

Planning Commission Newsletter

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Framework for Economic Growth

The month of May was marked with the activity of formulation and finalization of the Annual Plan exercise. Macroeconomic Section finalized the re-

view of Annual Plan, 2011-12 and drafted the 'Growth, Investment & Savings' Chapter for the Annual Plan, 2012-13. Macroeconomic Frame-

work was finalized in consultation of State Bank of Pakistan, Ministry of Finance and other stakeholders.

Money Prices & Fiscal Policy

Fiscal Developments during July-March 2011-12

During July-March 2011-12, total revenue collection amounted to Rs 1,739.4 billion, higher by 16.3% as compared to Rs 1,495.3 billion over the same period of last year. During the period under review, total tax revenue has witnessed a substantial growth of 22.7%, and stood at Rs 1,371.6 billion. Non-tax revenue during the period under review stood at Rs 367.9 billion, lower by 2.6% compared to Rs 377.7 billion in the same period of last year.

During July-March 2011-12, total consolidated expenditure stood at Rs 2,634.3 billion, higher by 15.6% compared to Rs 2,278.5 billion during the same period of last year. Current expenditure, during July-March 2011-12, stood at Rs 2,154.1 billion, higher by 14.1% compared to Rs 1,909.8 billion in the same period of last year. During the period under review, development expenditure

stood at Rs 421.0 billion, higher by 52.3% compared to Rs 282.2 billion in the same period of last year.

During July-March 2011-12, fiscal deficit stood at 4.3% of GDP compared to 4.5% of GDP during the same period of last year. It is noticeable that during period under review 94.7% of fiscal deficit has been financed from domestic resources. It has implication for liquidity management and may crowd out credit to private sector.

FBR tax collection performance during July-April 2011-12

FBR tax collection during July-March 2011-12 stood at Rs 1426.1 billion, 24.0% higher than the Rs 1149.9 billion collected in the same period of last year. This constitutes 73% of full year target of Rs 1952.3 billion for 2011-12. Direct taxes during July-April 2011-12 stood at Rs 528.9 billion, 22.6% higher than Rs 431.3 billion during the same period of last year. Indi-

rect taxes during July-April 2011-12 stood at Rs 897.2 billion, 24.9% higher than Rs 718.6 billion during the same period of last year. The higher growth in indirect taxes was mainly due to phenomenal growth of 33.7% in sales tax.

Monetary Policy

SBP in its Monetary Policy Statement July 2011, keeping view the real GDP growth and inflation M2 projected to grow by 15.50%. During 2011-2012 State Bank of Pakistan (SBP) being the custodian of monetary policy took decision for reduction in the policy rate for revival of private sector investment in the economy. SBP reduced its policy rate by 200 basis points (bps) from 14.0% to 12% in first half of FY 2012 a reduction of 50 bps in July 2011 and 150 bps in October 2011. External sector adverse developments and higher government sector credit alongwith persistence in core inflation compelled the SBP to keep its policy rate unchanged at 12%.

Money Prices & Fiscal Policy

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During the period from 1st July 2011 to 18th May 2012, M2 expanded by Rs 641.6 billion showing a growth of 9.6% in the stock at the end of June 2011 against an expansion of Rs 677.2 billion indicating an increase of 11.7% during the corresponding period of previous year.

Net Foreign Assets (NFA) of the banking system contracted by Rs 262.1 billion during 1st July 2011 to 18th May 2012 against expansion of Rs 184.6 billion during the corresponding period of previous year.

Net Domestic Assets (NDA) expanded by Rs 903.7 billion during 1st July 2011 to 18th May 2012 against expansion of Rs 492.6 billion during the corresponding period of previous year. Growth in NDA has increased considerably. The increase in NDA has been due to increase in government borrowing from the banking system and rise in private sector

credit. The trend in major components of M2 during the said period is as follows:

- Government borrowing for budgetary support was Rs 1084.9 billion against Rs 614.2 billion during the corresponding period of previous year.
- Credit to Private Sector expanded by Rs 233.2 billion as compared to Rs 113.5 billion during the corresponding period of previous year.

CPI Inflation

CPI inflation for 2011-12 has been targeted at 12.0%. During July-April 2011-12, it has registered an increase of 10.8% against an increase of 13.8% during July-April 2010-11. The WPI and SPI recorded an increase of 11.2% and 6.7% respectively during July-April 2011-12 against 21.0% and 17.2% during the corre-

sponding period of previous year.

CPI inflation has started to increase in the second half of 2011-12 on account of increase in energy prices, rupee depreciation, higher government borrowing for budgetary support from banking sector and low base effect. In view of the current developments, it is concluded that CPI inflation for the current financial year is likely to be in the range of 11.5 to 12.0 percent by the end of fiscal year.

Stock Market

The KSE-100 index on May 28, 2012 stood at 14,031.5 points registering a growth of 12.3% as compared to June 30, 2011 when index stood at 12,496 points.

The market capitalization was Rs. 3591.1 billion as of May 28, 2012 as compared to Rs. 3289 billion at the end of the year 2010-11, recording a growth of 9.2%.

International Trade & Finance

Data on external Sector of the economy was updated and according to provisional data released by BPS, exports declined by 3.5% and stood at \$ 19.4 billion during July-April of FY12. The imports registered a growth of 14.8% and stood at \$ 37.0 billion during July-April of FY12. The exchange rate during July-April of FY 12 remained

at Rs.88.5/\$ against 85.5/\$ during the same period of previous year, showing a depreciation of 3.4 percent.

Material was furnished to Economic Affairs Division for high level panel on steering inclusive development amidst global turbulence and volatility, Bangkok, met on 22nd May, 2012. The propos-

als on themes of cooperation suggested by the Egyptian side were provided for the 4th session of Pak-Egypt Joint Commission scheduled to be held on 14-15 June, 2012 in Islamabad. The Section also coordinated with different Ministries/ Divisions for firming up Pakistan's position in 22nd Regional Planning Council (RPC) meeting of ECO

International Trade & Finance

on 11-13 June, 2012 in Ashgabat, Turkmenistan.

Poverty

The Asian Development Bank (ADB) hosted a high-level workshop on "Sustainable Development Goals: Asia-Pacific Perspectives for the Post-2015 Development Agenda." Dr. Muhammad Sarwar Zahid, Chief, Poverty Alleviation Section represented Pakistan alongwith Dr. G. M. Arif, Joint Director, PIDE, Islamabad. The workshop, held on 7th May 2012, in Manila, Philippines, was chaired by Erna Witoelar, Former Special Ambassador for MDGs for Asia and the Pacific, and Brice Lalonde, Executive Coordinator of the UN Conference on Sustainable Development (UNCSD, or Rio+20). Senior UN officials, high-level government representatives from the region, international experts and civil society representatives discussed the possible sustainable development goals (SDGs) as the Rio+20 approaches. Speakers addressed the status of discussions on SDGs in preparation for Rio+20, as well as possible scenarios for convergence between the SDG and the post-2015 development agendas.

Mr. Shahid Naeem, Deputy Chief, Poverty Alleviation Section participated in the exposure visit for studying the success of co-responsibility cash transfer programs in two

Latin American countries:

- Oportunidades in Mexico, and
- Familia en Accion in Colombia

Basic characteristics of Mexico and Columbia's successful program of poverty reduction are as under:

Oportunidades — A success story from Mexico

The Mexican Government launched a program of human development on the concept of co-responsibilities namely Oportunidades in 1997 to support the people in extreme poverty with special focus on improving education and health conditions and to stop transition of poverty cycle to next generation. The program started with benefiting 0.3 million poor in limited locations. The program has now been expanded in states of Mexico, in more than 100,000 localities and covers more than 6 million people. Oportunidades benefits through conditioned cash transfer to fulfill their basic needs such as nutrition, health and education.

In 2008, proportion of people living in multidimensional poverty conditions was 44.2% of population (47.2 million people) suffering social insuff-

iciencies; 33.7% of population (36 million people) had a moderate level of multidimensional poverty and; 10.5% of population (11.2 million people) were suffering extreme poverty.

Oportunidades precisely identifies beneficiaries through a socioeconomic and demographic survey. Only those families facing extreme poverty are included in the program, and they continue to benefit from the program by fulfilling their co-responsibilities i.e. regular attendance of their children to school and medical appointments for young. Oportunidades has been extensively evaluated by external experts from diverse national and international institutions. External evaluation studies show that the Program has positively affected the recipients by increasing school attendance, sensitizing people regarding reproductive health, family planning, hygienic practices, reducing gender and ethnical inequity.

Familia en Accion in Colombia

The Colombian social safety net program of co-responsibility cash transfers is a 10 years old mature program with co-responsibilities for health, nutrition and education. The program has almost

Poverty

T2.5 million beneficiary families who comply with the program co-responsibilities in return for cash transfers. FeA is federally sponsored with an annual allocation of US \$ 1 billion, of which 3% is spent on operational costs. The program has a life cycle approach to support its beneficiary families at different stages of their lives. The program is implemented in close collaboration with local governments in 25 regions (states/districts) of the country.

In Mexico, each municipality has its own office with a dedicated person to cater for the program beneficiaries. The mayor of each municipality, an elected representative of local community is responsible for program implementation and to ensure supply of health and education services for realizing program benefits. Federal co-responsibility cash transfer program and beneficiary families are facilitated by the municipality office under one roof. The federal administration of FeA engages with the municipalities for monitoring and evaluation of the program, however, the municipalities have no flexibility for changing the design or implementation parameters of the program.

Initially, FeA used Proxy Means Testing method of targeting which has been

developed to further refined multi-dimensional index measurement of living standards. Data and analyses are prepared by the department for national planning in Colombia. Re-certification of data is done every 6 years to minimize inclusion and exclusion errors.

As part of the health co-responsibility of the programme, beneficiary mothers are required to visit health centers for periodic health checkups and vaccination of their minor children under five years of age.

On account of education co-responsibility, beneficiary families are required to ensure 75% attendance in schools of their 6-11 years old children. Programme in return pays the beneficiary families every two months for complying with the co-responsibility with an additional payment for purchasing books/stationary items.

Both health and education co-responsibilities are monitored by the programme through compliance reporting by the health and education departments on specially designed formats, almost 90% of which is captured through on line monitoring system. The MIS is accessible by the health and education department's staff also. The municipality is

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responsible for monitoring the timely and accurate reporting of compliance data.

The program has clear exit strategy. The children of families can graduate out of education programme if they complete their education or achieve the maximum age limit specified for the program.

All payments to its beneficiary families are made through banking channels, almost 90% of the beneficiaries use their saving accounts to withdraw money from the ATM machines across the country while the remaining 10% collect their money from the bank counters temporarily established in their localities for specified days. The money is transferred to the bank account of the beneficiary directly from the treasury on request of programme.

FeA mobilized and organized communities for program implementation and surveillance. The network of "mother leaders" is the most important component of the program implementation mechanism – as it helps mothers' empowerment as well as ensures transparency. The network of beneficiary mothers is supported by local level implementation partners. The beneficiary mothers have a great deal of ownership for the programme.

Governance

A presentation on "Restructuring and Revamping of Planning & Development Division" was made to the Committee in respect of Governance Section. The status of pending schemes was prepared and forwarded to PIA Section to be considered in CDWP/ECNEC. Proposal on priority areas

of training was also prepared and communicate to Prime Minister's Secretariat. A List of projects under Governance Section along with their status was provided to Jawad Azfar Computer Centre (JACC) for Coding of Public Sector Development Programme (PSDP).

Nominations for foreign as well as local trainings/seminars/workshops were processed and three meetings of the Committee on Foreign Training were arranged whereas 11 officers attended the foreign training/seminar/workshop during the month.

Food & Agriculture

The proposals for Project on "Agriculture and Livestock Policy" keeping in view the ACIAR Mission visit were drafted while the comments on Draft National Sustainable Development Strategy

(NSDS) were prepared and communicated to higher quarters.

In the context of Korean Delegation's visit to Planning and Development Division and subsequent

meeting with officers of Food and Agriculture Section, proposal for combined project was prepared on given format and forwarded for further approval.

Environment

Fourth Meeting of the Inter-provincial Committee for the Development of a Draft Provincial Environmental Act was organized in Lahore under National Impact Assessment Programme (NIAP) to dis-

cuss the synthesis report to finalize the formulation of the Draft Provincial Environmental Act.

Environment Section participated in consultative meetings on the National

Sustainable Development Strategy of Pakistan at Lahore, Karachi, Peshawar and Islamabad. The draft report has been shared with all Chiefs of the Sections for comments / views on the same.

Nutrition

The report on the estimated cost of minimum food Basket for the month of April, 2012 was completed in the month of May, 2012. The report highlights national, provincial and regional estimates and comparisons. Brief comparative points of the report are:

- Cost of food basket Comparison of April,

2012 with previous month of same year i.e. March, 2012:

- Overall cost of food basket increased by 3% at national level and Balochistan, by 4% in Federal Area and Punjab, by 2% in Sindh and Khyber

Pakhtonkhwa.

- Across regions of Punjab, cost registered an increase of 3% in Rawalpindi, Gujranwala, Sialkot & Lahore as well as in Faisalabad, Sargodha region, and 6% in Multan, Baha-

Nutrition

walpur region.

- In the region of Sindh, an increase in cost of food basket has been 1% in Karachi and 2% in Hyderabad, Sukhur & Larkana.
- Cost of food basket Comparison of April, 2012 with same month of previous year i.e. April, 2011:
 - The cost of food basket increased by 11% at National level & Sindh, by 14% in Federal Area, by 12 % in Punjab & Khyber Pakhtunkhwa, and by 9% in Balochistan.
 - The comparison of cost of food basket in Punjab, has been

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high by 13% in Rawalpindi, Gujranwala, Sialkot & Lahore and Faisalabad, Sargodha, by 10% in Multan, Bahawalpur.

- In Sindh, the cost increased by 14% in Karachi and by 7% in Hyderabad, Sukhur & Larkana.

Information & Communication Technologies

Certificate distribution ceremony of the trainees of 7th batch was held on 11th May, 2012. The Chief Governance has kindly distributed the certificates amongst the trainees. The training of 8th batch was started on 14th May, 2012 and was completed on 28th May, 2012.



On the request of Electronic Government Directorate, a survey has been conducted to collect the information of the officers/

officials of IT in the Planning and Development Division. The objective of this survey is to create IT cadre. A case for creation of posts on non-development side of the development project "Upgradation of JACC" has been taken up with the FAs organization.

M/s ICL have delivered 70 laptop computers for the officers of the Planning and Development Division. On checking the specification of the computers it has been detected that the hard disk fixed in the system was of 320 GB while in the tender it was 500 GB. The matter is being taken up with the Vendor and Regional Manager at Dubai to replace the hard disk so that these computers could be distributed amongst the officers.

Certificate award ceremony of 8th batch of the Stenographers/ Stenotypists was held in



the Jawaid Azfar Computer Centre on 11th May, 2012. The Member (Infrastructure) has kindly distributed the certificates amongst the nominee. The training of 9th batch of the Stenographers/ Stenotypists has been started.

Training material for the officers of BPS 17-20 was prepared and submitted for approval to the Additional Secretary, Planning and Development Divi-

Information & Communication Technologies (Cont...)

sion. The Additional Secretary approved the content of the course and the training of the officers will be started shortly.

Efforts are being made for coding of the projects of

PSDP 2012-13. The information; i) name of project, ii) location, iii) date of receipt in Planning Commission and iv) date of the approval of the project is being collected from

the Technical Sections of the Planning and Development Division. The information is being incorporated in the PSDP 2012. Final picture is yet to be cleared.

Industries & Commerce

Industries & Commerce Section arranged post CDWP meeting of Expo Centre Lahore Phase-II and prepared working paper of project titled

“Expansion of the Network of USC through Establishment of 30 Warehouses and 2000 New stores Throughout Country”. Further more, the

comments on ECC summary pertaining to Motor-cycle project in Pakistan were also offered

Manpower

Working papers for the projects titled as “**Setting up of Vocational Centers (Males) in thirteen (13) Tehsils of Balochistan**” and “**Training of 5,750 youth of Balochistan under Aghaz-e-**

Haqooq-e-Balochistan Package” were finalized for consideration of forthcoming CDWP meeting.

A post presentation brief including “**Drafted/ Proposed Re-define**

Functions of Manpower Section” in the light of restructuring /Revamping of Planning and Development Division, was prepared and submitted to the concerned quarters.

Population Programme

UNFPA Assisted Annual Work Plan 2012

Despite many hurdles specially in the post devolution scenario, the UNFPA assisted activities (Annual Work Plan 2012) was not being Planned/ Accepted by UNFPA due

to shift over of 7th country plan to 8th CP. However, due to strong advocacy by Population Wing (PPW), the same has been devised and got approved by the Principal Accounting Officer (Secretary, P&D Division). A LoU in this regard

has been forwarded to UNFPA for endorsement of signature of the UNFPA-Country Representatives, after which all earmarked activities will be initiated for implementation.

Plan Coordination

During the month, Plan Coordination Section circulated Part-I and Part-II of the Working Paper namely “**Review of Annual Plan 2011-12 and proposed Annual Plan 2012-13**” and “**Review**

of PSDP 2011-12 and proposed PSDP 2012-13” respectively to all concerned for the Annual Plan Coordination Committee (APCC) meeting. Annual Plan Coordination Committee (APCC) meet-

ing was arranged on 10-05-2012. After the approval of APCC, three (3) Summaries on Annual Plan, Public Sector Development Programme (PSDP) and Implementation Plan of Growth Strat-

Plan Coordination

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egy alongwith decisions of CDWP/ECNEC during July, 2011 to April, 2012 were sent to Cabinet Division. After the approval of these Summaries by NEC on 24-05-2012, Annual Plan 2012-13 was prepared with strenuous ef-

forts. Thereafter, Plan Coordination Section got it approved from the competent authority and sent to Printing Press of Pakistan alongwith PSDP document for its printing. In this regard, several meetings with Chiefs of

other Sections were also arranged. Printed copies of Annual Plan 2012-13 and PSDP 2012-13 were sent to Senate / National Assembly and Finance Division for their use in budget session.

Employment & Research

During the month, material on Millennium Development Goals 2012 was provided to the Poverty Alleviation Section and a

brief was also furnished to the Governance Section for Annual Ministerial Review (AMR) of the 2012 Substantive Session

of the ECOSOC, scheduled to be held from 2-3 July 2012.

Physical Planning & Housing

A committee was constituted under the Chairmanship of Deputy Chairman, Planning Commission comprising Secretary, Establishment Division, Secretary, Finance Division, Secretary, Planning & Development Division, Secretary, Ministry of Housing & Works, Chairman, Capital Development Authority, Advisor (Public Policy & Governance), Planning Commission, Chief (PIA), Planning & Development Division and Chief (PP&H), Planning & Development Division to deliberate upon monetization of housing facility with a mandate to evolve a viable policy/plan for monetization of housing facility for the federal civil servants. The committee

finalized its report in May, 2012 and recommended as under.

- Civil Servants may be provided market based housing monetization allowance, which are proposed @ BPS 1-6 @525% and BPS 7-22@500% of existing rental ceilings along-with salary. The over-all financial impact would be Rs.165.961 billion per annum
- New allotment/hiring of government accommodation may be stopped.
- All Government houses be got vacated in phased manner but, not more than 01 year.

- The rent charges for Family suites, Government Hostels, and Federal Lodges should also be brought at par with prevailing market rates.

- Proper arrangements/vacation plan may be prepared for temporary settlement of 17,235 families after vacation of government accommodation in Islamabad to avoid any backlash.

- Vacated Land / Houses be developed for high-rise, mixed use development after a detailed study by the CDA with the help of renowned Urban Planning Experts.

National Fertilizer Development Centre

The **Monthly Fertilizer Review of Mid May, 2012** has been published, which reveals that overall

nutrient off-take during April, 2012 was about 207 thousands tonnes compared to 289 thousands

tonnes in April, 2011, showing a decrease of 28.2 per cent. Nitrogen and potash off-take de-

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National Fertilizer Development Centre (Contd...)

creased by 32.8 and 47.8 per cent respectively, while phosphate off-take increased by 8.1 percent. In product terms, urea off-take was 308 thousands tonnes; which was 36.6 per cent lower when compared with the same time-frame of last year. Total DAP off-take was 60 thousands tonnes witnessing an increase of 10.4 per cent over April, 2011.

As far as Outlook for Kharif 2012 is concerned, it is stated that Urea availability during Kharif 2012 will be 3494 thousands

tonnes comprising 800 thousands tonnes previous season left over, local production of 2287 thousands tonnes and 408 thousands tonnes of expected imports. The urea off-take is projected at 3008 thousands tonnes. The production of urea is subjected to availability of gas. If the gas curtailment policy continues at present level, we may not achieve the production target.

Kharif started with a balance of 177 thousands tonnes of DAP. Domestic production during the

season is estimated to be 370 thousands tonnes. DAP imports of 227 thousands tonnes are expected. Total availability of DAP will be around 774 thousands tonnes. The estimated demand of DAP during Kharif 2012 is 600 thousands tonnes. It is hoped that there will be timely import of sufficient quantity of DAP to mitigate shortages during current Kharif 2012. A sufficient quantity of MAP and other phosphatic fertilizers like NP and SSP would also be available to meet the Kharif demands.