

# PRSP II



**Ensuring a Demographic  
Dividend – Unleashing  
Human Potential in a  
Globalized World**

# Presentation Outline

- PRSP Process – Background
- Socio-economic conditions at inception of PRSP-I
- Strategic Framework of PRSP-I
- PRSP-I Impact Assessment
- PRSP-II: Aligning with New Realities
- Strategic Framework of PRSP-II

# PRSP Process: Background

- Interim Poverty Reduction Strategy Paper (I-PRSP) adopted in November 2001 by the GOP to tackle the rising level of poverty in the country
- After further refinement I-PRSP was articulated as the PRSP-I in December 2003
- The next generation PRSP-II will replace the PRSP-I which has completed its three years' implementation plan

# Socio-economic Conditions at the Inception of PRSP-I, 2001

- Sluggish economic growth
- High and rising levels of poverty (more than one-third of the population was poor in 2000/01)
- Acute and widening gender, rural-urban and regional disparities
- Weak social indicators
- Non-supportive international environment
- Political instability

# Strategic Framework of PRSP-I

Pillar 1      Accelerating Economic Growth  
while maintaining Economic Stability

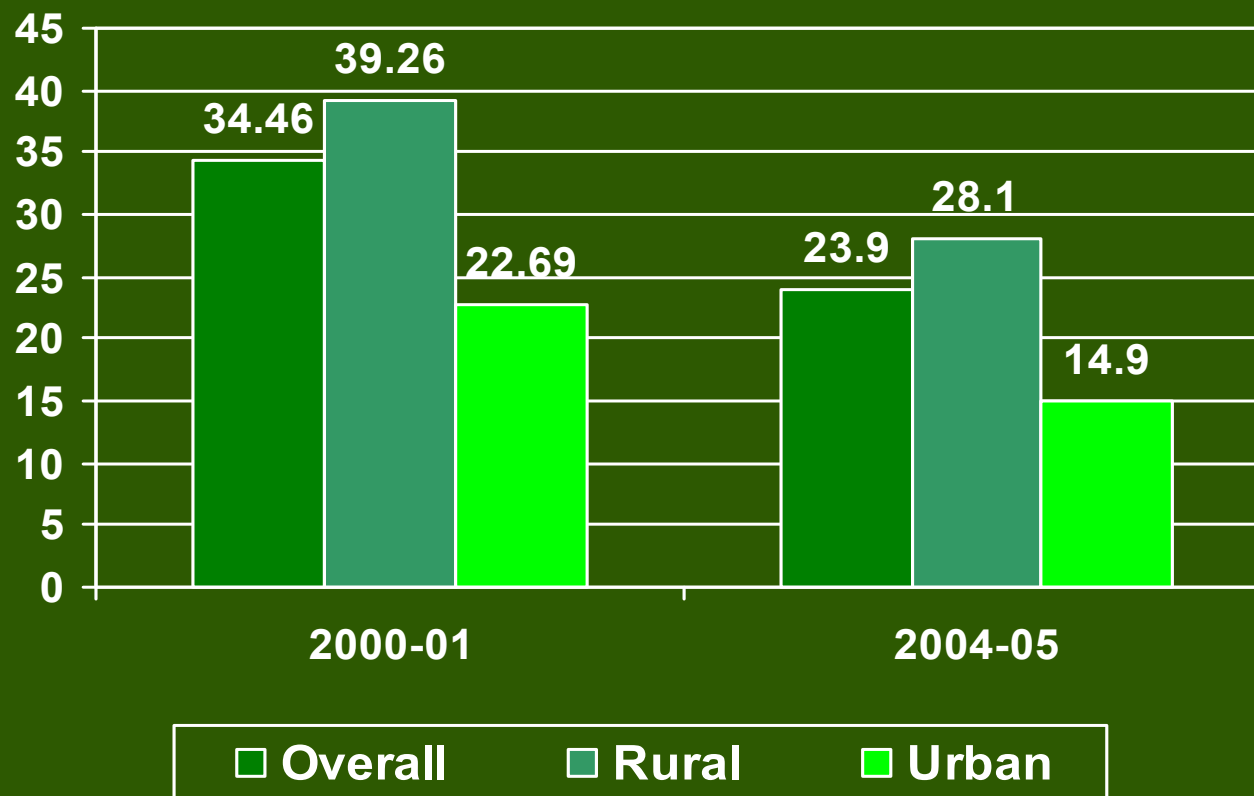
Pillar 2      Improving Governance & Devolution

Pillar 3      Investing in Human Capital

Pillar 4      Targeting the Poor & Vulnerable

# PRSP I: Impact Assessment

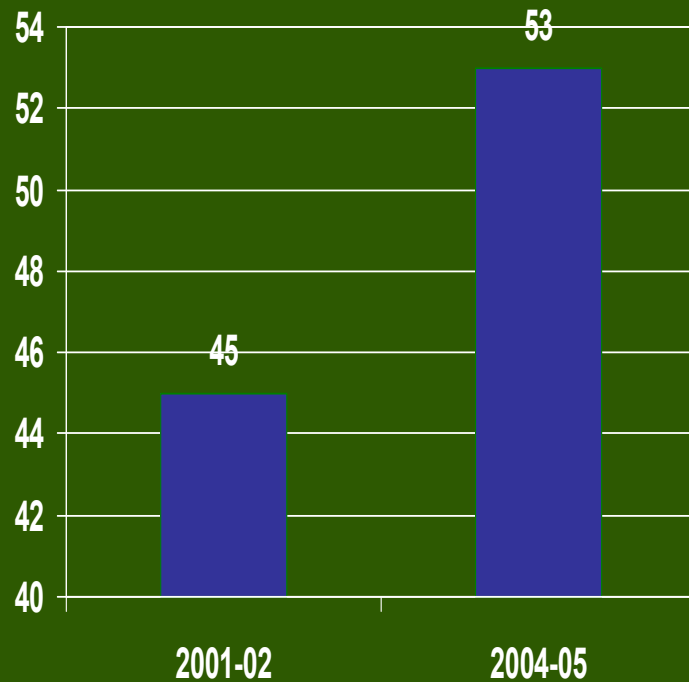
## Poverty Headcount (%)



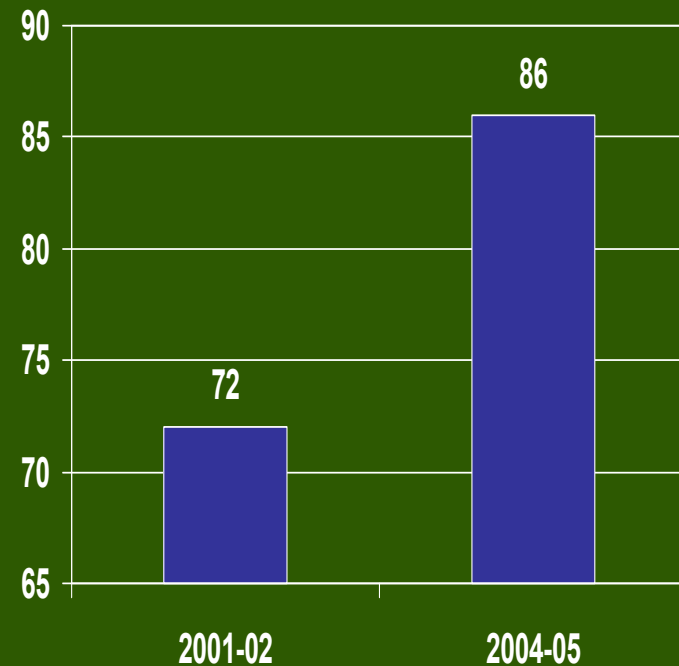
# PRSP I: Impact Assessment

## Education

*Adult literacy rate (%)*



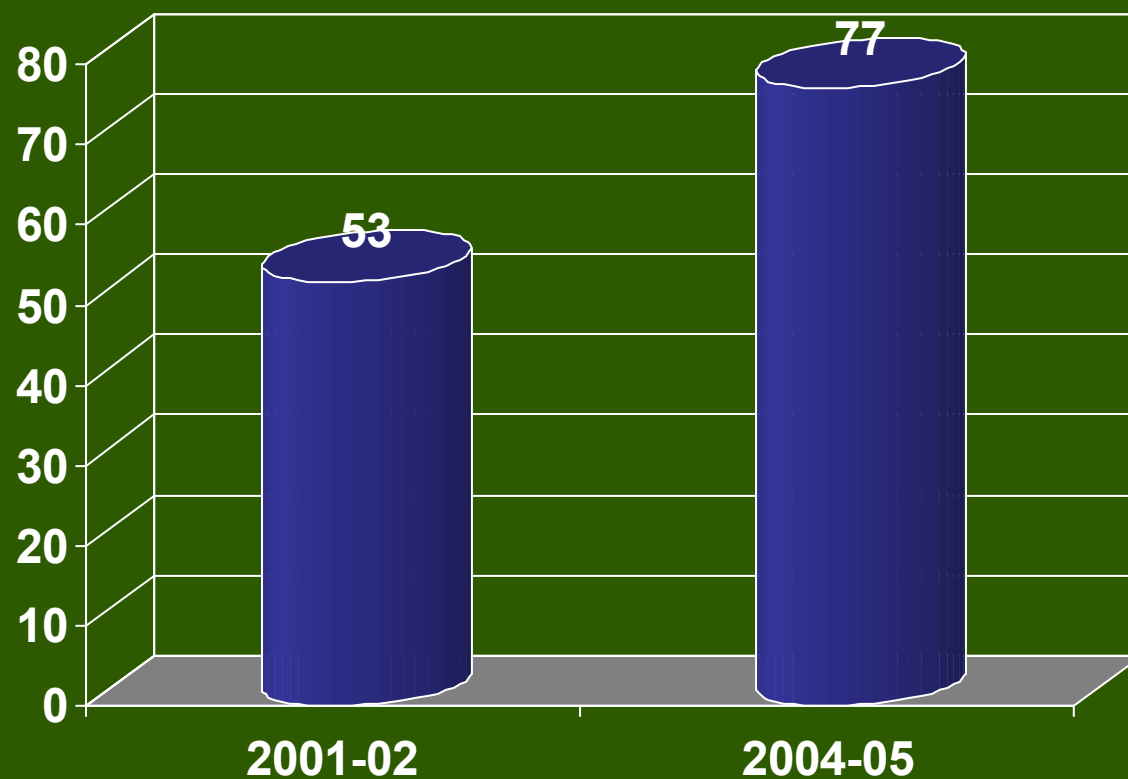
*Gross primary enrolment rate (%)*



# PRSP I: Impact Assessment

## Health

*Immunization coverage children aged 12-23 months (%)*



# PRSP I: Impact Assessment

## PRSP Pro-Poor Expenditures (2001-2006)

	2001-02	2002-03	2003-04	2004-05	2005-06
<b><u>Target</u></b>					
Nominal (Rs. Bln)	167.3	208.8	238.8	278	323.8
<b><u>Actual</u></b>					
Nominal (Rs. Bln)	167.3	208.8	260.9	316.24	434.6
As % of GDP	3.8	4.32	4.72	4.83	5.63

# PRSP II: Aligning with New Realities

- The changing face of the global economy driven by
  - Forces of globalization and
  - Transition towards knowledge based economy presents a developing country like Pakistan with a host of new opportunities, while at the same time confronting it with new challenges.

## PRSP II: Aligning with New Realities

- At the same time, Pakistan is going through a phase of demographic transition, where the share of the youth and working age population is growing with respect to other population groups.

# PRSP II: Aligning with New Realities

- This necessitates a rethinking of the poverty reduction strategy to align it with the new global realities and capitalize on the upcoming demographic dividend, in order to achieve maximum gains in poverty alleviation and attain the MDGs by 2015.

# Strategic Framework of PRSP II

- Pillar 1 Drivers of Economic Growth and Macroeconomic Stability
- Pillar 2 Crafting a Competitive Advantage
- Pillar 3 Harnessing the Potential of the People
- Pillar 4 Financial Deepening and Economic Development
- Pillar 5 World Class Infrastructure
- Pillar 6 Effective Governance and Management
- Pillar 7 Targeting the Poor and the Vulnerable

# Pillar 1: Drivers of Economic Growth and Macroeconomic Stability

## Pakistan's Unparalleled Demographic Picture, Emergence of Middle Class and Potential for Accelerating Growth

- Proportion of working age population is increasing + Decline in dependent age population in Pakistan



offering a window of opportunity -  
**'demographic dividend'**

- **Pillar 1:** looks into the **demographic dividend** being offered to Pakistan and its implications for the country, mainly through three mechanisms: (i) labour supply, (ii) savings and (iii) human capital with the help of economic drivers like domestic demand, consumer credit, consumption, investment, exports, remittances etc.

# Pillar 1: Drivers of Economic Growth and Macroeconomic Stability

## Riding the Globalization Wave in Export Markets

In recent years, Pakistan has:

- Achieved considerable success in global markets as measured by the growth rate in exports,
- Adapted to globalization, and
- Has created healthy, growing and competitive industries
- Pakistan's manufacturing exports have grown at an average of just over 7% per year.
- The growth in international export markets represents an opportunity to harness these powerful global market forces in ways that can create jobs for Pakistanis

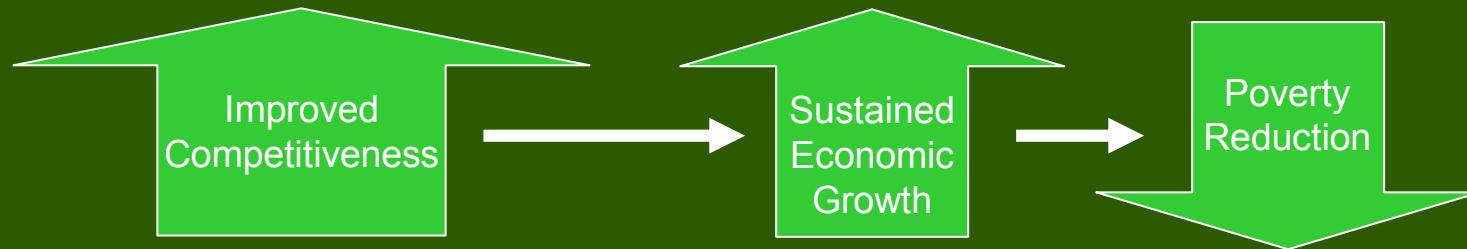
# Pillar 1: Drivers of Economic Growth and Macroeconomic Stability

## Drivers of Growth

1. Agriculture Sector
2. Manufacturing Sector: e.g. Light Engineering Sector
3. Services Sector: e.g. Telecom Sector
4. Mega Cities as Engines of Growth - the rise of large urban centers and mega cities
5. World Class Infrastructure

# Pillar 2: Crafting a Competitive Advantage

## Improving Pakistan's Competitiveness



Globalization is a Reality that Countries Can no Longer Escape

Competitiveness is the Only Way to Benefit from Globalization

Improved Competitiveness Leads to Sustained Economic Growth Which Has Proven to Be Effective in Poverty Reduction and Employment Generation

The Economic Reform Agenda of the GOP is Reflected into and Recognized by the World Economic Forum's Global Competitiveness Index



# Pillar 2: Crafting a Competitive Advantage

## Improving Pakistan's Competitiveness

### GCR Scores Recognized Government of Pakistan Reforms (Ranked: 125 countries)

<u>Confidence in Government Integrity</u>	<u>2005</u>	<u>→</u>	<u>2006</u>	<u>Improvements</u>
• Ease of Government Compliance	94	→	55	<b>39</b>
• Public Trust in Government	83	→	55	<b>28</b>
• Ethics and Corruption	79	→	59	<b>20</b>
• Favoritism of Government Officials	69	→	52	<b>17</b>
• Government Efficiency	61	→	47	<b>14</b>
• Undue Influence	81	→	72	<b>10</b>
 <u>Financial Sector Reforms</u>				
• Interest Rate Spreads	67	→	37	<b>30</b>
• Financial Market	71	→	53	<b>18</b>

# Pillar 2: Crafting a Competitive Advantage

## Improving Pakistan's Competitiveness – Outperforming India on GCI

		PAKISTAN	INDIA	MALAYSIA
1	HIRING AND FIRING PRACTICES	26	101	59
2	TIME REQUIRED TO START BUSINESS	30	97	40
3	INTEREST RATE SPREAD	37	51	20
4	REAL EFFECTIVE EXCHANGE RATE	45	78	30
5	GOVERNMENT INEFFICIENCY (RED TAPE, BUREAUCRACY AND WASTE)	25	59	24
6	QUALITY OF PORT STRUCTURE	52	61	13
7	MARKET FLEXIBILITY	54	77	26
8	PUBLIC TRUST OF POLITICIANS	55	59	17
9	BURDEN OF GOVERNMENT POLICY	55	67	7
10	OVERALL INFRASTRUCTURE QUALITY	67	69	19
11	GOVERNMENT DEBT/GDP RATIO	69	88	49
12	3 <sup>RD</sup> PILLAR: MACRO ECONOMY	86	88	31
13	QUALITY OF ELECTRICITY SUPPLY	87	97	33
14	MALARIA PREVALENCE	87	94	77
15	GOVERNMENT SURPLUS/DEFICIT	89	122	91

## Pillar 2: Crafting a Competitive Advantage

### Private Sector Development and Enhancing the Role of the Private Sector

The Government of Pakistan will enhance the role of the private sector by:

- 1) Lowering the barriers to small and medium enterprises (SMEs)
- 2) Encourage further deepening of the financial sector
- 3) Encouraging domestic as well as foreign investment
- 4) Attracting foreign investment (FDI) – Example of light engineering industry:  
auto production targets and employment

## Pillar 2: Crafting a Competitive Advantage

### Example: Automotive Industry in Pakistan (Top 4 OEMS)

<u>Assembler</u>	<u>Production</u>		<u>Capacity</u>	<u>Target</u>
	<u>2001</u>	<u>2006</u>	<u>2006</u>	<u>2011</u>
----- <i>Units</i> -----				
Pak Suzuki	19,139	99,734	120,000	250,000
Indus Motors (Toyota)	13,210	41,552	50,000	100,000
Honda Atlas	5,824	30,464	32,500	100,000
Dewan Farooq (Kia and Hyundai)	8,514	17,972	20,000	50,000
<b><u>TOTAL</u></b>	<b><u>46,678</u></b>	<b><u>189,722</u></b>	<b><u>222,000</u></b>	<b><u>500,000</u></b>

## Pillar 2: Crafting a Competitive Advantage

Example: Automotive industry employment targets, 2011

<u>Occupation</u>	<u>Jobs (#)</u>	<u>%</u>
Management	21,000	7%
Professional/engineers	15,000	5%
Technicians	9,000	3%
Maintenance engineers	33,000	11%
Service engineers	15,000	5%
Assembly workers	54,000	18%
Machine tool operators	45,000	15%
Other unskilled	108,000	36%
<b><u>TOTAL</u></b>	<b><u>300,000</u></b>	<b><u>100%</u></b>

# Pillar 2: Crafting a Competitive Advantage

## Special Economic Zones, Industrial and IT parks and SME cluster development

### Existing and Planned Industrial Parks, e.g.,

- “Textile City” in Karachi
- “Marble City” near Hub in Balochistan....also Lasbela Industrial Estate Limited...  
various factories including Cadbury and “Faraz” Apple Juice
- Bin Qasim Industrial Park near Karachi
- Gwadar Port – for Arabian Sea and Gulf trade
- Planned projects around Pakistan
- Specially designed parks for automotive and food processing



Sindh

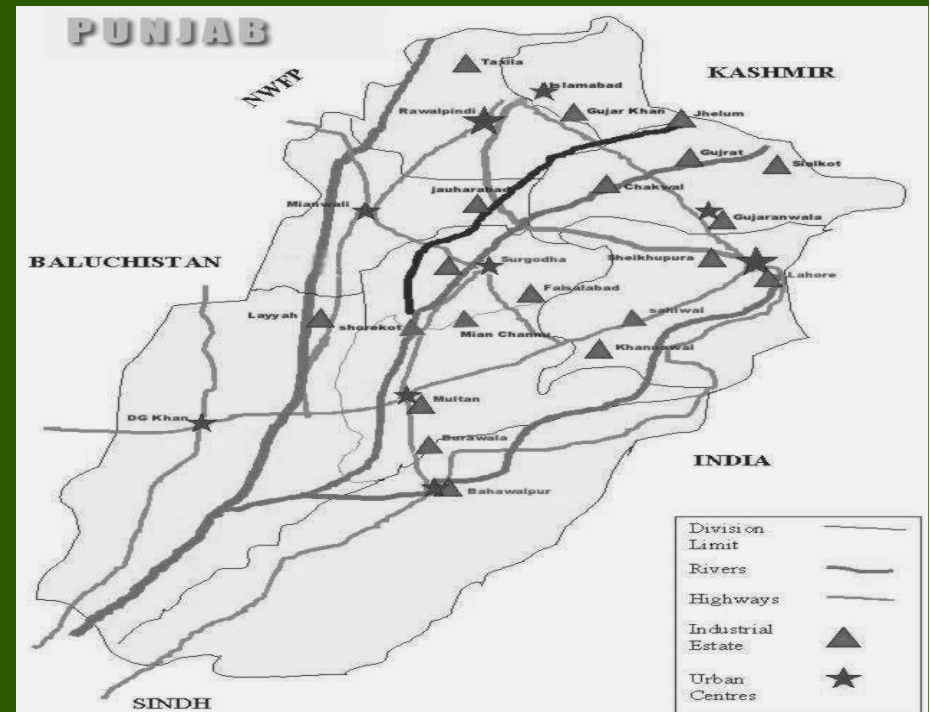
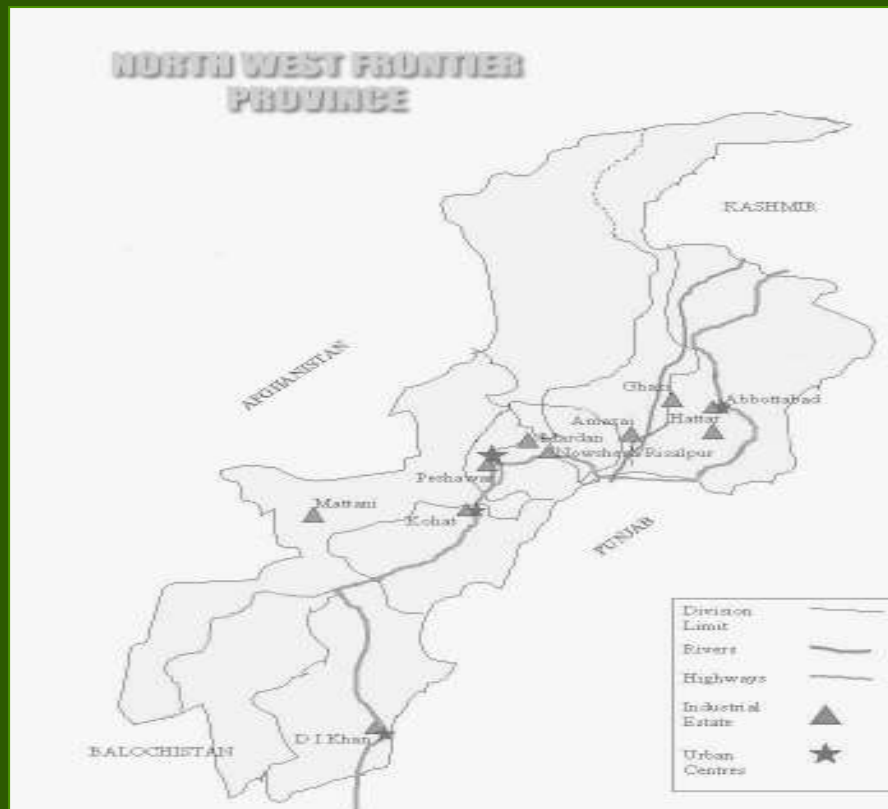
NWFP

Punjab

Balochistan

# Pillar 2: Crafting a Competitive Advantage

## Special Economic Zones, Industrial and IT parks and SME cluster development



# Pillar 2: Crafting a Competitive Advantage

## Special Economic Zones, Industrial and IT parks and SME cluster development



## Pillar 2: Crafting a Competitive Advantage

### Success Factors for SEZ's

- High Quality Infrastructure
- Well-thought out “Industry Attraction Plan”
- Access to a productive labour pool
- Streamlined processes

*Countries with successful SEZs are characterized by a well thought out strategy, committed policy makers, and an ability to quickly deploy resources to fix weaknesses and leverage strengths.*

# Pillar 2: Crafting a Competitive Advantage

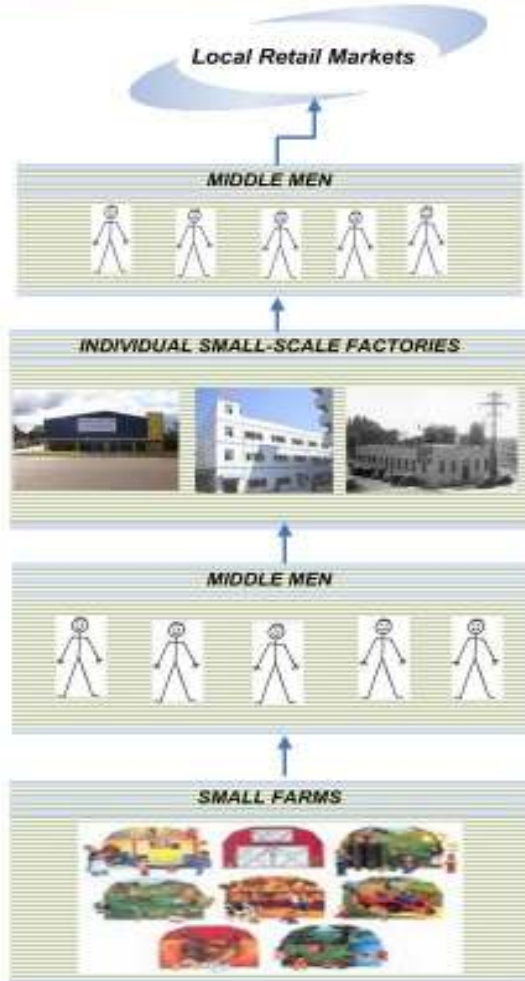
## Policies for Value Addition in Agriculture and Food Processing

- De-bottlenecking of food processing value chain including storage, equipment, packaging/ labeling and quality control
- Transition from traditional (Pakistan) to global (e.g., Thailand) approach to food processing
- Improving quality of food e.g., fortifying wheat flour, better packaging, consumer awareness of health issues
- Strengthening science-based institutions such as PARC/ National Agricultural Research Council
- Improving process efficiency and minimizing post harvest waste
- Promoting forward and backward linkages between processors, farms and markets
- Improving export oriented infrastructure



# Pillar 2: Crafting a Competitive Advantage

## TRADITIONAL APPROACH TO FOOD PROCESSING

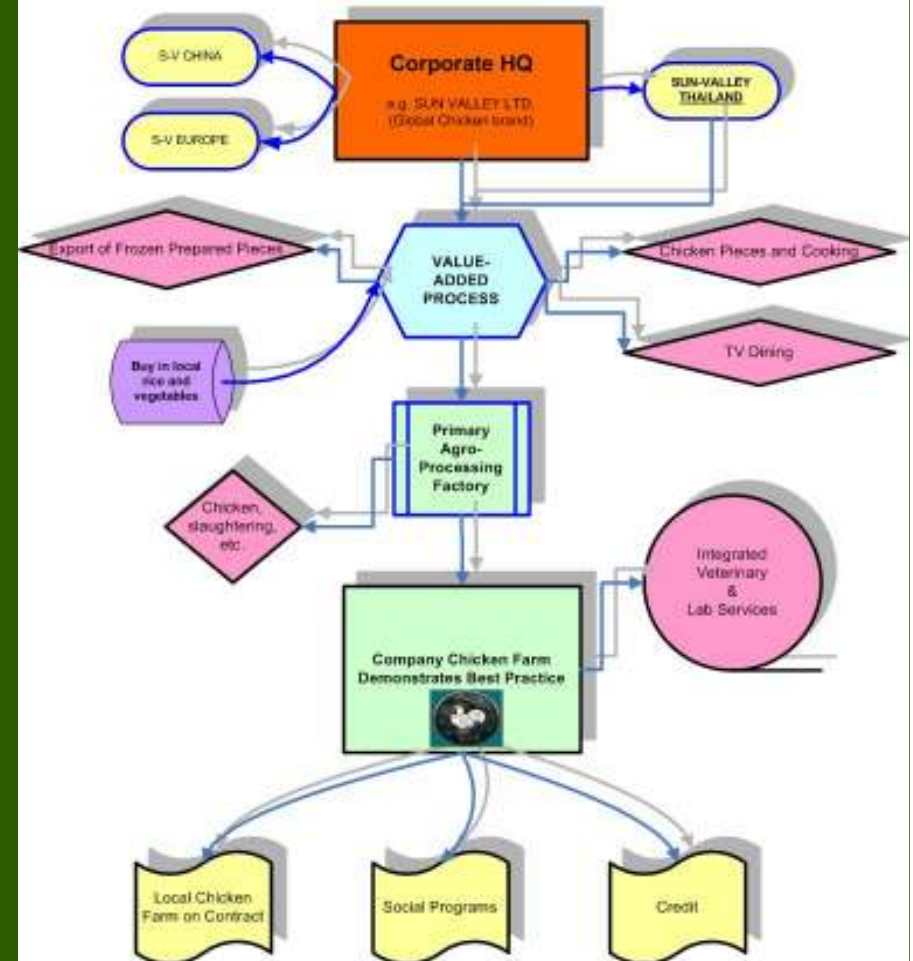


Page 1

Then

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## GLOBAL APPROACH TO FOOD PROCESSING



Now

# Pillar 3: Harnessing Human Resources

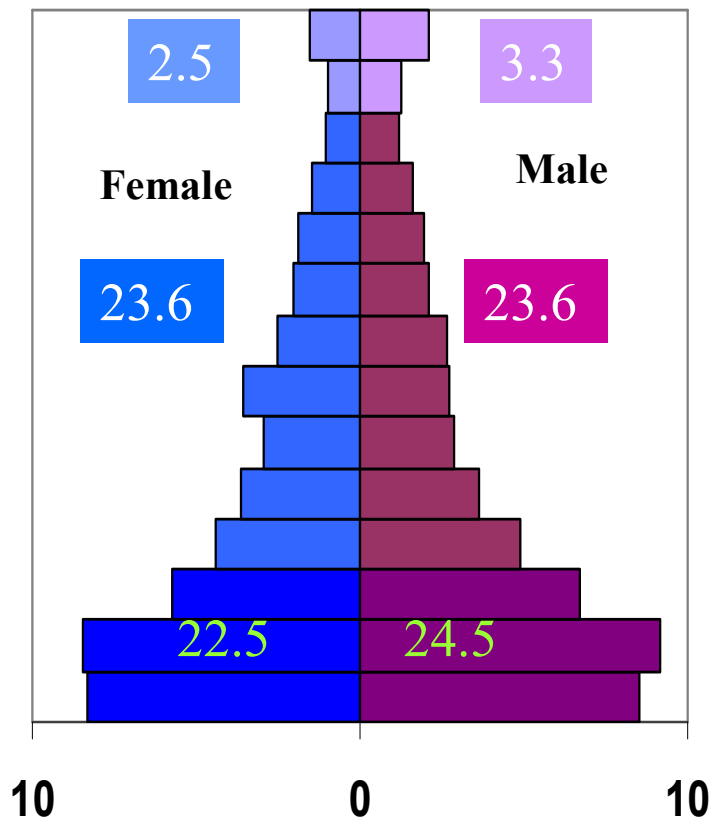
## Putting People at the Centre of National Development Strategy and Human Resource Development Strategy

- Special emphasis on Human resource development in Poverty Reduction Strategy
- To fill the growing demand for skilled labor force, as result of growth in manufacturing and services sector, NAVTEC has been launched
- Move towards 'Knowledge Based Economy'
- Focus on Education through:
  - Education for All (2001-15)
  - Ordinance for compulsory primary education
  - National Education Assessment System
  - Fast Track Initiative
  - Higher Education Commission (HEC)

# Pillar 3: Harnessing Potential of the People

## POPULATION PYRAMID

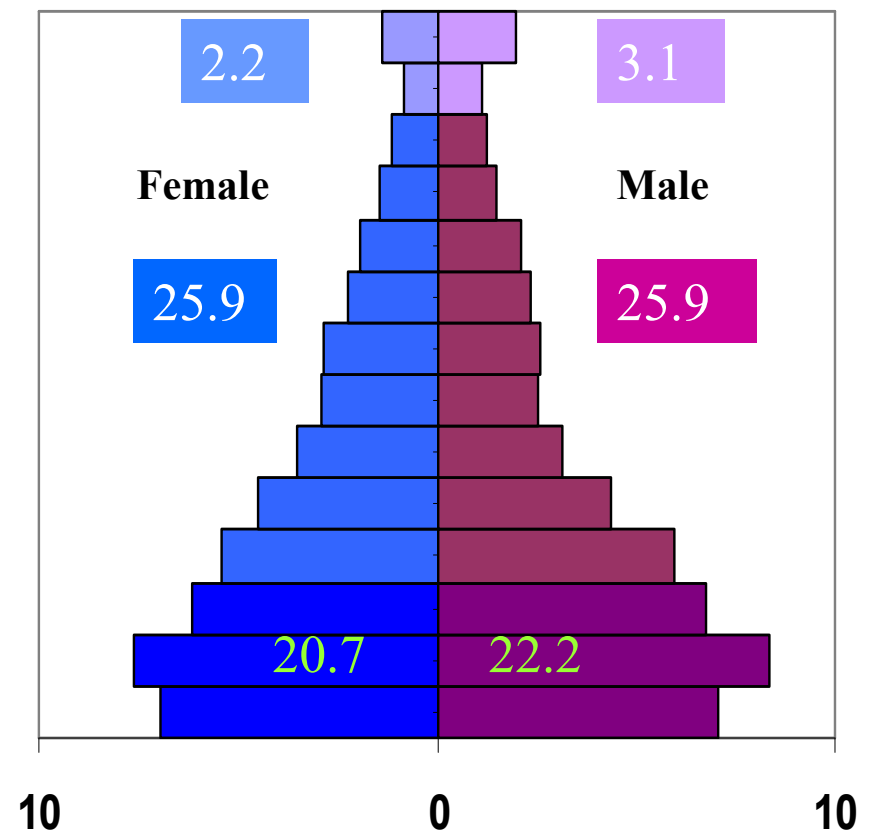
### 1991-92 & 2005-06



% age of Population

### Age Sex Distribution 1991-92

65+  
60-64  
55-59  
50-54  
45-49  
40-44  
35-39  
30-34  
25-29  
20-24  
15-19  
10-14  
5-9  
0-4



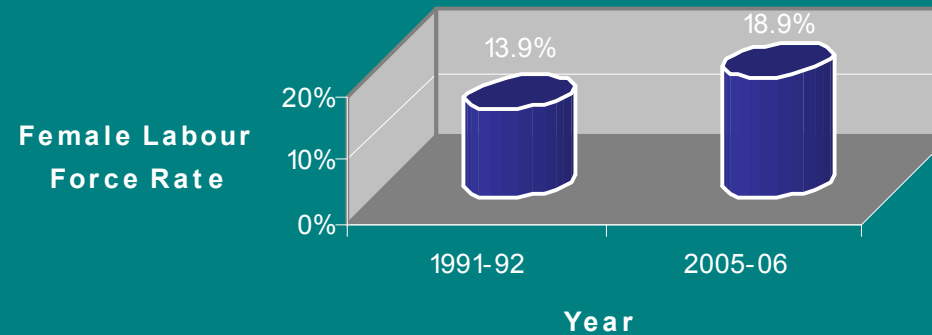
% age of Population

### Age Sex Distribution 2005-06

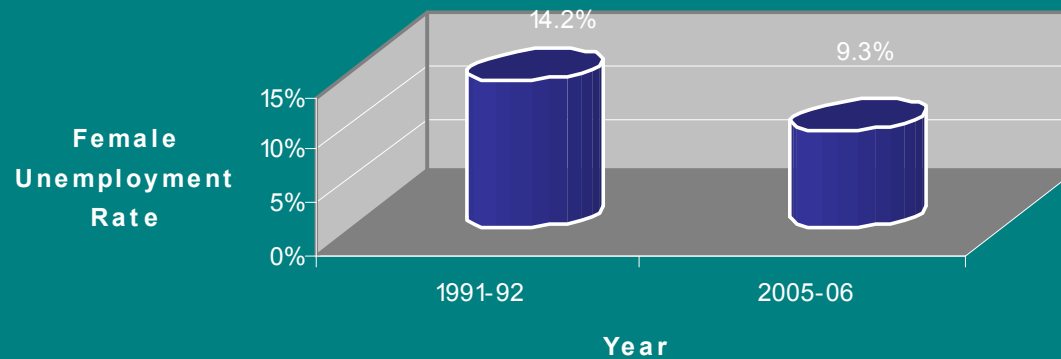
Source: Labour Force Survey 1991-92 & 2005-06, Federal Bureau of Statistics

# Pillar 3: Harnessing Potential of the People

## Female Labour Force Participation Rate



## Female Unemployment Rate



## Pillar 3: Harnessing Potential of the People

### Mainstreaming Gender and Empowering Women

- Female labour participation has increased from 13.9% (1991-92) to 18.9% (2005-06) and unemployment rate for females has declined from 14.2% (1991-92) to 9.3% (2005-06)
- Gender Reform Action Plans (GRAPs) underway at the federal and provincial level to change structures and processes of government to promote gender equity. Areas of intervention include:
  - Political reforms
  - Admin/institutional reforms
  - Public sector employment reforms
  - Policy and fiscal reforms
- Gender responsive budgeting has been introduced at the Federal and Punjab level.

## Pillar 3: Harnessing Potential of the People

- Employment Generation and Prosperity Sharing
- Targeted Programmes for employment generation include:
  - President's Rozgar Scheme ( loan up to Rs 200,000 to be provided to unemployed youth; 10,400 applications received)
  - Micro Finance through Pak Poverty Alleviation Fund, Khushali Bank and ZTBL (Rs. 6.6 billion disbursed to one million beneficiaries )
  - 'Hunarmand Pakistani' financed through SME Bank (Financed 6184 SMEs; disbursed Rs 3.85 billion)
  - Public Works programme through KPP 1, KPP 2 and KPF
- Resultantly, un-employment has been declining in recent years especially among women
- National Internship Programme launched for fresh graduates (75,000 applications received; 28,000 applications met the criterion and are under process; 4000 placed in various ministries/departments)
- Focus on the sectors of Livestock (dairy), Housing, Hospitality, SME and Public Transport for additional employment generation

## Pillar 4: Financial Sector Deepening and Economic Development

▪ ***Financial Deepening***: financial development that includes not only an expansion in the financial sector, but also an improvement in institutions so that the financial system can allocate capital to its more productive uses more efficiently

▪ *Financial Deepening and Economic Growth* are empirically linked and: financial sector development → growth in income of the poorest of population → poverty reduction.

▪ Remarkable improvement in Pakistan's financial sector over the last decade.

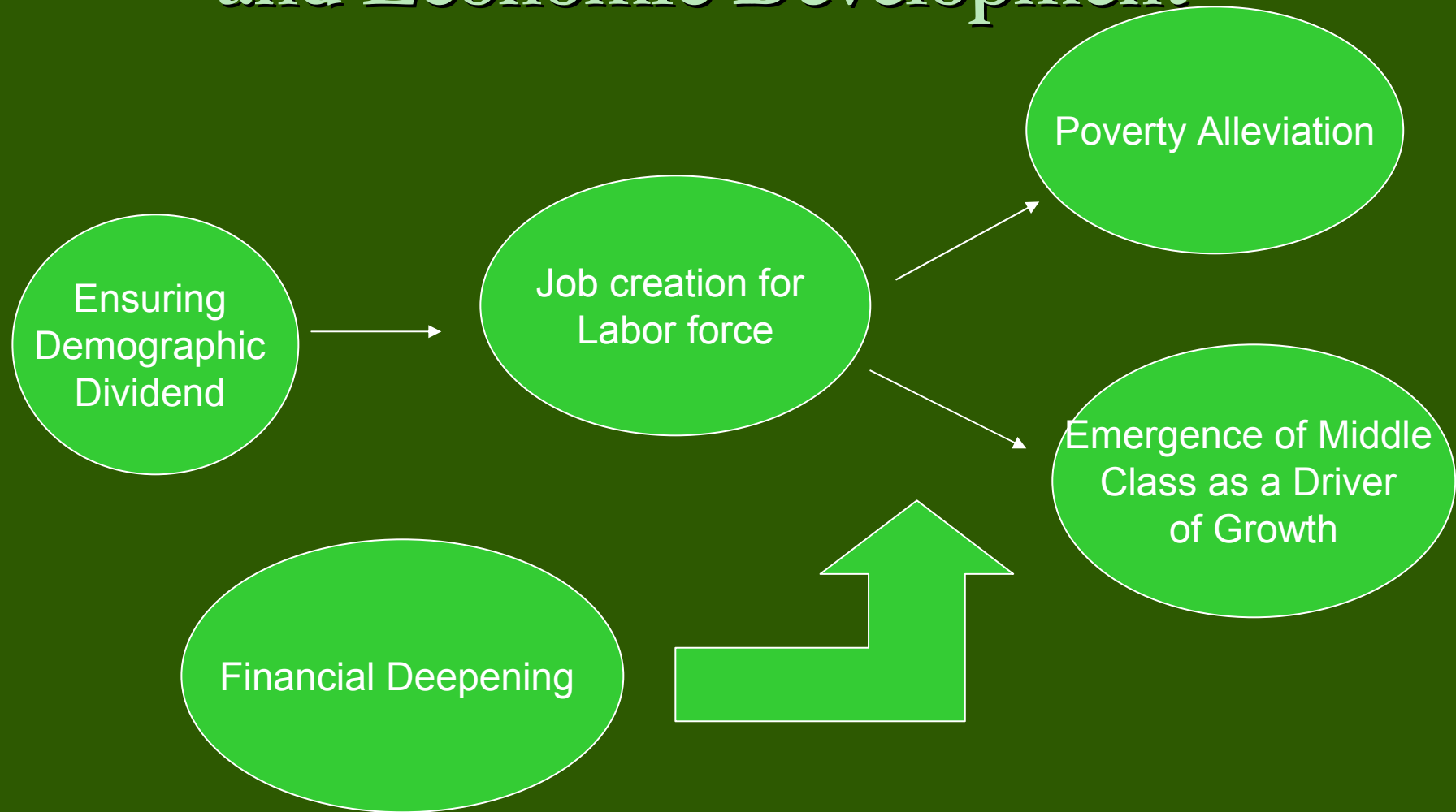
▪ Government embarked on a comprehensive **reform agenda** that covered:

- Privatization of financial institutions, rightsizing of banks and development Finance Institutions through restructuring improvement in corporate governance by promoting transparency and disclosure.
- Strengthening of the legal framework to expedite recovery of stuck-up loans by promulgating a new recovery law.
- Revision of Prudential Regulations for Corporate/ Commercial banking to accommodate four separate categories viz. Risk management, Corporate Governance, Know Your Customer (KYC).
- Anti Money laundering as well as issuance of separate Prudential Regulations for SMEs, consumer and agriculture financing.

## Pillar 4: Financial Sector Deepening and Economic Development

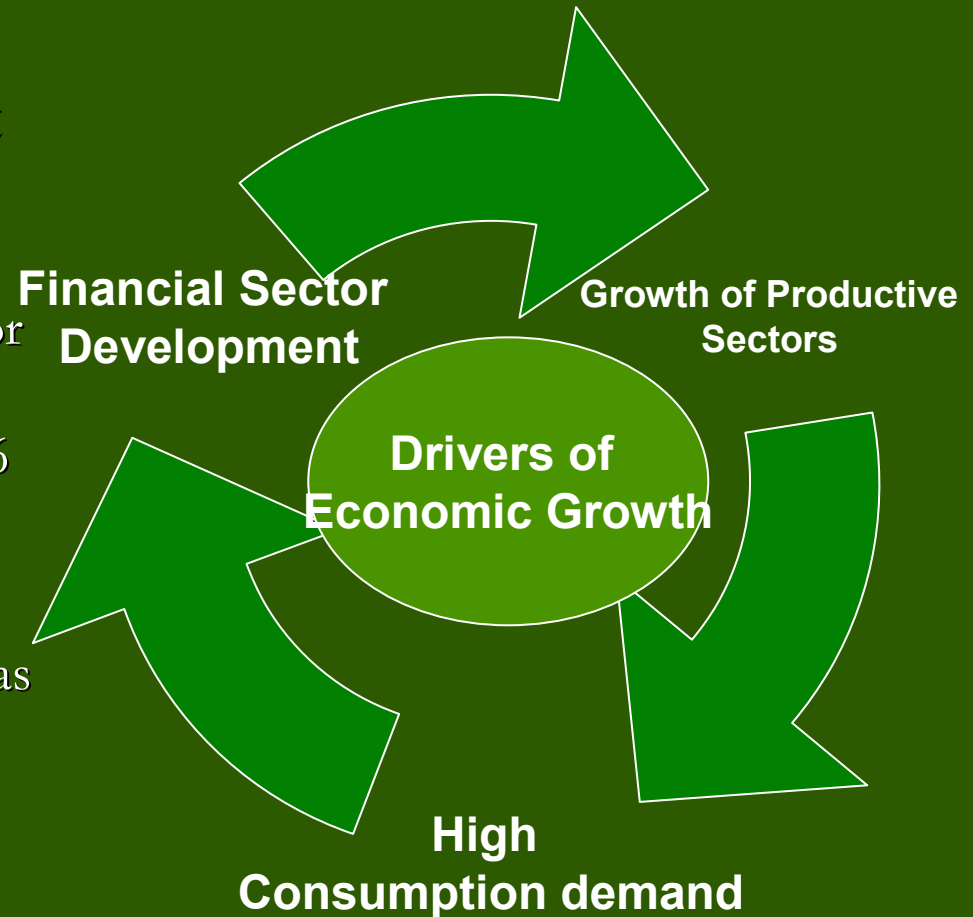
- Pakistan's banking sector is regarded as one of the best performing sectors in the region:
  - with assets of over \$60 billion
  - Exceptional profitability with an all time low non performing assets
  - 78% of banking assets are in private hands.
  - FDI in Financial sector was around US \$ 572.8 million in 2006-07
  - Opening of new foreign banks, mergers & acquisitions are constantly happening.
- Capital Markets:
  - KSE market capitalization being close to **US \$ 50.5 billion**, or equivalent to **37.5** percent of GDP 30<sup>th</sup> March 2007
  - Portfolio investment for the period 2006-07 was around US\$ **981.2** million.
  - The proposed Second Generation Capital Markets Reforms Programme under process with the Asian Development Bank with an aim to deepen the capital markets.

# Pillar 4: Financial Sector Deepening and Economic Development



# Pillar 4: Financial Sector Deepening and Economic Development

- Financial sector development driver of economic growth.
  - A record growth in private sector credit approximately **Rs. 402 billion** (US \$6.7 billion) in FY06
  - Revived industrial capacity
  - Supported steady growth in the services sector (share to GDP has grown to **52.3%**)



## Pillar 4: Financial Sector Deepening and Economic Development

Financial sector development → poverty alleviation

SME contributes:

- over 30 % to GDP
- 25 % to export earnings
- 35 % in manufacturing value addition and
- constitutes 17.7 % of loan portfolio

Microfinance has

- about 1 million borrowers (60 % are from rural areas)
- Markup rate lowest in the region
- A separate legal and regulatory framework for microfinance institutions/banks
- A transparent reporting system.
- A strategy is being developed to increase the outreach of microfinance to 3 million people by the year 2010.

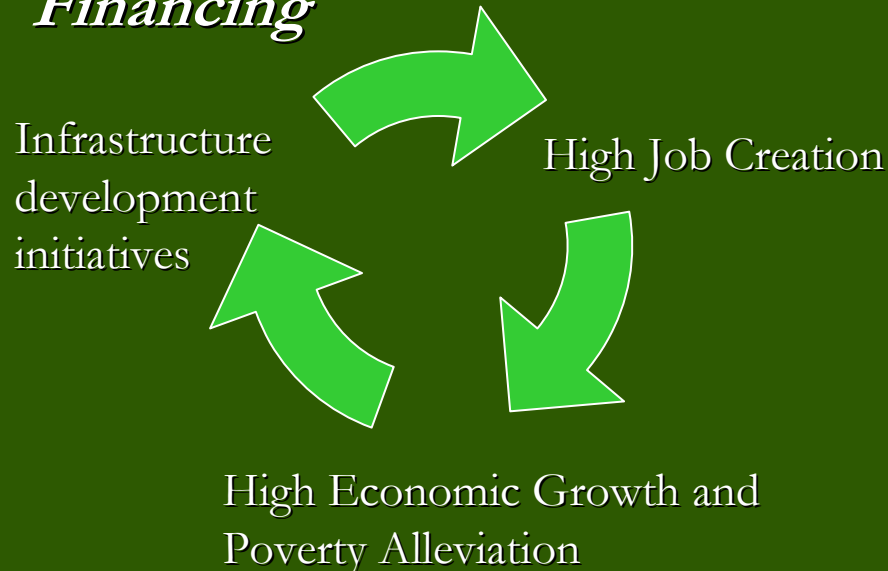


## Pillar 4: Financial Sector Deepening and Economic Development

- **Going forward:** The following policies will form part of Pakistan's medium term financial sector strategy:
  - Broadening access to middle and lower income groups
  - Development of new liability products to utilize savings of small savers
  - Corporate restructuring to support financial sector reforms
  - Infrastructure financing
  - E-banking
  - Private equity, Pension and Provident funds
  - Investment banking
  - Human resource development and capacity building
  - Promotion of Islamic banking
  - Further consolidation and restructuring of the banking sector
  - Focus on Development Finance to serve the underserved markets
  - Further strengthening of supervisory regime & strengthening Risk Management

## Pillar 5: World Class Infrastructure

### *MTDF & Infrastructure Development Requirements & Financing*



GoP prepared the **Medium Term Development Framework 2005-2010 (MTDF)** in 2005

- ❑ The government envisages an investment of Rs.2042 billion under the Public Sector Development Programme (PSDP) during 2005-2010
- ❑ Highest share (48.6%) of this amount – Rs. 993.2 billion - will be allocated towards upgrading physical infrastructure (energy, transport and communications, water resources, etc.)

# Pillar 5: World Class Infrastructure

## Public Private Partnerships

- ❑ Infrastructure Project Development Facility (IPDF) to act as the principal *facilitator and coordinator* of **Public-Private Partnership** (PPP) projects in Pakistan to create a conducive environment for private investment
- ❑ Infrastructure Project Financing Facility (IPFF) will provide residual long-term, fixed rate local currency *financing* to fiscally viable PPP projects

## National Trade Corridor Improvement Programme (NTCIP)

- ❑ **NTCIP** - launched by GoP (2005) with the assistance of the World Bank
  - will link Pakistan's major ports with its main industrial centres and neighbouring countries
- ❑ Areas of focus include ports and shipping, railways, trucking and highways
- ❑ Objectives include promoting an integrated approach to planning, management of the national transport logistics system, hence reducing the cost of trade and enhancing export competitiveness and industrialization in Pakistan

# Pillar 5: World Class Infrastructure

## Leveraging the Water Resource for Development

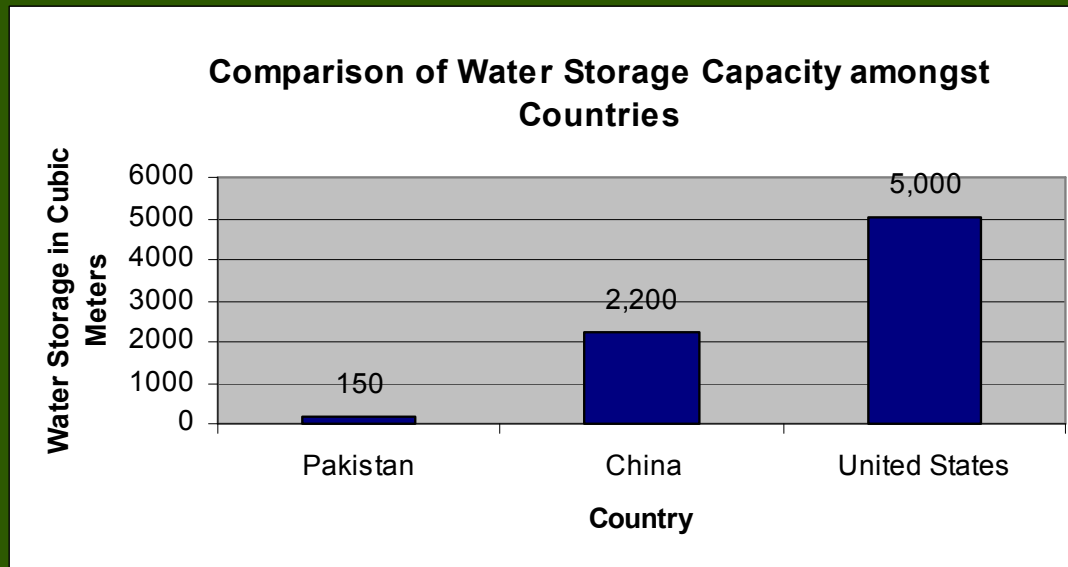
Development and management of water resources will include:

- Creation of additional medium and large-size reservoirs - massive storage dams to be built by 2016 include Bhasha-Diamer, Kalabagh, Kurram Tangi, Munda and Akhori
- Integrated resource use
- Introduction of water efficient techniques including measures to enhance the water table
- Containment of environmental degradation
- Institutional strengthening
- Capacity building and human resource development
- An allocation of Rs.276 billion during 2005-2010 has been proposed for the water sector under the MTDF

## Pillar 5: World Class Infrastructure

### Water deficiency:

Pakistan has very little water storage capacity:



- The Pakistan Water Strategy calculates that Pakistan needs to raise storage capacity by 18 MAF (6 MAF for replacement of storage lost to siltation and 12 MAF of new storage) by 2025 in order to meet the projected requirements of 134 MAF.

- 86% of the 50,000 mw of Pakistan's economically viable hydropower potential has yet to be developed.

- In the next 20 years, aggregate water demand is expected to grow from 4% to 15%.

## Pillar 5: World Class Infrastructure

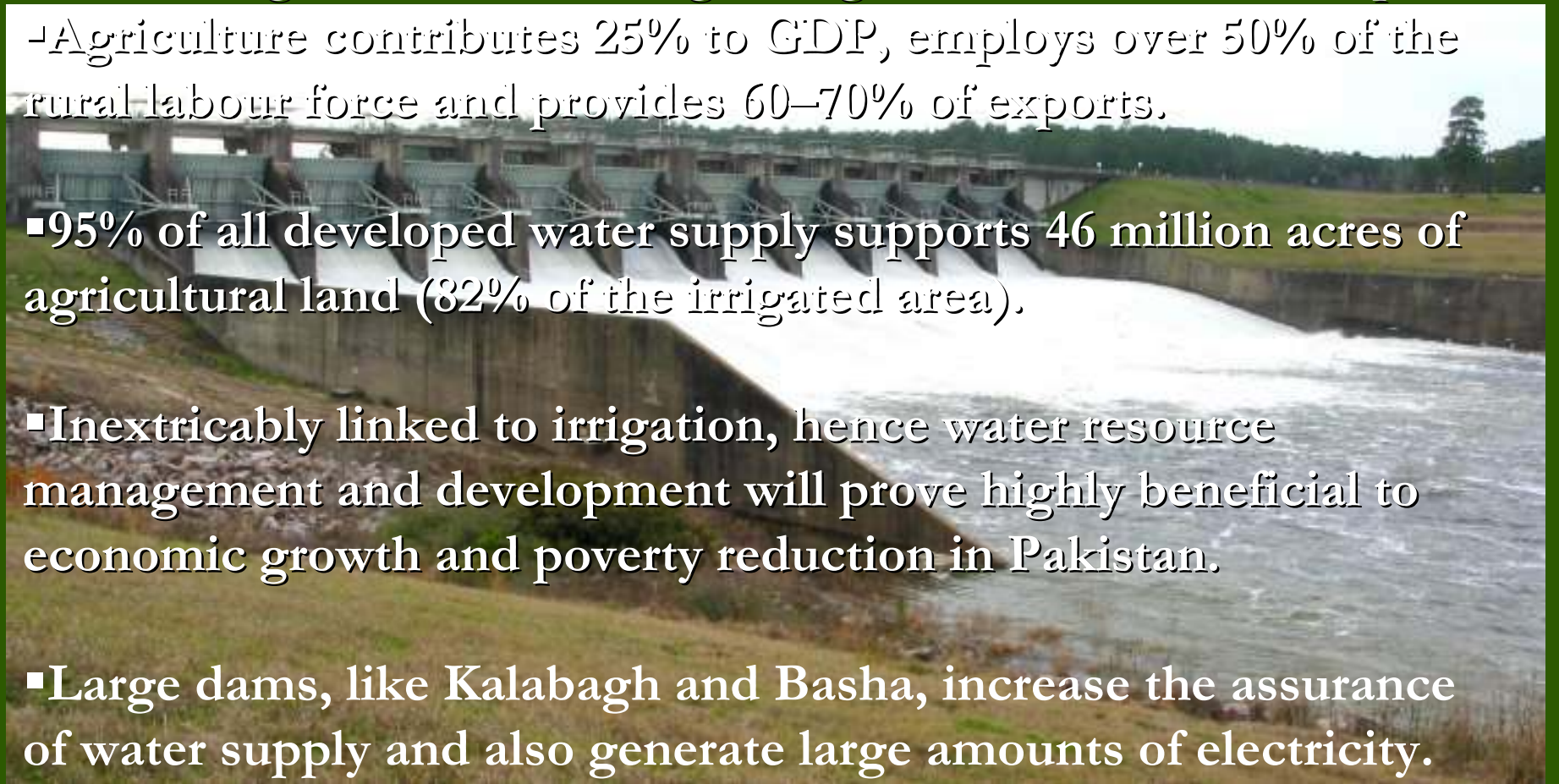
### Benefit of greater water storage to agriculture and the rural poor

▪ Agriculture contributes 25% to GDP, employs over 50% of the rural labour force and provides 60–70% of exports.

▪ 95% of all developed water supply supports 46 million acres of agricultural land (82% of the irrigated area).

▪ Inextricably linked to irrigation, hence water resource management and development will prove highly beneficial to economic growth and poverty reduction in Pakistan.

▪ Large dams, like Kalabagh and Basha, increase the assurance of water supply and also generate large amounts of electricity.



# Pillar 5: World Class Infrastructure

## Greater Economic Growth Propelling High Energy Demand

Total energy demand growth in the coming years ———→7.4% per annum

Total energy growth envisaged ———→7.2% up to 2010 and 8.8% thereafter

Pakistan heavily depends (50%) upon its natural gas reserves, which will start declining by 2010.

Pakistan must focus on energy conservation and shift the balance of energy production from oil to nuclear, wind, solar and other alternate energy sources - At least 5% of the total electricity generating capacity of the country (9,700 MW) is targeted to be based on these sources by the year 2030.



CHASNUPP Power Plant

## Pillar 5: World Class Infrastructure

### Ensuring Energy Security and Energy Efficiency

- Energy Security Plan (ESP), 2005-30 approved
- Total investment for the power sector during 2005-2010 is estimated at Rs.1102 billion, including Rs.445 billion from the private sector
- The new Petroleum Exploration and Production Policy 2007 will establish related policies, and a tax and pricing regime
- Iran-Pakistan-India (IPI) gas pipeline project under approval by GoP

# Pillar 6: Effective Governance and Management

## Second Generation Reforms

First Generation Reforms successfully implemented so far include;

- Financial sector reforms
- Capital markets reforms
- Tax and tariff reforms
- Reforms in tax administration, fiscal transparency
- Reforms in privatization programme
- Governance reforms – devolution & capacity building
- Agricultural reform.

# Pillar 6: Effective Governance and Management

## Second Generation Reforms

Second generation reforms to be implemented over the next five years, would focus on:

- Strengthening institutions
- Improving the competitiveness of domestic industry
- Building a robust financial system in an environment of global financial restructuring
- Further strengthening of tax administration
- Promoting transparency in economic policy-making
- Further reform of capital markets
- Strengthening physical and human infrastructure

# Pillar 6: Effective Governance and Management

## Reinforcing Devolution

In the coming years, government's efforts towards consolidating the Devolution and Governance reforms will focus on:

- Strengthening the Provincial Finance Commission,
- Developing MIS to monitor releases to the local governments
- Revision of delegation of financial power rules
- Beefing up the procurement and contracting systems and strengthening internal control systems within line departments.
- Capacity building in the areas of budgeting, planning, monitoring, financial management, accounting and auditing
- Creation of district service (comprising District and Tehsil cadres)

# Pillar 6: Effective Governance and Management

## Effective Social Service Delivery

Effective delivery of basic social services like education & health critical to maximizing gains from the upcoming demographic dividend & achieving the MDGs

### Fiscal Responsibility and Debt Limitation Act 2005

- Minimum expenditure on social sectors to be more than 4.5 % of GDP per year
- Budgetary allocations to education and health as % age of GDP to be doubled in next 10 years

# Pillar 6: Effective Governance and Management

## Effective Social Service Delivery

### Education

Future governance reforms in the education sector will include:

- Transparent criteria for teachers recruitment
- Decentralizing the management of local schools to school management committees (SMCs) or parents teachers associations (PTAs)
- Developing transparent approach to targeting districts and students for scholarships for girls or boys
- Formal contract between the provincial and district governments for transfer of additional resources for education.

# Pillar 6: Effective Governance and Management

## Effective Social Service Delivery: Health

Medium term health strategy of the government aims at:

- Promoting gender equity through targeted interventions like lady health workers (LHWs) and improvements in maternal & pre-natal health care.
- Adoption of DOTs strategy against TB
- Roll-back Malaria approach in combating malaria
- Measures for preventing the spread of HIV/AIDS
- Immunization against communicable diseases including Polio, Tetanus, Hepatitis-B, etc
- Public health education campaigns
- Institutionalizing federal-provincial-district partnership in the war against disease.

# Pillar 7: Targeting the Poor and Vulnerable

## Targeting Poverty and Social Safety Nets

### Existing Programmes (2005-06)

	Amount disbursed (Rs. billion)	No. of beneficiaries (million)
1. Zakat	3.23	1.63
2. Pakistan Bait ul Mal	3.84	3.13
3. Microcredit	6.66	0.61*
<b>Total</b>	<b>13.7</b>	<b>5.4</b>

\* Has now crossed 1 million households

# Pillar 7: Targeting the Poor and Vulnerable

## Targeting Poverty and Social Safety Nets

### Future Direction

Draft Social Protection Strategy - an integrated framework for delivering social protection to the poor and vulnerable

The core instruments to be employed by the Strategy include:

- Expanding coverage of cash transfers using conditional cash transfers, supplemented with unconditional transfers
- A new public works programme based on low-wage employment
- Child labour programmes, and various new pilots such as
  - Combination of cash transfers and basic skills development aimed at 'graduating' the poor into micro finance clients
  - Programs for bonded labour
  - Scaling up school feeding and social care services

# Pillar 7: Targeting the Poor and Vulnerable

## Micro Finance

Microfinance recognized as important instrument for poverty reduction in the first generation PRSP.

## Outreach

Current: 1 million

Expected (2010): 3 million

Future direction for expansion of microfinance services include:

- Move away from subsidization of MF services to commercialization
- Move from single to multiple products
- Cost reduction through market competition, innovation and efficiency.
- Increased access for lower income groups using credit bureaus & statistical risk scoring techniques
- Tailoring microfinance products to needs of the market

# The Strategy Going Forward

- Extend and strengthen the Monitoring and Evaluation coverage to the provincial and district levels
- Ensure large-scale household surveys to provide consistent data for the outcome indicators
- Impact Assessment studies being carried out in collaboration with development partners
- Regular feedback to policy makers
- Consultations with stakeholders will continue on all aspects of the Poverty Reduction Strategy

Thank You