Sindh’s Development: Issues & Agenda
Contents

- Governance reforms
  - Financial management reform
  - Civil service reform
  - Decentralization

- Social sector reform
  - Health
  - Education

- Sindh’s PRSP and Monitoring Indicators
Contents

- Sindh Resource Rich and Poor
- Chronic Problems
- Economic reform
  - Fiscal restructuring,
  - Public Sector Development
  - Reforms in roads, irrigation, water sanitation & Mineral development
  - 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)
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

- 18.4 in 1992
- 15.1 in 1993
- 11.7 in 1994
- 14 in 1996
- 15.7 in 1997
- 5.9 in 1998
- 8.2 in 1999
- 6.5 in 2000
- 3.6 in 2001
- 5.4 in 2002
- 7 in 2003
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

- Maintenance backlog of Rs. 9 billion
- Road management unscientific and outdated
- Low levels of monitoring, participation of users
- Impedes growth of markets, incomes & employment
- 70% of 20642 Km of roads in disrepair
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%
Increase in Revenue & Development of Rural Economy

Full Computerization & Satellite Imagery in Phase-II

Training of revenue staff in functional and computer training begun

Computerization of assessment & collection system in 4 Districts begun

Procurement of hardware underway

Increase in Revenue & Development of Rural Economy
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 (%)

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>FY 02</th>
<th>RE 03</th>
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<tbody>
<tr>
<td>Provincial Tax</td>
<td>52</td>
<td>62</td>
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<tr>
<td>Property tax</td>
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<td>71</td>
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<tr>
<td>Stamps</td>
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<td>21</td>
</tr>
<tr>
<td>Registration</td>
<td>65</td>
<td>63</td>
</tr>
<tr>
<td>MVT</td>
<td>55</td>
<td>84</td>
</tr>
<tr>
<td>Infra. Dev. Cess</td>
<td>15</td>
<td>21</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003 (BE)</th>
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<tbody>
<tr>
<td>ADP</td>
<td>2.2</td>
<td>2.4</td>
<td>4.0</td>
<td>7.0</td>
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<tr>
<td>KPP</td>
<td>0.58</td>
<td>1.4</td>
<td>2.8</td>
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<tr>
<td>FPA</td>
<td>0.88</td>
<td>1.5</td>
<td>1.2</td>
<td>2.8</td>
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<tr>
<td>DERA</td>
<td>-</td>
<td>-</td>
<td>0.9</td>
<td>1.8</td>
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<tr>
<td>ESR</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3.66</td>
<td>5.3</td>
<td>9.5</td>
<td>14.4</td>
</tr>
<tr>
<td>Description</td>
<td>Value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------------------</td>
<td></td>
<td></td>
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<tr>
<td>ADP FY03</td>
<td>Rs. 7000 m</td>
<td></td>
<td></td>
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<tr>
<td>Total Schemes</td>
<td>872</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District schemes</td>
<td>614</td>
<td></td>
<td></td>
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<tr>
<td>Provincial schemes</td>
<td>258</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Abandoned schemes</td>
<td>Rs. 146 m</td>
<td></td>
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<tr>
<td>Releases</td>
<td>Rs. 5200 m</td>
<td></td>
<td></td>
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<tr>
<td>DERA schemes</td>
<td>624 @ Rs. 3.3 bn</td>
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</table>
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 from 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)

<table>
<thead>
<tr>
<th></th>
<th>FY 02</th>
<th>FY 03</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADP</td>
<td>385</td>
<td>587</td>
</tr>
<tr>
<td>M&amp;R</td>
<td>263</td>
<td>350</td>
</tr>
<tr>
<td>RSDP</td>
<td>_</td>
<td>994</td>
</tr>
</tbody>
</table>
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 widow 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

<table>
<thead>
<tr>
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<th>(Rs million)</th>
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<tbody>
<tr>
<td>Free text books</td>
<td>172</td>
</tr>
<tr>
<td>Scholarship</td>
<td>6</td>
</tr>
<tr>
<td>SMCS</td>
<td>450</td>
</tr>
<tr>
<td>Teacher Training</td>
<td>10</td>
</tr>
</tbody>
</table>
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 successfully 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