

Sindh's Development: Issues & Agenda

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 - **Accelerated privatization and deregulation.**

Sindh; Resource Rich

- **Handles 90% of international trade.**
- **Of the total reported 4474 large scale manufacturing (LSM) Industries 34% in Sindh.**
- **In Manufacturing sector:**
 - **LSM in Sindh contribute 43% to GDP**
 - **SSM in Sindh contribute 25% to GDP**

(Source: FBS)

Sindh; Resource Rich

- **Sindh Agriculture's contribution to GDP is 23% with the contribution of major products as under:**

● Wheat	15%
● Rice	42%
● Sugarcane	31%
● Cotton	23%
● Marine fish	70%
● Livestock	28%

(Source: FBS)

Sindh; Resource Rich

- **Of the total 20.3 m barrels of Oil produced in the Country 62% produced in Sindh**
- **Of the 81.8 MCF of Gas produced in the Country 48% produced from Sindh.**
- **39% of Country's electricity generated in Sindh**
- **Of the 3.16 m tones of Coal produced in the Country 0.98 m tones or 31% produced in Sindh.**
- **Various Studies have shown there are 282 billion tons of coal reserves in Thar**

(Source: Energy year book)

Sindh; Resource Rich

● Sindh's contribution in national revenue

- **Contributes 63% in the overall federal tax revenue**
- **64.6% of the Income tax**
- **80% of the Customs duties**
- **35% of Central Excise Duty**

Chronic Problems

● In Year 2000 Sindh had

- **An Overdraft of RS. 10 billion**
- **Unpaid Liabilities of Rs. 20 billion**
- **A debt burden of Rs. 106 billion**
- **Multiplicity of taxes & regulations**
- **Little Accountability**

Chronic Problems

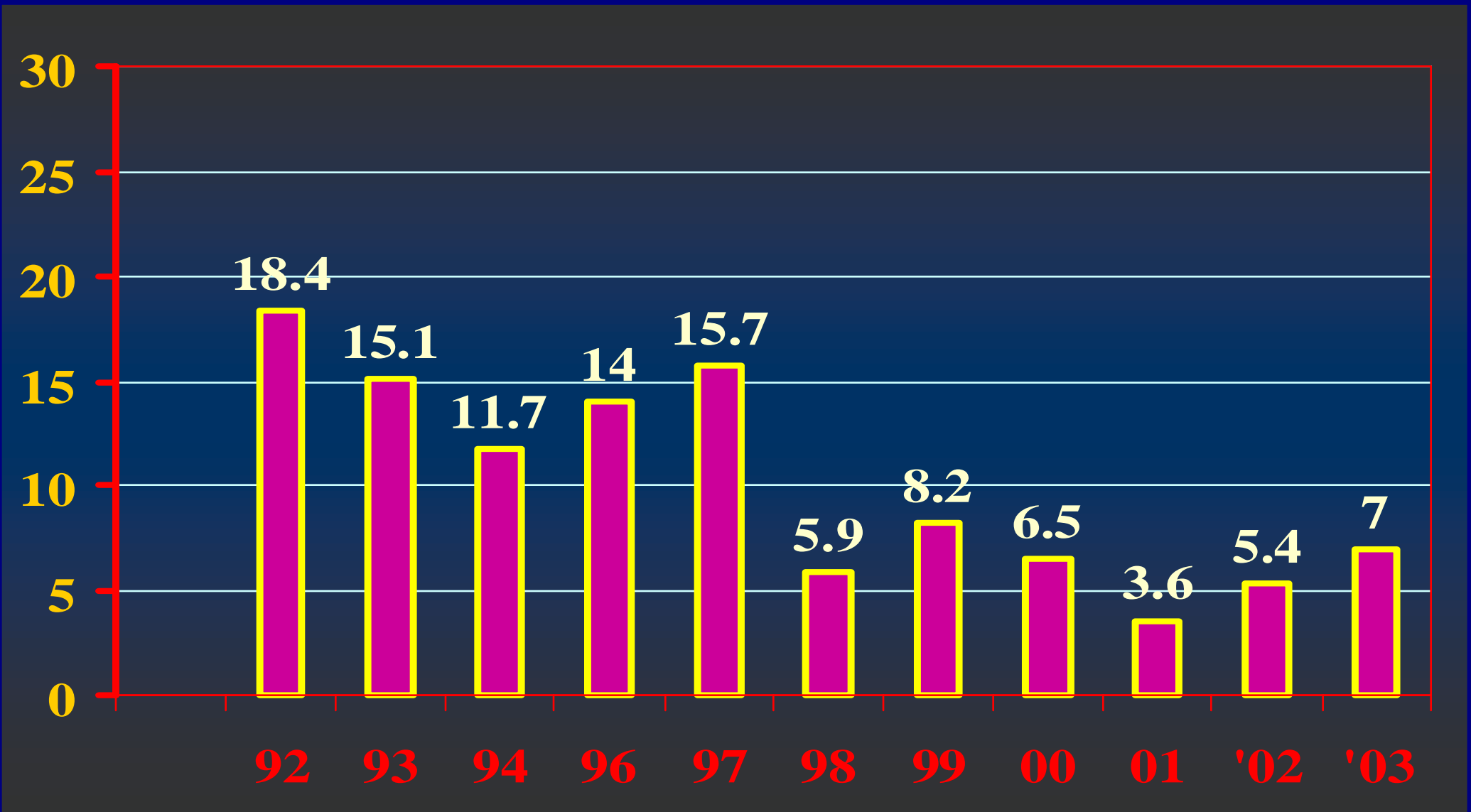
- 45% revenue pre-empted by wage bill
- 16% by debt servicing.
- 25% Provincial budget spent on social sector of which 90% spent on establishment and only 10% on all operational expenditure including medicine, education materials etc.

Chronic Problems

- **GoS had built up Assets worth billions of rupees with meagre funds for M&R.**
- **Many of these remained un-operational due to lack of funds.**
- **A development portfolio of 3000 schemes.**
- **Throw forward of over Rs. 15 billion**

Fiscal Constraints

Development Expenditure as % of Total Expenditure



Issues in Education

- **Of the 6.2 m children in 4-9 age group only 3.1 m enrolled.**
- **High level of gender and rural/urban disparity**
- **5500 Schools were closed**
- **Poorly trained teachers**
- **Inadequate School supplies**
- **Poor infrastructure**
 - ☛ **35% of elementary Schools Shelter less.**
 - ☛ **55% without water and sanitation facilities.**

Issues in Health

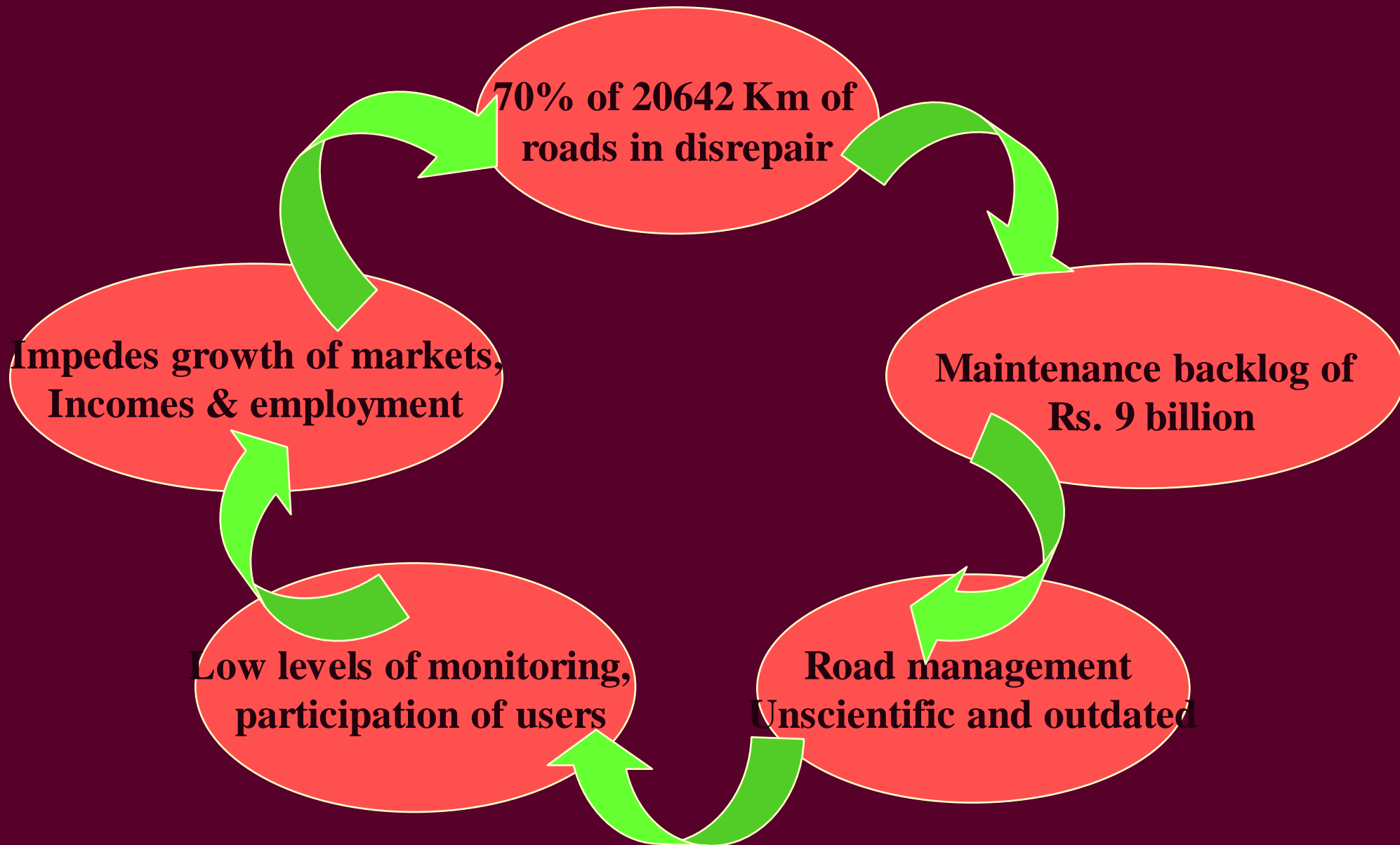
- **Lack of facilities for basic preventive and curative care**
- **High Infant Mortality Rate of 95 per 1000 live births**
- **High Total Fertility Rate of 5 children per mother**
- **Poor Governance: Lack of transparency in procurement, appointments and transfers**

Water Supply and Sanitation

Issues

- **Only 10% rural population has access to potable water.**
- **Similarly the coverage of drainage to rural population is only 7%**

Issues In Road Sector



Economic Reforms

Fiscal Reform

● Expenditure Management

- **12,520 posts abolished.**
- **5890 posts created in health and education.**
- **Overdraft of Rs. 10 billion defrayed**
- **Liabilities of over Rs. 20 billion liquidated**

Fiscal Reform

● **Property Tax Restructured**

- **Re-valuation of Properties after 32 years**
100,000 new properties added to Property Tax
- **Rating Areas increased from 16 to 42**
- **New formula; simple, transparent & discretion free**
- **Single rate of tax: 20% of annual value by replacing 4 current taxes: Property Tax, Betterment Tax, Surcharge & Additional Surcharge.**

Fiscal Reform

● Rationalization of Stamp Duties/ Registration

- Stamp serials reduced from 65 to 31,
- Stamp duty on financing documents (interest based) reduced from 4.5% to 1%
- Registration fee on financing documents (interest based) reduced from 1% to 0.2%
- Stamp duty on conveyance deed reduced from 5% to 3%
- Registration Fee on conveyance deed reduced from 1.5% to 1%

AIT Institutional Reform

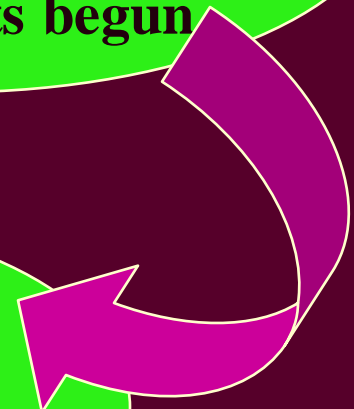
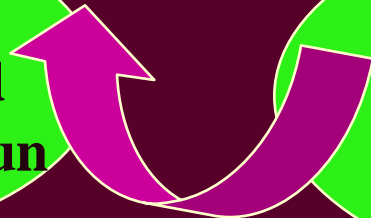
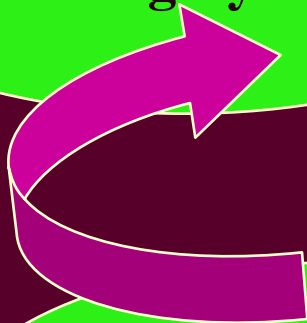
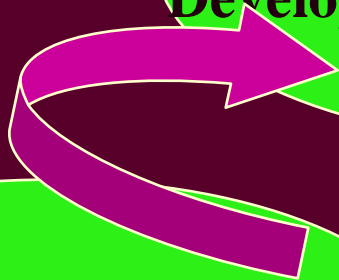
**Increase in Revenue &
Development of Rural Economy**

**Full Computerization &
Satellite Imagery in Phase-II**

**Computerization of
assessment &
collection system
in 4 Districts begun**

**Training of revenue
staff in functional and
computer training begun**

**Procurement of
hardware underway**



Fiscal Reform

● **Strengthening of Tax Administration**

- **Establishment of an autonomous Revenue Authority to be called Sindh Revenue Authority (SRA) is on way**
- **This is with a view to having a fiscal policy under the unified command of a Finance minister to tap optimum revenue potential of the Province**

Fiscal Reform

● Provincial Tax Growth over 2000 (%)

	FY 02	RE 03
● Provincial Tax	52	62
● Property tax	57	71
● Stamps	16	21
● Registration	65	63
● MVT	55	84
● Infra. Dev. Cess	15	21

Fiscal Reform

- **Implementation of the FY 02-03 fiscal Plan**
 - **Rs. 2.1 bn high interest loans retired**
 - **Rs. 1.2 bn investment for Pension fund being done**
 - **Sindh Pension Ordinance promulgated**
 - **Sindh Pension Board notified**

Fiscal Reforms

- **Increase in priority expenditures allocations**
 - **Education special activities budget increased by 300% over FY 01**
 - **Higher Education Endowment Fund established**
 - **Medicine budget increased by over 40%**
 - **Pay incentives for doctors and paramedics to encourage them to be posted in rural areas**

Fiscal Reforms

- **Increase in priority expenditures allocations**
 - **Increase on M&R of roads is 33%**
 - **M&R of water supply and sanitation increased by 58%**
 - **ADP increased by 21%**

Development Greater Than Before

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u> <u>(BE)</u>
ADP	2.2	2.4	4.0	7.0
KPP	0.58	1.4	2.8	2.8
FPA	0.88	1.5	1.2	2.8
DERA	-	-	0.9	1.8
ESR	-	-	0.6	-
Total	3.66	5.3	9.5	14.4

Annual Development Program

● <u>ADP FY03</u>	<u>Rs. 7000 m</u>
● <u>Total Schemes</u>	<u>872</u>
● <u>District schemes</u>	<u>614</u>
● <u>Provincial schemes</u>	<u>258</u>
● <u>Abandoned schemes</u>	<u>Rs. 146 m</u>
● <u>Releases</u>	<u>Rs. 5200 m</u>
● <u>DERA schemes</u>	<u>624 @ Rs. 3.3 bn</u>

Development Portfolio.

● **Federal Assisted Infrastructure Projects**

- **Northern By Pass**
- **Lyari Express Way**
- **K-III Water Supply Scheme (100 Mgd)**
- **Right Bank Outfall Drain**
- **Rehabilitation & Re-vamping of Irrigation system in Sindh.**

Major Aided Development Programs

- **\$265 million ADB financed Sindh Road Sector program launched.**
- **Implementation of Access to Justice program with ADB assistance has begun.**
- **\$70 million Decentralized Elementary Education Project approved by ECNEC**
- **\$50 million Sindh Rural Development Project, the first area development project in Sindh to commence operations shortly**
- **World Bank assisted \$30 million On Farm Water Management-IV re-activated .**

Investments in Mineral Development

- **MOU for setting up of coal-fired power plant signed with Shenhua Group of China**
- **A Hydro geological study being done to determine suitability of the underground water for its utilization in power plant**
- **Thar Coal Mine project to bring more than US\$ 500 million of investment in one of the most backward parts of the country**

Development schemes currently being undertaken in Thar

- **Assessment of Water Resources.**
- **Construction of road from Badin to Mithi 70 Km**
- **Construction of road form Islamkot to Nagarparkar 98 Km**
- **Evaluation & Assessment of Coal Resources of Northern Lakhra Coalfield**
- **Evaluation & Assessment of Granite deposits at Nagarparkar**
- **Airstrip at Islamkot**
- **Town planning of Islamkot**

Road Sector Investment

Increase in allocations(Rs.M)

	FY 02	FY 03
ADP	385	587
M&R	263	350
RSDP	—	994

Investments in Irrigation System

- **President of Pakistan announced Rs.13 bn for Revamping/ Rehabilitation of Irrigation and Drainage Systems in Sindh**
- **GoS has drawn out a Rehabilitation Program with the objective of providing equitable and assured water supply to the farmers especially in tail areas**
- **Program involves strengthening of canal banks, repairing / remodeling of regulators, tube wells and de-silting of open surface drains**

Industrial Infrastructure

- **Gas provided to Industrial Estate in Nooriabad and Industrial Zone in Nawabshah**
- **Colonization increased tremendously in anticipation of commissioning of Gas in Nooriabad (from 450 acres to 2700 acres)**
- **1100 half acre plots allotted in Industrial Estate Superhighway Phase-II in last six months**
- **Small Industrial Estates in 7 Districts upgraded by way of provision of gas, drainage, high tension electric lines etc**

Deregulation

- **One window tax collection in SITE is operating satisfactorily**
- **Industrial inspections reduced drastically from 23 to 6**
- **Inspections clubbed together and carried out only once a year**
- **Industrial and various labor inspections stand streamlined**

Privatization

- **SPC has already privatized various GoS estates, buildings, projects like trauma center etc**
- **Sindh Sugar Corporation and its two mills DSM and TSM involving assets of Rs.1.3 bn being privatized**
- **Privatization of Printing Presses and Stationary Offices under process through SPC**

Privatization and Deregulation

- **Provincial Committee on Investment (PCOI) established**
- **PCOI to extend one window Investment facility to Investors**
- **PCOI to coordinate with Federal BOI for facilitating all spadework for investment in Sindh**

Water Supply and Sanitation

● PHED Portfolio

- **1786 schemes completed by PHED.**
- **1056 water supply and 730 drainage**
- **1020 handed over to VDAs**
- **Budget raised by 58%**
- **Remaining 766 schemes to be shifted to VDAs after R&M**

Water Supply and Sanitation

● PHED Portfolio

- **The PHED portfolio of completed and unfinished schemes handed over to Local Governments (TMAs)**
- **Current year's M&R budget distributed amongst the TMAs**
- **Town planning and Implementation capacity of the TMAs would need to be upgraded in a big way for attaining any visible results under this portfolio**

Governance Reforms

Fiscal Reform

Fiscal Decentralization

- **Formula driven revenue distribution between Province and Districts**
- **Award shared with District Nazims and their core functionaries**
- **New finance system Promulgated**
- **Provincial Finance Commission in the process of being reconstituted**
- **District Governments to make their own budgets from next FY**

Financial Management

● Major Issues

- **Budget not fully policy based**
- **Limited Budget monitoring**
- **Lack of Internal Controls**
- **Outdated Accounting system with little credibility & timeliness**
- **Lack of Fiscal monitoring**

Financial Management

● Reconciliation of departmental Accounts

- **FY 2000-2001** **60%**
- **FY 2001-2002** **92%**
- **FY 2002-2003**
(2nd quarter) **81%**

Financial Management

- **Provincial Controller of Accounts to spearhead FM reforms**
- **Quality of accounts improving as a result of regular reconciliation**
- **A big component of FM reforms including NAM, automation to be addressed under PIFRA-II**
- **SOPs for establishment of Internal Audit Units under finalization**
- **PAC cleared back log of past four FYs**
- **Approved PAC reports on website**
- **New PAC in the process of being formed**
- **Procurement Reforms being unfolded through PHRD Grant**

Departments Right sized/Re Structured

- **Food Department**
- **Board Of Revenue**
- **Industries (SSIC, Govt. Press, Sugar Corporation & Directorate of Industries)**
- **Irrigation & Power**
- **Social Welfare**
- **Agriculture (SASO, Bureau of Prices & Supplies)**
- **Planning and Development (SAZDA, SRPO)**
- **House and Town Planning Dept.**

Strengthening of SPSC

- **The SPSC Ordinance 2001 provides Financial & Administrative autonomy to the Commission**
- **Security of tenure to Chairman & Members (05 years) along with increase in pay and facilities**
- **Recruitment to posts BS-11 and above are now under the purview of SPSC**

Civil servants Census

- **Preliminary head count of GoS employees initiated for inventory and reconciliation with wage bill**
- **An extensive Human Resource Management system being set up for scientific HR management**
- **Data showing tenure of Administrative Secretaries, DCOs and SSPs is posted on GoS Website for making this area transparent**

Capacity Building

- **Mid management civil servants sent for one year PGD program at IBA**
- **Such training programs to be made a regular feature**
- **Contractual services have been introduced with the objective of containing wage bill & strengthening Accountability**

Education Reform Targets

- **Increase primary enrollment rates from 53% to 80% by 2005**
- **Reduce the number of out of School children from 3 m to 1.1 m by 2005**
- **Functionalize all 5500 closed school by 2004**
- **Free and compulsory education covering all 102 Talukas by 2005**
- **Shelter less schools to be provided buildings**

Implementation Status

● Breakthroughs

- **3796 closed schools made functional**
- **100,000 additional children enrolled since May 2000 reversing the previous decline**
- **3500 school specific teachers recruited on contract basis on merit**

Implementation Status

- **Improving Access**
- **Incentive Program.**

	(Rs million)	
	<u>(2002)</u>	<u>(2003)</u>
● <u>Free text books</u>	172	350
● <u>Scholarship</u>	6	276
● <u>SMCS</u>	450	450
● <u>Teacher Training</u>	10	50

Implementation Status

Expanded role of SMCs in School Management.

- **SMCs to be headed by parents/Citizen Community board members**
- **SMCs can under take school repairs, purchase of supplies**
- **SMCs empowered to hire school teachers and staff on contract basis in accordance with laid down procedure**
- **SMCs and local communities have success fully completed buildings of 33 shelter less schools in Khairpur at 300% less cost and in much lesser time period**

Targets of Health reforms

- **Increase immunization coverage of children (0-23 months) from 38 per cent (1998) to 80 per cent by 2005**
- **Increase immunization coverage of two doses of TT from 28 per cent (1998) to 80 per cent by 2005**

Achievements

- **Immunization coverage of children (0-23 months) expanded to 45 percent from 38 percent during 1998**
- **Immunization coverage of pregnant women increased to 48 percent from 40 percent during 1998**

Achievements

- **Coverage of DOTS strategy has increased from 8 to 31 percent**
- **Hepatitis B vaccination expanded to all districts of Sindh**
- **Supplementary TT immunization in high-risk districts with a coverage achievement rate of 86 %**
- **13,905 LHWs trained and mobilized for immunization coverage**
- **350 doctors have been removed as a result of absenteeism**

Sindh – Poverty
Reduction Strategy
Monitoring Indicators

Sindh; PRSP

- **GoS begun initial work on PRS last year where the sector priorities, targets and investments were worked out for moving on poverty reduction efforts coherently**
- **GoS subsequently undertook an indigenous reform agenda on the basis of which it received the first sub national credit from World Bank**
- **GoS has engaged a technical assistance for facilitating refining its PRS and collating the economic reforms with the overall reform and investment agenda**

GoS has Set Following Monitoring Indicators

- **Provincial Tax to grow @ 15% annually**
- **Pro-poor I-PRSP expenditures (Social sectors, roads and irrigation, drinking water supply) to increase from 30% in FY 01 to 38% in FY 06**
- **Operations and Maintenance to grow from 8.5% in FY 01 to 17% of all expenditures by FY 06**

Monitoring Indicators

- **Development Expenditures to grow from 11% in FY 01 to 17% of all expenditures**
- **Reconciliation of Accounts to increase from 80% to 95%.**
- **Population with access to safe drinking water 61% to 80%.**
- **Proportion of Roads Classified in Poor Conditions 70% to 50%**

Education and Health

- **Gross primary enrolment rate from 53% to 80% (FY 05)**
- **Number of Schools to be made Functional 88% to 100%.**
- **Teacher Competency Testing and Training 101,000 teachers tested and 12,000 trained.**
- **Infant Mortality Rate 95 to 60**
- **0 to 23 month Immunization 49% to 80%**
- **TB Control Access 8% to 100%**

Thank You