottlenecks at land customs station is more than average. Most of them hired custom agents at land customs station which increases the cost of trading.

Moreover, a majority of respondents felt that lack of banking facilities is posing a hurdle to bilateral trade. There are no Indian Banks in Pakistan and no Pakistani banks in India. Multiple cases reported that L/Cs are not being recognised by the Indian Banks. Further, exporters have reported that due to non-availability of testing services at the border points impacts the time to trade. They mentioned that when goods are sent to India, some of them are stopped and samples are sent to different parts of the country for testing, which results in delays and increased cost of transportation. Indian side should accept certificates attested by the labs in Pakistan and vice versa.

Respondents were also enquired about the best source of information regarding the other country’s demands. Some of them reported that they get information from the web portals. But few believed that access to local market is the best source of information for demand analysis.

**Policy Recommendations:**

- Giving a good gesture to India policy on Wagah-Atari border, Pakistan must allow all the goods to be import able from India through Wagah-Atari except the ones in the negative list.
- The central banks of both the countries must chalk out a plan and solve the issue of opening up banks across borders. As the applications for opening banks across borders lies with both the central banks, they must allow these branches to open immediately in order to facilitate trade between both the countries.
- Both counties should bring in an agreement to accept cargo in containers. Containers once checked and sealed in the country of origin should not be opened until it reaches the destination.
- All departments should coordinate to bring a single window system in the short to medium term.
- Appropriate sheds and warehousing facilities along with solid floor must be provided for the trucks.
- The scanners must be immediately installed on Indian side of the border.

*Mr. Muhammad Sohaib is Monitoring and Evaluation Officer at SDPI.*

**Mr. Muhammad Hamza Abbas is Project Associate at the Economic Growth Unit of SDPI.**
No Reduction in Electricity Theft and Line Losses

Brig. (Retd.) Mohammad Yasin

According to some studies, Pakistan has a high rate of electric transmission and distribution losses and is ranked the top 14th among 131 countries. Over the last many years, these losses have been around 23% of the energy generated by state-owned companies and 35% by the privatized KESC. Comparatively, losses in transmission and distribution systems in other Asian countries are significantly lower, with Bangladesh at 16.95%, Sri Lanka 14.6% and Malaysia at 3.8 per cent. In China the losses are at 6.7%.

In January 2013, officials of the Ministry of Water and Power revealed to a Special Committee on Energy Crisis that around 45% of electricity was lost because of theft and line losses. In addition to this loss, the public and private sectors were defaulters of over PKR 500 billion. According to another study by Zeeshan Javed (The Spokesman Pakistan, 8 March 2013), Pakistan suffers an annual loss of PKR 120 billion because of theft and line losses. The official average figure of line losses in Pakistan for the year 2012 is about 17% with Sukkur Electric Supply Company leading with 39% losses. According to a recent comment by the Minister of State for Water and Power, in some parts of Sindh, there are 90% line losses, which means theft of electric power at a large scale.

There has been a significant investment by the foreign companies and financial institutions to improve the power transmission and distribution system. By the year 2016, the Asian Development Bank Would will be investing 800 million dollars to upgrade and improve the power transmission and distribution system. Obviously, these investments will not reduce the theft of electricity.

Electricity is stolen by the industrial and domestic consumers with the help of meter readers and the officials of the electric supply companies. There is pilferage, meters are tempered, defective meters are not replaced, meters are bypassed, and there are errors in meter reading and meter readers’ record reading without actually reading consumptions. To mint money from the consumers, the meter readers use sophisticated “U” links which slow down the meters. These links are hard to detect. In some cases, the meter readers insert “U” links without the consent of consumers for subsequent blackmailing. A segment of consumers is allowed unmetered supply of power at flat rates where misuse and pilferage is possible. The public and private sector organizations who do not pay electricity dues are also power thieves.

Honest consumers, who would perhaps like to report power thieves, do not do so because of fear of victimization through enhanced electricity bills by the electric supply companies and by clandestinely tempering their meters for subsequent blackmailing by the company officials.

The causes of line losses are dissipation of energy in transmission lines, especially when the lines carry power more than their capacity. Transmission and distribution lines are poorly planned which can introduce up to 30% loss. Then there is power loss in the equipment used for transmission and distribution. Corruption, careless attitude and dereliction of duty by the officials of the electric supply companies and the Ministry of Water and Power are the major causes of electricity theft, transmission and distribution losses.
Because of excessive load shedding, people have to use uninter-
ruptible power systems (UPSs) which generally are substandard.
According to some estimates, UPSs consume 2,000 megawatts
of national electric power for charging. Besides, this technology
is most inefficient because it has to boost a very low power of
batteries to very high power for use.

It is high time that the concerned agencies put in concerted and
honest efforts to reduce losses due to energy dissipation, leak-
age and theft. Losses can be reduced by improving the pow-
er factor of generated electric power, use of better material for
transmission and distribution lines, by reducing the length of
secondary distribution lines and with high quality transformers.

Above all, the relevant agencies must ruthlessly curb electricity
theft.

When all is said and done, there is a strong need for a cultural
change in the Ministry of Water and power, WAPDA, and elec-
tric supply and distribution companies. Transparency and strict
accountability should be the basis of their working. They must
always remember that they are servants of the people and not
their bosses who graciously allow the people to use their ser-
tsives. Unless this is done, situation will not improve.

*Mrs Mome Saleem is Senior Research Coordinator at SDPI. Aca-
demically she is an anthropologist and has been working exten-
sively on human security, peace and conflict and gender issues.
Rabia Tabassum*

Literacy is defined in Pakistan as the percentage of population able to read a newspaper and write a simple letter. According to this definition, 58% of the population (aged 10 years and above) was literate in 2014. The targeted literacy rate under the Millennium Development Goals (MDGs) will be 88% by the end of 2015. However, currently we are standing at below 60%; considering functional literacy this number would decline drastically. Functional literacy is the ability to apply the reading and writing skills in daily life like reading a medicine label, filling out loan application and utilization of numerical skills like decision making by cost comparison of two things etc.

Pakistan is far behind the countries of the region in adult literacy (population of age 15 years and above). Sri Lanka and Maldives are the best performing countries in adult literacy.

Urban areas and male population recorded higher literacy rates; age-wise composition of literacy tells that literacy among older age group is lower. In the age group of 10-29 years, it is about 70%. This implies that the younger generation is more literate and the older generation needs special literacy initiative for them by the government.

Gender gap in literacy is disappointing. More than half the female population (53%) is unable to read and write which could be one possible reason behind lack of women empowerment in the country.

Provincial comparison tells that Punjab and Sindh are at top of the list of four provinces having 61% and 56% literacy rate respectively in 2014. Khyber Pakhtunkhwa and Balochistan rank 3rd and 4th respectively with 53% and 43% literacy.

Same pattern has been observed in gender parity. Punjab has the highest gender parity followed by Sindh, Khyber Pakhtunkhwa and Balochistan (see figure 2 below).

---


---
The increase in literacy rate is very slow. Unfortunately, literacy rate (of age 10 years and above) has decreased from 60% (2013) to 58% (2014).

More analysis of available data on literacy exposes that poverty is a reason behind lower literacy in Pakistan as data suggests that the percentage of literate population is lower among poor quintiles and this number goes up with the increase in wealth.

The economic and social cost of illiteracy
Education is a means for the people to identify, polish and efficiently utilize their abilities. Therefore, it plays a basic role in economic uplifting of a society. This is the reason that education is one of the sustainable development goals among others. According to estimates of policy paper by EFA GMR8 (2014), an average increase in education attainment during one year leads to increase in per capita GDP growth from 2% to 2.5%.

A positive relationship has been illustrated between mothers’ primary education and their children’s schooling. An illiterate person can fail in providing education to his/her child due to the lack of awareness and being unable to provide resources for their schooling. They may fail to help them in their educational demands like understanding and solving the problems of poor school performance. The improved literacy of parents helps to ensure access to and attainment of higher education of their children.

Crime rate is linked9 to low school enrolment. In other words high illiteracy causes criminal activities. Several studies like UNESCO 2010 showed improved social cohesiveness as a result of education, and in the same way health and nutrition was also positively affected by education. Illiterate persons face difficulty in understanding and performing good health practices.

Higher illiteracy leads to a vicious circle of poverty because illiteracy restricts the role of a citizen as an active citizen in economic perspective. The cost of illiteracy to the economy of Pakistan estimated by the World Literacy Foundation (2012) is $5.86 billion.10

Illiterate voters cannot make correct decision as they are unable to read a newspaper and critically analyse each political party before casting their vote. This could lead to the political instability in the country.

Lastly, illiteracy has deep-rooted social and economic impacts; economically it reduces earning and employability, exploration of business opportunities, wealth creation opportunities, lower professional skills and productivity.

Policies
The National Commission for Human Development initiated the National Literacy Program (NLP)11 in 2002 to achieve the literacy target by 2015. This programme focuses on universal primary education and adult literacy with the help of community based feeder schools and literacy centres. It covers 134 districts with 120,263 centres and implementation of post literacy programmes with 3,750 centres to raise the Urdu language proficiency and teach English language. Formation of 4 Community

---

Learning Centres in Punjab and KPK (based on idea of ICT based literacy kit) are also part of this literacy programme. Some more projects under the provincial governments’ literacy departments are putting in their efforts to raise the literacy level.

The struggles of the NLP and provincial initiatives are not getting satisfactory results since the literacy rate is increasing at a very slow pace. Therefore, now governments must play more active and productive role in future.

Limited training and capacity building of programme facilitator, boring content of literacy courses and lack of programme certification are some of the issues highlighted by UNESCO. The government must pay special attention to address these issues. Meanwhile the government must raise the education budget along with the efficient utilization of all those resources to ensure the public provision of education to all. The government needs to respond to the governance issues and institutional framework to get the best results with the best utilization of resources.

*Ms Rabia Tabassum is Research Assistant at the Sustainable Development Policy Institute. She can be contacted at rabia_tabassum@sdpi.org

“Parbat” in Gilgit Baltistan

Maryam Shabbir*

Have you ever heard that Gilgit Baltistan has “Parbat”? If no then let me share an alarming discovery.

During my recent visit to Gilgit Baltistan, I met with a nomad family living along the river of Hunza. This was a happy family of ten members living in a tent alongside the river. Every member of the family was using Parbat to extract gold particles from the river. Yes! Parbat is local name of “mercury” in Brushaski language.

As known to many of us mercury is a very toxic compound which badly affects human health especially those of children and women.

In my initial survey, for the mapping of nomads living along the Hunza River, shocking secrets were revealed. Nomadic women use Parbat for improving hair growth and apply it directly to their scalp without knowing its dangerous impacts. They also apply this toxic chemical to cure their arthritis issues.

This particular family uses equipment as shown in the photograph to separate gold particles from the river water. Initial survey showed that each family earns PKR 3000-4000 per day. They buy Parbat from the markets of Gilgit which is freely available and mix it with soil to separate gold particles. This mixing is done manually where Parbat comes directly in contact with their skin. The family members were completely unaware of its negative effects.

When they were told that Parbat is very toxic for their health, then they came up with questions which were very valid and thought provoking. They asked whether the government will provide them alternative and latest equipment to do their job. Does the government care that we are exposed to such a dangerous chemical? If Parbat is toxic then why is it freely available in the markets?

Well these are some pertinent questions for which one needs long term planning and seriousness on behalf of the Government towards proper policy of mercury and its use. Pakistan does not even have standards of mercury in the air while on the other hand mercury is banned in developed countries.

*Ms Maryam Shabbir is SDC Assistant coordinator at SDPI. She tweets @maryamshabbir08
Budget 2015-16: A comparative analysis of Federal and Provincial Social Sector

Waqas Anwar*

Every year, the month of June plays a critical role in determining the fiscal situation in Pakistan due to the fact that some of the major federal and provincial announcements are made in this month. It is justified by the fact that the annual budget announced by the Government in this month illustrates the upcoming financial year’s government’s expenditures and estimation of revenues. In such a situation, it becomes quite easy to identify the priorities of the government simply by analysing the scheme of allocation of budget set for each sector. In the current budget 2015-16, the expected Gross Domestic Product (GDP) is estimated to be 30,672 billion rupees with an increase of 5.5% of growth.

Total Outlay and Current Expenditures:
Although current expenditures are essential part of the fiscal policy as it is important to run the country’s economy, it is worth mentioning here that countries having more non-development expenditures face much slower economic growth rate.

The Finance Minister has already declared the Federal budget outlay of 4235.1 billion rupees which includes the current expenditures of 3166 billion rupees carrying a massive 75% share of the total budget outlay. The provincial budgets show a similar picture. The budget outlay of Punjab is 1153 billion rupees and current expenditures stand at 753 billion rupees which constitutes 65% of the total budget outlay. Sindh budget outlay is 739.3 billion rupees and current expenditures are 503 billion rupees which makes 68% of the total budget outlay. Khyber Pakhtunkhwa budget outlay is 487.88 billion rupees and current expenditures are 298 billion rupees thus making 61% of total budget outlay. Similarly Balochistan’s budget outlay is 243 billion rupees and the current expenditures are 189 billion rupees constituting 78% of total budget outlay.

Education:
In order to attain a sustainable economy and a long run social growth, it is emphasized that the education expenditures must be raised from 4% of the total GDP. Currently the total education budget including federal and provincial is 733\(^1\) billion rupees making 2.3% of GDP which is nowhere near the benchmark set for educational expenditure.

Federal education’s total\(^2\) budget is 97.9 billion rupees (2% of total outlay) and out of this, 75.6 billion rupees is included in current expenditures and 22.3 billion rupees in development budget\(^3\) of education. The total budget for education in Punjab is 310.1\(^4\) billion rupees (27% of total outlay) of which 254.5 billion rupees is current expenditure and 55.5 billion rupees is development expenditure on education. While Sindh’s total educational budget is 157.4 billion rupees (21% of total outlay) and out of this 144.6 billion rupees are included as current expenditure and 12.8 billion rupees as development budget of education. Similarly, education budget for Khyber Pakhtunkhwa is 119.6\(^6\) billion rupees (25.5% of total outlay) of which 97.6 billion rupees comprises of current expenditures and 22 billion rupees as development budget of education. Likewise in Balochistan, the total educational budget is 48.36 billion rupees (20% of total

---

Source: Author’s own calculations based on budget documents 2015-16

---

\(^1\) Sum of Federal, Punjab, Sindh, Khyber Pakhtunkhwa, and Baluchistan

---

Table 1: Education Budget in Billion Rupees

<table>
<thead>
<tr>
<th>Category</th>
<th>Type</th>
<th>Punjab</th>
<th>Sindh</th>
<th>Khyber Pakhtunkhwa</th>
<th>Balochistan</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>Total</td>
<td>%</td>
<td>Total</td>
<td>%</td>
<td>Total</td>
</tr>
<tr>
<td>Education</td>
<td>Current</td>
<td>254</td>
<td>82</td>
<td>310</td>
<td>145</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>Development</td>
<td>56</td>
<td>18</td>
<td>12.8</td>
<td>8</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations based on budget documents 2015-16

---
outlay) and out of this 38.36 billion rupees are current expenditures and 10 billion rupees were allocated to the development budget of education.

**Health:**
Meanwhile in the health sector, the federal’s total health budget is set to be 32.29 billion rupees (0.8% of total outlay) including 11.01 billion rupees as current expenditures and 21.28 billion rupees as development expenditures. Whereas Punjab’s total health budget of 166.13 billion rupees (14.4% of total outlay) has the highest share of health expenditures among the provinces and out of this 135.43 billion rupees is included in current expenditures and 30.7 billion rupees is allocated to development expenditures of health. The total budget for Sindh on health however is 66.5 billion rupees (9% of total outlay) and out of this 54.4 billion rupees are incorporated in current expenditures and 12.4 billion rupees are included in development budget of health. Similarly the total health budget for Khyber Pakhtunkhwa is 29.95 billion rupees (6% of total outlay) and out of this 16.7 billion rupees are included in current expenditures and 12.4 billion rupees in development budget of health. Likewise Balochistan’s total health budget is 19.24 billion rupees (8% of total outlay) and out of this 15.4 billion rupees are allocated as current expenditures and 3.84 billion rupees as development budget of health.

**Table 2: Health Budget in Billion Rupees**

<table>
<thead>
<tr>
<th>Category</th>
<th>Type</th>
<th>Punjab</th>
<th>Sindh</th>
<th>Khyber Pakhtunkhwa</th>
<th>Balochistan</th>
<th>Federal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Current</td>
<td>135.4</td>
<td>82</td>
<td>54</td>
<td>16.7</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>82</td>
<td>57</td>
<td>15.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>66.5</td>
<td>29</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>Development</td>
<td>30</td>
<td>18</td>
<td>12.4</td>
<td>12.4</td>
<td>3.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18</td>
<td>43</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.4</td>
<td>21.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>43</td>
<td>66</td>
</tr>
</tbody>
</table>

Source: Author’s own calculations based on budget documents 2015-16

2. Total budget is sum of current expenditures and development expenditures
3. Development budget quoted from development section in budget documents
4. Government of Punjab 2015a
5. Education development 55.1 is subtracted from 310.1 (budget speech)
Water and Sanitation:

It is quite obvious that the quality of water and sanitation services plays an important role in sustainable health improvement and in determining the overall health status. Particular attention is required in this sector. The total budget of Punjab water and sanitation is 36.4 billion rupees and out of this, 12.4 billion rupees is allocated as current expenditures and 24 billion rupees as development budget of water and sanitation. With 3.2 billion rupees as current expenditure and 1.54 billion rupees as development expenditure, Sindh’s total budget on water and sanitation is 4.74 billion rupees. Khyber Pakhtunkhwa has the highest share of expenditures on water and sanitation with a total budget of 8.9 billion rupees with 1.6 billion rupees as current expenditures and massive spending of 7.3 billion rupees as development expenditure.

Environment:

Federal’s total environment budget is 1.09 billion rupees and out of this 1.05 billion rupees consists of current expenditure and 0.04 billion rupees as development budget on environment. Punjab’s total environment budget is 0.23 billion rupees and out of this 0.18 billion rupees consists of current expenditures and 0.05 billion rupees as development budget of environment. Sindh’s total environment budget is 5.2 billion rupees and out of this, 1 billion rupees consists of current expenditure and 4.2 billion rupees as development budget of environment. Khyber Pakhtunkhwa has the lowest share among provinces with total environment budget of 0.09 billion rupees consisting 0.04 billion rupees as current expenditure and 0.05 rupees as development budget of environment.

Bibliography:


*Mr. Waqas Anwar is working for the Economic Growth Unit at the Sustainable Development Policy Institute. His major areas of interest are fiscal budget, trade, tax, and economic growth.

---

* Water Supply

* Government of Khyber Pakhtunkhwa 2015b
Fiscal Performance Depicted by the Budgets

Rabia Tabassum*

Budget is a tool to analyse the plans and strategies of government to achieve the set targets in a year. Achieving high growth is the obvious target. However, this is hindered by constraints such as debt repayment, high subsidies, and war on terrorism. Such constraints reduce the fiscal space to spend more on development expenses. How does the government manage the resources to get the long run sustainability? This article presents a budget analysis with the following main objectives:

1) To understand the high fiscal deficits leading to the accumulation of debt burden.
2) To analyse the fiscal efficiency in tax and expenditure management.

The analysis of previous 15 years' budgets (consolidated federal and provincial budgets), shows that recurring expenses are getting share of around 80% of the total expenditure. This higher portion is obvious because of the higher recurring cost to run the existing setup like employees' pays, old age benefits and operating expenses. Economic growth is affected due to inadequate allocation of development expenditure. Some more trends and highlights from this analysis are described below.

Trends in Fiscal Deficits

A significant decrease has been observed in Fiscal Deficit during the fiscal year (FY) 2014 and first three quarters of FY2015 July-March 2015 after a long increasing trend in the past. The trend analysis of previous 15 years reveals the fact that the government has been facing Revenue Deficit (Total revenue adjusted for current expenditures) except for three years i.e. Fiscal Year 2004, 2005 and 2006 (see figure 1). Revenue Deficit indicates the government’s inability to collect enough revenue that can finance even current expenditures. It is desirable to bring this revenue deficit to zero in compliance with Fiscal Responsibility and Debt Limitation Act (FRDLA) to develop the repayment capacity because the development expenditures raise the productivity of the economy and hence the repayment capacity. Therefore, the austerity measures to control the current expenditures or in broader perspective expenditure reforms are required to get maximum returns such as in performance based budgeting and evidence-based expenditure policy of Ireland and expenditure reform commission in India.

Primary Balance 6 (revenue adjusted for non-interest expenditures 7), another budget indicator, is showing the government’s dependence on borrowing to pay back the debt stock and the sluggishness of the economic growth. It is an indicator for judging the current fiscal efforts since the debt is predetermined. The time period of FY2006 onwards depicts the primary deficit that puts pressure on government to reduce Primary Deficit (gap between revenue and non-interest expenditure) for the management of debt burden. Reduced primary deficit is pointing to the government’s efforts to control the current expenditures. FY 2014 and the first three quarters of the FY2015 witnessed reduction in the primary deficit.

Total expenditure growth was 4% in FY2014 and total revenue grew by 22% compared to FY2013. During 2013 it was 22% and 16% respectively. The decline in subsidies was the reason behind the fall of current expenditure growth in FY2014. Revenue collection was weak during FY2013. During the next fiscal year, the withholding tax and increase in sales tax rate raised the tax collection. Another step taken by the government in FY2014 was shifting debt financing burden from domestic side to external side that results in more credit availability to domestic private investors.

* Figure1: Fiscal, Revenue and Primary Balance (as %age of GDP)

Source: Authors compilation based on (MoF 2015 2; MoF 2014 3; MoF2013 4; MoF 2009 5)

1 Revenue Balance (Deficit/Surplus)= Total Revenue – Current Expenditure
4 MoF 2013, ‘Statistical Supplement 2012-13’, Ministry of Finance, Pakistan
5 MoF 2009, ‘Statistical Supplement 2008-09’, Ministry of Finance, Pakistan
6 Primary Balance= Total Revenue – (Total Expenditure – Interest Payment)
The fiscal improvement during FY2004-FY2006 was primarily due to specific reasons as highlighted by the Ministry of Finance (2015). First one was the rescheduling of foreign debt that resulted in reduction of debt servicing from 42% (FY2001) to 22% of revenue (FY2006). The second one was the increase in non-tax revenue due to the inflow of foreign grants and inflow of Coalition Support Fund (CSF). The adverse situation was observed in post FY2007 due to the following reasons: i) energy crises and security issues, ii) increased debt servicing iii) poor performance of Public Sector Enterprises (PSEs) and subsidies (see figure 2), iv) natural disasters like floods and heavy rains, and v) deteriorating socioeconomic infrastructure.

**Figure 2: Interest Payments and Subsidies as percentage of Total Expenditure**

Source: MoF 2015

The area of under spending needs to be explored more. A few studies like UNESCO’s (2013) highlighted governance issues behind this under spending like access to these funds is complicated hence they remain out of the reach of public. One of the reasons behind under spending is the late release of funds.

Inefficient budget making process is another reason behind the missed targets. A study by the Center for Peace and Development Initiative (CPDI) 13 2015 exposed that many districts of Khyber Pakhtunkhwa do not propose development budgets and do not prepare the statement of excess and surrender and Schedule of New Expenditures (SNE) that is the statement for the new required expenditures. Not responding to SNE means high supplementary grants.

Lastly, budget procedures and institutions are also important enough to affect the fiscal outcomes and they need to be critically analysed. Expenditure reforms alongside the tax reforms is the need of the hour for the fiscal stability in Pakistan and their effective implementation is the next step.

*Ms Rabia Tabassum is Research Assistant at the Sustainable Development Policy Institute. She can be contacted at rabia_tabassum@sdpi.org*
Huma Dad Khan*

Children are our future asset and the most valuable form of human capital. Early childhood education is a prudent form of investment we make that could lead to a better future of the country. Investing in a child’s early years of life brings fruitful results. Countries who are investing in early childhood education are actually securing a future generation.

Like other developing countries, Pakistan in general and Baluchistan in particular is suffering from child malnutrition, poverty, and inadequate early learning opportunities that hinder the potential of their mental, physical and emotional development. Early Childhood Development (ECD) programmes gained the attention of policy makers and other stakeholders of the society in the recent decade, and are considered an essential component to build a strong foundation of the future generations.

Taking up the challenge, the Aga Khan Foundation (Pakistan) [AKF (P)] took the initiative of launching a five years’ ECD programme in three districts of the most neglected province of the country, i.e. Baluchistan. The Sustainable Development Policy Institute (SDPI) conducted a study for analysing the impact assessment of the outcomes of the same ECD project implemented by the AKF (P) in collaboration with three local based organizations.

This article shares the survey findings of one of the most ethically conservative district of Baluchistan i.e. Qilla Saifullah. The purpose of taking this district is to highlight that how the district responded and successfully met the aims of the AKF (P)-ECD project. Likewise the goal of this project mainly was to see the provision of services provided to the targeted schools with the basic fundamentals of any ECD project including child-care centre/rooms, accessibility, affordability, equity, staff, quality, gender parity and class participation. All of these were very well witnessed in Qilla Saifullah.

Results showed that delivery of ECD programme in Qilla Saifullah improved by providing separate ECD classes to 30 primary schools of the district. ECD trained teachers were provided with basic skills and learning techniques for quality education to children aged 4 to 8 years. Findings revealed that enrolment ratio in ECD classes increased about 100% in 2015 as compared to last year’s enrolment. Different learning activities and practical tasks were performed by the children increasing their interest and confidence.

One of the most striking features of the project was different learning corners (Goshay) where children could go freely to any of their favourite corners (Math gosha, English Gosha, General Knowledge Gosha, Science Gosha and Household Gosha) and perform any activity they liked. These corners always held their interest and children learnt quickly by taking part in the activities performed in class. Example is shown in photo number 1 where children made a “chart of cleanliness” on their own in the General Knowledge Gosha.

Similarly, students’ assessment was checked by asking them to write their name, English, Urdu alphabets, and small sentences. The results drawn show that about 80% of the students in

---

*AKF(P) executed its 5-year ECD programme in classes Katchi, Pakki (i.e. kindergarten), 1 and 2 of each targeted school and all these classes were considered as ECD classes where different interventions were taken.
ECD classes in Qilla Saifullah could write their names and around 100% of the children could count numbers from 1-30 in ECD classes. It implies that higher level of learning was attained in terms of writing their names and counting numbers.

In terms of lesson plan followed by the teachers, 65% of the teachers said that they had planned their lessons and schedule of delivery for different topics and class activities in their diaries and notebooks. It is also worth mentioning that teachers in Qilla Saifullah are actively involved in making low cost learning materials for the ECD classes by utilizing different ideas where children also participated in making charts and learning models as shown in photo number 2.

Another milestone achieved in this project is the re-structuring and formulation of Parents Teachers School Management Committees (PTSMCs) for community involvement and participation in promoting early childhood education in the targeted district. PTMSC provided a platform for parents-teachers interaction for quality education obtained by children. Analysis of the performance of PTSMC members in the district is also satisfactory i.e. 80% PTSMC member visited the ECD classrooms for examining the ECD environment, discussing the issues faced by the school, children or teachers and providing solutions to any related problem.

The ECD project no doubt is a big success and especially in district Qilla Saifullah achieving capacity building of stakeholders including teachers, head of schools, administrative staff of education department and the community through professional development, training, mentoring and sensitization. The project also transformed the policy arena from conventional teaching syllabus towards teaching practices and activity based learning mechanism promoting the teachers’ role as a mentor, facilitator, and caregiver. Government of Baluchistan has formulated and implemented early childhood education policy at the primary level schools which is a mandatory part of the provincial education sector.

*Ms Huma Dad Khan is Associate Researcher at the Sustainable Development Policy Institute. She can be reached at humadad-khan@sdpi.org Her twitter handle is humadad_k

Training Workshop on Advocacy, Communication and Social Mobilization (ACSM) 02-04 June 2015

**Left to Right (1st Row Standing):**
Sadaf Nawaz (CCB), Muhammad Javed Iqbal, Mohammad Yasin (Trainer), Muhammad Jalil Babar, Syeda Natasha Anwar

**Left to Right (2nd Row Standing):**
Asif Mehmood (CCB), Abdul Sattar (Trainer), Huseen Ullah, Shahid Minhas (Trainer), Jamshed Tariq, Azhar Lashari

Training Workshop on Recruitment and Selection 16 June 2015

**Left to Right (1st Row Standing):**
Srosh Hassan, Mohammad Yasin (Trainer), Douglas David (Trainer), Mazhar ul Haq, Mehwish Nazir

**Left to Right (2nd Row Standing):**
Asif Mehmood, Shahid Minhas, Humayun Farooq, Sadaf Nawaz

Training Workshop on Stress Management 10-11 June 2015

**Left to Right (1st Row Standing):**
Ayesha Inam, Asad Mahmood Awan (Trainer), Mohammad Yasin (CCB), Mahwish Noon

**Left to Right (2nd Row Standing):**
Zia ur Rehman, Sadaf Nawaz (CCB), Shahid Minhas (CCB), Sada Ullah Khan, Yasir Dil

Training Workshop on Advance MS Excel 10-12 June 2015

**Left to Right (1st Row Standing):**
Asif Mehmood (Trainer), Ijlal Ashraf (Trainer), Syed Fazil Shah, Gul Hussain, Gul Akbar

**Left to Right (2nd Row Standing):**
Hussain Ali Shah, Ikram ud Din, Mir Ahmed

**Left to Right (3rd Row Standing):**
Zahir Ali Shah, Mohammad Ali Shah, Iltaf Hussain, Yaqood Baig

Training Workshop on Leading and Managing High Performing Teams 11-12 May 2015

**Left to Right (1st Row Standing):**
Asifa Kashif, Sobia Rizwan, Fatima Asim, Afahan Toor, Afshan Ashraf, Bushra Nasir, Munazza Gillani

**Left to Right (2nd Row Standing):**
Sadaf Nawaz (CCB), Fouzia Qmer, Shahid Minhas (Trainer), Mohammad Yasin (Trainer), Neelum Waseem, Nida Rehman

Sustainable Development Policy Institute
Mailing Address: PO Box 2342, Islamabad, Pakistan 38, Embassy Road, Ataturk Avenue, G-6/3, Islamabad.
Telephone: +(92-51) 2277146, 2278134, 2278136, 2270674-6 Fax: +(92-51) 2278135
URL: www.sdpi.org e-mail: main@sdpi.org