

Chapter 3

PUBLIC SECTOR DEVELOPMENT PROGRAMME

The PSDP is an important part of public sector investment, which channels domestic and foreign resources to implement the development programmes and projects prepared by the federal, provincial and local agencies. The public sector corporations – such as PIA, CAA, OGDCL, etc. – generate their own resources for implementing development programmes. The development programmes and projects of these corporations are not financed through the PSDP.

Objectives and strategy

The Plan seeks to increase the PSDP from 3.9 per cent of the GDP in 2012-13 to 4.6 per cent in the terminal year 2017-18. The PSDP has been designed to achieve targets within the context of the Vision 2025. Keeping in view the resource constraints and importance of the private sector as an engine of economic growth, the government through public sector investment will also provide an enabling environment to crowding in the private sector and fostering public-private partnerships and joint ventures to reduce the burden on the PSDP.

Overall national development programme

The Plan envisages an investment of Rs7,019 billion under the PSDP with an average annual growth of 17 per cent. The annual phasing of the PSDP is given in table 1.

Table 1: Annual phasing of the national outlay 2013-18
(Rs billion)

Fiscal year	Proposed Allocations
2013-14	1,040
2014-15	1,175
2015-16	1,414
2016-17	1,580
2017-18	1,810
Total	7,019

The enhanced-level of the PSDP will provide required resources to development programmes and initiatives for achieving objectives of the Vision 2025, which provides country's long-term development agenda, which aims to make Pakistan a globally competitive and prosperous country. It aspires to transform Pakistan into an industrialised and knowledge-based upper middle income country by 2025 to provide a high quality of life to all its citizens equitably.

The agency-wise allocations of the PSDP 2013-18 are given in table 2 below, and its detailed sectoral breakup is placed at Annexure-I.

Table 2: National outlay by executing agencies

(Rs billion)		
Agency	Allocation	Share (per cent)
Federal	3,040	43
Ministries and divisions	2,824	93
Special Areas	216	7
Provinces	3,979	57
Total	7,019	100

As a result of the enhanced-level of resources made available to the provinces under the new NFC Award and 18th Constitutional amendment, size of the provincial ADPs has increased from the FY 2010-11 onwards, while the ratio between the federal PSDP and provincial ADPs has reduced correspondingly. Owing to the financial autonomy, the provinces will finance projects of the devolved sectors. The projected federal and provincial share in overall development programme, during the Plan period, is in the ratio of 43:57 respectively against 70:30 during the Medium Term Development Framework (2005-2010).

To realise sectoral targets of the Plan, new initiatives have also been planned by the government in various sectors of the economy. Substantial finances will be required for important projects, such as the Karachi-Lahore Motorway (959 kilometres), Lahore-Abdul Hakeem-Khanewal Section (276 kms), Raikot-Havelian-Islamabad Section (460 kms), construction of Breakwaters, Gwadar, etc., to be undertaken under the China-Pakistan Economic Corridor (CPEC) initiative, particularly for connecting Gwadar to other parts of the country. To overcome energy shortage, projects such as the Diamer-Basha Dam, Karachi Coastal Power Project (K-2 and K-3), Chashma Nuclear Power Projects (C3 and C4) and other CPEC projects, will either become operational or substantially completed during the Plan period.

The federal programme will be implemented through three-pronged strategy. Firstly, the federal executing agencies will complete ongoing projects and will initiate new projects in the priority sectors as per assigned functions under the Rules of Business. The programmes and projects mainly cover power sector, multi-purpose large scale water storage dams, higher education, science, research and information technology as well as governance, institutional reforms, motorways, highways, railways, etc. Secondly, funds under the federal PSDP will be transferred to the provinces for execution of the federal schemes. Finally, the federal government will provide resources to the Special Areas falling under the federal responsibility, that is, Azad Jammu and Kashmir, Gilgit-Baltistan and FATA to prepare and execute development programmes (ADPs) according to their local needs and priorities. However, these areas (AJ&K, FATA and G-B) will integrate the local priorities into the overall national development agenda under the Plan and Vision 2025 to achieve set targets.

The provincial programme will be implemented by the provincial governments concerned through the resources transferred under the NFC Awards as per sectoral priorities determined by them. However, overall focus of the programme will be on achievement of objectives set under the Plan. Through the 18th Constitutional amendment, a number of subjects, relating to the social sector, have been transferred to the provinces by the federal government. Therefore, the provinces are expected to undertake development projects of the devolved sectors, like education, health, social and population welfare, local roads, drainage, sewerage, clean drinking water supply, improvement and beautification of cities, security and governance, etc. The federal government, however, will continue to provide technical and financial support wherever

needed and found feasible, as special initiatives. The sectoral position of planned allocations is summarised in table 3 below.

Table-3: Overall national outlay as per sectoral objectives

Sectoral objectives	Allocation	(Rs billion)
		Share (per cent)
a. Infrastructure	3,374	48
i. Energy	1,128	16
ii. Transport and communication	1,581	23
iii. Water resource development	592	8
iv. Physical planning and housing (Federal)	65	1
v. Fuel	8	-
b. Social	2,475	35
i. Education and higher education	637	9
ii. Health	427	6
iii. Physical planning and housing (Provincial)	478	7
iii. Other sectors, district and local programmes	933	13
c. Governance	265	4
d. Science and information technology	86	1
e. Balanced regional development(Federal)	447	6
f. Productivity enhancement	254	4
g. Miscellaneous	118	2
Total	7,019	100

The sectoral programme at the national level indicates that the infrastructure sector will get 48 per cent share of the overall programme, followed by the social sector (35 per cent), balanced regional development (6 per cent), governance (4 per cent), productivity enhancement (4 per cent), science and information technology and other sectors (3 per cent).

Within infrastructure, priority has been attached to the transport and communication and energy sectors with 23 per cent and 16 per cent share respectively of the total outlay over the Plan period. In addition, the WAPDA and PEPCO will also mobilise own generated resources in the power sector. Priority within the energy sector will be given to the completion of the ongoing mega projects (as mentioned above) and initiation of new projects, including the CPEC initiatives. The share of the water resources sector will be eight per cent. The physical planning and housing sector, at the federal level, will receive almost one per cent share of the total outlay. Within the social sectors, priority has been assigned to education, including higher education (9 per cent share), healthcare (6 per cent), provincial physical and planning sector (7 per cent), other social sectors including districts and local programmes (13 per cent). The governance and institutional reforms will get four per cent of the overall programme.

To ensure balanced regional development and bring the backward areas at par with other developed areas of the country, six per cent of the overall programme has been proposed for ensuring balanced regional development programme in the AJ&K, G-B, FATA and other under-developed districts of the country.

For productivity enhancement and promotion of the value-added goods, about four per cent of the programme has been earmarked in the areas of food and agriculture (2.3 per cent), industry, commerce and minerals (1.4 per cent). For research and development in the field of science and information technology, Rs86 billion have been proposed during the Plan period. These sectors are considered to be a responsibility of the private sector. However, the federal

government will continue to invest in research, development and in those areas where the private sector is shying to invest.

Federal programme

An outlay of Rs3,040 billion has been projected for the federal programme for the Plan, and about 20 per cent of which is expected to be funded through foreign project assistance by the development partners. While making projections for the Plan, the federal programme has been enhanced by an annual average increase of 18 per cent to meet the requirements of the ongoing projects for an early completion, particularly mega projects of energy, water resources, transport and communication and other important social and governance sector projects, including new early harvest high impact projects initiated under the CPEC. A summary of the federal programme by sectoral objectives is given in table 4 below. Details are placed at Annexure-II.

Table-4: Federal programme

Sectoral objectives	Allocation	(Rs billion)
		Share (per cent)
a. Infrastructure	2,116	70
i. Energy	839	28
ii. Transport and communication	996	33
iii. Water resource development	208	7
iv. Physical planning and housing	65	2
v. Fuel	8	-
b. Social	275	9
i. Education and higher education	137	5
ii. Health	90	3
iii. Other social sectors	48	1
c. Governance	36	1
d. Science and information technology	42	1
e. Balanced regional development	447	15
f. Productivity enhancement	23	1
g. Miscellaneous	101	3
Total	3,040	100

The federal programme has been devised keeping in view the parameters of the national development agenda, depicted in the Vision 2025. The main thrust of the programme is on completion of the ongoing projects and initiation of mega projects in the infrastructure sector with a proposed share of 70 per cent of the programme, being primary responsibility of the federal government. Within the infrastructure sector, about 33 per cent will be invested in the transport and communications sector, 28 per cent in power sector, seven per cent in the water resources sector, two per cent in the physical planning and housing sector and balance marked to fuel-related projects.

The transport and communication sector has been attached priority for better connectivity and economic integration on modern lines. To realise benefits of the CPEC, the projects of both the western and eastern alignments have been appropriately planned for completion.

A substantial increase of investment in the energy sector, both through budget and self-finance, will cater to the financial requirements of the strategic projects of the WAPDA, PEPCO and other energy projects, being executed by the Pakistan Atomic Energy Commission. In addition, projects in the energy sector will also be launched under the CPEC. To supplement efforts of the

government, investment by the private sector in the energy projects will be encouraged by providing an appropriate legal, financial and regulatory framework. In addition to whatever assistance is provided to the WAPDA and PEPCO through the PSDP budget, these organisations will invest in the energy sector from their own generated resources. The current investment (2014-15) in the power sector through budget (PSDP) and self-financed by the WAPDA and PEPCO is at the ratio of 31:69 respectively.

For Railways projects, adequate funding will be provided for track rehabilitation and doubling, procurement and manufacturing of diesel locomotives, improvement and installation of the signalling system on the Lodhran-Khanpur-Kotri section, provision of the Centralised Traffic Control (CTC) on the Shahdra-Lodhran Section and procurement of the Hopper Wagons, laying of the dedicated track for coal transportation to Jamshoro and Sahiwal power plants, etc. In the water sector, priority will be given to the ongoing projects for an early completion. The provincial governments will assume the responsibility to undertake small and medium dams, lining of irrigation and improving distributary channels for economical use of water. However, the federal government will continue to finance large multi-purpose dams and ongoing mega projects, such as Kachhi Canal, Greater Thal Canal, Kurrum Tangi Dam, etc., for completion during the Plan period.

The social sector will receive nine per cent of the federal programme. Within the social sector, education, including higher education and skill development, has been given the highest priority with five per cent of the total federal PSDP, followed by health (3 per cent) and other social sectors (1 per cent).

Though the agriculture sector has been devolved to the provinces, yet it needs federal attention for innovation and research to achieve food security. To promote agriculture, industry and commerce on modern lines for attract the private investment, an amount of Rs23 billion has been proposed during the Plan period. This amount will mainly be spent on research and development to boost productivity and promote value-addition in the domestically produced products so that these become competitive, and earn more foreign exchange through export of the agro-based industrial products.

For the balanced regional development and to bring less developed areas at par with other developed areas of the country, 15 per cent of the federal programme has been proposed during the Plan period. This will make available the required resources to the special areas (AJ&K, FATA and G-B) and other special programmes for the federal developmental interventions as required for the balanced development.

In addition to the above, the public sector corporations such as the WAPDA, PTCL, PIA, CAA, OGDCL, oil and gas companies, etc., normally mobilise their own-generated revenues for implementing their development programmes. These corporations will have to play a key role in achieving the targets set in the area of energy, regional connectivity, Information and Communication technologies (ICT) and innovations in the field of science and technology.

Under the federal PSDP, the following new development programmes, will be implemented during the Plan period.

- National Endowment Scholarships for Talent (NEST)
- Pakistan MDGs and Community Development Programme

- National Health Insurance Programme
- Cancer Hospital, Islamabad
- Value-Addition in Agriculture – Cluster Development Approach
- Value-Addition in Industry – Cluster Value-Addition in Industry
- Science Farming Scheme for Top Science Talent in School
- Establishment of the Seerat Chairs in the Public Sector Universities
- Technology Development Fund for the HEC Scholars returning after completion of PhDs to introduce new technologies in industry and development sectors
- Promotion of Olive Cultivation on Commercial Scale in Pakistan
- Establishment of Model Police Stations in the ICT
- Rural Economy Centre
- Social Entrepreneur Centre
- National Curriculum Council
- Modernisation and Standardisation of Examination System
- Mainstreaming of Medrasahs

Provincial programme

The Provincial Development Programme (2013-2018) is envisaged at Rs3,979 billion with an average annual growth of 15 per cent. It is about 57 per cent of overall national development programme. These resources will be utilised by the provinces through their Annual Development Programmes as per their sectoral and regional priorities. The provinces will have to play an important role for achieving the objectives of health, population welfare, basic education, and other amenities provided by the local governments, particularly in the post-18th Constitutional amendment scenario. The overall sectoral programme of the provinces is summarised below, and sectoral details are placed at Annexure-III.

Table-5: Provincial programme

Sectoral objectives	(Rs billion)	
	Allocation	Share (per cent)
a. Infrastructure	1,257	32
i. Energy	289	7
ii. Transport and communication	584	15
iii. Water resource development	384	10
b. Social	2,200	55
i. Education	500	13
ii. Health	337	8
iii. Physical planning and housing	478	12
iv. Other sectors, district and local programmes	885	22
c. Governance	229	6
d. Science and information technology	43	1
e. Productivity enhancement	232	6
f. Miscellaneous	17	-
Total	3,979	100

As indicated in table 5, the provincial governments will invest 55 per cent of their allocations in the social sector projects, which include education, health, population welfare, rural development, culture, sports, tourism, youth, clean water supply, drainage, local farm to market roads, etc. The infrastructure sector accounts for 32 per cent of the provincial programme.

Within the social sector, education will receive 13 per cent of the programme, physical planning, housing and urban development 12 per cent, followed by health sector eight per cent and 22 per cent of the programme has been proposed for district, local programmes and other special programmes. Within infrastructure, local roads network will receive 15 per cent of the programme followed by the energy sector at seven per cent and water resources 10 per cent. For the promotion of agriculture, industry and minerals, an amount of Rs246 billion (6 per cent) has been proposed for the Plan period. For ensuring good governance, institutional reforms, law and order, etc. six per cent of the total outlay has been proposed for the governance sector. For promoting the science and information technology sector, Rs43 billion have been proposed for the Plan period.

Special Areas programme

For the Special Areas (FATA, G-B and AJ&K), an amount of Rs216 billion has been allocated for the Plan period. Resources will be provided to these areas through the federal programme according to the standing financial arrangements made from time-to-time between the federal government and these Areas. In turn, these Areas will have to formulate their annual development programmes by incorporating regional as well as overall national priorities. The break-up is indicated in table 6 below.

Table-6: Special Areas programme

Area and Agency	(Rs billion)	
	Allocation	Share (per cent)
Azad Jammu and Kashmir	68	31
Federally Administered Tribal Areas (FATA)	101	47
Gilgit-Baltistan	47	22
Total	216	100

In addition to the above, straight transfer of funds to the Special Areas from the federal PSDP for their respective ADPs, and some important projects of these areas are also financed and implemented by the federal ministries and divisions as per the Rules of Business.

Annexure-I

National Development Programme

(Rs million)

S. No.	Sectors and sub-sectors	Projections					Total
		2013-14	2014-15	2015-16	2016-17	2017-18	
I. Infrastructure		467,217	529,552	674,084	790,485	912,275	3,373,613
1	Power and energy	153,210	164,390	197,907	267,095	345,620	1,128,222
2	Water	106,130	104,194	114,760	125,900	140,803	591,787
3	Transport and communication	195,081	250,931	346,112	381,410	407,200	1,580,734
4	Physical planning and housing (Federal)	11,656	8,425	12,851	14,580	17,000	64,512
5	Fuel	1,140	1,612	2,454	1,500	1,652	8,358
II. Social		409,483	426,465	497,923	538,396	603,135	2,475,402
6	Higher education	18,520	20,146	20,500	25,000	30,000	114,166
7	Education and trainings	86,860	86,642	105,508	116,960	127,146	523,116
8	Health	76,550	77,320	83,289	86,190	103,998	427,347
9	Population welfare	9,662	9,016	6,344	6,000	6,000	37,022
10	Environment and climate change	833	761	866	1,115	1,400	4,975
11	Physical planning and housing (Provincial)	76,800	78,900	102,000	104,314	116,243	478,257
12	Rural development	2,299	1,672	2,067	2,600	2,800	11,438
13	Social welfare	7,699	6,234	6,568	9,460	10,663	40,624
14	Women development	479	448	470	593	705	2,695
15	Culture, sports, tourism and youth	8,050	11,772	13,067	15,459	16,690	65,038
16	Mass media	1,165	765	840	1,415	1,620	5,805
17	Labour and manpower	1,766	2,810	6,904	8,390	9,020	28,890
18	District and local programmes	77,800	84,869	94,500	100,900	106,500	464,569
19	Special programmes and initiatives	41,000	45,110	55,000	60,000	70,350	271,460
III. Governance		45,735	42,733	46,849	60,744	69,332	265,393
IV. Science and IT		16,030	14,001	14,837	18,307	22,295	85,470
20	Science and technology	5,320	3,658	3,494	4,338	5,657	22,467
21	Information Technology	10,710	10,343	11,343	13,969	16,638	63,003
V. Balanced regional development		48,200	86,200	106,700	99,000	107,000	447,100
22	Special Areas (AJ&K, FATA and G-B)	43,200	37,700	38,700	44,000	52,000	215,600
23	Special programmes	5,000	48,500	68,000	55,000	55,000	231,500
VI. Productivity enhancement		39,655	38,155	52,204	57,618	66,784	254,416
24	Food and agriculture	18,150	20,857	33,876	37,362	43,300	153,545
25	Industry and commerce	18,985	14,759	15,292	16,660	19,400	85,096
26	Minerals	2,520	2,539	3,036	3,596	4,084	15,775
VII. Miscellaneous		13,680	37,894	21,403	15,450	29,179	117,606
27	ERRA	10,000	5,000	7,000	5,000	5,000	32,000
28	Miscellaneous and blocks	3,680	32,894	14,403	10,450	24,179	85,606
Total (National)		1,040,000	1,175,000	1,414,000	1,580,000	1,810,000	7,019,000

Annexure-II

Federal development programme

(Rs million)

S. No.	Sectors and sub-sectors	Projections					Total
		2013-14	2014-15	2015-16	2016-17	2017-18	
I. Infrastructure		289,717	331,582	407,966	496,310	590,652	2,116,227
1	Power and energy	106,110	115,600	142,227	205,020	270,000	838,957
2	Water	58,530	43,914	30,622	35,000	40,000	208,066
3	Transport & communication	112,281	162,031	219,812	240,210	262,000	996,334
4	Physical planning and housing	11,656	8,425	12,851	14,580	17,000	64,512
5	Fuel	1,140	1,612	2,454	1,500	1,652	8,358
II. Social		56,509	57,214	50,607	51,690	59,060	275,080
6	Higher education	18,520	20,146	20,500	25,000	30,000	114,166
7	Education and trainings	6,160	4,252	3,694	4,000	5,000	23,106
8	Health	21,050	20,430	17,509	15,200	16,300	90,489
9	Population welfare	8,362	8,316	5,644	3,000	3,000	28,322
10	Environment and climate change	233	61	169	300	400	1,163
11	Rural development	1,099	492	567	1,000	1,000	4,158
12	Social welfare	99	15	48	140	160	462
13	Women development	79	10	5	50	100	244
14	Culture, sports, tourism and youth	350	2,572	817	1,000	1,000	5,739
15	Mass media	491	300	320	500	600	2,211
16	Labour and manpower	66	620	1,334	1,500	1,500	5,020
III. Governance		6,535	5,320	6,549	7,500	10,000	35,904
IV. Science and information technology		9,030	6,216	6,737	8,800	11,700	42,483
17	Science and technology	5,220	3,458	3,194	4,200	5,500	21,572
18	Information technology	3,810	2,758	3,543	4,600	6,200	20,911
V. Balanced regional development		48,200	86,200	106,700	99,000	107,000	447,100
19	AJ&K	16,500	10,500	11,500	13,000	16,000	67,500
20	FATA	18,500	19,000	19,000	21,000	24,000	101,500
21	Gilgit-Baltistan	8,200	8,200	8,200	10,000	12,000	46,600
22	Special programmes	5,000	48,500	68,000	55,000	55,000	231,500
VI. Productivity enhancement		3,955	3,468	4,228	4,700	6,300	22,651
23	Food and agriculture	950	1,257	1,706	2,000	3,000	8,913
24	Industry and commerce	2,985	2,191	2,392	2,500	3,000	13,068
25	Minerals	20	20	130	200	300	670
VII. Miscellaneous		11,054	35,000	17,213	12,000	25,288	100,555
26	ERRA	10,000	5,000	7,000	5,000	5,000	32,000
27	Miscellaneous and blocks	1,054	30,000	10,213	7,000	20,288	68,555
Total (Federal)		425,000	525,000	600,000	680,000	810,000	3,040,000

Notes:

The power sector includes only financing from the PSDP (budget). The Energy Wing may separately indicate self-financing programme of the WAPDA, PEPCO and NTDC.

Annexure-III

Provincial Development Programme

(Rs million)

S. No.	Sectors and sub-sectors	Projections					Total
		2013-14	2014-15	2015-16	2016-17	2017-18	
I.	Infrastructure	177,500	197,970	266,118	294,175	321,623	1,257,386
1	Power and energy	47,100	48,790	55,680	62,075	75,620	289,265
2	Water	47,600	60,280	84,138	90,900	100,803	383,721
3	Transport and communication	82,800	88,900	126,300	141,200	145,200	584,400
II.	Social	352,974	369,251	447,316	486,706	544,075	2,200,322
4	Education and trainings	80,700	82,390	101,814	112,960	122,146	500,010
5	Health	55,500	56,890	65,780	70,990	87,698	336,858
6	Population welfare	1,300	700	700	3,000	3,000	8,700
7	Environment and climate change	600	700	697	815	1,000	3,812
8	Physical Planning and Housing	76,800	78,900	102,000	104,314	116,243	478,257
9	Rural development	1,200	1,180	1,500	1,600	1,800	7,280
10	Social welfare	7,600	6,219	6,520	9,320	10,503	40,162
11	Women development	400	438	465	543	605	2,451
12	Culture, sports, tourism and youth	7,700	9,200	12,250	14,459	15,690	59,299
13	Mass media	674	465	520	915	1,020	3,594
14	Labour and manpower	1,700	2,190	5,570	6,890	7,520	23,870
15	Special programmes and initiatives	41,000	45,110	55,000	60,000	70,350	271,460
16	Local and district programmes	77,800	84,869	94,500	100,900	106,500	464,569
III.	Governance	39,200	37,413	40,300	53,244	59,332	229,489
IV.	Science and information technology	7,000	7,785	8,100	9,507	10,595	42,987
17	Science and technology	100	200	300	138	157	895
18	Information technology	6,900	7,585	7,800	9,369	10,438	42,092
V.	Productivity enhancement	35,700	34,687	47,976	52,918	60,484	231,765
19	Agriculture research	17,200	19,600	32,170	35,362	40,300	144,632
20	Industry	16,000	12,568	12,900	14,160	16,400	72,028
21	Minerals	2,500	2,519	2,906	3,396	3,784	15,105
VI.	Others and miscellaneous	2,626	2,894	4,190	3,450	3,891	17,051
22	Miscellaneous	2,626	2,894	4,190	3,450	3,891	17,051
Total (Provincial)		615,000	650,000	814,000	900,000	1,000,000	3,979,000