

***Accelerating Economic
Growth and Reducing
Poverty: The Road Ahead***

Poverty Reduction Strategy Paper

March 17, 2004

This Presentation will Provide



An Overview of PRSP



Macroeconomic Framework for PRSP



Financing of PRSP



Monitoring of Funds

Poverty Reduction Strategy Paper

- **A Comprehensive Strategy**
- **Broad-Based Consultative Process
Spreading over 2 Years**





Poverty Diagnostics

- 🌐 **Education is most important factor distinguishing poor from the non-poor**
- 🌐 **Poor Communities have inadequate access to public health and public services**
- 🌐 **Infrastructure is critical for poverty reduction**
- 🌐 **Poor are excluded from political and economic empowerment**
- 🌐 **Weak governance deepens poverty**

Strategic Framework of PRSP

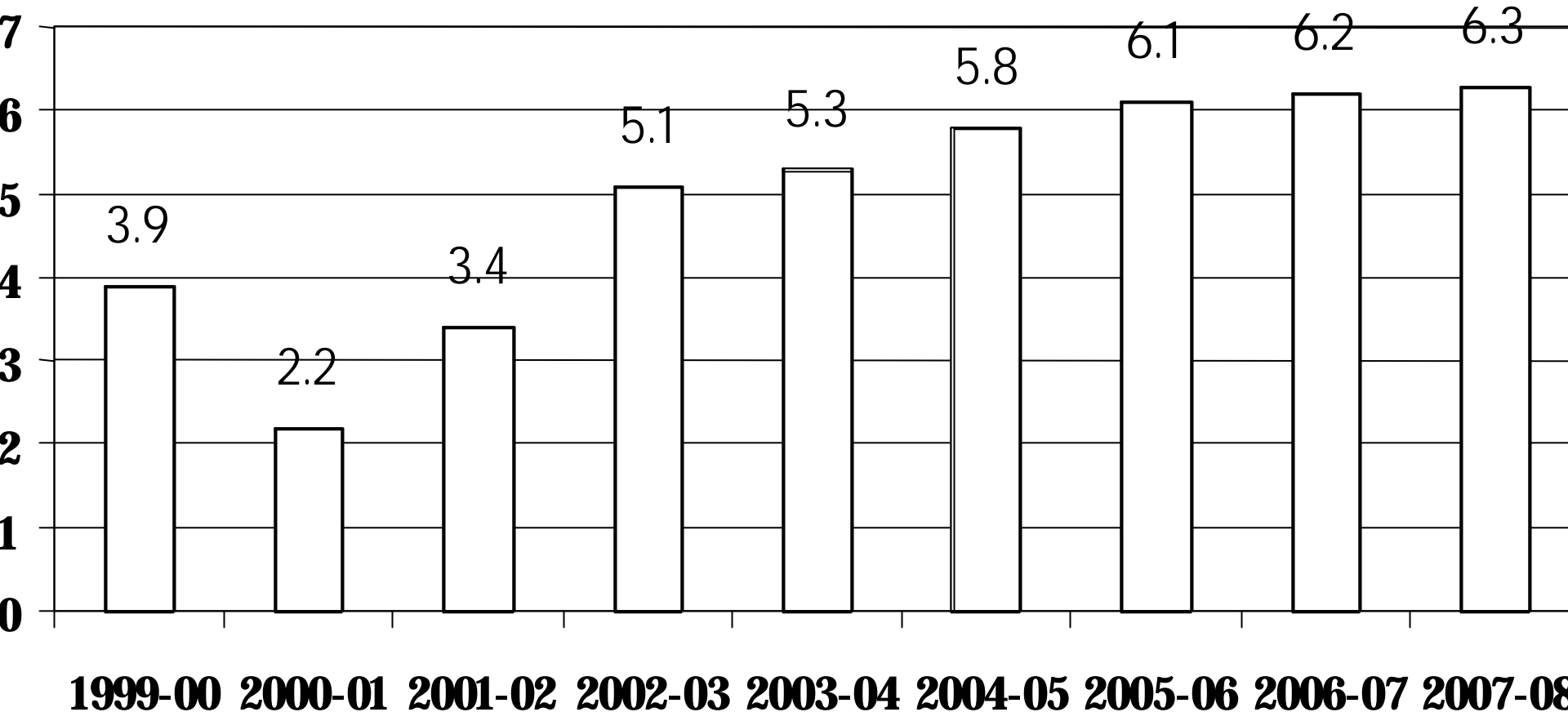
- **Accelerating Economic Growth While Maintaining Economic Stability**
 - Reducing Poverty
 - Creating Job Opportunities
- **Improving Governance**
- **Investing in Human Capital**
- **Targeting the Poor and Vulnerable**

Key Drivers for Growth

-  **Agriculture**
-  **Housing and Construction**
-  **Small and Medium Enterprises**
-  **Energy Sector**
-  **Trade**
-  **Information Technology**

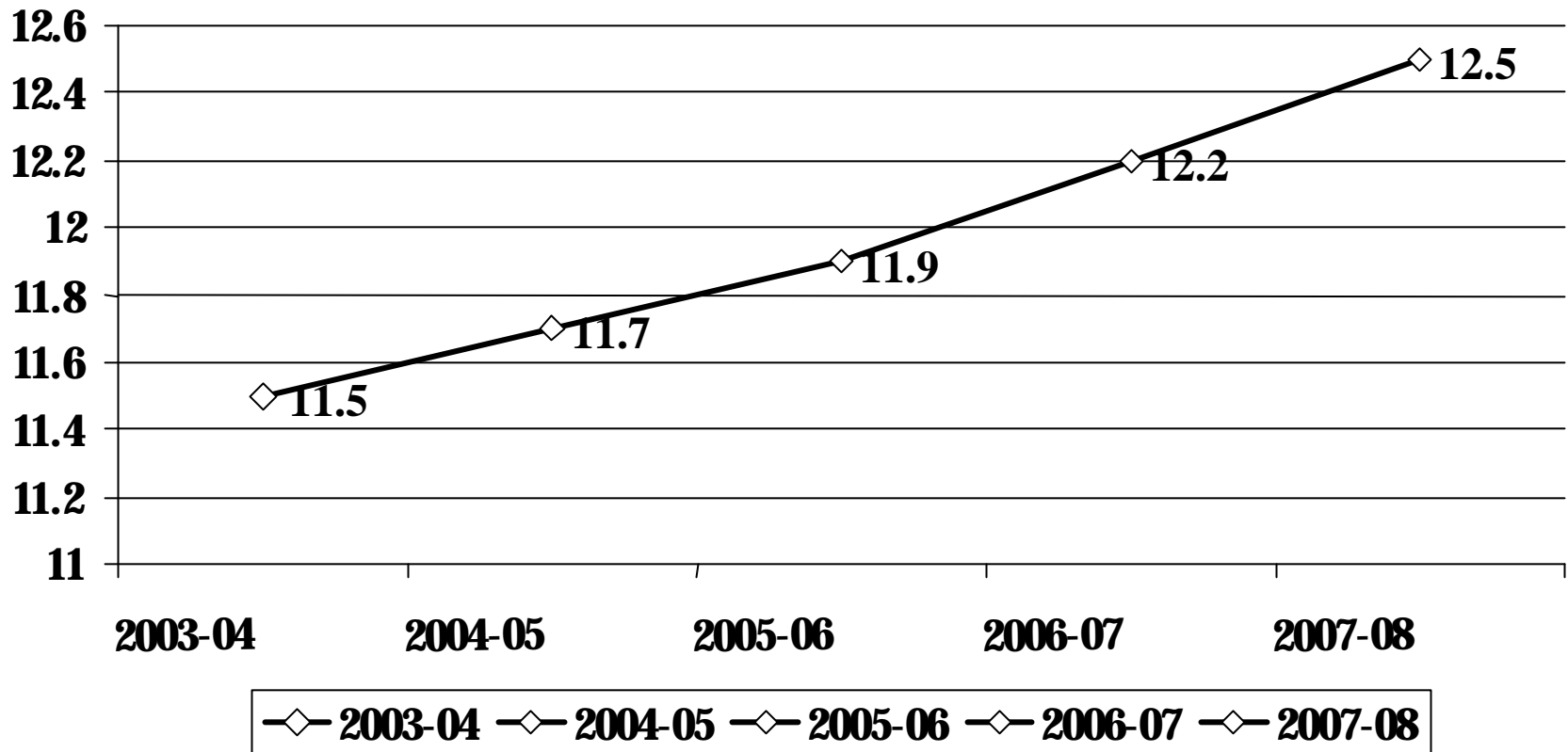
Macroeconomic Framework

GDP Growth



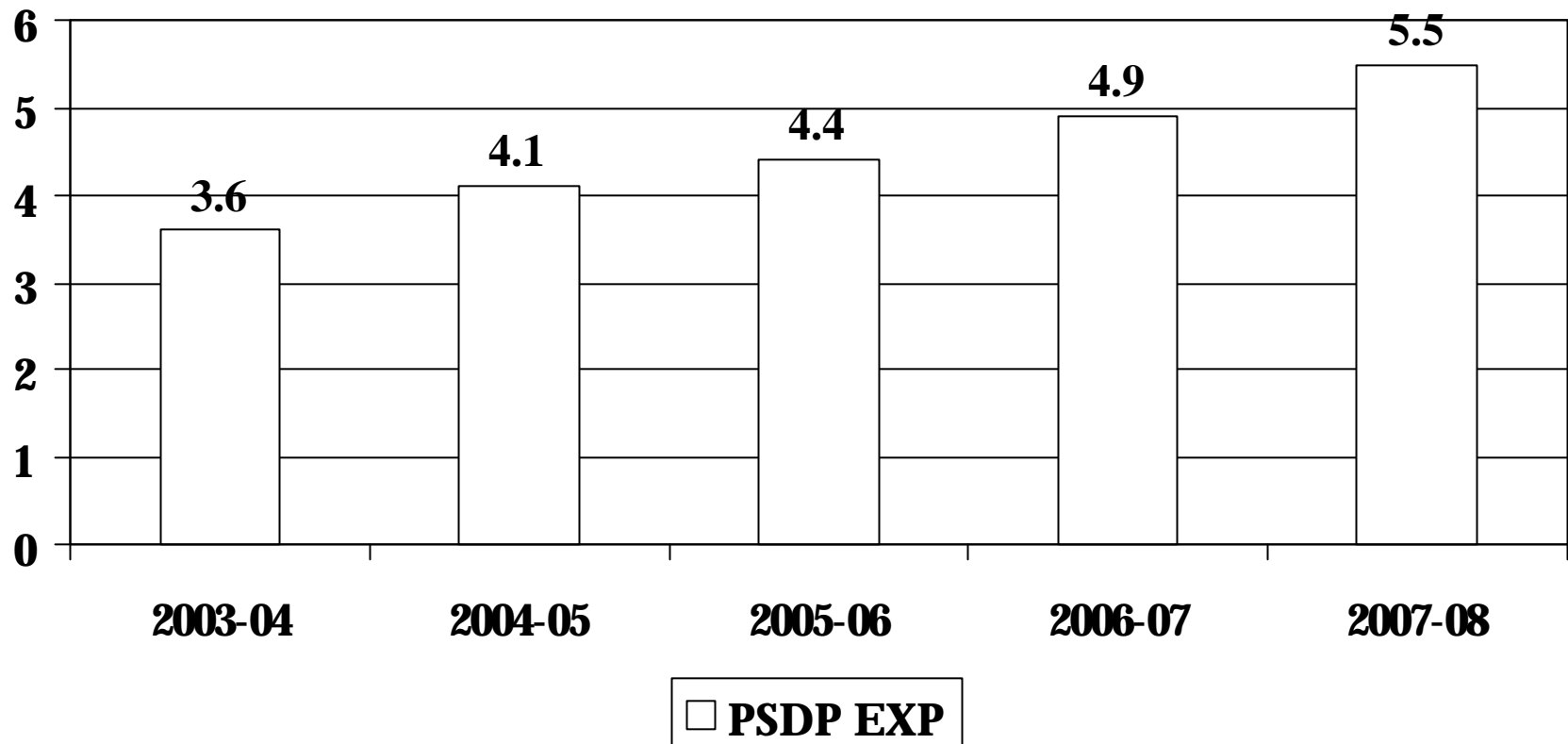
Macroeconomic Framework

Tax Revenues Projections as % of GDP



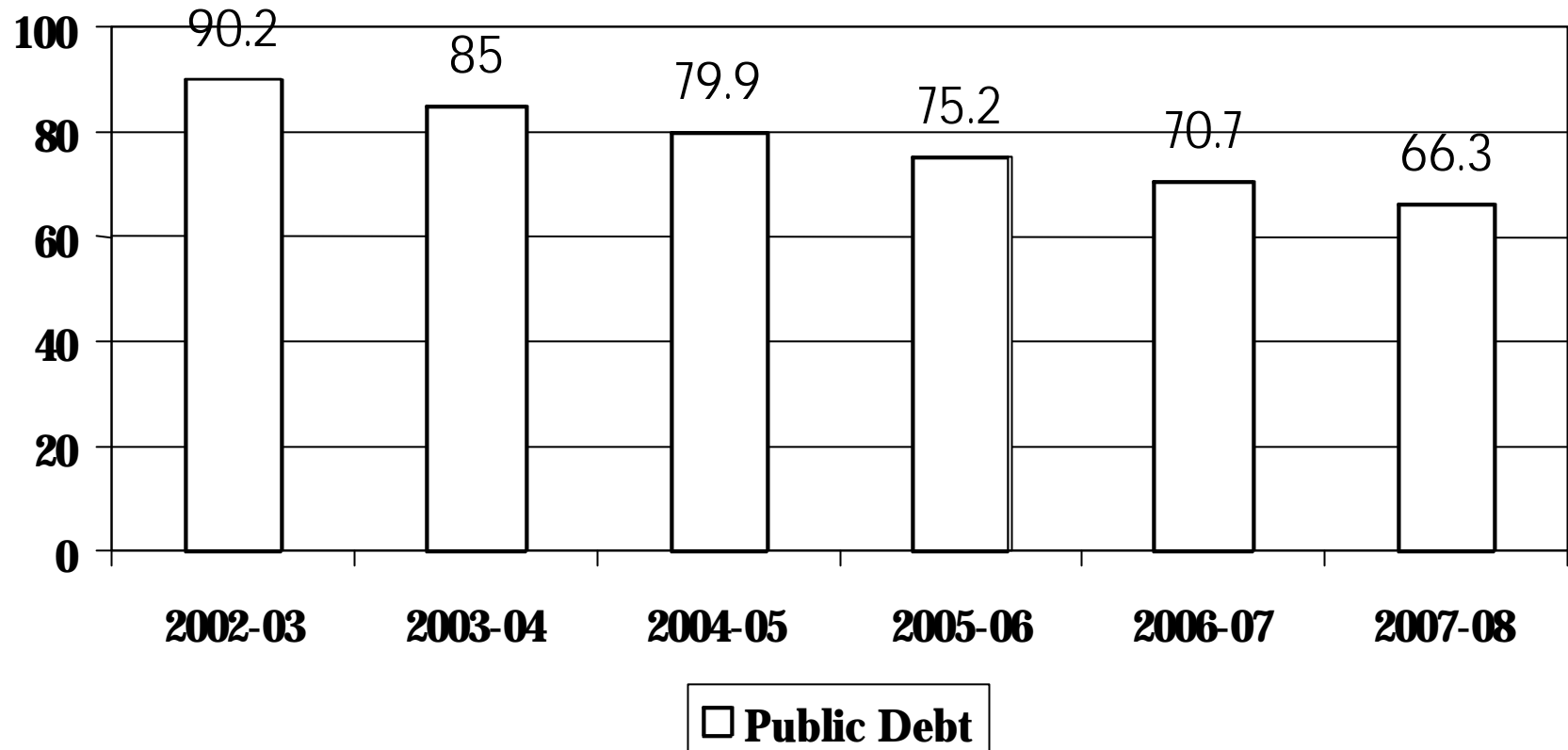
Macroeconomic Framework

PSDP Expenditure as % of GDP








Macroeconomic Framework

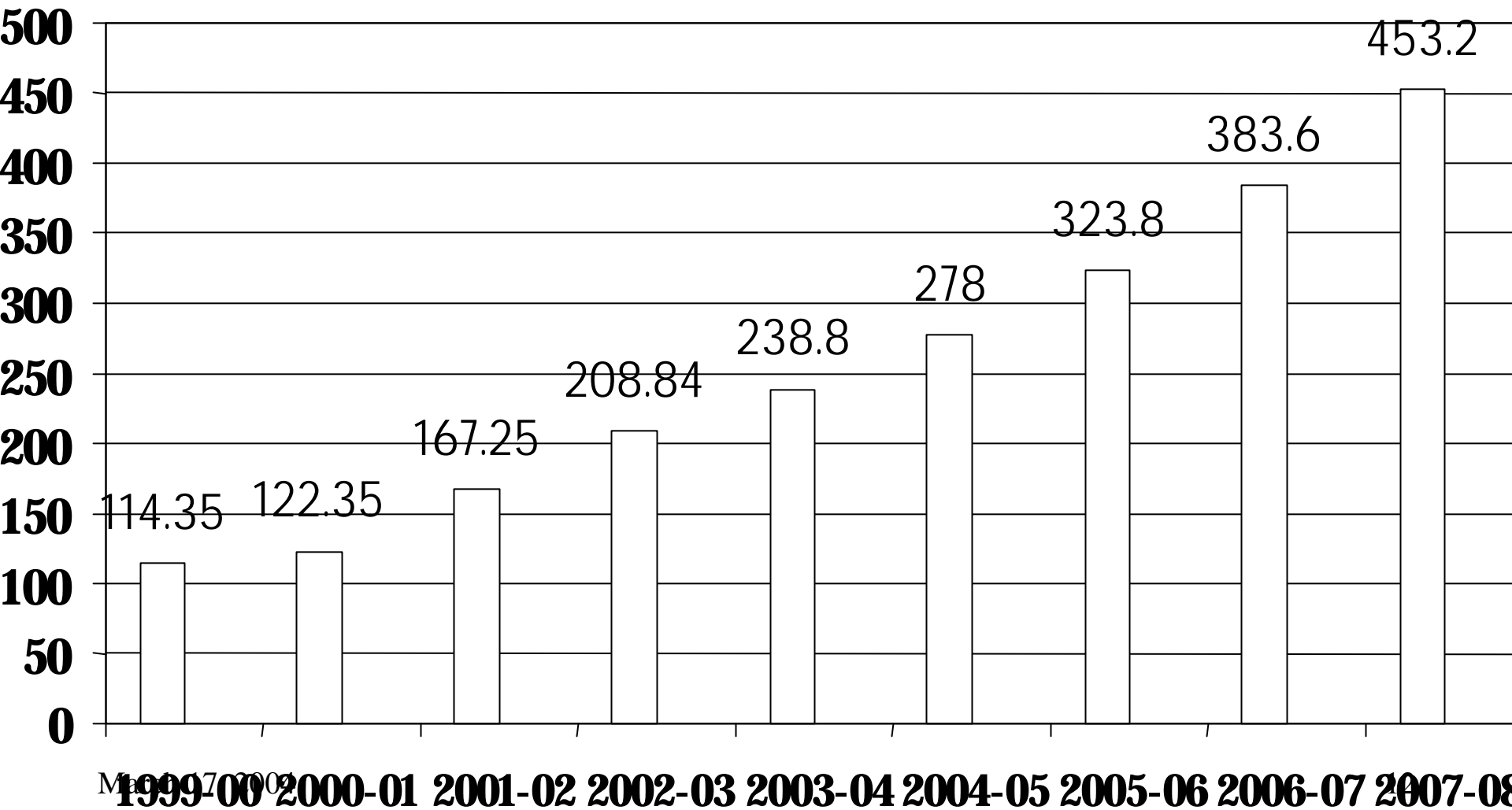
Public Debt as % of GDP



Macroeconomic Framework

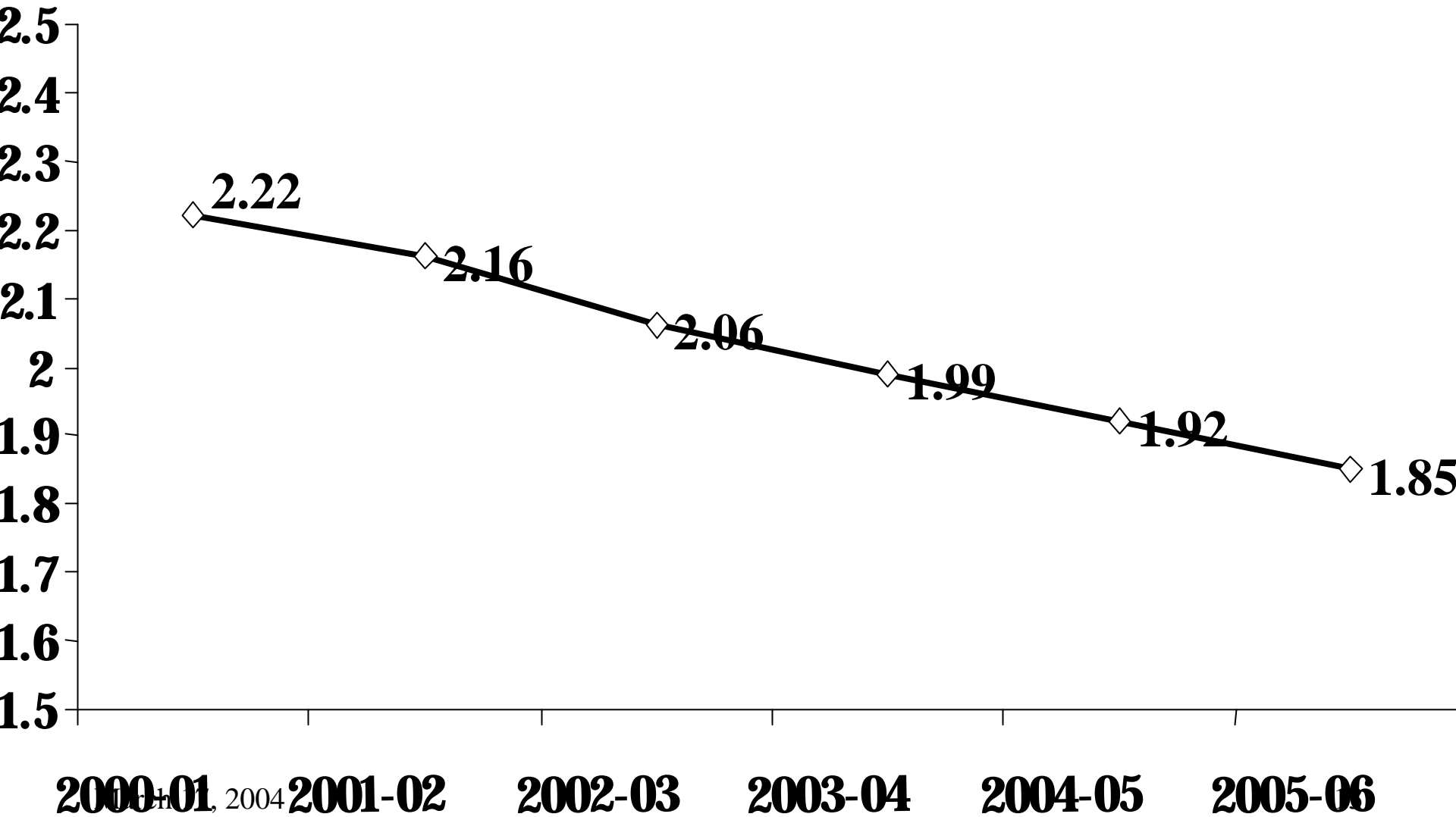
-  Total Revenues to range between 17.1 to 17.8% of GDP during FY04 to FY08
-  Fiscal deficit to range between 3.5 to 4% of GDP during FY04 to FY08
-  Interest payments to decline by 1.4 % of GDP by FY08
-  PSE Losses to decline by 1.3 % of GDP by FY08
-  Government to pre-pay \$ 4.5 billion expensive loans by FY08

PRSP Expenditures (Rs. in Billions)



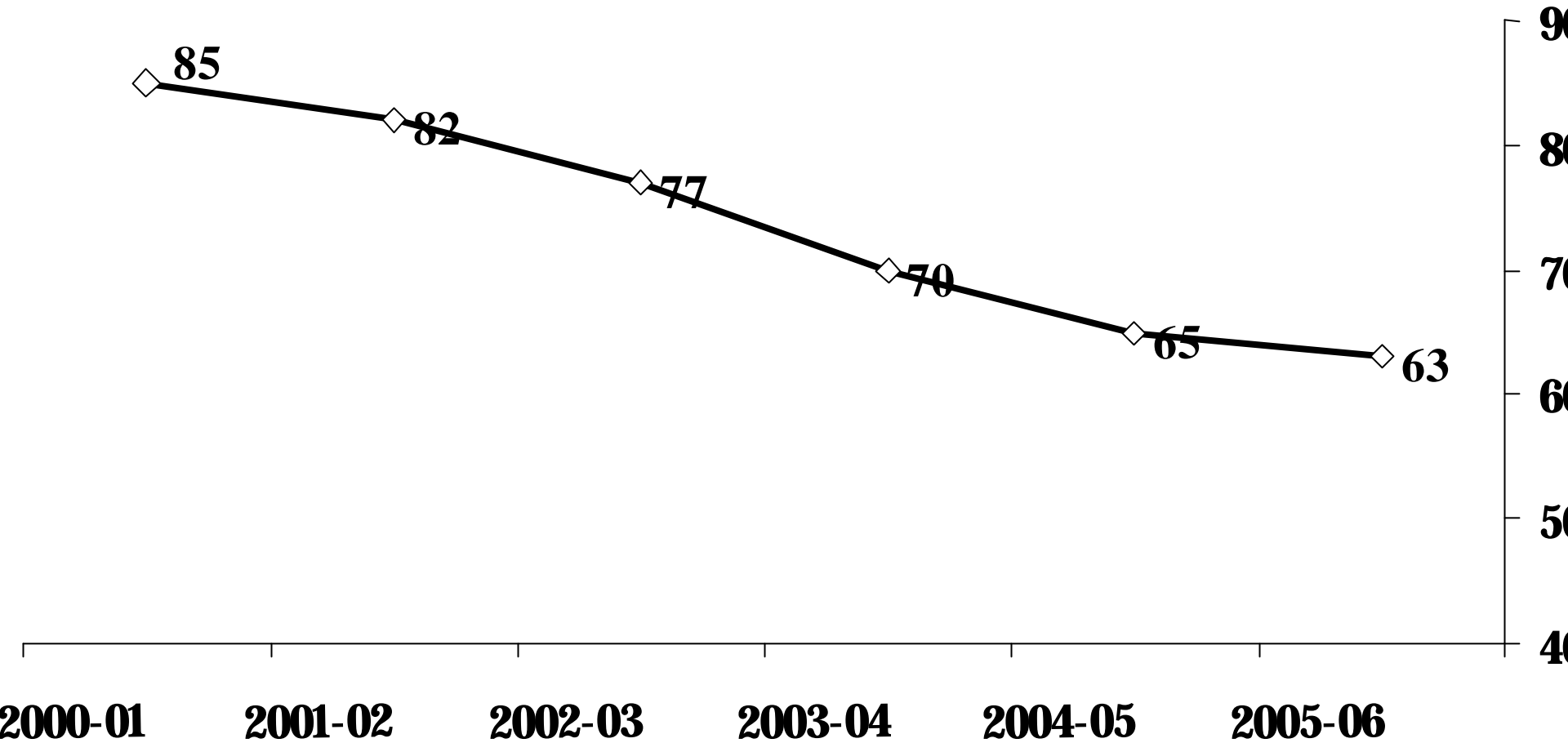
SOCIAL SECTORS OUTCOMES

(Population Growth Rate %)



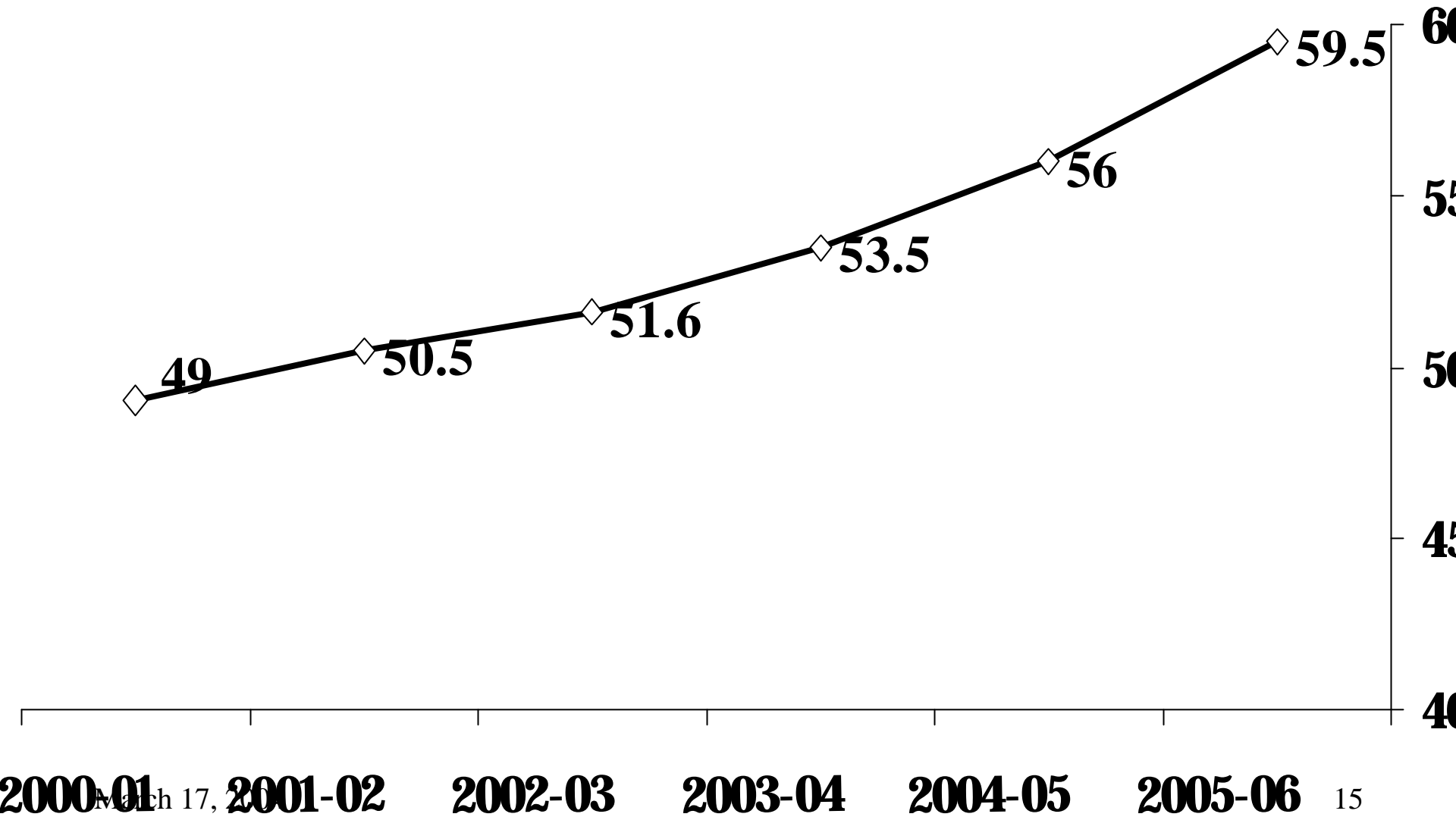
SOCIAL SECTORS OUTCOMES

(Infant Mortality Rate per 1000 births)



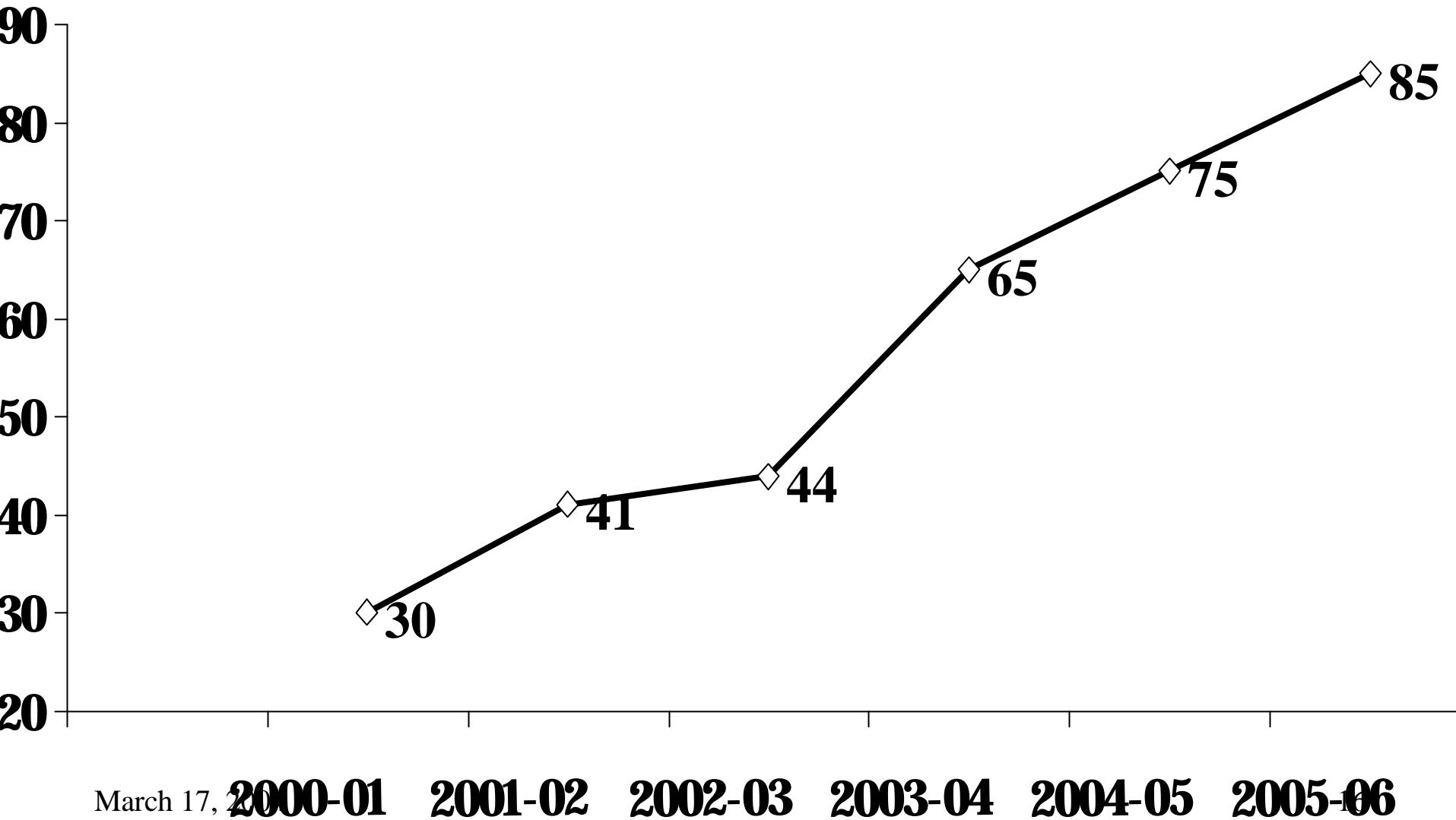
SOCIAL SECTORS OUTCOMES

(Literacy Rate %)



SOCIAL SECTORS OUTCOMES

(LHW Coverage % of Population)



GoP is on Course

- **The July-December 2003 Performance Indicates**
 - **LSM Growth was 14.7% As Compared to 5.5% During 2002-03**
 - **Inflation remained at 3.4%**
 - **Tax collection grew by 14.9% over last year**
 - **Exports rose by 13.5% and Imports by 16.2% over last year**
 - **Remittances are on target and ForEx are \$ 12.5 Bill`**
 - **Stock Market continued to be buoyant**
 - **Credit to Private Sector rose by 189% over last year**
 - **Pre-Payment of \$ 1.1 billion Expensive Loans**

Priority Infrastructure Sectors

Water Sector

-  **Supply Side**

-  **Demand Side**

Development of Power Sector

Highways Network

Oil and Gas

Telecommunications

Information Technology

Priority Sectors in PRSP

-  **Rural Development**
-  **Human Development**
-  **Development of SME Sector**
-  **Housing Finance**
-  **Improving the Governance**

Safety Nets in the PRSP

Micro Finance

 **Khushali Bank**

 **PPAF**

 **ZTBL**

Tawana Pakistan

 **Khushal Pakistan/Tameer-e-Pakistan Program**

 **DERA**

 **Zakat**

 **Food Support Program**

 **Private Sector Philanthropy**





 **WWF**

 **EOBI**





 **Social Security**

 **Private Sector Pension Fund**




Work in Hand

-  **Preparation of Implementation Plan For PRSP with Clear Timeline**
-  **Costing in Social Sectors**
-  **Preparation of Medium Term Budgetary Framework**
-  **Plan for Institutional Capacity Building**




Financing of PRSP

-  **The PRSP financing strategy mainly relies on domestic resources**
-  **As Already Indicated, PSDP will Increase from 3.6% To 5.5 % of GDP by FY2008**
-  **PRSP Expenditure will Rise From 5.4% to 6.8% of GDP by FY 2008**
-  **Costing Exercise will Determine Real Resource Gap**

Monitoring Mechanism

-  PRSP recognizes that effectiveness of a monitoring system and its impact on the policy process critically depends on the institutional arrangements and the capacity of these institutions.
-  National Steering Committee to monitor and oversee the implementation of PRSP
-  Quarterly and Annual Progress Reports to disseminate the status of PRSP implementation and achievements to all stakeholders





Monitoring Mechanism

-  **Periodical Progress Report on Millennium Development Goals**
-  **Intermediate Indicators for Health, Population Welfare, and Education**
-  **Indicators for various sectors as indicated in Table 7.3 of PRSP Document**

Monitoring Mechanism Instruments

- National Accounts on Yearly Basis
- Pakistan Integrated House Hold Survey –3 years
- Household Income and Expenditure Survey – 3 years
- Core Welfare Indicators Questionnaire Survey- Annual
- PRSP Expenditure Report- Quarterly
- Developing National Surveillance System and HMIS for Health
- Strengthening NEMIS for Education
- Developing MTBF for Social Sectors

Conclusion

-  PRSP lays out a comprehensive development agenda and a sound basis for poverty reduction
-  Poverty Reduction, Employment, rural development, Governance and Second Generation Reforms are the challenges ahead
-  PRSP IS focusing on Outcomes
-  We commend Donors input in formulating PRSP and look for continued support of the donors in PRSP's implementation and monitoring

PRSP Expenditures (Rs. In Billions)

Sectors	Q2 FY 03	Q2 FY 04
Roads, Highways, Bridges	3,352	4,880
Water Supply & Sanitation	1,369	1,556
Education	33,424	43,641
Health	8,864	10,051
Population Planning	1,083	1,232
Social Security & Welfare	536	628
Natural calamities	268	408
Irrigation	5,171	8,588
Land Reclamation	733	842
Rural Development	7,423	5,214
Food Subsidies	2,823	2,032
Law and Order	15,174	16,559
Justice	930	1,059
Low Cost Housing	35	21
Village Electrification		528
Food Support Program	1,120	1,105
TOTAL	82,305	98,416
March 17, 2004		27
Percentage Increase		20%