EMBASSY OF PAKISTAN
ECONOMIC DIVISION

HIGHLIGHTS OF THE ECONOMY

FISCAL YEAR 2009-10

JULY 1, 2010

FY2010 saw improvement in global economic beginning the second quarter of 2009 after free fall in world trade, industrial production, asset prices and global credit availability following financial crisis triggered by events of 2007 including collapse of housing bubble, high default rates on *subprime* and *adjustable rate mortgages* and *debt-financed consumption* because of low interests rates and large inflows of foreign funds. Global equity markets rebounded and risk premiums on lending fell. International trade and global industrial production started recovering noticeably, with an increasing number of countries registering positive quarterly growth of gross domestic product (GDP). The economic revival has been driven by the effects of the massive policy stimuli injected worldwide since late 2008. However, the recovery was uneven and conditions for sustained growth remained fragile. Credit conditions continued to be tight in major developed economies, where many major financial institutions needed to continue the process of deleveraging and cleansing their balance sheets. The rebound in domestic demand remained tentative at best in many economies and is far from self-sustaining. High unemployment rates and the large output gap in most countries continue to pose challenges for policymakers worldwide. [1]

For Pakistan's economy, FY2010 was yet another challenging and difficult year. However, a measure of macroeconomic stability achieved over the past two years has kindled a moderate recovery in the economy. The economy grew by a provisional 4.1% in the outgoing year, after a modest growth of 1.2% in 2008-09. However, the recovery is still fragile and the durability of the economic turnaround is far from assured given the significant challenges the economy faces. A combination of limited fiscal space and rising spending, debt, and inflationary pressures, significantly reduce the government's ability to spend to stimulate the economy.

[1] . World Economic Outlook, April 2010

Current Status of Reform in Pakistan

Cognizant of the limitations of the growth strategy followed in the past, which has inevitably produced boom-bust cycles followed by a balance of payments crisis, the government has embarked on a fundamental change of the development paradigm. The new development strategy seeks to foster sustainable and more equitable growth by means of structural improvements in the productive sectors of Pakistan's economy, involving broad range of policy actions across sectors. The current status of some of the important reforms is as under:

- Raising the Tax-to-GDP ratio is a key pillar of the government's economic strategy. To this effect, a proposed law to implement a broad-based Value Added Tax (VAT) with minimal exemptions has been presented to Parliament

- In addition, other measures such as improving tax administration and reinstating tax audits have been taken. The cumulative effect of these policy measures is expected to be an increase ofPakistan's Tax-to-GDP ratio to 13 percent by 2013 (from 8.9 percent in 2008-09)

- Under *Social Protection*, the government has launched the Benazir Income Support Program (BISP). An allocation of Rs 70 billion has been made in the Federal Budget 2009-10, with the aim of targeting 5.5 million poor and vulnerable Households in Pakistan with a cash transfer of Rs 1,000 per month to each. The size of BISP makes it the largest social protection scheme in the country's history, and it works in conjunction with other safety nets such as *Bait-ul-Maal*, *ZakatFund*, and provincial programs such as the *Sasti Roti* scheme

- A Cabinet Committee on Restructuring (CCoR) has been formed to restructure key Public Sector Enterprises (PIA, PEPCO, Railways, TCP, USC, Pakistan Steel Mills, NHA) with a view to stop leakages caused by annual losses amounting to approximately 1.5% of GDP. The eventual aim is to turnaround these PSEs into profitable, self-sustaining ventures under Public-Private Partnership mode

- Under reform of the power sector, electricity tariffs have been raised between 65% since March 2008, in an effort to reduce the level of subsidies absorbed in the budget, while simultaneously moving to a full cost-recovery tariff for the power utilities. Under a new Act of parliament, adjustment in tariff for changes in fuel prices for power generation has been made automatic

- The government successfully concluded the Seventh National Finance Commission (NFC) Award – only the fourth in Pakistan's entire history, and the first for the last 19 years. This Award greatly augments the quantum of resource transfer from the Centre to the Provinces

- In conjunction with the higher resource transfer to the provinces, the Centre will also devolve some major functions/expenditure heads to the sub-national governments in line with the provisions of the 1973 Constitution following approval of the eighteenth amendment

SALIENT FEATURES OF THE ECONOMY FY2010

I. Growth

- ***World Outlook for FY2010*** reflects an expansion in growth as compared to last year for China (10%), India (8.25%), Russia (4%), Pakistan (4%), MENA (4.5%), South America ($.1%), Central America (2.7%), Emerging Europe (2.9%), Advanced Europe (1%), ASEAN-5 (5.4%), Advanced Asia (3.1%), NIAE (5..2%), Commonwealth of Independent States (4%), Sub-Saharan Africa (4.7%), Developing Asia (8.7%), Japan (1.9%), and global growth (4.25%)---Source: World Economic Outlook, April 2010

- ***Real GDP*** grew by 4.1 percent in FY2010 as against revised growth rate of 1.2 percent last year

- ***Growth*** was contributed mainly by Services and Agriculture

Sector	Sectoral Contribution To GDP Growth (%)		Sectoral Share In GDP Growth (%)	
	2008-09	2009-10	2008-09	2009-10
Agriculture	0.85	0.45	71.00	11.00
Industry	- 0.49	1.23	- 41.00	30.00
- Manufacturing	- 0.28	0.37	- 58.00	23.00
Services	0.84	2.42	70.00	59.00
Real GDP Growth	1.20	4.10	100.0	100.0

- ***Contribution by expenditure***---consumption expenditure accounted for 96% of GDP growth in FY2010 with private consumption expenditure of 81% and government consumption expenditure accounting for the balance 15%

- ***Share of the total investment*** **was a nominal 1% in GDP growth. Adjusting for the assumed contribution of *Changes in stocks* category, the contribution of gross fixed capital formation (GFCF) was -1%.**

- ***Share of net exports*** **was 4%.**

II. INVESTMENT

- ***Total investment*** declined from 19.0 percent of GDP in FY2009 to 16.6 percent of GDP in FY2010

- ***Fixed investment*** decreased to 15.0 percent of GDP in FY2010 from 17.4 percent last year

- ***Private sector investment*** to GDP has declined to 10.7 percent in FY2010 as compared to 12.7 percent in FY2009

- ***Public sector investment*** to GDP declined to 4.3 percent in FY2010 as compared to 4.6 percent last year

III. NATIONAL SAVINGS

- ***National savings*** rate has increased to 13.8 percent of GDP in FY2010 as against 13.3 percent of GDP last year

- ***Domestic savings*** declined from 10.6 percent of GDP in FY2009 to 9.9 percent of GDP in FY2010

- ***Foreign savings*** declined substantially to 2.8 percent of GDP in FY 2010 as compared to 5.7 percent in FY2009

IV. FOREIGN INVESTMENT

- ***Overall foreign Investment*** during the first eleven months (July-May) of the FY2010 declined by 14.8 percent and stood at $ 1.897 billion as against $ 2.227 billion in the comparable period of last year.

- ***Foreign direct investment*** stood at $ 2.031 billion during the first eleven months (July-May) of FY2010 as against $ 3.331 billion in the same period last year thereby showing a decline of 39 percent. **US remained the single largest investor with 21.75%** of total investment followed by UK (13.75%) and Netherland (13.4%)

- ***Private portfolio investment*** witnessed inflow of $ 539 million during July-May of FY 2010 as against an outflow of $ 561 million during the comparable period of last year.

- ***A large part of the decline in FDI*** for the period was recorded under Telecommunications (a net decline of US$ 349 million), and Financial Services (a fall of US$ 535 million).

Investment levels in some sectors remained healthy, including in *Oil and Gas exploration* (FDI of US$ 654 million), *Transport* (US$ 115 million), *Construction* (US$ 95.5 million), and *Paper and Pulp* (US$ 81 million).

V. PER CAPITA INCOME

- ***Per capita real GDP*** has risen at a faster pace in real terms during the 2002-03 to 2007-08 (4.5% per annum on average in rupee terms) because of acceleration in real GDP growth and four fold increase in remittances leading to a rise in average income of the people. Such increases in real per capita income have led to a sharp increase in consumer spending during 2005-06 to 2007-08

- ***Per capita income*** in dollar term has grown from $ 586 in 2002-03 to $ 1095 in FY2010

SECTORAL PERFORMANCE

I. AGRICULTURE

- ***Historical growth performance of Agriculture*** has been as under:

Years	***Percent***
1960s	5.1
1970s	2.4
1980s	5.4
1990s	4.4
2000s	3.2

- ***Agriculture sector*** accounts for over 21 percent of GDP, and remains by far the largest employer, absorbing 45 percent of the country's total labor force. Nearly 62 percent of the country's population resides in rural areas.

- ***Agriculture sector*** has depicted a growth of 2.0 percent as compared to 4.0 percent last year

- ***Major crops*** accounting for 33.4 percent of agricultural value added registered a negative growth of 0.2 percent against a growth of 7.3 percent last year

- ***Livestock sector*** grew by 4.1 percent in FY2010 as against 3.5 percent last year

- ***Agriculture credit*** during July-March of FY2010 was Rs 166.344 billion, 9.5 percent higher than the comparable period last year

II. Manufacturing and Mining

- ***Manufacturing*** accounts for 18.5 percent of GDP and 13 percent of total employment. *Large Scale Manufacturing (LSM)*, at 12.2 percent of GDP, dominates the overall sector accounting for 66% of the sectoral share, followed by *Small Scale Manufacturing*, which accounts for 4.9 percent of total GDP

- ***Manufacturing sector*** expanded by 5.2 percent in FY2010 as compared to contraction of 3.7 percent in last year

- ***Small and medium manufacturing sector*** maintained its growth of last year at 7.5 percent

- ***Large-scale manufacturing*** registered an expansion of 4.4 percent as against contraction of 8.2 percent in the last year

- ***Mining and quarrying*** sector has registered a negative growth rate of 1.7 percent as against – 0.2 last year

III. Services Sector

- ***Services sector*** grew by 4.6 percent as against last year's actual growth of 1.6 percent

- Value added in the ***wholesale and retail trade sector*** grew at 5.1 percent as compared to – 1.4 percent in last year

- ***Finance and insurance sector*** registered negative growth of 3.6 percent in FY2010 as compared to – 7.0 last year. The performance of this sector shows that Pakistan's financial sector is integrated in the world economy and feeling the heat of the international financial crisis

- ***Transport, Storage and Communication*** sub-sector depicted a sharp deceleration in growth to 4.5 percent in FY2010 as compared to 2.7 percent of last year

MONEY AND CREDIT

I. Monetary Policy (July 1, 2009 – June 20, 2010)

- ***Policy Rate*** was raised to 15 percent in November 2008 which has been gradually adjusted downward to 12.5 percent during FY2010

- ***Money supply (M2)*** expanded by 9.51 percent against expansion of 6.75 percent in the comparable period of last year

- ***Reserve money*** grew by 12.43 percent as against expansion of 2.38 percent

- ***Net domestic assets (NDA)*** have increased by Rs. 417.484 billion as compared to increase of Rs. 514.521 billion in last year, thereby showing an increase of 9.04 percent in this period whereas, last year the growth in the comparable period was 12.79 percent

- ***Net foreign assets (NFA)*** have recorded an expansion of Rs.71.154 billion against the contraction of Rs. 198.152 billion in the comparable of last year

- ***Government borrowing for budgetary support*** has recorded an increase of Rs. 392.622 billion as compared to Rs.353.507 billion in the comparable period of the last year. The ***SBP financing*** has shown a net increase of Rs.130.339 billion and financing from scheduled banks witnessed a net increase of Rs. 240.131 billion

- ***Credit to private sector*** witnessed a net disbursement of Rs.85.301 billion as compared to Rs. – 7.996 billion in the comparable period of last year

- ***Weighted average lending rate*** have witnessed decline from 15.5 percent in October 2008 to 13.25 percent in May 2010

- ***Weighted average deposit rate*** on the other hand has decreased from 9.5 percent in October 2008 to 7.37 percent in May 2010

II. Inflation

- ***Consumer Price Index (CPI)*** stood at 11.6 percent during July-May of FY2010 as against 21.6 percent in the comparable period of last year

- ***Year-on-Year*** inflation has decelerated from 25.3 percent in August 2008 to 13.1 percent in May 2010

- ***Food inflation*** is estimated at 12.1 percent and ***non-food*** 11.4 percent against 25.6 percent and 18.4 percent in the corresponding period of last year

- ***Core inflation*** which represents the rate of increase in cost of goods and services excluding food and energy prices declined from 17.4 percent to 11.4 percent

- On current trends and barring any adverse shocks, it is expected that the average inflation for FY2010 as measured by CPI will be close to 11.5 (12) percent

- ***Wholesale Price Index (WPI)*** increased by 11.5 percent

- ***Sensitive Price Indicator (SPI)*** has recorded an increase of 13.12 percent during July-June (24), FY2010

CAPITAL MARKETS

- ***650 companies*** were listed on the Karachi Stock Exchange (KSE) as of end-March 2010, with Paid up capital of Rs. 894.2 billion.

- ***Aggregate market capitalization*** as at end March, stood at Rs. 2,890 billion (US$ 35 billion). Market capitalization to GDP is currently just under 20%, which is low by comparison with many countries in Pakistan's peer reference group.

- ***Measures taken at the Karachi Stock Exchange (KSE) during 2009 include***

  - ✪ Introduction of corporate Bonds Automated Trading System

- ✪ Data Vending and Launch of Mobile KSE Automated Trading System (mKats)
- ✪ Implementation of internationally accepted industry classification Benchmark a jointly developed
- ✪ Classification system launched by FTSE Group and Dow Jones Index
- ✪ Risk Management
- ✪ Introduction of Client Level Margining Regime.
- ✪ Restructuring of Net Capital Balance requirement
- ✪ Pre-settlement mechanism in Ready & Deliverable Future Contract Market
- ✪ Introduction of Exposure Dropout Facility during Trading Hours
- ✪ Introduction of Client wise cash deposits allocation against exposure margin and losses
- ✪ Change in Penalty requirement on Net Capital Balance Certificate.

- ***KSE*** saw a growth of 36% (29% in dollar terms)during FY2010
- ***KSE-100 Index*** closed at 9721.91 on June 30, 2010 compared to 7162.18 points on June 30, 2009
- ***Aggregate Market Capitalization*** expanded to Rs 2,739.664 billion from Rs 2,120 billion on June 30, 2009
- ***Foreign portfolio investment*** showed a net outflow of US$ 556 million during FY2010

EXTERNAL SECTOR

- ***External sector,*** amid still-difficult global economic conditions, large costs to exports imposed by the campaign against terrorism, and a severe energy crisis faced by Pakistan’s economy, witnessed an overall improvement during 2009-10. This recovery was mainly contributed by a sharp narrowing of the current account deficit which more than offset the declining financial account surplus during the period
- ***Exports*** witnessed recovery from $ 17.313 billion last year to $ 17.855 billion in July-May FY2010

- ***Imports*** registered a negative growth of 3.51 percent in July-May 2010. The imports stood at $ 27.937 billion as against $ 28.954 billion in the comparable period of last year

- ***Trade Balance***-The merchandise trade deficit improved by 13.4 percent and declined from $11.642 billion in July-May 2008-09 to $ 10.082 billion in July-May FY2010.

- ***Workers Remittances*** Workers' remittances totaled $ 8.064 billion in July-May 2009-10 as against $ 7.076 billion in the comparable period of last year, depicting an increase of 19.87 percent

- ***Current Account Balance*** (including official transfer) Pakistan's current account deficit shrank by 65.65 percent during July-May 2009-10. Current account deficit shrank to $ 2.981 billion as against $ 8.679 billion last year. The FY2010 is likely to end with 2.8 percent of GDP in 2008-09

- ***Foreign Exchange Reserves*** on June 18, 2010 amounted to over $ 15.777 billion. Of which, reserves held by State Bank of Pakistan stood at over $ 12 billion and by banks stood at $ 3.768 billion

- ***Exchange rate*** is around at Rs.85.80 per dollar (FY-end)

- ***Foreign direct investment (private)*** stood at $2030.7 million during the first eleven months (July-May) of FY2010 as against $3331.2 million in the same period last year thereby showing a decline of 39 percent

- ***Terms of Trade*** aggregated to 54.9 during July-March 2009-10 as compared to 56.3 of July-March 2008-09 thereby witnessed a deterioration of 2.5 percent during the period under review

- ***Balance of Payments*** (overall balance) moved from a negative $ 3,871 million during July-May 2008-09 to a positive $ 781 million by end May-2010

FISCAL OPERATION

I. FISCAL DEVELOPMENT

- ***Fiscal deficit*** is likely to be around 5.1 percent of GDP

II. REVENUE COLLECTION —(END-APRIL 2010)

- ***Overall FBR tax collection*** deteriorate to around 9.8 percent of GDP
- ***Tax Revenue*** collected by the FBR amounted to Rs.1,026 billion during July-April 2009-10, net of refunds, 14% higher than the corresponding period of last year
- ***Net Direct tax*** collection was estimated at Rs. 389.5 billion registering an increase of 17 percent over the last year
- ***Net indirect taxes*** grew by 12 percent and stood at Rs 636.1 billion
- ***Net Sales tax collections*** grew by 16 percent and stood at Rs.416 billion as against Rs.359.2 billion in comparable period last year
- ***Net customs duty collection*** increased from Rs.117.2 billion in 2008-09 to Rs.125.7 billion in 2009-10, thereby showing a growth of 7.3 percent
- ***Net collection of federal excise*** stood at Rs 94.3 billion as against Rs. 91.6 billion in the corresponding period of last year, thereby, showing an increase of 2.9 percent
- ***Direct tax revenue*** has risen from 18% in 1990-91 to 38% of total tax revenue in FY2010
- ***Indirect tax-to-total tax revenue*** is 62% in FY2010 down from 82% in 1990-91

II. PUBLIC DEBT—(End-March 2010)

- ***Total Public Debt*** stood at Rs 8,160 billion as of end-March 2010 registering a growth rate of 12.2%, less than 22% of last year growth
- ***Public Debt*** is equivalent to 56% of GDP and 379% of budgeted revenue for the year
- ***Total domestic debt*** is positioned at Rs 4,491 billion which implies net addition of Rs.631 billion in the nine months of the current fiscal year
- ***Domestic Debt has risen*** from Rs 1,578.8 billion in 1999-2000 to Rs 4,491 billion
- ***External Debt*** moved from US $ 32.254 billion in 1999-2000 to 53,013 billion

- ***External Debt and Liabilities*** rose from US $ 37,918 billion in 1999-2000 to $ 54.235 billion
- ***External Debt*** is 25 percent of GDP and ***EDL*** is 31.1 percent of GDP
- ***Domestic Debt*** is 31 percent of GDP
- ***External Debt and Liabilities*** as percentage of foreign exchange earnings increased to 150 percent
- ***Debt servicing on public debt*** aggregated Rs. 814.5 billion
- ***Public debt servicing now stands at*** 5.4 percent of GDP
- ***Debt servicing*** consumed 46% of government revenues
- ***Interest payments*** of Rs. 428.5 billion have been incurred on domestic debt, whereas Rs. 45 billion of the payment was on account of foreign debt

Dynamics of Public Debt (FY2005-FY2010)
(In Percent)

Year	GDP Deflator	Fiscal Balance	Primary Balance	Real Growth of Debt	Real Growth of Revenue	Debt Burden
FY05	7.7	- 3.3	- 1.3	- 1.7	5.7	- 7.3
FY06	7.0	- 4.3	- 2.3	- 0.1	12.6	- 12.8
FY07	10.5	- 4.3	- 1.5	- 0.3	10.1	- 10.4
FY08	16.2	- 7.6	- 2.8	9.7	- 0.7	10.4
FY09	20.3	- 5.2	- 0.3	1.4	3.1	- 1.8
FY10	10.1	- 5.1	- 0.5	2.1	6.3	- 4.3

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- ***Primary Sources of accumulation*** in the public debt stock since 2005-06 have been:
  - ***Currency translation*** losses on foreign exchange-denominated debt. For 2007-08 and 2008-09 the cumulative depreciation of over 25% of the Rupee against the US Dollar is estimated to have increased the public debt stock by approximately Rs. 235 billion, or a total of 11% increase on this count alone over the past two years
  - ***Non-recognition*** of large subsidy payments to the oil and power sector from prior years that were absorbed in the budget in 2007-08 and 2008-09

- ***Sharp reduction*** in non-debt creating inflows, such as FDI, in the wake of the global financial crisis
- ***Augmented access*** to IMF resources provided to Pakistan in the form of the Stand By Arrangement (SBA) signed in November 2008, amounting to a total of US$ 11.3 billion, of which approximately US$ 7.3 billion has been disbursed
- ***Lower inflow*** of external assistance, which forced the government to higher-cost domestic borrowing
- ***Lumpy repayment*** of maturing Defence Savings Certificates (DSCs) since 2007, that had not been budgeted for
- ***Inability*** of the government to take advantage of the historically low interest rate environment in the 2003 to 2007 period, by locking into longer tenure debt such as the five- and ten-year Pakistan Investment Bonds (PIBs)

External Debt Sustainability Indicators (FY2005-FY2010)

(In Percent)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010*
EDL/GDP	32.3	29.2	28.2	28.1	32.0	31.1
EDL/FER	2.8	2.8	2.7	4.0	4.1	3.6
EDL/FEE	1.3	1.2	1.2	1.3	1.5	1.5
EDL Service/FEE	15.3	13.5	12.8	11.7	17.3	11.8
Non-Interest Current Account Deficit	- 2.9	0.5	2.9	3.8	7.1	4.4
STD/EDL	0.8	0.5	0.1	1.5	1.3	1.1
Growth in EDL	1.8	5.1	8.3	14.6	14.3	2.3
Growth in FEE	21.1	16.3	5.3	13.0	- 4.2	3.2

* : Debt Stock as of end-March 2010, FEE end of year projection
FEE=Foreign Exchange Earnings, STD= Short-Term Debt, FER=Foreign Exchange Reserves

Economic Survey of Pakistan

III. Expenditure

- ***Total expenditure*** as a percentage of GDP is estimated at 19.6 percent in FY2010 as compared to 19.9 percent last year
- ***Revised Estimates*** for FY2010 stood at Rs 2585.557 billion against budgeted Rs. 2462 billion last year

- ***Current expenditure*** stood at Rs 2017.255 billion in FY2010 compared to Rs 2041.6 billion in FY2009
- ***Share of current expenditure*** declined from 88 percent in 1999-2000 to 79 percent in FY2010
- ***Development expenditures*** stood at 21 percent of the budget or 4.1% of GDP
- ***Defense expenditure*** stood at Rs 378.135 billion or 2.3% of GDP in FY2010 compared to Rs 330 billion in FY2009 0r 2.6 percent of GDP, declining from a peak level of 6.9 percent of GDP in 1989-90
- ***Interest expenditure*** is budgeted at Rs 814.5 billion in FY2010 compared to Rs 656.3 billion in FY2009

SOCIAL SECTORS

I. EDUCATION

- ***Public spending on education*** is 2.05 percent of GDP
- ***Overall literacy rate*** (10 years & above) is 57 percent in FY2009 compared to 45 percent in 2001
- ***Male literacy rate*** (10 years & above) increased from 58 percent in 2001 to 69 percent in FY2009
- ***Female Literacy*** rate increased from 32 to 45 percent during the same period.
- ***Literacy*** remains higher in urban areas (74%) than in rural areas (48%) during FY2009
- ***General Parity Index (GPI)*** is 0.65
- ***Net Primary Enrolment*** increased from 56 percent in 2005-06 to 57 percent in FY2009
- ***Higher education*** estimated enrollment is 948,364 in 2009-10, an increase of **191 percent** over 2001-02 with 132 universities and 56,839 teachers in both private and public sectors
- ***Public spending on higher education*** increased from Rs. 7723.402 million during 2002-03 to Rs. 44,000 million during 2008-09 showing an increase of 470 percent

- ***Since 2008,*** international development partners have extended foreign assistance for the development of education sector in Pakistan as given below:

  - Funded by DFID at a cost of £3.5 million, Gender in Education Policy Support Project (GEPSP) is being implemented by Government of Pakistan with the technical assistance of UNICEF. Its objective is to strengthen MoE to accelerate progress towards gender parity and equality at all levels of education by 2015
  - USAID has assisted a project "Strengthening Teacher Education in Pakistan" (STEP), costing US$ 2.14 million to enhance Government's capacity to improve policy framework, coordination and National Standards for Teacher Certification and Accreditation
  - USAID assisted Ed-Links program (focusing on Teachers Professional Development; Student Learning & Achievement; Governance) in Sindh, Balochistan, Islamabad & FATA) costing US$ 90 million
  - USAID has funded "Pre-Service Teachers Education Program (Pre-STEP)" launched at a cost of US$ 75 million
  - Under Strategic Objective Grant Agreement (SOGA), USAID allocated additional $ 121 million for basic education during 2009
  - Department for International Development (DFID), UK entered into agreement with Government of Pakistan for joint task Force on Education and allocated £ 250 million
  - Under One-UN Joint Program, Technical Working Group on Education comprising officers of MoE prioritized JP Areas, Outcomes, Outputs, Activities, Costs etc. before it is formal launch in association with UN agencies
  - GTZ is assisting Ministry of Education in the areas of Education policy review, curriculum reform and Textbook development, through its € 2.5 million project titled "National Basic Education Policy program"

III. HEALTH AND NUTRITION

- ***Public spending*** on health sector during FY2010 is 0.54 percent

- ***968 hospitals,*** 4813 dispensaries, 5345 basic health units & sub health centers and 906 maternity and child health centers, 572 rural health centers with 103, 708 beds in 2010 provide health care
- ***139,555 doctors,*** 9822 dentists ,69,313 nurses, 26,225 mid-wives, 10,731 Lady Health Workers man these health care facilities
- ***Population and health facilities ratio in 2010*** turnout to be 1183 persons per doctor, 16,914 person per dentist, 2501 persons per nurse and 1592 persons per bed
- ***Various health programs*** with a special focus on major public health problems include the national programs for the prevention and control of tuberculosis, malaria, HIV/AIDS, hepatitis, blindness and program on maternal, neonatal and child health etc.
- ***Prime Minister Program for Prevention and Control of Hepatitis in Pakistan*** with a total cost of Rs 2.59 billion aims at reduction in hepatitis prevalence by 2010 through establishment of Hepatitis Surveillance System

III. POPULATION, LABOUR FORCE AND EMPLOYMENT

- ***Population average*** growth rate is 2.1 percent per annum
- ***Crude Birth Rate*** is 28/1000 which was 31.7 a decade ago
- ***Crude Death Rate*** is 7.4/1000 which was 9 1o years back
- ***Life expectancy*** is 64.5 years, up from 62.3 10 years ago
- ***Infant Mortality rate*** is 65.1, down from 81.1 in 1980s
- ***Mortality rate under 5*** per 1000 is 95.2
- ***Total Fertility Rate*** is 3.6 in 2010, down from 6 in 1984
- ***Current estimated population is*** 175.5 million
- ***Urban population is*** 63.05 million, up from 44.47 million in 1999 and 110.46 million rural population
- ***Dependency ratio*** is 0.75
- ***Median age*** 21.3 years
- ***Emigration rate is 2.2 percent***

IV. Labor Force—(Survey 2008-09)

- ***Total labor force is*** 53.72 million people with female labor force of 11.81 million
- ***Total number of people employed*** was 50.79 million
- ***2.93 million of the labor force*** is estimated as un-employed in and unemployment rate is 5.5 percent with urban unemployment rate of 7.1 percent and Rural rate of 4.7 percent
- ***Crude activity (participation) rate*** stands at 32.8 percent
- ***Refined activity (participation) rate*** *is 45.7 percent*
- ***Share of agriculture*** in employment is 45.1 percent declining from 48.4 percent in 1999-2000, with manufacturing (13%), trade(13%) & services (11.1%) absorbing a growing share of the work force
- ***26.6 percent of non-agriculture workers*** are in the formal sector and 73.4 percent are in the informal sector
- ***Policy focus of the government*** is creation of decent employment and human resource development through (i) People's Works Program (ii) National Internship Program (ii) People's Rozgar Program (iv) Ten percent quota for women across the board in all government jobs has been earmarked (v) Minimum wages has been increased from Rs. 4600 to Rs. 7000 per month

TRANSPORT AND COMMUNICATION

- ***Total road network*** is about 260,000 km of which around 60 percent is paved.
- ***Road density*** is 0.32 km/km2 which is low and compares unfavorably with other South Asian countries (Bangladesh-1.7 km/km2, Sri Lanka-1.5 km/km2 and India-1.0 km/km2)
- ***Tele-density in the country*** has jumped from a mere 11.9 percent in 2004-05 to 62.4 percent (Feb- 10)
- ***Cellular share in total density*** is 94 percent followed by FLL (3.5 percent) WLL (2.5%)
- ***Total cellular subscriber base stands*** at 96.2 million (Feb 2010) whereas it was 5 million in 2003-04, 3.4 million FLL and 2.69 million WLL subscribers

- ***Broadband subscribers*** has risen to 688,373 subscribers in Jan-2010, up from 32,282 in March 2007
- ***Broadband penetration*** has increased from 0.04 percent in December 2007 to 0.42 percent in Jan-2010

ENERGY

I. Oil and Gas

- ***Energy Consumption mix*** is changing sharply from 1996-97 to 2009; gas from 29.0% to 43.7%, oil from 48% to 29.0%, electricity from 15% to 15.3%, coal from 6% to 10.4% and LPG from 1% to 1.5%
- ***Sectoral energy consumption pattern*** reflects gradual shift from 2002-03 to 2009-10; domestic from 23% to 20%, commercial from 3% to 4%, industrial 36% to 43%, Agriculture from 3% to 2%, Transport from 33% to 29% and other government remained at 2%
- ***Annual Energy Consumption*** in 2008-09 registered a growth of 8.1% in petroleum products than last year, 3.0% in gas, 10% in coal and decrease of 1.7% in electricity
- ***Crude oil production per day*** declined to 65,245 barrels from 66,531 barrels per day last year, showing a negative growth of 1.9%
- ***Natural gas average production per day*** stood at 4,049 million cubic feet during 2009-10 as compared to 3,986 million cubic feet last year, showing an increase of 1.56 percent

II. Electricity

- ***Installed generation capacity*** has increased to 19,754 MW with 33.7% hydel and 66.3% thermal
- ***Villages electrified*** increased from 67,183 in 1998 to 147,038 by March 2010
- **Consumers share** includes 16.416 million domestic, 2.342 million commercial, 0.260 million industrial, 0.269 agriculture, and 13,000 others with a total of 19.300 million