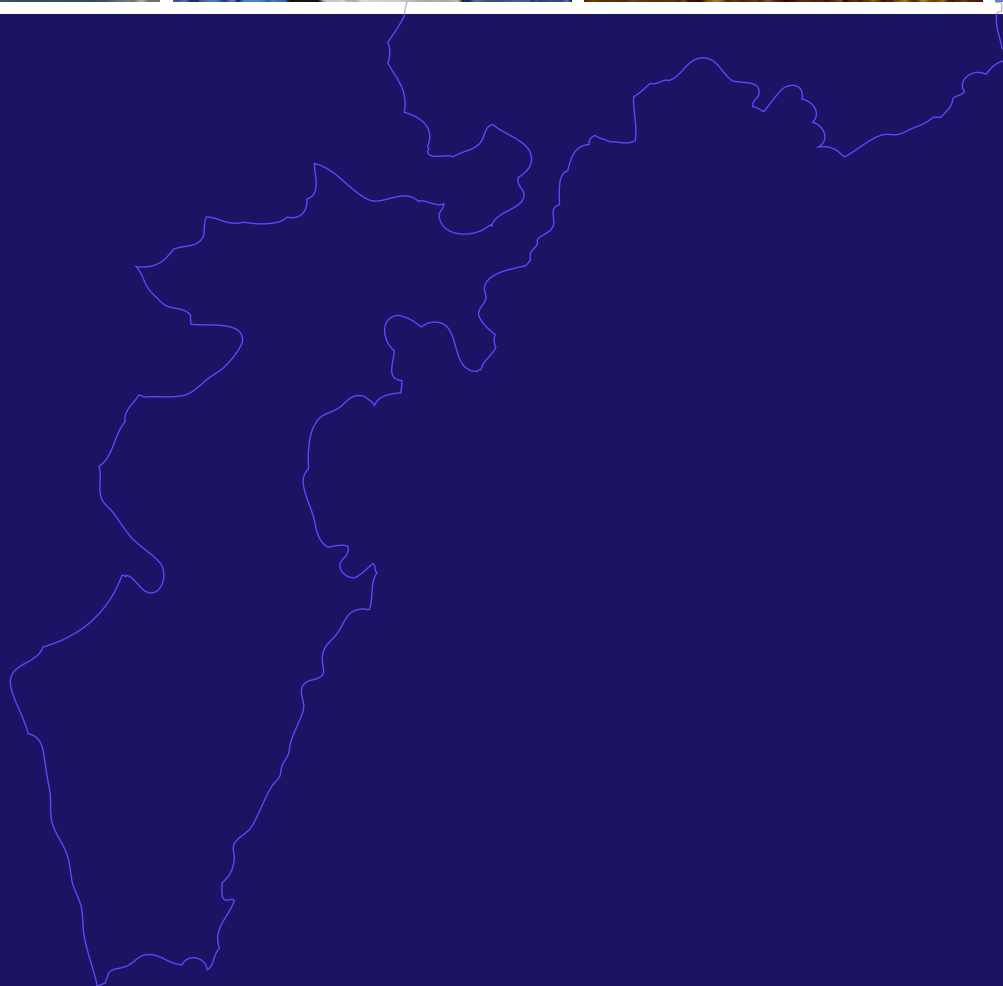




Government of
Khyber Pakhtunkhwa

INTEGRATED DEVELOPMENT STRATEGY

2014-2018

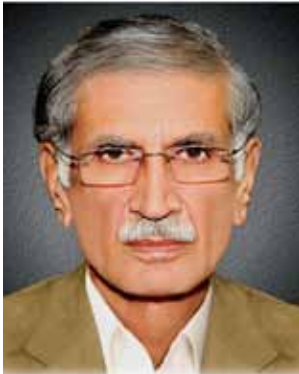




Government of
Khyber Pakhtunkhwa

INTEGRATED DEVELOPMENT STRATEGY

2014-2018



“...we dream of a province where all people enjoy equal opportunities, wealth and rights. And we are working together to transform that dream into a reality.”

Chief Minister's Message

Socioeconomic development in Khyber Pakhtunkhwa (KP) has not taken off despite years of policies trying to improve human lives. Other countries in Asia have, however, already successfully transformed their societies, with millions of people having emerged from poverty. A number of the Millennium Development Goals (MDGs) have already been met in many developing nations while we see set-backs in our country – all the more so in KP. Despite the increasingly uneven development that characterises KP, we dream of a province where all people enjoy equal opportunities, wealth and rights. And we are working together to transform that dream into a reality.

We are faced with many challenges. Building good governance is the most important challenge. Our emphasis is on building institutions. To us, development is about promoting the rights of the poor and the downtrodden. We look at the civil, economic and social rights of people as indivisible rights. It is our obligation to deliver those rights.

We need to work together and work hard. The task is difficult and time-consuming. Transparent and accountable implementation of our strategy is necessary if we are to achieve success. With determination and sincere commitment, we expect to succeed in empowering people, respecting their individual rights. We hope to equip them with knowledge and resources, providing them with a safe and secure environment in which to live their lives peacefully and productively.

Pervez Khattak

Chief Minister, Khyber PakhtunKhwa





Chief Secretary's Message

“...the very best ways to improve economic outcomes are inseparably linked to the efficiency and effectiveness of governance systems.”

Ending poverty and fostering prosperity and sustainable development are intrinsically linked. Equal rights and opportunities for poor and rich, for men, women and children are core values feeding this link in the Integrated Development Strategy (IDS). Equal rights to universal education, to universal health coverage and to jobs, as well as an environment in which to establish businesses, are all critical in ending poverty. The IDS promises strategic investments in gender-equitable education and health, transparent governance, and an efficient justice and policing administration. It is built on two interlinked dimensions – poverty reduction and prosperity. In this vein, health, education and good governance are important elements in ensuring the wellbeing and prosperity of citizens.

It is important to find effective ways for improving people's lives. Economic prosperity is a necessary condition. However, the very best ways to improve economic outcomes are inseparably linked to the efficiency and effectiveness of governance systems. The best of policies will fail in the absence of transparency and accountability. KP is off track in relation to a number of the MDGs. Programmes and policies in the past did not have the desired outcome. A strong culture of accountability and performance is critical. Government is determined to forge a new strategic direction, to strengthen the accountability regime so as to maximise the utilisation of resources for the public good. It is a new and more powerful development paradigm that the provincial government will pursue in order to enhance growth.

At the outset, the government is committed to investing in better quality education, enabling young people to get to schools. It will invest in health and health systems so that women and children can access basic health services and live productive lives. Moreover, the health system is to be strengthened in order to respond to the disease threats that can create huge economic burdens for the province.

To foster peace and stability in the region is also our responsibility. People cannot prosper unless there is peace. Investments in modernising the police, judiciary and prosecution services will establish security and stability in the region. In the long run, such investments will free up further resources to build more schools and productivity-enhancing infrastructure.

Amjad Ali Khan
Chief Secretary, Khyber Pakhtunkhwa



Additional Chief Secretary's Message

“...The KP Integrated Development Strategy (IDS) is about increasing the income of our people in an equitable way.”

A rights-based development approach places people at the centre of our policies. We believe in treating our people as equal players in the process of their own development. Our policies facilitate and inspire them to have a say in their own lives, to have access to information and to hold government accountable. The KP Integrated Development Strategy (IDS) is about increasing the income of our people in an equitable way. It is about generating jobs. It is about people that are capable and skilled, some of who can become entrepreneurs and employ other skilled people. It promises programmes and projects on renewable energy, sustainable forestry and farming. It offers programmes to ensure universal education in better-equipped schools, as well as health cover for all; it includes stronger safety nets to keep people out of extreme poverty and vulnerability. Our strategy ensures that growth is inclusive and pro-poor; the poorest and most disadvantaged are given particular consideration. Those living in remote rural areas are included in our programmes to develop economically sustainable communities. Equality for men and women in the provision of services and a level playing field for both will be ensured. The IDS is designed to protect the interests of all citizens and provide them equal opportunities to raise their living standards. I hope that all government departments and other stakeholders will pool their energies to implement the development priorities of the government.

IDS provides a road map for achievement of the targets agreed in Strategic Development Partnership Framework. This will be the basis of our budget allocation. I am indebted to Sub National Governance Programme and International Growth Centre (IGC) for their assistance in development of this plan.

Khalid Pervez
Additional Chief Secretary, Khyber Pakhtunkhwa

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ACRONYMS

ASER	Annual Survey of Education Report
BISP	Benazir Income Support Programme
CDS	Comprehensive Development Strategy
EGS	Economic Growth Strategy
CFM	Citizen Feedback Mechanism
CFC	Citizen Facilitation Centres
ESED	Elementary and Secondary Education Department
FIR	First Information Report
FY	Fiscal Year
GoKP	Government of Khyber Pakhtunkhwa
GPI	Gender parity Index
HIV	Human Immunodeficiency Virus
IGC	International Growth Centre
IMR	Infant Mortality Rate
JJSO	Juvenile Justice System Ordinance.
LGA	Local Government Act
MDG	Millennium Development Goals
MTFF	Medium Term Fiscal Framework
MTBF	Medium Term Budgetary Framework
MMR	Maternal Mortality Rate
MNCH	Maternal, Neo-Natal and Child Health
NEAS	National Education Assessment System
NER	Net Enrolment Rate
NHP	Net Hydel Profits
OBB	Output Based Budgeting
OOSC	Out-of-school children
PFM	Provincial Finance Commission
PEFA	Public Expenditure and Financial Accountability
PHYDO	Pakhtunkhwa Hydel Development Organization
PAITHOM	Pak-Austrian Institute of Tourism and Hotel Management
RTI	Right to information
RTS	Right to Service
SBA	Skilled Birth Attendants
SCC	Sector Coordination Committee
SDPF	Strategic Development Partnership Framework
SME	Small and Medium Enterprises
ST&IT	Science and Technology and Information Technology Department
TB	Tuberculosis
TNA	Training Needs Assessment

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“The IDS will be our main vehicle to improve human development and remove inequities, thus creating prosperity for all.”



Executive Summary

The provincial government is committed to implementing a pro-poor, pro-people reform agenda to respond to the grievances of the public about the inadequacy of social services, an under-performing judicial system, an ineffective law and order regime and pervasive misgovernance. KP has suffered from a number of external and internal shocks – an influx of around 3 million Afghan refugees, militancy from within, and natural disasters – for over a decade. Electricity shortfalls have dealt a serious blow to the productivity of every sector of the economy.

Even the benefits of this economic growth are not evenly spread. About 39% of KP’s population lives below the poverty line (2008/09). People have suffered repeated crises in the recent past. Internal conflict and militancy have caused extensive damage to infrastructure and livelihoods and disrupted the momentum of economic development. The origins of the militancy can be traced to the multiple deprivations suffered by KP’s people, including the inadequate and inequitable provision of social services (particularly education and health), widespread unemployment, and a poorly responsive state.

The IDS is being adopted in order deliver the fundamental rights and privileges of people by establishing a transparent, corruption-free system of governance and ensure a secure society. The IDS will be our main vehicle to improve human development and remove inequities, thus creating prosperity for all.

The IDS integrates priorities

The IDS truly integrates government priorities under one framework. The earlier development strategies and assessments of government, such as the Comprehensive Development Strategy (CDS), the Economic Growth Strategy (EGS) and the Post-Conflict Needs Assessment (PCNA) have all been consolidated in the IDS. Any conflicts in these strategies have been addressed and the priorities of current government have been duly incorporated in the IDS.

The IDS consolidates the common themes identified in earlier assessments to remove overlaps and contradictions and to reflect the rebalancing of the priorities by the current government. There is a clear shift in emphasis toward social services, justice and security, accountability, and the participation of communities. Growth is included as a gear through which to provide livelihoods and jobs for the poor. Social services are neither subservient to nor incorporated as a secondary channel to propel growth, but are instead prioritised as basic rights of citizens. Such departures and shifts are duly reflected in the framework of strategic objectives. Consolidation of common policies and priorities is done in a manner that means the IDS will replace previous strategies and serve as a single source for government to provide guidance to all stakeholders.

Addressing challenges to growth by improving productivity and value addition.

The economy of KP is performing below its potential. The province's abundant natural resources in agriculture, livestock, fisheries, tourism, energy, hydel power, oil and gas, and mines and minerals can become natural growth drivers. Agriculture contributes 21% to provincial GDP. Livestock and agriculture together provide livelihoods to 83% of the people living in rural areas. The province is blessed with enormous wealth in dimensional stones, marble and limestone. The potential hydroelectric generation capacity is estimated to be around 50,000 MW. The total area under exploration for oil and gas reserves represents 6.76% of such area in Pakistan, and has been estimated as capable of producing 1 billion barrels of oil and 4 trillion cubic feet of gas a year.

Traditional methods, poor infrastructure, a weak regulatory regime and inadequate capacity are common challenges. Energy shortages affect the industrial sector and, indeed, all other economic activities. Increasing productivity and value addition in mineral reserves by means of modern extraction and processing techniques is envisaged to increase the contribution of this sector to overall provincial growth. Diversification in agriculture into horticulture, fruits and vegetables through the introduction of modern tunnel farming is planned. Infrastructure inadequacies will simultaneously be addressed in order to lower costs by enhancing connectivity of mineral-rich areas and for farmers and industrial estates through an integrated road and transport network. Hydel power and alternative energy sources will be further explored and developed to reduce the current energy shortfall. Effective management of urban services is envisioned so as to convert cities into centres of economic activity and sources of employment generation. The people of KP are an important resource. The province has a growing labour force with a high unemployment rate of above 8%. The employment-to-population ratio for the province stayed at around 24% from 2007/08 to 2010/11. To increase the employability of the labour force, their skills and education level will be augmented by improvements in vocational qualifications in terms of facilities, curricula and coverage. Market-oriented skills and crafts will be imparted through better engagement of industry. Government is conscious that the high levels of poverty must be tackled in order to achieve inclusive growth. Various pro-poor initiatives, cash stipends, in-kind schemes, microfinance schemes for unemployed youth and skills development programmes have been planned. The government will put forth a range of measures to assist unemployed youth by means of microfinance and interest-free credit schemes that build livelihoods and businesses. Skill development is another area where the government will provide financial assistance to unemployed individuals.

The delivery of social services, education, health, water supply and sanitation is a basic right of citizens

The IDS addresses the socioeconomic deprivations of people and proposes strategic interventions to tackle their deep-rooted grievances. Denial of basic social services leads to undesirable consequences, potentially turning people into violent and criminal elements. The under-supply of basic services is responsible for

“Agriculture contributes 21% to provincial GDP. Livestock and agriculture combined provide livelihoods to 83% of the people living in rural areas.”



distortions and disruptions in KP society, and its significance is well understood by current government. A school, a hospital facility, safe drinking water, decent sanitation, and a transport facility within five kilometres of each community mostly remains a desire. Longer distances have to be covered to reach the nearest health facility for the treatment of easily curable and treatable illnesses. Falling ill with ordinary ailments, means spending a fortune on treatment, a huge portion of which is usually spent on travel costs. Ordinary illnesses claim lives and negatively impact livelihoods especially when the sick member of household happens to be breadwinner too.

“A school, a hospital facility, safe drinking water, decent sanitation, and a transport facility within five kilometres of each community mostly remains a desire.”

Education and health standards in KP are abysmally low. Progress on the literacy rate (52%), enrolment rate (53%) and completion/survival rate (42%) in 2011/12 lagged far behind the MDG targets of 88%, 100% and 100% respectively and are also much lower than the national average. The province falls short in terms of meeting the challenge of providing quality education to its children, who are often either taken out of schools due to poverty, missing facilities or absentee teachers. In this respect, remote areas are even more disadvantaged.

Higher education is also difficult to access for the majority of the population, but particularly for marginalised regions and sections. The courses and programmes offered do not correspond to market trends, industry needs and job market conditions. Higher education graduates find it difficult to obtain skillsets matching the demands of the market. Revising courses to align with job market conditions is a key step through which to improve higher education in order to increase the competitiveness of graduates and meet industry requirements.

The health status of the provincial population and the management of the provision of health services have failed to register any significant improvement over the many years since the adoption of the MDGs.

The level of access to facilities and the quality of services are insufficient, which translates into higher infant and maternal mortality and higher out-of-pocket



“Government has re-aligned development priorities to provide social services, with health and education as top priorities.”

expenditures on health. The state provision of health services fares poorly in terms of its efficiency, effectiveness and the extent of the coverage of the poor population. People living in remote areas cannot access health services due to the non-availability of such services near their localities. Poverty increases with disease and illness as income opportunities are lost. Government has re-aligned development priorities to provide social services, with health and education as top priorities. An education emergency has been declared in the province with the aim being to increase the enrolment rate. Allowances are now offered to teachers and students in far-flung areas as incentives. The training regime for teachers is being strengthened to build their capacity.

Health facilities will also be reformed under the current government strategy. Priority areas of government include improvements in access to and coverage of poor people in relation to the provision of essential health services.

Measures targeting achievement of decreased morbidity and mortality due to common diseases such as dysentery and Hepatitis B and C and a strengthening of the epidemic and emergency response are crucial developments. Improved governance, accountability, human resources management and health regulations are objectives to be achieved during the next four years. Furthermore, safe drinking water and sanitation are the other key cornerstones of the IDS because of their close linkage with health outcomes and a recognition of their provision as a basic right.

Trust between citizens and state and peace-building with transparent and accountable governance

Improved governance of law and order services, the judicial system, and prosecution services is included among the strategic priorities of the government, which is committed to building a sustainable peace, reflecting the shared awareness that the lives and properties of citizens are sacrosanct and precious. The initiative to build a sustained peace underscores the realisation

“Improved governance of law and order services, the judicial system, and prosecution services is included among the strategic priorities of the government...”



that KP's people suffered tremendously from terrorist attacks on their homes and businesses; attacks that could not be averted due to the poor intelligence and investigative abilities of the security forces. The conviction rate is very low, leading to recurring security threats by criminals who walk free even though only a small proportion of them are captured by the security agencies and subjected to prosecution. The judicial system is equally feeble and unable to rise to the challenge of providing speedy and transparent justice to the aggrieved. A long delay in the disposal of court cases adds to the misery of the sufferers and increases people's distrust in state institutions' ability to deliver justice. Government under the current plan will undertake measures for the institutional strengthening of the police and security forces. Policies, laws and the overall governance regime will be improved.

“Safe drinking water and sanitation have close linkage with health outcomes ..”

The drive to establish modern forms of policing and security defines the parameters of government strategy. Government intends to establish institutions for forensic investigations, cyber-crime and financial crime, and also enhance the infrastructure of the counter-terrorism department. Prosecution services will be provided with capacity-building training and institutional strengthening. Other major reforms include the conversion of prisons into correction facilities for prisoners for their integration into mainstream society. Friendly policing policies will help raise awareness among people about their rights and legal services. The establishment of legal aid services and a legal aid authority for citizens, as well as training for the police on reforming attitudes toward the general public are other critical steps toward winning the trust of citizens.

The low level of transparency in government decision-making and operations as well as weak accountability systems will be addressed. Corruption wastes scarce resources and raises doubts about the need for and efficacy of development programmes. To redress the trust deficit among the general public, the implementation of a range of laws and acts is to be ensured. The Ehtesab Act 2014, the Right to Information (RTI) Act and the Right to Services (RTS) Act have all been approved and put into operation. The government is already progressing

on capacity-building and training for officials who would be involved with the implementation of the Ehtesab Act and on twinning arrangements with best practice anti-corruption agencies. Mass awareness campaigns to inform the public about the provisions and objectives of new laws are planned. Citizen facilitation centres and citizen feedback mechanisms are flagship initiatives to facilitate the involvement of the general public and incorporate their opinions on the functions of government. Moreover, the computerisation of land records, the establishment of internal and management audit processes and a variety of e-governance initiatives will enhance transparency in government functions.

Meaningful involvement of communities in public decision-making will further inspire confidence among them in relation to the responsiveness of government. In this regard the devolution of service delivery to grassroots level will be effected for services such as civic amenities, clean drinking water, improved sanitation, health and hygiene conditions, street lights, and infrastructure such as roads, parks, and recreation facilities. Under the Local Government Act (LGA) 2013, the government is committed to implementing devolution in a planned and phased manner that pays full attention to the details and problems related to this transitional phase. Formulation of a Provincial Finance Commission (PFC) award is underway to determine the devolution of resources to districts for service delivery improvements. Implementation of the LGA 2013 is a landmark move toward empowering communities and will transform governance to the betterment of local communities

“Formulation of a Provincial Finance Commission (PFC) award is underway to determine the devolution of resources to districts for service delivery improvements.”

Citizen participation is essential for effective delivery of service

In a state of limited fiscal resources, either more revenue needs be generated from additional sources or existing resources must be better allocated

Until such time that the province is securely placed on a sustained growth trajectory through the implementation of the relevant interventions and hence the generation of revenue and resources, the limited revenue position requires prioritisation for resource mobilisation and better allocation. Government policies in social services delivery, better governance and local government reforms need more resources to ensure the successful implementation of the identified interventions. The government has mapped out a programme to raise revenue from both tax and non-tax sources. Non-tax receipts will be improved and efforts made to increase the overall provincial tax base, which currently is a meagre proportion of total provincial revenue. Currently, the provincial revenue is largely dependent on federal receipts in the form of straight transfers and a share in national tax collections.



The IDS is based on the understanding that development is a multidimensional process, involving all sectors of the economy and all factors that have an impact on people's quality of life.



Integrated Development Strategy in the context of Strategic Partnership Development Framework.

The IDS is the development roadmap for KP up to 2018 and is geared toward meeting the needs of a region with a fast-growing population of over 25 million. The IDS proposes multiple solutions, integrating the social and economic perspectives to tackle the gigantic issues with the judicious use of resources, planning under a strategic vision and drive provided by the political leadership.

The IDS is based on an approach to development planning that involves all the actors, including citizens, with everyone working collectively to find the best solutions to achieve the goal of long-term development. It aims to co-ordinate the work of various spheres of government in a coherent framework with a common objective of improvement in the quality of life of the province's people.

The pivotal section in the IDS is based on priorities identified in the Strategic Development Partnership Framework (SDPF) that aims to infuse effective capabilities in delivering good governance, regional economic growth, and social development. Governance reforms are therefore embedded in all government priorities, driving sectoral strategies for economic growth and social development. Together, they provide the infrastructural framework to boost the income standards of people through sustainable and equitable growth in a better-governed province.

The IDS is based on the understanding that development is a multidimensional process, involving all sectors of the economy and all factors that have an impact on people's quality of life. Emphasising governance-led reforms and an enhanced focus on social sector service delivery to achieve inclusive growth, the IDS attaches great importance to an all-encompassing approach, embracing relevant policy areas. Ensuring high-quality public service delivery, particularly in education and health, along with a transformation of the approach to governance that is led by transparent and accountable government machinery, are at the fore front. Nonetheless, economic growth is not overlooked; it is pursued with an understanding of the interlinkages among real sectors and social services. The IDS has an in-built appreciation that economic growth creates more and better jobs, helps reduce poverty, and raises the standards of living of people. A virtuous growth cycle is augmented only when people are educated, better skilled, healthy, informed and remain at the centre of development priorities.



Since 2001, Pakistan's exports to Afghanistan have increased from USD 100 million to USD 2.4 billion in 2010/11.

Drivers of Economic Growth

Urbanisation

The urban centres of KP have witnessed rapid growth during the past two decades.

While 83% of the population of KP live in rural areas, over two-thirds of the population in rural areas live within a travel time of one hour from a city.

The city-based population of KP has extended outside the administrative boundaries of the municipalities. Ribbons of development along the highways have evolved, largely due to accessibility to transport links and the better availability of skills and services.

Regional trade and connectivity

KP has long enjoyed the advantages of being located at the apex of Pakistan's North–South economic corridor, linking the port of Karachi and Pakistan's economy to Afghanistan and beyond to Central Asia. The withdrawal of NATO troops from Afghanistan and the granting of Most Favoured Nation (MFN) status to India will have a far-reaching effect on the economy of KP. Since 2001, Pakistan's exports to Afghanistan have increased from USD 100 million to USD 2.4 billion in 2010/11¹.

Remittances

In 2012/13, Pakistan received an estimated USD 13 billion of workers' remittances through formal (banking channels), which represents 5% of GDP². Every fourth Pakistani working abroad is from KP. However, since the majority of these are unskilled workers the remittance amount is relatively low.

1. Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth", International Growth Centre (IGC), 2014.

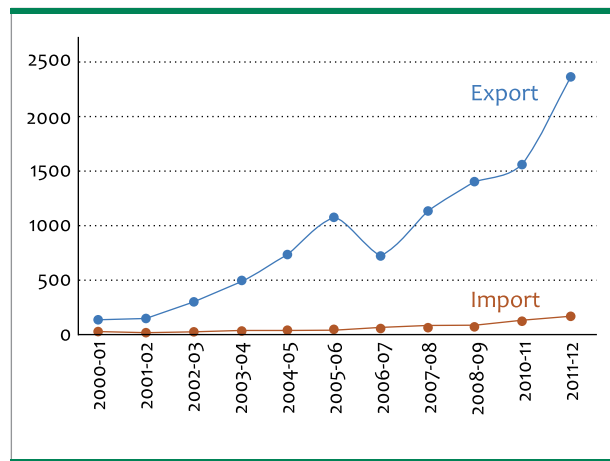
2. Ibid

Challenges to Economic Growth

Conflict

The escalation of militant conflict into a security crisis in 2009 and the consequent military action in large parts of the province is mainly responsible for constrained economic growth. In an environment where businesses were finding it difficult to operate normally, people’s income-generating capacities and activities hugely suffered.

Ongoing internal conflict is a serious impediment to GDP growth and to the sustainable development of the region. In the ten years up to 2011/12, KP’s economy grew at an annual rate of 4.2%, slightly lower than the national growth rate of 4.6% in the same period³. Growth, moreover, was highly volatile given the external shocks. More importantly, the rate of growth is too slow to absorb the increase in KP’s labour force.



Comparison between exports & imports to & from Afghanistan (Million USD)

To generate jobs for this growing labour force, matching the increase in GDP will require an increase in investments. The large share of resources granted to police forces is essential in the current situation, but it detracts from the allocations available to the productive and social sectors of the economy.

Unemployment and under-employment

High unemployment rates, particularly among the youth, have been a persistent phenomenon in the more recent past. The numbers of jobs have reduced as economic growth has remained sluggish since the conflict began, forcing the closure of businesses and damage to public infrastructure.

Labour force participation rate (%)				
	2008-09	2009-10	2010-11	2012-13
Pakistan	45.66	45.89	45.69	45.70
KP	40.17	38.59	38.14	36.85
Male	64.28	63.18	62.61	60.16
Female	16.92	14.67	14.67	14.20

Source: Labour Force Survey (LFS), Pakistan, various issues

3. Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth”, IGC, 2014.



At 37%, the labour force participation rate in KP is currently the lowest of all provinces (the national average is 46%), registering a decline from 40% in 2008/09. The unemployment rate, at 8.5% in 2012/13, is the highest in Pakistan (the national average is 6%) and has fluctuated around 8% during the four years from 2008/09 to 2012/13. Furthermore, the unemployment rate for females is more than double the male unemployment rate. Women's share in waged employment has declined from 8.5% in 1990/91 and 6.9% in 2007/08 to 6.5% in 2010/11.

Low productivity and value addition in real sectors

Primitive production methods are used, resulting in waste and loss of assets. For example, in the mining sector outmoded mining methods contribute to large-scale waste of mineral resources and harm to the recoverability of reserves. At the quarrying stage, inefficient extraction techniques (i.e. blasting) and an overall lack of mine design based on geology, terrain and location result in the destruction of useable material; for example, 65% of marble is lost during extraction.

Low productivity of agricultural produce

Productivity of agricultural produce is low due to farmer's lack of awareness about the application of scientific research and knowledge about new agricultural practices, new methods of tillage and latest development of farming techniques. Inadequate technical capacity of agriculture and livestock department coupled with obsolete extension methodologies and lack of marketing infrastructure are major areas to be addressed.

Energy shortfall

A severe gap between supply and demand for energy exists at national and provincial level. The large magnitude of technical losses at the transmission and distribution stages and non-technical losses due to electricity theft, non-payment of bills by customers, defective meters, and unmetered supply are critical sources of inefficiency in the power sector.

The Energy and Power Department has prepared an action plan under which Pakhtunkhwa Hydel Development Organization (PHYDO) will construct a number of hydel projects to add to the province's electricity generation capacity. These projects have the following benefits: improved electricity generation potential, generation of revenue, provision of cheap electricity for industrial development, and job creation. In order to achieve fast-track implementation of oil and gas production and exploration, the KP Oil and Gas Company Limited will be established.





“The ultimate goal is to reduce poverty to a single digit, concentrated in hard-to-reach areas and among the transitionally poor.”

Poverty Reduction and Growth

Where we are

According to the latest official estimates, the percentage of people living below the poverty line is estimated to be 39%⁴, much higher than the national level. Poverty is concentrated in rural areas where more than 80% of KP’s population live. A large proportion of the population live around the poverty line, and the vulnerability of this group worsens in the event of a natural disaster or economic upheaval. An endogenous or exogenous crisis may push these people deeper below the poverty line. On the other hand, any favourable upturn in aggregate or individual circumstances may serve to pull them out of poverty.

What is being done?

KP’s economic growth has to be inclusive, generating the jobs needed to continue to improve poverty outcomes. The ultimate goal is to reduce poverty to a single digit, concentrated in hard-to-reach areas and among the transitionally poor.

The provincial government is conscious of safeguarding basic rights, including the right to social protection, which can have an instrumental role as an economic investment. Spending on social services and welfare is seen as long-term investment in human capital.

The government is implementing wide-ranging pro-poor initiatives, not restricted to the Department of Social Welfare but rather mainstreamed in various other sectors such as education, health, agriculture, and labour and all supporting people in overcoming their deprivations.

Pro-poor initiatives include cash stipends for the senior citizens and students; programmes to enable jobless youth to start self-employment activities; in-kind support schemes in the form of free textbooks and vouchers for female students; and skills development programmes and free-of-cost training in technical skills to deserving youth.

4. Pakistan Millennium Development Goals (MDG), Report 2013

Some of the microfinance schemes have already been launched while others are planned for the future, offering interest-free loans for unemployed youth, home-based female entrepreneurs and skilled artisans. For example, the Youth Challenge Fund is envisaged to provide technical and financial assistance to skilled youth, while the ‘Khud Kifalat’ scheme is intended to extend interest-free loans from Rs 50,000 to Rs 200,000 for a period of three years.

The health insurance protection scheme will be extended to more regions, also implementing the lessons learnt in previous years.

Government is planning to set up a Widows and Orphans Welfare Foundation, with the objectives to implement measures for wellbeing, assistance and rehabilitation of deserving widows and special persons in the province.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Activities	2014-15	2015-16	2016-17	2017-18
1	Pro-poor initiatives	7,600.00	8,000.00	8,000.00	8,000.00
2	Social protection program in selected union councils	900.00	1,100.00	2,000.00	2,000.00
	Total	8,500.00	9,100.00	10,000.00	10,000.00
	Current	-	-	-	-
	ADP	8,500.00	1,100.00	10,000.00	10,000.00
	FPA	-	-	-	-
	Others	-	-	-	-
	Unassigned	-	-	-	-



“The government intends to construct 356 mini/micro hydel stations in northern districts to provide cheap electricity to 123,000 households currently not connected to the national grid.”

Energy Sector

Exploring the potential of Khyber Pakhtunkhwa by providing affordable electricity for industrial development

OUTCOME(S)	OUTPUT(S)
1. Provision of cheap indigenous energy for economic growth and job creation	1.1 Power and energy sites including alternate resources of energy explored, developed and improved
	1.2 Improved transmission & distribution and demand side management
	1.3 Increased production of oil & gas
	1.4 Enhanced revenue from services

Hydel energy

At the generation stage, the potential hydroelectric generation capacity of the province is estimated to be around 50,000 MW⁵. Once realised, this can offset the current electricity shortfall.

The development of hydel power generation will provide cheap energy to the industrial sector, generate employment opportunities, and lead to regional development at the sites of hydroelectric plants.

5. Budget Estimates for Service Delivery 2013-16 , Finance Department, Government of Khyber Pakhtunkhwa (GoKP)

Alternative energy sources

The government is also exploring alternative sources of energy such as thermal, solar and wind energy for industrial establishments and for electrification of remote villages.

Micro-hydel projects

The government intends to construct 356 mini/micro hydel stations in northern districts to provide cheap electricity to 123,000 households currently not connected to the national grid. This entails an estimated cost of PKR 5 billion and will be completed in 2014/15. 80% of the funding will be made available by government, while the remaining 20% will be provided by communities in cash or in kind. This project will mean a major change in deprived and hitherto un-electrified areas of northern districts.

Other measures to improve the energy situation include:

- Increased provincial stake in Peshawar Electric Supply Corporation PESCO
- Attracting investments for the construction of new power plants
- Making idle plants functional
- Encouraging micro-hydel power generation
- Launching investment road shows to attract foreign investments
- Setting up alternative energy units
- Establishing the Khyber Pakhtunkhwa Oil and Gas Company Limited

Khyber Pakhtunkhwa Oil and Gas Company Limited

The Khyber Pakhtunkhwa Oil and Gas Company (KPOGCL) is a newly formed exploration and production company for fast-paced exploration of the vast reserves of oil and gas in KP.

KPOGCL is investing in a number of petroleum concessions and assisting private sector companies in geological and geophysical studies, seismic data acquisition and well drilling to bring oil, gas and LPG to the market. The province of KP via KPOGCL has become the first province in Pakistan to invest directly in concession blocks. Although at present KPOGCL's investment is less than 5%, a small step, it is nevertheless a major leap towards bringing prosperity to Pakistan in general and KP in particular.

KPOGCL plans to invest PKR 4.5 billion in developing oil and gas fields and around PKR 2.3 billion on an exploration-focused joint venture within the next 18 months. The KPOGCL investments will result in billions being earned from oil and gas for the benefit of the poor.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Activities	2014-15	2015-16	2016-17	2017-18
1	Feasibility Studies (?for power projects)	400.00	400.00	130.00	135.00
2	Construction of Hydel Power Projects	10,679.52	31,875.50	37,795.27	48,529.04
3	Exploitation of alternate sources of energy: Solar and Wind Energy Projects	3,911.58	1,365.53	1,433.80	1,505.49
4	Oil and Gas exploration	8,720.00	2,049.00	1,937.00	1,300.00
5	Community Based Mini Hydel Projects	4,500.00	4,724.89	4,961.14	5,209.20
6	Restructuring of Energy and Power Deptt and its allied Entities	175.52	-	-	-
	Total	28,386.62	40,414.92	46,257.21	56,678.72
	Current	-	-	-	-
	ADP Local	3,046.00	3,081.02	3,239.07	3,399.53
	FPA	2,611.08	-	-	-
	Others	-	-	-	-
	Unassigned	22,729.54	37,333.89	43,018.14	53,279.20



“Diversification into horticulture and rural-based agricultural processing units offer promising avenues for increasing the income of rural households.”



Agriculture Sector

OUTCOME(S)	OUTPUT(S)
1. Increased farm income and productivity contributing to economic growth, poverty reduction and food security	1.1 Improved extension services to farmers including information and agri-techno support to increase agriculture productivity
	1.2 Improved livestock and aqua-culture productivity
	1.3 Availability of statistical information ensured for better monitoring of agriculture and livestock sector
	1.4 Vibrant cooperative societies
	1.5 Environmental risk associated with unsustainable means of agriculture production minimized
2. Water management for enhanced efficiency of irrigation water at farm level	2.1 Better use of water resources promoted and ensured
3. Improved Governance	3.1 Improved policy, planning, budgeting and monitoring

Agriculture and Livestock contributes around 21⁶% of provincial GDP having equal shares of Agriculture and Livestock. Agriculture engaged more than 36% of the labour force of KP in 2012/13, which shows a declining trend from above 40% during 2007/08 and 2008/09⁷. Diversification into horticulture (with its potential to provide more income per acre at higher labour inputs) and rural-based agricultural processing units offer promising avenues for increasing the income of rural households.

Although wheat occupies over 45% of KP’s total cropped area, it is not the most profitable crop in most areas of the province. Maize, the second most important cereal crop and grown on about 30% of the area, has far better potential in the international as well as domestic market⁸. The sector is capable of producing

6. Agriculture Department, GoKP

7. Labour Force Survey of Pakistan

8. Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth”, IGC, 2014

a variety of crops, fruit, vegetables, floriculture and medicinal herbs. However, the area currently devoted to fruits and vegetables in KP is less than 6%, and vast natural groves of wild olives in the province can be converted into improved varieties to serve as a source of high-quality oil. Orchards and oil seeds cover 1% of the cultivated area, which can be increased further to reap the potential of diversification.

Improved varieties and production technology such as tunnel farming can be used to successfully introduce off-season potatoes, tomatoes and peaches, thus bringing in higher profits for farmers.

Livestock

The livestock sector contributes 30%⁹ of the total agricultural income in the province and complements the agricultural incomes of small and landless families. More than 70% of families own ruminant livestock. With more than 15 million animal heads and about 22 million poultry¹⁰ in the province, livestock is a significant supplement to families' nutritional and cash requirements.

Modern, large-scale livestock management systems have not been adopted on any substantial scale. For example, it is estimated that only 9% of buffaloes are managed on a commercial scale. Production is dependent on rangeland grazing.

Challenges

- The agricultural produce suffers from low productivity hence low crop yield per acre
- Farmers lack awareness of new technology
- Inadequate technical capacity of the Agriculture and Livestock Department.
- Obsolete extension methods remain dominant.
- Lack of direct access to markets – the average distance for a KP farmer to the nearest output market is 10 miles.
- Lack of marketing infrastructure.

What is being done?

- Diversification into high-value maize from current focus on wheat.
- Developing the horticulture specialisation, replicating the successful experience of growing high-quality peaches in Swat.
- Increasing the acreage of irrigated land.
- Promoting certified seed nurseries by establishing mother blocks of original fruit and vegetable varieties. Financial support will be required to set up laboratories and greenhouses for nurseries in the private sector.

9. Ibid

10. Khyber Pakhtunkhwa Livestock Policy Framework”, draft report, USAID Firms project

- Strengthening agricultural research through partnerships with the private sector within and outside the country.
- Agricultural extension in collaboration with the private sector.
- Review rules and regulation to encourage private sector to invest in livestock and fisheries. This includes revisions to and updates of laws such as the Agricultural Produce Marketing Act and legislation on seeds, livestock, farm services centres, pesticides and fisheries.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Development/extension of existing crop varieties through PPPs, support to farmers, and capacity building of public/private sectors and farmers	280.93	300.00	350.00	350.00
2	Command area development of major dams	895.44	1,000.00	331.56	-
3	Policy formulations, implementation, improved regulations, and M&E of agriculture and allied sectors	4.00	25.00	25.00	25.00
4	Establishment/improvements of new/existing veterinary institutions for enhanced livestock productivity	265.62	300.00	330.00	350.00
5	Strengthening of livestock research	141.38	150.00	160.00	165.00
6	Development and promotion of fisheries and aquaculture	164.40	200.00	250.00	280.00
7	Development of new crop varieties and value addition of agriculture products	330.00	400.00	415.00	420.00
8	Improvements in water courses, soil conservation and laser leveling	318.67	1,850.00	1,870.00	1,900.00
9	Construction of new godowns	448.34	457.79	500.00	550.00
10	Rehabilitation of existing godowns	51.62	77.99	115.00	120.00
11	Institutional strengthening i.e. capacity building of staff and provision of equipment	51.04	52.00	7.00	7.00
	Total	2,951.44	4,812.79	4,353.56	4,167.00
	Current	50.00	50.00	57.00	57.00
	ADP Local	2,033.00	1,965.79	1,683.00	1,625.00
	FPA	868.44	1,000.00	331.56	-
	Others	-	-	200.00	350.00
	Unassigned	-	1,796.99	2,082.00	2,135.00



“KP is blessed with vast reserves of minerals and gemstones. The mining sector thus has the potential to be the key driver of economic growth.”

Mines & Minerals

Where we are

OUTCOME(S)	OUTPUT(S)
1. Khyber Pakhtunkhwa using full potential of its natural resources to complement economic growth	1.1 Improved policy and regulatory framework and better protected exploration and production rights for minerals while being cognizant of 18th amendment
	1.2 Improved Geographic Information System enabled database on mineral resources and exploitation
	1.3 Improved access to mineral bearing areas
	1.4 Effective surveillance and enforcement mechanism adopted to reduce pilferage in mining industry
	1.5 Cadre of skilled workforce in mining sector created and miner’s welfare ensured
	1.6 Promoting modern extraction, processing, and value addition techniques

KP is blessed with vast reserves of minerals and gemstones. The mining sector thus has the potential to be the key driver of economic growth. KP is host to a large array of industrial minerals and dimension stones, including marble, granite, and dolomite, as well as coal (ranging from lignite to bituminous) and limestone. Over 40% of the limestone mined in Pakistan originates from KP, as well as over 70% of fire clay and about 40% of gypsum, which places KP as a leading producer of cement in the country.

During the period 2002 to 2013, the government collected royalties of over PKR 4 billion from mining leaseholders. Approximately 32,450 miners¹¹ are operating in six divisions of the province, i.e. Peshawar, Kohat, D.I.Khan, Hazara, Malakand and Mardan.

11. “Mines & Minerals, Rapid Industry Assessment , Balochistan and KP” draft report, USAID Firms project

Challenges

- Outdated technology that results in wastage of minerals.
- Large-scale investments are not made in the mining sector, resulting in a lost opportunity to maximise returns on mineral usage.
- Lack of a comprehensive mining development framework.
- Regulatory regime has a number of loopholes.

Where we want to be

The Government of Khyber Pakthunkhwa views mining sector critical for economic growth and recovery and therefore plans to explore full potential of the province.

What is being done?

The government is prioritising the following activities:

- Attracting large-scale investment through devising special incentive packages for investors.
- Improving the transparency of mining operations.
- Modernising and improving mining technology.
- Discouraging small-scale holdings that are not feasible to operate.
- Providing security of tenure by offering certainty over mineral rights.
- Encouraging high-quality investment by developing a predictable framework.
- Regulating and overseeing all aspects of mining activities, including the treatment and protection of workers, citizens' communities and the environment.
- Managing revenues in a way that directly benefits the economy and society.

The following actions have been taken or are planned to be taken in this regard:

- Review of procedures for awarding mineral rights to reduce discretion in award of licences.
- The creation of a dispute-resolution system to mitigate the risk of protracted litigation in the provincial courts, which can discourage investors.
- Regulating the use of explosives by empowering inspectors and introducing meaningful penalty schemes.
- Technology upgrading – The government will provide zero-interest loans to help miners procure technology.
- Make mining areas more accessible through the construction of new roads.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	GIS Mapping and Geo-Chemical analysis based comprehensive database	141.70	100.00	100.00	100.00
2	Dissemination of M&M related information and publications	10.00	11.00	15.00	18.00
3	Legislation for KP Minerals Act and enforcement and enforcement of M&E mechanism	10.00	15.00	10.00	12.00
4	Construction of Roads to mineral bearing areas	175.50	250.00	300.00	320.00
5	Establishment of model mine facilities and machinery pool	113.00	56.00	70.00	100.00
6	Institutional strengthening, expansion of outreach services, and HRD	140.43	75.00	60.00	18.00
7	Skill development of mineral sector related labor, professionals, and entrepreneurs and welfare of miners	10.00	5.00	6.00	10.00
	Total	600.63	512.00	561.00	578.00
	Current	10.00	16.00	46.00	58.00
	ADP Local	590.63	496.00	515.00	520.00
	FPA	-	-	-	-
	Others	-	-	-	-
	Unassigned	-	-	-	-



“The government will introduce quality standards and a regulatory regime for the tourism industry.”



Tourism, Sports and Youth Development

Where we are

OUTCOME(S)	OUTPUT(S)
1. Effective governance for better service delivery	1.1 Improved policy, planning, budgeting and monitoring
2. A viable tourism industry projecting a positive image of the Province with effective socio-economic development	2.1 Increased tourism through enriched services and increased awareness
	2.2 National heritage preserved
	2.3 Improved sector regulation
3. Socially responsible, productive, healthy and proactive youth contributing to the development of the Province	3.1 Increased equitable access to sports and recreational facilities/opportunities
	3.2 Youth engaged in constructive activities

Tourism serves as the key source of livelihood for people living around tourist locations generally and particularly in the districts of Swat, Chitral, Abbotabad and Mansehra. Considered a major source of poverty reduction the world over, the sector in KP also holds significant economic importance due to its employment-generation prospects through small and medium enterprises.

The total annual domestic tourism in KP accounts for about 19%¹² share of the total national domestic tourist traffic. In 2009, the total economic impact of tourism was estimated to be around PKR 12.26 billion¹³. The higher share of KP in domestic tourism compared to its share in the country’s population, despite the ongoing militancy, is a clear indicator of the competitive edge the province possesses over other provinces and regions.

12. “Tourism Policy for Khyber Pakhtunkhwa” draft report, USAID Firms Project

13. Ibid

Challenges

- The sector has been devastated due to poor law and order situation.
- While foreign tourism has less prospects in the near future, domestic tourism has been increasing in KP
- There is absence of an effective and comprehensive tourism marketing strategy to promote Khyber Pakhtunkhwa as a tourist destination.
- There are only few degree awarding courses on tourism offered by universities in KP. The only credible institute in Swat is non-operational since 2009 due to conflict
- Energy shortage has led to high cost of doing business in the hospitality sector

Where we want to go

In the near future the KP government will focus on domestic tourism. The aim is to make KP in the near future as the preferred tourist destination for domestic tourists by taking steps to increase tourism traffic by 10% every year for five years.

What is being done?

The tourism policy aims at doing the following:

- Clarify the division of responsibility post 18th amendment and streamline the division of assets.
- Establish the role of the provincial government as a facilitator of private sector-led growth in the tourism industry.
- Create employment opportunities and socioeconomic benefits for local communities.
- Empower the Tourism Cooperation of KP and specify the roles of other entities engaged with tourism regulation and promotion.

To implement these priorities, specific initiatives are proposed by the tourism sector. These are:

- Provide quality service to the tourism sector by investing in roads, electricity and other facilities in areas which are remote but have tourism potential.
- The government will introduce quality standards and a regulatory regime for the tourism industry.
- The government will implement a multi-pronged branding strategy to brand KP as a land of hospitality.
- The government will develop a high-quality workforce by strengthening and upgrading the curriculum and existing government and private facilities, including PYTHOM.

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Jawan Markaz established in all districts of KP	70.00	125.00	150.00	200.00
2	Youth promotional activities	29.00	30.00	30.00	30.00
3	Establishment of Play Grounds/sports complexes and sport facilities	967.60	3,000.00	3,300.00	3,700.00
4	Sponsoring of Sports events	25.00	35.00	42.00	47.00
5	Restoration and rehabilitation of devolved hotels/ motels of PTDC and other facilities	0.00	200.00	70.00	55.00
6	Festivals and communication for enhancing tourism potential	90.00	100.00	102.00	110.00
7	Support to tourism policy	80.00	85.00	90.00	100.00
8	PPP for development of tourist facilities	50.01	50.00	50.00	50.00
9	Conservation and preservation of archaeology sites including properties transferred by the Government	100.40	107.53	82.00	85.00
10	Projects for promotion of tourism in KP	103.00	55.00	62.00	65.00
11	Establishment regional offices of Tourist Services Wing at tourist-centered areas (03) and computerization of hospitality industry through surveys	100.00	20.00	22.00	25.00
12	Establishment of Food Testing Laboratory (in hospitality industry)	-	40.00	15.00	15.00
	Total	1,615.01	3,847.53	4,015.00	4,482.00
	Current	70.00	125.00	150.00	200.00
	ADP Local	1,320.01	1,380.00	1,498.00	1,625.00
	FPA	25.00	27.53	-	-
	Others	-	-	-	-
	Unassigned	200.00	2,315.00	2,367.00	2,657.00





“The energy crisis has been a major blow to the industrial production in the province, most of functioning industrial units are not working to their full capacity due to high energy and fuel costs and frequent power outages.”

Industry

Where we are

OUTCOME(S)	OUTPUT(S)
1. Industrial development for economic growth and job creation	1.1 Improved enabling environment for private sector including SMEs and cottage industry through entrepreneurial friendly regulatory framework and other support 1.2 Better management of industrial estates and economic zones
2. Skilled and productive workforce contributing to economic growth, job creation and poverty reduction	2.1 Strengthened technical and vocational training institutions imparting quality technical education 2.2 Improved access, equity, and responsiveness to market needs and enhanced role of private sector 2.3 Standardization, branding, and image development of technical education
3. Good governance	3.1 Improved policy, planning, budgeting and monitoring 3.2 Provision of printing services to government departments

The manufacturing sector of the province is quite diverse and includes cigarettes, cement, ceramics (e.g. sanitary ware and wall tiles), cotton textiles (e.g. yarn and cloth), woollen textiles (e.g. blankets and fabrics), electric bulbs, fertilisers, pharmaceuticals, jute textiles, matches, paper and paper board, beverages, sugar, and starch. The food-processing subsector, including vegetable ghee and cooking oil, has a considerable presence in KP, contributing more than 30% of the nationwide ghee production. Furthermore, in 2007/08, KP was responsible for almost 100% of the tobacco and maize, 30% of the cigarettes and vegetable ghee, and 27% of the cement produced in the country¹⁴.

14. Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth”, IGC, 2014.

The share of the services sector has also increased over the years. Construction is a major player in the services sector. It is considered to be a major source of economic growth and was the third largest source of employment creation in the province from 2008 to 2011 (after agriculture and wholesale trade), with a labour force absorption rate of 12.9% in 2010/11.

Challenges

Production in large-scale manufacturing saw a broad-based decline of over 10% during 2007/08 as against an increase of 4.0% during 2006/07¹⁵. In recent years, 1,145 industrial units (62%) closed down in the province, making thousands of workers jobless.

The competitiveness of the industrial sector is undermined by a number of factors, including severe energy shortages, a rise in input costs, lack of a skilled labour force, poor infrastructure and transport facilities, lower domestic and external demand and the conflict situation. Additionally, there are credit constraints, particularly for small-scale industries, owing to the small size and collateral requirements. The energy crisis has been a major blow to the industrial production in the province, most of functioning industrial units are not working to their full capacity due to high energy and fuel costs and frequent power outages.

What is being done?

- Establishment of new industrial estates, with a focus on the southern region, and rehabilitation of infrastructure.
- Reducing the cost of business and facilitating firms' registration – online registration of new firms will be initiated.
- Reviving potentially viable sick industrial units.
- Establishing fully developed industrial estates and filling the infrastructure gaps in small industrial estates through Sarhad Development Authority (SDA) with the help of Small Industries Development Board.
- Attracting private sector investments for rehabilitating infrastructure and especially targeting small industrial estates.
- Providing basic infrastructure at industrial estates in Swabi, Swat, Peshawar, Dir Lower, Hattar, Abbotabad and Dargari.

¹⁵. Ibid

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Support to Small Industries including establishment/ upgradation of small industrial estates	316.30	207.11	207.11	207.11
2	Support to Economic Revitalization of KP	565.87	-	-	-
3	Competitive Industries Project	839.00	-	-	-
4	Support to establishment and up gradation of large scale Industrial Estates	858.50	402.50	402.50	402.50
5	Establishment of Industrial Estates Development and Management Company	50.00	50.00	-	-
6	Establishment of Technical and Vocational Training Agency TEVTA and integration of technical education interventions	3,539.21	4,705.80	3,000.00	4,000.00
	Total	6,168.87	5,365.41	3,609.61	4,609.61
	Current	-	-	-	-
	ADP Local	4,562.67	5,365.41	3,609.61	4,609.61
	FPA	1,606.21	-	-	-
	Others	-	-	-	-



“Road connectivity plays a critical role in the formation of industrial clusters...”



Infrastructure

Where we are?

OUTCOME(S)	OUTPUT(S)
1. Improved access for the people of Khyber Pakhtunkhwa	1.1 Enhanced road infrastructure
	1.2 Well maintained and safer roads
	1.3 Research and institutional development for better asset management
2. Better working environment for the Khyber Pakhtunkhwa employees	2.1 Construction and maintenance of the government buildings
3. Improved governance	3.1 Improved systems and processes established based on public private partnership models for procurement of goods and services
	3.2 Improved policy, planning, budgeting and monitoring

Despite historical significance of connectivity in KP economy, growth in road transport and related infrastructure is less than optimal. Road transport is the main mode of inter-provincial travel and is considered an easy and affordable means of transportation. Roads account for 91% of passenger transport and 96% of freight transport. About 44% of provincially maintained and 78%¹⁶ of district-maintained roads are in dilapidated condition. A total of only 606 kilometres¹⁷ of roads were added to the road network in KP between 2009/10 and 2011/12.

Road connectivity plays a critical role in the formation of industrial clusters, which in turn result in agglomeration of economies attracting more firms. Firms choose to locate in areas of high connectivity. Industrial density in KP is highest in the central districts and Swat, which have high road density. Both the

16. Communication and Works department, GoKP

17. Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth”, IGC, 2014

degree of road density and proximity to the motorway and main highways are important factors behind increased industrial activity in KP.

Challenges

- The province has a low level of accessibility due to its location, which is far away from the seaport. This results in a higher cost of production for many goods.
- Higher costs inhibit the competitiveness of the products produced in the region.
- The poor condition of roads is as much due to low levels of funding as due to the non-enforceability of axle load limits. Funding for road maintenance and repairs is inadequate and unpredictable.

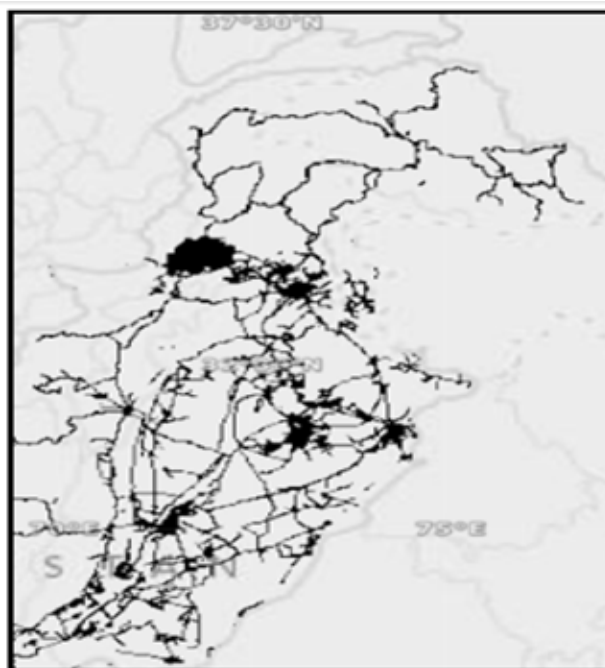
Where we want to be

To have a good quality integrated road network that stimulates economic activity and eases the logistical issues and transportation-related burden on prospective entrepreneurs.

What is being done?

- The provision of access roads in areas housing industrial estates.
- The provision of access to areas with natural resources, especially oil, gas and minerals.
- Increased access for rural communities through the development of access and farm-to-market roads.
- A complete asset record of roads and priority funding for repairs and maintenance.
- Integrated approach to infrastructure development. Power generation and supply, roads and rail and support services will be developed in a coordinated way among the various departments of the government of KP.
- The government will strive to use public-private partnerships in the construction of infrastructure.
- The government is moving toward a well-defined and integrated approach to transport policy formulation, planning and implementation.

Spatial Clustering: The satellite image on the right shows the road networks of KP and Punjab. As evident from the image, the road network of Punjab is much more widespread and dispersed geographically and has multiple clusters (Faisalabad, Islamabad, Sialkot, Multan etc.). These road network clusters overlap with the main industrial clusters in the Punjab, suggesting the presence of ‘locational economies’ which allow industry to benefit from increased connectivity to factor and product markets. The image also clearly shows that the dispersion of road densities in Khyber Pakhtunkhwa is markedly different from Punjab. There is a sizeable cluster of roads concentrated in the west-central region of the province covering Peshawar-Mardan-Nowshera. The road network thins out considerably as we move away from this central region



Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Improvement of existing and construction of new Highways and Bridges	4,466.85	4,176.53	4,594.19	5,053.61
2	Improvement of existing and construction of new district link roads	12,981.82	6,572.71	7,229.98	7,952.98
3	Roads Asset Management	12.96	15.00	18.00	20.00
	Total	17,461.63	10,764.24	11,842.17	13,026.59
	Current	-	-	-	-
	ADP Loca	9,785.00	10,764.24	11,842.17	13,026.59
	FPA	7,676.63	-	-	-
	Others	-	-	-	-
	Unassigned	-	-	-	-



“Developing the sector as an efficient logistic and urban transportation network presents enormous potential for establishing a service economy.”

Transport

Existing state

OUTCOME(S)	OUTPUT(S)
1. To bring the socio economic development with respect to transport sector / transport used as tool of economic outreach	1.1 Enhanced access to safe, affordable, comfortable, and environment friendly transport system through improved regulation 1.2 Improved policy, planning, budgeting and monitoring

Transport is an important sector that has an impact on the development and welfare of the people.

Efficient transport systems provide economic and social opportunities that have a multiplier effect in the form of better accessibility to markets, improved employment levels, and additional investments. An efficient transport system reduces costs in many other economic sectors. Currently, 40% of KP¹⁸ people do not have access to any form of transport, compared to 30% for Pakistan as a whole.

In KP, the transport sector provides about 11% of economic activity. The provincial labour force engaged in transport sector accounted for a sizeable 7.50% of the total labour force during 2012/13¹⁹.

In view of the deficient transportation networks, the economic impact of transport investments will be significant. Developing the sector as an efficient logistic and urban transportation network presents enormous potential for establishing a service economy.

18. Budget Estimates for Service Delivery, 2013-16, Finance Department, GoKP

19. LFS, Pakistan (2012-13)

What is being done?

- The government of KP is moving toward a well-defined and integrated approach to transport policy formulation, planning and implementation.
- On the basis of analysis of other provincial models, the establishment of a Peshawar Transport Company and/or Transport Regulatory Authority is planned. A transport complex is also being considered to provide all traffic and transport-related services under one roof at the provincial capital Peshawar.
- Institutional strengthening of the sector will be carried out, involving the creation of specialised units such as a transport planning and traffic engineering unit for traffic engineering and planning for Peshawar. It will subsequently be replicated in three other divisional headquarters.
- The Provincial Transport Authority and all regional transport authorities will be computerised.
- A mass transit system will be established to provide swift transport for provincial capital.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Institutional strengthening and Capacity Building of the Transport department (infrastructure and HRD)	151.43	234.71	212.00	235.00
2	Establishment of Peshawar Transport Company and/or Transport Regulatory Authority	-	100.00	100.00	-
3	Establishment of District Transport Offices	-	495.00	545.00	599.00
4	Automation and ICT of transport institutions and related tax systems	42.06	8.92	-	-
5	Establishment of Trucking Terminal	6.51	50.00	36.00	37.00
	Total	200.00	888.63	893.00	871.00
	Current	-	10.00	12.00	15.00
	ADP Local	200.00	283.63	236.00	257.00
	FPA	-	-	-	-
	Others	-	-	-	-
	Unassigned	-	595.00	645.00	599.00





“KP has seen periods of rapid growth in its urban population...”

Urban Development

Where we are

OUTCOME(S)	OUTPUT(S)
1. Sustainable cities with focus on improved quality of life inclusive of better functioning urban centres becoming engines of economic growth	1.1 Improved service delivery and cost efficiency through better public sector models, PPP solutions and private sector initiatives
	1.2 Improve regulatory framework for better management of urban areas
	1.3 Preparation and enforcement of Strategic Development Plans for Urban areas
	1.4 Working towards urban centres with GIS based spatial plans and enforcement of structural plans

KP has seen periods of rapid growth in its urban population, in part due to the influx of refugees from Afghanistan during the 1980s and the 2000s and to displacements caused by floods and internal conflict in the last decade. Over the 1981 to 1998 period, population density increased by over 60% from 148 persons/sq. km in 1981 to 238 persons/sq.km in 1998²⁰, with the highest increase in Peshawar. The districts of Peshawar, Charsada, Mardan, Swabi and Nowshera cover barely 10% of the area of the province but contain 36%²¹ of the population.

Challenges

- Rapid and concentrated urbanisation in KP poses urban governance challenges for existing civic amenities, putting pressure on resources and delivery of urban services.
- Density of urban population in major cities outpaced provision of urban amenities reflected in crowded schools, hospitals, markets and traffic jams.

20. Khyber Pakhtunkhwa, Official Gateway to Government, <http://www.khyberpakhtunkhwa.gov.pk/aboutus/Area-Population.php>

21. “Reclaiming Prosperity in Khyber Pakhtunkhwa: A Medium Term Strategy for Inclusive Growth”, IGC, 2014

Where we want to be

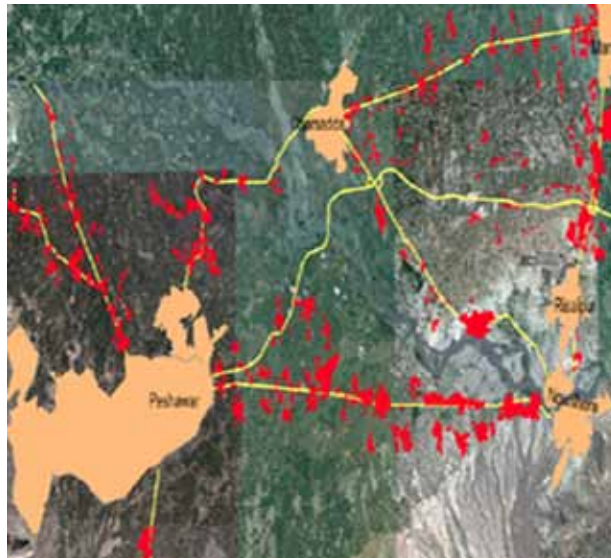
Urban centres organized as engines of growth and development and providing facilities and improved service delivery.

Linkages with roads and transport sector

Similar to elsewhere in the country, city populations in KP have extended outside the administrative boundaries of the municipalities and into settlements peripheral to the cities, capitalizing upon their proximity, transport links, employment opportunities and access to urban services. “Ribbons” of development along the highways, between major urban centers and industrial satellite areas have developed largely due to accessibility to transport links, availability of skills and services. Even in more rural areas, the highest population densities are along the major road corridors, which enable easier access by these rural areas to the higher-level services in the cities and towns. This has resulted in the emergence of three clearly identifiable urban agglomerations:

What is being done?

- Developing Provincial GIS Planning and Management Framework.
- Developing and executing strategic development plans for the cities of Peshawar, Mardan, Kohat, Bannu, D.I.Khan, Mingora and Abbotabad
- Reforming land management regime in the province.
- Undertaking integrated development of cities.
- Following up on a pre-feasibility study for an urban mass transit project in Peshawar that has recently been completed, with the assistance of CDIA.



Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Institutional Straitening and Reforms of Urban related institutions including improved regulations	202.19	114.73	120.46	126.49
2	Urban planning, zoning and city strategic development plans	147.00	154.35	162.07	170.17
3	Provincial GIS planning and management framework	100.00	100.00	100.00	100.00
4	Overhauling of entire civic amenities in Peshawar including traffic management, road management, sanitation, solid waste management	4,999.91	5,000.00	5,000.00	5,000.00
5	Intra-district roads and bridges in urban Peshawar	2,375.83	2,372.60	-	-
6	F/S and Establishment of Mass Transit System (BRT-street level) in Peshawar	1,205.00	1,505.00	4,000.00	8,000.00
7	Provision of civic amenities in other KP (other than Peshawar)	180.00	250.00	300.00	450.00
8	Transport management solutions in KP (other districts than Peshawar)	1,779.00	2,121.00	2,227.05	2,338.40
9	Establishment of Sports City, Urmar Peshawar and expressway for easy access	9,725.00	19,450.00	29,175.00	38,900.00
10	Establishment of Education City M-I, Nowshera	6,000.00	12,000.00	18,000.00	24,000.00
11	Establishment of Tourist City, Abbottabad and Chitral	1,800.00	3,600.00	5,400.00	7,200.00
12	Payment to Pakistan Housing Authority on A/C of purchase of housing colony NASAPA Payan, Peshawar and Completion of balance works on housing colony NASAPA Payan	44.84	-	-	-
13	Establishment of Housing Schemes for Government Servants and General Public in KP	286.34	8,440.98	8,440.98	6,136.16
14	Construction of flats at Civil Quarters and high rise flats at Phase-V Hayatabad, Peshawar	600.00	438.31	428.31	189.15
15	Institutional strengthening of Housing Department in conducting of various studies/seminars/planning of different housing activities in KP	19.82	4.71	4.71	2.35
16	Express way to Model Town Peshawar	0.00	120.00	120.00	60.00
17	Construction of boundary pillar at land bank Surezai Bala	5.00	-	-	-
	Total	29,469.92	55,671.67	73,478.58	92,672.73
	Current	-	-	-	-
	ADP Local	8,730.00	17,221.67	15,303.58	13,072.73
	FPA	1,292.92	-	-	-
	Others	17,525.00	35,050.00	52,575.00	70,100.00
	Unassigned	1,922.00	3,400.00	5,600.00	9,500.00

KP needs a skilled workforce who are able to contribute to poverty reduction and economic growth.



Skilled Work Force

Where we are

OUTCOME(S)	OUTPUT(S)
1. Labour welfare for improved economic activity bringing economic prosperity	1.1 Improved working conditions and environment
	1.2 Promoting welfare of the industrial and commercial labour and strengthening of labour-management relations
	1.3 Discouraging and combating bonded labour and child labour
2. Improved governance	2.1 Improved policy, planning, budgeting and monitoring
	2.2 Enforcement of standardized system of weights and measures

The province is characterised by a rapidly increasing labour force. According to the Labour Force Survey 2012/13, the labour force of Pakistan has grown to 59.74 million from 57.24 in the year 2010/11. The civilian labour force of KP increased from 6.58 million in 2010/11 to 6.72 million in 2012/13,

Challenges

- The labour force participation rate of 36.8% is lower than the national average of 46%. This is due both to the low participation of women in the economy and the comparatively low participation rate of male youth.
- The provincial economy is not creating enough jobs for the new labour force entrants. KP had an exceptionally high unemployment rate of 8.5%²² in 2012/13. The unemployment rate for youth (i.e. those aged 20–34) is the highest among all provinces and also a lot higher than the national unemployment rate in this age cohort.

22. LFS, Pakistan, 2012-13

- The unemployment rate of KP for females of all age groups is the highest in the country.
- Historically, technical and vocational training in the province has been accorded a low priority.
- Low education levels, gender and the high opportunity cost of training all impede the access of the less privileged to formal training.
- The growth in public sector vocational training enrolment has remained stagnant for the last seven years.
- Testing and certification is not regulated by a single, credible quality framework, resulting in multiple agencies with overlapping mandates.
- Technical institutes are underutilised, while teacher and student absenteeism and archaic training methods contribute to inefficiency in vocational training.
- There is a need for the introduction of new trades and technology diversification.

Where we want to be

KP needs a skilled workforce who are able to contribute to poverty reduction and economic growth.

What is being done?

- Existing training institutes will be revamped and upgraded to obtain accreditation by an international accrediting body.
- Upgrading will encompass revising the curricula of vocational courses on the basis of market demands.
- Leading industrial sectors will be associated in upgrading course material to make it more responsive to market demand.
- The revisions in the curricula will be conducted in compliance with National Vocational and Technical Education Challenge NAVTEC policy. Sixteen curricula are currently being revised to make them compatible with competency-based standards. The revisions in these curricula will be piloted in five institutes.
- The province will adopt the National Vocational Framework and will initiate competency-based training.
- Training staff affiliated to the institutes will be provided with demand-responsive capacity-building training. To enhance the instructional skills of trainers, training of trainers institutions will be established. In addition, training facilities will generally be improved.
- A skills policy will be adopted and a high-level policy advisory committee established, with representation from the government as well as the private sector.
- The National Accreditation System will be institutionalised in a way that ensures a better quality of vocational training is available to the people of KP.
- Clearly defined performance standards and monitoring of performance outcomes and outputs will be conducted through a third party.
- A skills development fund will be established, with the objective of seeding quality supply by incentivising the private sector to contribute to the supply of training.
- Stipends will be established to enable access to training by marginalised population groups.
- Research capacity will be enhanced within the province.

Productivity in the agriculture sector is seriously hampered by inefficient irrigation systems and their low levels of efficiency.



Water

Where we are

OUTCOME(S)	OUTPUT(S)
1. Improved water resource management contributing to enhanced income from agricultural land and mitigating water scarcity	1.1 Irrigation infrastructure increased and developed
	1.2 Small dams, storage ponds constructed/ rehabilitated
	1.3 Strengthening and rehabilitation of flood protection infrastructure
	1.4 Improved management of drainage, hill torrent, rain and flood water
	1.5 Revamped and modernized Abiana assessment and collection system in place
2. Improved governance	2.1 Effective and efficient administrative services
	2.2 Strengthened Planning & Monitoring Cell for evidence based planning and programme implementation

The total area of cultivable land of the province is 6.55 million acres, whereas the irrigated area only amounts to 2.27 million acres²³. A major proportion of cultivatable land (49%)²⁴ is rain fed and mainly depends on the timeliness of rains, exposing a large proportion of the rural population to weather-induced risks. Out of the remaining land, 22.3% is forested and 27% is cultivated, while another 10.6% is cultivable but lying fallow due to water shortages. Of the total cultivated area of the country, KP's area under cultivation represents 7.67%.

Productivity in the agriculture sector is seriously hampered by inefficient irrigation systems and their low levels of efficiency.

23. Irrigation Department, GoKP

24. Khyber Pakhtunkhwa, Official Gateway to Government-<http://www.khyberpakhtunkhwa.gov.pk/Agriculture/Agri/AgUplift.php>

What is being done?

- Bringing more arable land under cultivation will not only redress the food deficiency of the province but would also improve the socioeconomic conditions of KP's residents.
- To irrigate the balance area of 4.443 million acres there is a dire need to develop new water sector infrastructure, such as building new major canal systems, the construction of small dams for water harvesting and the construction of small irrigation channels. New water canals including the Siran Right Bank Canal and an extension of Pehur High Level Canal are underway.
- Seepage losses need to be minimised by lining Kacha (uncemented) irrigation channels.
- Coordinated water management by farmers needs to be promoted.
- Water-saving crops like fruit, vegetables and pulses need to be introduced more widely.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Construction/rehabilitation of Small Dams	730.00	3,016.50	1,024.83	2,045.07
2	Construction of New Major Canals systems	1,253.13	4,315.79	4,881.58	2,950.66
3	Construction of new small irrigation channels.	578.72	807.65	788.04	669.94
4	Rehabilitation/Improvement of existing irrigation channels	3,490.10	6,507.11	6,524.96	5,493.71
5	Flood mitigation initiatives	3,010.05	4,000.30	4,000.00	4,000.00
	Total	9,062.00	18,647.35	17,219.40	15,159.37
	Current	-	-	-	-
	ADP Local	4,227.00	4,438.35	4,660.27	4,893.28
	FPA	-	-	-	-
	Others	-	-	-	-
	Unassigned	4,835.00	14,209.00	12,559.13	10,266.09

“The government is committed to installing an effective security infrastructure ...through a comprehensive security strategy...”



Peace Building and Rule of Law

OUTCOME(S)	OUTPUT(S)
1. Improved governance & security oversight 2. Safety of life and property	1.1 Policy formulation, coordination, and oversight of policy implementation along with provision of administrative services
	2.1 Observe transparency and accountability in police through strengthening of community voice
	2.2 Enhanced rehabilitation of prisoners, probationers and parolees and reduced recidivism
	2.3 Secured and well-maintained jails providing conducive environment for behavioural corrections of prisoners
	2.4 Improved prosecution services
	2.5 Provision for improved security
	2.6 Improved investigative services
	2.7 Creating sensitivities for ethical values and welfare services
	2.8 Traffic management and safer road use

Countries with weak systems for the rule of law cannot grow economically. KP has sluggish economic growth and deteriorating social services, to which the ineffective and inadequate legal and security systems are significant contributors. The deprivation levels of citizens and weak interactions between the state and citizens have been identified as important determinants of the current conflict. Militant elements in society thrive upon undercurrents of alienation.

The broader justice system is highly deficient, with many delays in the disposal of cases, while prosecution services are not perceived to be transparent. This compels the public to rely on extra-judicial dispute resolution. Inadequate provision of security and justice is an integral dimension of the lingering sense of insecurity among the wider public. ‘Speedy justice’ was the slogan of militants in 2009 when underlying tensions surfaced in the form of a major security clash in Swat, which culminated in military action. Military

operations in KP entailed a large cost to the local economy, forcing an estimated 2 million people to leave their homes and livelihoods. The conflict has also caused large-scale damage to health facilities, educational institutions, the water supply, roads, electricity, the gas supply, shops, hotels and businesses. The failure of law and order institutions to provide security for the life and property of citizens was among the key factors responsible for the crisis. A sense of insecurity still prevails among communities.

Heightened awareness and willingness on the part of the current leadership to implement reforms in the police, prosecution and judicial system in the interests of citizens and communities are prized opportunities to redress public grievances about the responsiveness of system.

Challenges

1. With the onset of militancy in the province and the decline in the security situation, the burden on the legal and enforcement systems has increased dramatically.
2. Trust on the part of KP's citizens in state institutions, the police and judiciary is on the wane, as are people's perceptions.
3. The terrorist threat has demanded an increased police presence, in turn demanding greater allocation of resources to improving the police system.
4. The policing system needs to establish and adopt modern techniques of investigations, forensic science and cyber-crime handling, as well as to increase the capacity of personnel to reflect the emerging trends in modern policing.
5. A whole range of issues such as rehabilitation of offenders and their integration in society, institutional mechanisms, the capacity of the judiciary to deal with civil and commercial matters as well as access to justice by the common man and vulnerable people are daunting challenges confronting the province's law enforcement regime.

What is being done?

Institutional Strengthening of security infrastructure

The government is committed to installing an effective security infrastructure and providing institutional backing through formulation of a comprehensive security strategy for the province.

To combat weaponisation in the province and improve the prosecution and criminal justice systems, provincial government intends to introduce strict regulations against illegal arms dealers and manufacturers and to regulate bonafide arms businesses, as well as effect changes to the Prosecution Act 2005 and Criminal Procedure Code. In addition, the following acts/rules will be amended:

1. i. Prisons Act/Rules in line with democratic norms and human right standards.
2. ii. Explosive Act/Rules.
3. iii. Amendments in Good Conduct Prisoner Probation Release Act 1926/Rules 1927, Probation of Offenders Ordinance 1960 /Rules 1961, and Juvenile Justice System Ordinance (JJSO) 2000.
4. iv. Framing of police rules in accordance with Police Order 2002.

Malakand division has seen the worst decline in security in the recent past. To counter any future security crisis, the government has decided to extend jurisdiction of regular police force to Malakand agency.

Prosecutors will be provided with training in areas of specialised advocacy skills, management, and police

prosecution coordination. A training institute for prosecutors will be established and monitoring and research cells in prosecution directorates will be strengthened. Senior officers of the justice sector will undertake capacity-building programmes on financial, establishment and administrative matters. These steps are directed to the core management functions of the police, prosecution services and the judiciary.

Adoption of modern investigation and policing techniques

- In a bid to revolutionise the current antiquated methods, procedures and techniques used to investigate crimes and to build an intelligence-based police force with the capacity to probe into financial, cyber and terrorist crimes, the government aims to launch a variety of capacity-building initiatives in separate functional specialisations.
- Investigation techniques will be modernised by establishing forensics, cyber-crime and financial crime wings, supported by a research and analysis wing.
- Online registration of First Information Report (FIR), a toll-free number for citizen feedback and witness protection centres are further initiatives to develop a responsive police system.
- Model police prosecution units will be established in three police stations in Peshawar.
- To enhance the protection of lives and assets, the security presence will be scaled up, including the establishment of checkpoints around Peshawar.
- Additional checkpoints across KP and a number of new police stations will be constructed.
- The infrastructure of the counter-terrorism department (including surveillance and tracking equipment) will be upgraded at headquarters, regional and district level.
- A Tetra (encrypted) communications system will be provided and a police data centre will be established at the central police office.
- It is expected that steps toward the provision of sophisticated equipment, increased police presence and the introduction of modern investigation techniques will go a long way in preventing and swiftly tackling militancy-related incidents.

Reformation of Prisons

The government intends to implement measures to convert prisons into reform and rehabilitation centres. With prisons reconceived as places where tangible skills development takes place to make prisoners more productive citizens and to help restore the balance in society. Equipped with healthy, recreational and living facilities, the new government strategy will ensure that prisoners are not only treated humanely but that behavioural changes facilitate their reintegration into mainstream society.

Restoration of Citizen-State Relation through Responsive and Effective Legal system and Police

Restoring the trust of citizens in the judicial and law enforcement agencies is a major challenge for the state. Provincial government is responding by adopting a variety of innovative measures aimed at encouraging citizens to have confidence in the legal system for redress of their grievances. KP's legal aid system will undergo huge changes in the form of a new legal aid authority and legal aid desks in selected districts. Laws will be enacted to ensure there is a uniform legal system in the province. Community policing will also be initiated in order to enhance the participation of citizens in the provision of security. Police-citizen liaison committee centres at district level, a complaint/grievance redress system at selected police stations and support to households to use community report cards are also envisaged as part of the move toward citizen-friendly policing. The provincial public safety and the police complaints commissions at provincial and district level will also be strengthened.

Policing

Reforms in the police and judicial system include effective gender-oriented interventions. The Women's Protection Act will be enacted along with a range of gender-responsive policing initiatives. Government plans to set up women's complaint units in 66 police stations and two female-only police stations. A 10% quota will be required for recruitment of women in the police, while support will be provided for gender-responsive policing schemes in selected districts (including the construction of a women's jail). Community and gender policing initiatives will be launched in coordination with key development partners.

Justice System

The justice sector service delivery gap in KP's criminal justice system is significant. This is partly due to weak investigative abilities, a lack of forensic evidence-gathering capability, and the unwillingness of the public to appear as witnesses. It is also affected by a weak prosecution system.

In courts, this justice gap is affected by protracted litigation, growing case pendency, and inconsistent sentencing. This is further compounded by the low cost of and virtually no penalty for frivolous litigation.

Inexpensive justice will be introduced by establishing linkages between the formal and informal justice systems. This will help reduce the pendency of court cases.

The LGA 2013 also introduces a concept of alternative dispute resolution through village councils.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Activities	2014-15	2015-16	2016-17	2017-18
1	Frame Comprehensive Security Strategy for KP and review/amend security and justice related rules/acts	-	-	-	-
2	Prosecution: Establishment of offices/residential buildings including Recruitment/procurement	10.00	285.00	1,155.00	965.00
3	Establishment of Training Institute and Resource Center for Prosecution and Capacity Building and Strengthening of Monitoring & Research Cell in Prosecution Directorate	-	326.50	27.50	27.50
4	Strengthening of Institutions/Wings: Provincial Crisis Management Cell, Strategic Analysis Wing, Planning Cell, and Media Cell	50.00	155.00	70.00	90.00
5	Rehabilitation of probationers and conflict victims: De-radicalization programs, establishment/Improvements of Rehabilitation Centers, Directorate of Reclamation and Probation, and support to conflict victims	1,048.94	1,056.00	500.00	-
6	Establishment, strengthening and rehabilitation of Police Lines, Police Posts, Security check posts, Project Coordination etc.	2,099.83	2,476.85	2,099.24	2,000.00
7	Construction of Headquarters KP Reserve Police, Investigation, Transport and Communication, and Elite Force (Strike Force)	-	386.40	200.00	500.00
8	Establishment of Training centers for police and capacity building	375.55	185.00	130.00	-
9	Establishment of Counter Terrorism Department: Including raising of force, infrastructure, equipment	620.00	750.00	700.00	750.00
10	SecureCity Projects at Provincial and Regional level	90.00	200.00	300.00	110.00

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Activities	2014-15	2015-16	2016-17	2017-18
11	Establishment of School of Traffic Management, School for Telecommunication, School for Investigation, and School of Intelligence	10.00	427.00	377.00	77.00
12	Establishment of Forensic Sciences Labs (Infrastructure, equipment, and training)	-	100.00	260.00	200.00
13	Establishment of Police Data Center at Center Police Office	-	50.00	-	-
14	Establishment of Inspectorate of Explosives and Provision of Explosive Detection System and EOD Equipment etc.	-	2,010.00	2,010.00	-
15	Establishment of Narcotics Control Cell in KP	-	-	-	-
16	Establishment of Cyber Crime Wing and Financial Crime Unit in Investigation HQ	-	100.00	100.00	10.00
17	Establishment of Information Centers & Litigant/Witness Centers and Installation of Automated Case Management System in selected court houses in KP	-	-	-	-
18	Construction/rehabilitations of prisons/jails and initiatives for Prisoners Rehabilitation including Reformatory School for Prisoners in Central Jails	1,243.93	1,500.00	1,800.00	2,200.00
19	Construction/strengthening of Directorate of PPS&PCC, Capacity Building, and Mass Public Awareness against terrorism and crime	-	59.80	-	-
20	Promotion of cooperation between citizen/police through community policing along with improvements in attitude and behaviour towards public through training workshops	-	-	-	-
21	Establishment of Citizen-Police Liaison Committee Centers at District Level	-	-	-	-
22	Development and Implementation of Community and Gender Responsive Policing initiatives	-	-	-	-
23	Reform initiatives for rule of law in Malakand Division (UNDP)	590.20	-	-	-
24	Peace building initiatives for KP (DFID)	575.58	-	-	-
25	Rule of law programme in KP (EU assisted)	1,000.00	-	-	-
	Total	7,714.03	10,067.55	9,728.74	6,929.50
	Current	600.00	650.00	727.50	787.50
	ADP Local	3,500.00	5,006.35	4,376.24	4,387.00
	FPA	3,614.03	1,400.00	900.00	-
	Others	-	-	-	-
	Unassigned	-	3,011.20	3,725.00	1,755.00



“The Government has declared an education emergency in the province.”

Improved Education Service Delivery

Where we are

OUTCOME(S)	OUTPUT(S)
1. Improved education governance and sustained policy commitment	1.1 Education sector better managed
	2.1 Increased enrolment and retention rate
2. Achieving universal primary & quality secondary education	2.2 Better supported and more effective schools
	2.3 Provision of education to all through minimizing social and gender disparity
	3.1 Improved teacher management and learning methodologies
3. Strengthened institutional capacity and improved learning outcomes	

Net enrolment and dropout: The net enrolment rate (NER) of 6 to 10 year olds has risen since 2001/02 but at a low average growth rate of 1% per annum. Furthermore, completion rates are extremely low to an extent that the investment of time and effort made in primary education seems to have made no difference. The one positive trend is that the female NER is increasing. The growth in the NER for male students in the last 10 years has remained low when compared to females. However, the NER in rural areas has risen quite sharply. That said, to achieve the MDG target of gender parity, particularly at secondary level, the performance needs to improve drastically.

Despite the reported progress in the gross and net enrolment rates, overall rates are low with a very high-drop out ratio; one-third of children leave school before completing primary education. According to the official estimates, the current stock of primary-age out-of-school children (OOSC) is about 530,000, with 400,000 girls and more than 100,000 boys²⁵. This is far worse in KP’s rural areas than in the urban areas. The situation is worse at higher levels: UNICEF calculates the total number of OOSC in KP at primary level at over 1.0 million (37%) and almost 500,000 (32%) at lower secondary level.

25. “Reclaiming Prosperity in Khyber Pakhtunkhwa”, IGC , 2014

Private vs. public schools: The majority of children in KP are enrolled in public sector schools. Primary school enrolment in the public sector schools of KP is second highest in Pakistan, after Baluchistan. Of the students currently enrolled in academic institutions in KP, only 23% are enrolled in private schools while 74% are enrolled in public schools and only 1.4% in Madrassas. However, the KP Education Management Information System calculates that the private sector is growing annually at 6%, compared with 2% growth in public sector enrolment. Students in private schools are also outperforming students in government schools in terms of learning outcomes.

Literacy: KP literacy figures are substantially below the national average, having stayed at around 50% in the last three years. Only 35% of females in KP are literate – better than rural Sindh or Baluchistan but much lower than Punjab and the national average.

Quality of education and learning outcomes: According to the National Education Assessment System (NEAS) report's findings of 2008, students in KP are lagging behind their counterparts in the Punjab. According to Annual Status of Education Report (ASER)²⁶, learning levels are low, boys outperform girls in all three relevant subjects (English, Maths, and Urdu) and the performance of private schools is better in English, Maths and Urdu. The gender disparity calls for policy action and prioritisation. Moreover, KP has a teacher–student ratio of 1:43 at primary level, which implies that students cannot receive equal or sufficient attention in a suitable learning environment.

Gender disparity: Although the provincial government has made many commitments and prepared ambitious policy plans to counter gender disparity in education, gender gaps have not decreased substantially. The problem is much worse at the lower secondary level. Lack of basic facilities such as toilets, boundary walls, and drinking water discourages parents from sending their daughters to school. Parents feel insecure sending girls to school if the schools lack security.

Improving access

Proximity to school has been identified as a key determinant of primary school enrolment and retention in Pakistan: the further a child lives from a school, the less likely they are to attend. In rural areas of the country, there are many children who have to travel for more than an hour to school. In many of these areas, public transport is non-existent and, when options do exist, they are sometimes not secure. These problems are particularly severe for girls because of the smaller number of girls schools. In the case of KP, however, most households have a primary school close by. Approximately 80% of households take up to 14 minutes to reach a primary school. Likewise, almost 60%²⁷ of households take up to 14 minutes to reach a middle school and 45% of households take up to 14 minutes to reach a high school. The time taken for girls is likely to be higher, again because of the relatively smaller number of girls schools.

School infrastructure

The non-availability of basic facilities has resulted in low enrolment and high dropout rates, and the low quality of education in KP is often reflected in the poor physical condition of public schools. KP was ranked last among all provinces in this regard, with only 32% of all ASER-surveyed primary schools having useable facilities. Expanding the number of schools to fill major gaps in coverage has been a strong focus of investment in recent decades. However, the emphasis on new buildings has led to a neglect of the maintenance of existing buildings and of the management of the schools that do exist. Around one-third of the schools do not have water, half do not have electricity, and close to a quarter do not have boundary

26. ASER is a survey of quality of education in Pakistan and is facilitated by South Asian Forum for Education Development (SAFED)

27. Reclaiming Prosperity in Khyber Pakhtunkhwa, IGC, 2014

walls or latrines. The slow accretion of needed facilities reflects the inadequacy of resources and a lack of investment, along with low development allocations. A significant proportion of schools have more than one missing facility, which highlights the fact that, in many schools, the lack of facilities is not random but rather a systemic problem. As is expected, this diminishes the quality of the learning environment.

What is being done?

Conscious of the slow progress in the educational outcomes of the province and its critical role in the economic and social uplift of the people, the Government has declared an education emergency in the province.

Management of schools

In order to improve the conditions in public schools, the strategy is to focus on measures to improve the institutional factors in school management along with budgetary allocations directed toward improving physical infrastructure. Several steps have been planned, including the strengthening of monitoring and evaluation functions to monitor schools, capacity building for parent-teacher councils (PTCs), and the adoption of roadmap with indicators to strengthen citizen engagement and improve awareness on access, quality and completion goals in the Education Sector Plan.

Every child's right to education

Government plans to encourage enrolment from low income families by focusing on student benefits, early childhood care and education, and communication campaigns to ensure parents and communities are aware of the improvements being made in the public school system.

On student benefits, Government will re-design the stipend programmes for girls for 2014/15 onwards. Key considerations will include the feasibility of introducing some form of proxy means testing and monitoring attendance to enforce conditionality. Scale of stipends as well as disbursement mechanisms will also be reviewed.

In addition to stipends, free text books will continue to be offered to all students. Main focus in this area will be to work with the autonomous Textbook Board in 2014/15 to improve efficiency, including consideration of partnering with the private sector, and more effective use of early childhood care and education. Expanding provision of teachers training, materials and rooms attached to existing primary schools in the province will continue. This work is being carried out with support from DFAT and Save the Children.

Enrolment drive campaigns will be established as a regular feature for each new school year. Setting up a robust complaints redress system for students and parents and inclusion of key messages on education in the province wide campaigns are other measures to raise awareness.

Improving enrolment rates

The strategy adopts a set of outputs to achieve universal primary education through improvements in enrolment and retention rates and to reduce gender disparities in education. The government is committed to equipping schools with basic facilities and additional rooms through the channel of PTCs. The role of communities is augmented in the enhanced financial autonomy of PTCs for provision of missing facilities and the construction of additional rooms. On a pilot basis, two districts of D.I.Khan and Buner were targeted under the Conditional Grant Mechanism to carry out development work through PTCs, with positive initial outcomes. To overcome poverty-related impediments to the achievement of educational outcomes, the government aims to facilitate the attendance of students through free text books, stipends, scholarship endowments and grants for orphans. To address the challenge of gendered and regional disparities observed in remote areas, districts with low enrolment rates are targeted through the provision of stipends for female students, teachers and supervisors.

Improving the quality of education

The government intends to take steps toward not just quantitative improvements in the education sector but equivalent attention toward training and capacity building of teachers to improve the learning methodologies employed to ensure better qualitative results. Carrying out quality assessments, revision of curricula, and the development of textbooks based on revised curricula are key steps in that direction.

A focus on strengthening planning and management activities, including budgeting and financial management, will be crucial to delivering effectively on new deals for schools and for teachers, as well as for stimulating the demand for education.

Under this theme, three areas will be targeted: budgeting and planning, financial management, and strengthening management capacity. On financial management, to improve the budget execution,

A new deal for teachers

Role of teaching in transforming learning outcomes and reducing the risk of children dropping out is recognized in the reforms directed towards norms, competencies and professional development of the teaching staff.

On roles, norms and competencies, up to date job descriptions and outlines for core competencies will be created by the end of current financial year. At the same time, tackling the issue of teachers' absenteeism is espoused as a key priority.

On professional development single framework for teacher training will be produced after review of existing support programmes offered by international partners. Future support for professional development of teachers from international partners will be sought under this framework.

Government will also introduce a competency assessment for all serving teachers to be piloted in 2014/15 which will be used to assess the training needs of individual teachers and offer them professional development on this basis.



practice of monthly discussions on budget execution has been established. The recommendations of the IT (information technology assisted) payroll audit will be implemented and preparation of materials for internal audit will be undertaken. In regard to building management capacity, the focus has shifted to district level. Refreshing job descriptions and core competencies for district officials are important measures to develop and roll out a programme of training. ESED is also currently working to develop a small number of pilot district strategic plans in the current financial year 2013/14, to be rolled out in future years. The department will continue to provide hardship allowances for female officers serving in Kohistan, Battagram, Tor Ghar, Dir Lower, Dir Upper, Shangla and Tank.

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Activities	2014-15	2015-16	2016-17	2017-18
1	Incremental Teacher Salary	4,554.00	6,788.00	9,173.00	11,758.00
2	Establishment/upgradation of schools	7,488.05	8,236.85	9,060.53	9,966.59
3	Refurbishment of existing schools (missing facilities)	6,170.26	6,478.77	6,802.71	7,142.84
4	Stipends for children in Primary Schools	2,225.00	2,238.00	2,441.00	2,770.00
5	Stipends for children in secondary Schools	1,250.00	1,312.50	1,378.13	1,447.03
6	Free text books	2,500.00	2,625.00	2,756.25	2,894.06
7	Additional resources required for establishment of cluster system	1,380.00	1,380.00	1,380.00	1,380.00
8	Fast Track standardization of 400 high schools	1,500.00	1,500.00	1,050.00	-
9	Restructuring of Text Book Board.	150.00	30.00	35.00	40.00
10	Establishment of Examination and Assessment Commission	300.00	350.00	380.00	400.00
11	Uniform Curriculum and Medium of Instruction	361.68	300.00	350.00	400.00
12	Revamping of Elementary Education Foundation	1,266.00	1,929.00	873.00	873.00

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Activities	2014-15	2015-16	2016-17	2017-18
13	Upgradation of existing schools from two rooms to six rooms (Primery Schools)	-	5,000.00	7,000.00	10,000.00
14	Introduction of Early Childhood Education in Primary Schools.	892.00	160.00	160.00	160.00
15	Revamping of Board of Intermediate and Secondary Education	100.00	150.00	200.00	50.00
16	Introduction of Education Voucher Scheme	200.00	300.00	400.00	500.00
17	Biometric System	15.00	5.00	5.00	5.00
18	Complaint redressal system	8.00	4.00	5.00	6.00
19	Capacity Building of PTCs and monitoring	416.97	500.00	550.00	600.00
20	New Policy Initiatives and School Improvement Program	1,000.00	-	-	-
21	Tameer I School Programme	15.00	5.00	5.00	6.00
Grand Total		31,791.96	39,292.12	44,004.62	50,398.53
Current		10,463.00	13,479.00	15,247.00	18,188.00
ADP Local		19,828.96	19,313.12	20,707.62	22,210.53
FPA		-	-	-	-
Others		1,500.00	1,500.00	1,050.00	-
Unassigned		-	5,000.00	7,000.00	10,000.00





“Wellbeing as reflected in good health is a fundamental right of every individual and important in terms of poverty reduction.”

Improved Health Service Delivery

OUTCOME(S)	OUTPUT(S)
1. Enhancing coverage and access of essential health services especially for the poor and vulnerable	1.1 Enhanced access to primary healthcare services
	1.2 Enhanced access to secondary healthcare services
	1.3 Enhanced access to tertiary healthcare services
	1.4 Enhanced access to specialized services
	1.5 Subsidized curative healthcare services for emergency/accident patients and poor/underprivileged population subgroups
2. Measurable reduction in the burden of disease especially among vulnerable segments of the population	2.1 Preventive healthcare services focusing child immunization, reproductive health and malnutrition in vulnerable segments of the society
	2.2 Prevention from common diseases through promotion, early detection followed by subsidized curative support
	2.3 Improved emergency and epidemic response
3. Improved human resource management	3.1 Improving quality of education in medical and para medical colleges with an emphasis on continued medical education
	3.2 Strengthened personnel section and enhanced capacities of health workforce through strengthening of Provincial Health Services Academy and its network and improving the quality of training
4. Improved governance and accountability	4.1 Improved accountability and transparency for quality health services
	4.2 Strengthening of stewardship function with improved planning and policy making
5. Improved health regulation	5.1 Enforcement and review of health regulations and food safety act
6. Universal accessibility to family planning / reproductive health services	6.1 Increased access and wider support to family planning/reproductive health services and programmes

The health outcomes of KP's population are reflective of a highly inadequate healthcare delivery system.

Women and children are particularly disadvantaged and deprived due to cultural barriers. The status of child and maternal health is not encouraging and the related morbidity and mortality are still disturbingly high. On some of the indicators – such as the proportion of fully immunised children (12–23 months) and the proportion of children under 5 who suffered from diarrhoea in the last 30 days – the trend shows improvements. On maternal health, the proportion of births attended by skilled birth attendants (SBAs) shows a positive trend, while the statistics on antenatal consultations by women also improved.

Immunisation is an important factor in reducing morbidity and mortality of children. The under-5 mortality rate and the infant mortality rate (IMR) for the province respectively stood at 75 and 63 in 2006/07, against MDG targets of 52 and 4028. The status of immunisation of children at the national level experienced only a marginal improvement, while provincial status simply mirrors the national trend.

Pre- and post-natal care are important determinants of maternal mortality; progress in the state of maternal health care as reflected by these indicators leaves much to be desired. The maternal mortality rate (MMR) for KP of 275 for the year 2006/07 is nearly the same as at national level (i.e. 276), and is far below the MDG target of 140. The proportion of births attended by SBA in KP that was stagnant in 2006/07; and further declined in 2010/11, has recently depicted an uptrend in 2011/12. Similarly, in antenatal care consultation²⁹, Pakistan and KP both show a stagnant trend up to 2010/11, then registering significant increases in 2011/12.

Same factors which are responsible for low national health indicators such as poor health and sanitation facilities, the education level of mothers, and the availability of basic health facilities have even greater correlation with poor health outcomes in KP. This pernicious linkage is more pronounced in KP when considered in conjunction with persistent gender disparities, large scale internal population displacement and militant's attacks on health workers on vaccination campaigns.

Wellbeing as reflected in good health is a fundamental right of every individual and important in terms of poverty reduction. Bad health leads to loss of productivity and also has an impact on the educational enrolment and retention status of children when the poor health of adults results in children being taken out of school.

The health outcomes of the provincial population are negatively affected by a number of obstacles such as poverty, unemployment, illiteracy and the low level of expenditures on health. With a growing population, high illiteracy, a higher poverty rate of 39% and variable resource allocation, the province is

28. Pakistan MDG Report 2013

29. Ante-Natal care Consultation - Proportion of women 15-49 years who had given birth during last three years and made at least one antenatal care consultation

experiencing sharp increases in disease prevalence. Moreover, the percentage of households with access to clean piped water and safe sanitation is quite low, which results in a higher incidence of water-borne diseases.

The available quality and level of provincial health service provision is poor, causing households to either incur significant out-of-pocket expenditure on health or suffer deteriorating health outcomes. The ratio of out of pocket expenditure on health in KP, at 76.6%³⁰, is the highest in Pakistan. People living in far-flung areas of the province do not have access to primary health care services within a distance of 10 km.

Challenges

- Ongoing conflict and extremist propaganda against immunisation inhibiting public health activities
- Poor governance and weak regulatory framework leading to inefficient service delivery
- Limited availability of skilled workforce.
- Weak monitoring and internal control systems.

Key actions and reforms

The provincial government aims to address deficiencies in the health care system, improve management at the facility and supervisory levels through a multi-dimensional but integrated approach. Key elements of the government's health care strategy include:

- A focus on maternal and child health care and coverage of critical illnesses.
- Improving governance through restructuring if required, and upgrading of Basic Health Units and Rural Health Centres and tehsil hospitals
- Targeting of the districts with the lowest health indicators.
- Revitalisation of the Health Foundation.

The health sector strategy sets the priority areas to be tackled as access to health care, improved quality, responsiveness and affordability of health care services, and the ensuring of equitable coverage.

The strategic interventions of the sector reflect the prioritising of equitable access to quality health care facilities and reductions in the incidence of diseases. High importance is given to preventive, promotive, curative and rehabilitative health care through better coordination of healthcare service delivery. District health coordination boards have been formed and will be officially notified once local governments are established.

The government envisages numerous programmes to reduce the incidence of communicable diseases such as TB, Malaria, Hepatitis A-E and HIV/AIDS, as well as non-communicable diseases. Coverage of vulnerable sections of society by public health programmes is currently not adequate, giving rise to a higher prevalence of diseases among the poor and vulnerable. Social protection initiatives are planned in relation to health coverage for critical illnesses (e.g. cancer, renal disorders, and Hepatitis) in the form of free treatment. A social health protection scheme has been piloted in selected districts and this will be extended to other districts. The establishment of an insulin bank, the provision of incentives for maternal health services in 10 districts, and the provision of incentives for immunisation services in 12 selected districts are further initiatives to expand the coverage of health care.

30. National Health Accounts 2005-06

Institution-building measures in health care cover a host of health-related legislation, including the Health Foundation Act, the Health Regulatory Authority Act, the Medical and Health Institutions Reform Act, and the Food Safety Authority Act. The acts are in various stages of formulation/approval, after which enforcement will commence. An internal audit cell will be developed within the health department and a monitoring unit under the internal audit cell will also be formed. Needs-based knowledge and skill packages of training and quality standards for various staff categories will be implemented. Training needs assessment of paramedical and allied staff will be conducted, while training plans to fill identified gaps will be implemented later.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Integration of health services delivery with special focus on MNCH, LHW, EPI, and Nutrition Programme	4,207.00	8,412.89	5,115.89	5,115.89
2	Provision of incentives for maternal health services	300.00	300.00	300.00	300.00
3	Piloting the management of leading non-communicable diseases in 3 districts through health care system in order to address double burden of disease.	50.00	50.00	50.00	50.00
4	Piloting the Implementation of referral system in 2 districts linking all levels of health care (community to tertiary care) making use of IT & transport	2.50	2.50	2.50	2.50
5	Provision of free treatment for critical illnesses(Renal disorders, hepatitis,)	500.00	500.00	500.00	500.00
6	Extend social health protection to 4 other districts in the light of lessons learnt from the pilot social health protection project	250.00	381.75	381.75	381.75
7	Establishment of Insulin Bank	25.00	25.00	25.00	25.00
8	TB Control Programme	50.00	66.67	66.67	66.67
9	Dengue Control Programme/Integrated Vector Control Programme	50.00	66.70	66.70	66.70
10	Treatment of poor cancer patients	200.00	200.00	200.00	-
11	Implement strategy for reducing Hepatitis B & C	250.00	250.00	250.00	250.00
12	Implement a system for Emergency Preparedness and Response Plan (EPRP)	4.00	4.00	4.00	4.00
13	Contingency supplies and stocks availability and its replenishment on annual basis	500.00	500.00	500.00	500.00
14	Implement continuing medical education system for nursing, medical and paramedical staff linked to career development including through PHSA	100.00	100.00	100.00	100.00
15	Strengthening of PHSA	100.00	100.00	100.00	100.00
16	Develop needs based knowledge and skill packages of training and quality standards for various staff categories	20.00	72.00	-	-
17	Undertake TNA of paramedical and allied staff and develop training plan to fill those gaps	1.94	-	-	-
18	Revision of Medical Health institutions Act/Bill	-	-	-	-
19	Revision and implementation of Health foundation Bill	2.00	2.00	2.00	2.00

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
20	To extend Medical Health Institution Bill to District Headquarter Hospitals.	-	-	-	-
22	Establish an internal audit cell within the health department at all level to oversee this function	50.00	50.00	55.00	58.00
23	Establish a legal unit to manage legislation support and litigation	5.00	5.00	5.00	5.00
24	Restructure the Department of Health in the context of its new roles and responsibilities	100.00	100.00	200.00	200.00
25	Establish Knowledge Management Unit at PHSA linked with Khyber Medical University	50.00	50.00	50.00	50.00
26	Establishment of Independent Monitoring Unit	100.00	200.00	200.00	-
27	HRA as a financially viable, autonomous and self-sustaining corporate body (Endowment Fund)	100.00	100.00	100.00	100.00
28	Establishment of Divisional Food and Drugs Testing Labs and Strengthening of existing labs	50.00	90.00	90.00	90.00
29	Strengthening drug section at DGHS and enhance capacity of the districts at drug sampling	25.00	25.00	25.00	25.00
30	Procurement and distribution of contraceptives	170.00	230.00	288.36	353.58
31	Establishment of new family welfare centers	87.89	272.00	529.00	850.00
32	Establishment of New mobile service units	12.70	44.00	61.00	85.00
33	Establishment of Reproductive Health Service Centers	17.32	26.24	41.54	53.74
34	Establishment of KP Population and Research Training Institute (KPPRTI)	-	3.70	3.32	3.47
35	E-Governance	-	2.00	8.00	2.50
36	Enrolment and capacity building of Religious Scholars as Social mobilizers	-	29.04	41.04	53.04
37	Awareness and advocacy campaign (Communication strategy formulation and implementation)	-	19.47	22.00	25.00
38	Establishment of New Regional Training Institutes	27.00	41.00	61.00	64.31
39	Construction of Office Building for PWD/DG	80.00	81.00	-	-
40	Innovative Pilot Project for promotion of Population Welfare Programme	6.00	-	-	-
	Total	7,493.35	12,401.95	9,444.75	9,483.14
	Current	934.00	943.63	955.09	1,065.25
	ADP Local	1,090.91	3,783.52	4,005.86	3,939.58
	FPA	885.00	3,093.31	3,099.31	3,093.81
	Others	3,297.00	3,297.00	-	-
	Unassigned	1,286.44	1,284.50	1,384.50	1,384.50

“During the past five years, many new universities have been established.”



Higher Education

Where we are

OUTCOME(S)	OUTPUT(S)
1. Improved access and learning outcomes at higher education level	1.1 Provision of equitable and quality education services at colleges and universities
	1.2 Promotion of higher education through performance and need based scholarship incentives
	1.3 Human resource development of teaching and administrative staff
	1.4 User friendly libraries / archives services to facilitate knowledge acquisition
2. Effective governance for better service delivery	2.1 Improved policy, planning, financial management, monitoring and sector regulation

Higher Education institutions are increasing at a rapid rate. During the past five years, many new universities have been established. Despite increase in number of universities, there has been little evidence of improvement in quality of higher education or alignment of higher education courses with market demand.

Challenges

- Lack of access to higher education for marginalized sections of the society
- Regional disparity in terms of access to higher education
- Gender disparity in higher education
- Lack of facilities for research and development
- Disconnect between market demand and higher education
- Disconnect between research and public policy formulation.

What is being done?

- Continuing with the policy of expansion of higher education through new degree and post graduate colleges and universities.
- Building capacity of faculty and management of higher education institutions
- Improving access for marginalized sections of society through merit scholarships
- Providing incentives for research and development
- Improving human resource policy, planning and monitoring system
- Introducing degree programmes to cater to market demands

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Establishment of endowment fund (for HEIs and for incentivizing academic achievements of students)	4,000.00	-	-	-
2	Establishment of colleges chartered as degree awarding institutions	3,478.00	3,651.90	3,834.50	4,026.22
3	Financing for strengthening/establishment of Higher Education Institutions	1,992.58	2,000.00	2,100.00	2,200.00
4	Improved quality of higher education	1,204.00	510.00	200.00	200.00
5	Strengthening of teachers/faculties of colleges and universities	3,973.00	3,975.00	2,978.00	2,082.00
6	Strengthening of HEAL and improvement of academic and financial monitoring	143.00	200.00	215.00	230.00
7	Strengthening of 4 years bachelor programme	213.22	150.00	200.00	200.00
8	Three tiered governance structure improved	-	65.00	65.00	70.00
9	Matching Grant for Research and Development	-	200.00	200.00	200.00
Total		15,003.79	10,751.90	9,792.50	9,208.22
Current		-	-	-	-
ADP Local		5,899.80	6,126.90	6,467.50	6,768.22
FPA		-	-	-	-
Others		-	-	-	-
Unassigned		9,103.99	4,625.00	3,325.00	2,440.00

“It is empirically proven that improved water and sanitation services significantly improve health...”



Safe Drinking Water and Sanitation

Where we are

OUTCOME(S)	OUTPUT(S)
1. Improved health outcome due to sustainable supply of clean drinking water and safe sanitation practices	1.1 Sanitation services improved
	1.2 Access to adequate quantity of safe water provided
	1.3 Existing infrastructure rehabilitated/repared
	1.4 Water quality testing labs and equipment across the Province operationalized
	1.5 Awareness campaigns for rural population on <ul style="list-style-type: none"> - health hygiene practices - conservation and protection of potable water for preservation of water - NBCC strategy conducted
2. Improved governance	2.1 Enhanced revenue collection and efficient/effective administrative services

Access to safe drinking water and safe sanitation are the most effective means of improving public health and saving lives. It is empirically proven that improved water and sanitation services significantly improve health and also engender many secondary benefits. Clean drinking water is critical to the prevention and control of water-borne diseases. Similarly, inadequate sanitation is linked to a wide range of illnesses such as typhoid, diarrhoea, intestinal worms and hepatitis. Poor water supply and sanitation is considered a key determinant of IMR and MMR in the province.

Figures describing access to improved water and sanitation in KP depict an alarming picture. Overall, 71% of KP households have access to an improved water supply. The coverage varies from district to district, with the lowest coverage observed in Kohistan – at just 11%. Access to sanitation is an even larger problem; only 66% of the population has access to sanitation and only 39% of latrines are considered safe. Access to

sanitation in urban areas is much higher than in rural areas³¹.

The lower literacy rate in the province contributes to the dismal state of sanitation and use of clean drinking water, as illiterate people tend to be unaware of the hygiene implications of both. Mass awareness campaigns to spread the messages on linkages between poor health and unclean water and sanitation appear to have failed to reach communities.

The province's growing population also has an impact on the provision of sanitation and water supply services, as resources come under pressure and resultantly less and less financial allocations are available for the sector. A large number of provincial water supply schemes in the province – i.e. 1,064³² – have fallen into disrepair and require major rehabilitation and extensions to cover new areas.

What is being done?

The Public Health Engineering Department is entrusted with the task of providing drinking water and sanitation facilities in the province and works with the objective to promote health, hygiene and a cleaner environment. To achieve its outcomes, the department is working on establishing new schemes of water supply. In the previous fiscal year 2012/13, 629 ongoing water supply schemes were targeted for completion. In addition, three mega water-supply projects were ongoing in 2012/13 at Abbotabad, Batkhela and Drosh, in district Chitral. Existing non-functional water supply schemes will be rehabilitated in order to ensure sustainability, while water-quality testing laboratories and equipment will be operationalised across the province.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Construction of new water supply schemes including Gravity schemes	2,119.17	3,000.00	3,200.00	3,400.00
2	Rehabilitation of existing water supply schemes	985.00	1,000.00	1,050.00	1,100.00
3	Replacement of Old & Rusted Pipes scheme	1,000.00	1,250.00	1,150.00	1,800.00
4	Construction of new sanitation schemes	1,251.93	1,500.00	1,600.00	1,700.00
5	Solarization of existing water supply schemes	1,000.00	1,000.00	1,500.00	366.00
6	Awareness campaign for rural population on health, hygiene, energy and water conservation	40.00	30.00	30.00	50.00
7	Strengthening of water and sanitation sector institutions	30.00	20.00	-	-
Total		6,426.10	7,800.00	8,530.00	8,416.00
Current		-	-	-	-
ADP Local		4,426.00	4,850.00	5,160.00	5,500.00
FPA		150.10	-	-	-
Others		-	-	-	-
Unassigned		1,850.00	2,950.00	3,370.00	2,916.00

31. Pakistan MDG Report, 2013

32. Budget Estimates for Service Delivery 2013-16, Finance Department, GoKP

“The current political leadership is fully committed to devolution ...”



Improved Citizen Participation

OUTCOME(S)	OUTPUT(S)
1. Sustainable and effective local government system that empowers communities at grass root level	1.1 To enable cities and towns in the Province to become engines of economic growth
	1.2 To create efficient mechanisms for governance of urban and rural areas that can facilitate the flow of goods and services
	1.3 To address inter-jurisdictional and intra-jurisdictional issues between cities, towns and villages
	1.4. Local government/bodies supported for building required infrastructure for effective service delivery

Service delivery outlets are far removed from the majority of disadvantaged people in villages and distant areas of the province. The decision-making process does not integrate the needs of communities, and hence fails to inspire trust in provincial governance among the people. The general prevalence of corruption and lack of transparency also contribute to the erosion of citizens’ trust in the state.

With the current government wholly committed to devolving service delivery to the lower tiers, the IDS follows up with ambitious plans to devolve decision-making to the grassroots level, empowering the general public in relation to the matters that affect them on a daily basis. The current political leadership is fully committed to devolution and development partners are motivated to assist in this devolution of service delivery under LGA 2013, in ways that are based on transparency and accountability.

The IDS has important role in directly and indirectly alleviating poverty and facilitating the economic uplift of currently vulnerable regions. The issues it touches upon include civic amenities, clean drinking water, improved sanitation, health and hygiene conditions, street lights and infrastructure like roads, parks and recreation facilities. The strategy implies putting political representatives in charge of service delivery at the local level.

Challenges

Devolution of service delivery from provincial departments to the lower tiers involves huge operational and regulatory challenges:

- New service structures need to be created at local level, with the associated costs of capacity building of elected members.
- Weak governance systems in need of continuous nurturing for the foreseeable future
- The integration of municipal services at tehsil level and other social services at district level is a huge intuitional challenge.

What is being done?

With the passing of LGA 2013, the provincial government has moved toward a new regulatory regime that includes the citizenry in the devolved local government structure. Under the envisaged PFC Award, financial devolution from provinces to districts will take place. The PFC will ensure transparent and formula based distribution of resources that would also factor in equity considerations.

Government plans to decentralise government administration to improve service delivery. This involves establishing a local government system where political, administrative and financial responsibility and authority is devolved to local elected representatives. Devolving service delivery to the lowest tiers of village councils requires institution building at the lowest level, and government is planning to institute measures to cope with the transitional phase. In order to effectively deal with the issues arising during the transitional phase, an inclusive mechanism will be established; it will ensure representation from the political parties and government functionaries, also associating sector technical experts as needed.

The entire process involves confronting challenges relating to capacity building, re-engineering procedures, amending the rules of business, and consolidation of laws relating to the new institutions. Government has an ambitious plan to tackle the entire process, addressing issues of building capacity, setting up institutions, legislating, enacting new rules and regulations, and working smoothly through the transitional phase of devolving powers to the grassroots level.

Proposed initiatives

- Revising the rules of business under LGA 2013.
- Establishing village and neighbourhood councils replacing existing union councils.
- Integrating municipal services at tehsil level and other social services at district level.
- Constituting a PFC Award as a regulatory framework in the fiscal, administrative, planning, budgeting and accounting matters.
- Allocating resources on the basis of needs to districts for service delivery following the PFC Award.
- Improving the capacity of new local government employees and elected members to ensure they are better able to meet their responsibilities under LGA 2013.
- Notifying territorial wards for tehsil and district councils.
- Establishing Town Administrations as tehsils following the purposes of the Act, in City District Peshawar.
- Defining organisational succession and administrative-cum-financial control systems for local councils.
- Finalising and notifying the structure of the tehsil municipal administrations.

- Establishing local fund and public accounts of respective local councils.
- Empowering local councils to recover arrears of taxes or claims through distress sale of movable property.
- Determining and incorporating in Financial Rules the financial powers and powers of re-appropriation for officers in local governments.
- Notifying general powers of local councils.
- Positioning The Local Governance School as a focal point for capacity-building activities.
- Setting up a forum for overseeing the transition, fundamental to tackling issues that arise during the transitional phase of setting up local governments.
- Determining current expenditure including grants in lieu of octroi and zilla tax for local councils.
- Providing development grants for local councils equivalent to a minimum of 30% of the annual development budget of the province.
- Transferring a yearly development grant to the village councils on the basis of population
- Preparing options for special grants and grants-in-aid for local councils with particular conditions attached.
- Putting in place a regulatory framework to facilitate the regular transfer of allocated budgets to local councils.
- Transferring operation, management and control of devolved offices of government and their staff complement to respective district governments.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Conduct Elections	1,000.00	-	-	-
2	Establishment of Local Council Resource Centers	300.00	300.00	-	-
3	Capacity building and training - both elected members of local councils as well as govt. officers/officials at local level	200.00	800.00	-	-
4	Construction of office buildings for local councils, procurement of equipment/furniture, and recruitment of human resources for local councils	30.00	30.00	-	-
5	Decreasing disparity between urban and rural areas	1,820.00	1,528.00	693.00	-
	Total	3,350.00	2,658.00	693.00	-
	Current	1,200.00	800.00	-	-
	ADP Local	920.00	640.00	693.00	-
	FPA	1,230.00	1,218.00	-	-
	Others	-	-	-	-
	Unassigned	-	-	-	-



“The provincial government plans to completely overhaul the anti-corruption establishment through the Ehtesab Act...”

Transparency and Accountability

Challenges

OUTCOME(S)	OUTPUT(S)
1. Improved governance and institutional capacity	1.1 Provision of policy formulation, implementation and administrative services 1.2 Effective support services to ministers, advisors, and special assistants to Chief Minister and to civil servants
2. Stronger citizen-state social contract	2.1 Proactive governance (citizen feedback mechanism)
3. Capable, accountable, and responsive civil service	3.1 Human resource management policy and system established
4. Transparent and corruption free government	4.1 Implementation of Ehtisaab Commission Act and Conflict of Interest Bill

Due to years of poor governance and a lack of transparency and accountability, the state has failed to consistently and reliably provide for the basic needs of its citizens.

Secrecy in government operations and disregard for merit contributes to an inefficient public service. Corrupt practices are entrenched in institutional systems. The lack of effective state regulations, governance structures and, above all, effective implementation of laws and regulations has contributed to the persistent misuse of public offices and resources for personal gain.

Citizens are not empowered to ask questions and hold the powerful to account and nor are there enough statutory provisions enabling them to be part of the accountability process. The public at large suffers the most when scarce public resources are misused. Resultantly, citizens are denied their basic and fundamental rights, causing resentment and alienation. A lack of appropriate institutions, laws and rules, or the poor enforceability of existing legislation means there is a lack of transparency in public services/functions, and which is largely responsible for making dishonest behaviour easier to get away with.

The existing culture of non-transparent and corrupt practices has been entrenched over years of complacency. Entrenched vested interests who are used to thriving on the lack of transparency will respond with stiff resistance to any changes intended to institute a clean and responsible governance system. However, the commitment of the current government and political leadership to eradicating corrupt practices will help to overcome opposition and systematic hurdles in the objective to achieve accountability in all spheres of public services.

What is being done?

Citizen feedback mechanism

To improve the citizen–state relationship, a citizen feedback mechanism (CFM) has been developed and rolled out. The mechanism has already been operationalised and piloted, and capacity building of CFM personnel will be conducted

Strengthened legislative framework for enhanced accountability

The provincial government plans to completely overhaul the anti-corruption establishment through the Ehtesab Act and transform ehtesab procedures and administration. Swift progress has already been made by government in implementing the Act, which has already been passed. A Project Management Unit (PMU) has been established to provide secretariat support to the Ehtesab Commission. Draft rules for the Commission, a human resources policy and an anti-corruption strategy are to be finalised and shared with stakeholders for feedback, refinement and approval.

Right To Information Act, Right To Services Act and Conflict of Interest law have been promulgated to enable citizens to access state representatives and raise questions about their actions in discharge of public duties. The first two of these laws have been briefly introduced below.

Right to Information Act

The RTI Act is a vital step to guarantee citizen’s right to information and ensure transparency in government activities. It will provide an opportunity to the people of KP to strengthen democracy and make the government more accountable to the people. Since the actions of public entities will be exposed to public scrutiny, this will result in lower levels of corruption and act as an incentive to improve service delivery. The RTI Act requires the establishment of an Independent Information Commission, which enjoys operational and administrative autonomy.

Right to Service Act

The RTS Act 2014 ensures timely delivery of services to the public and recognises quality and timely service delivery as a right of the people of KP. The Act is the first of its kind in Pakistan and has been passed to ensure provision of quality services to the people within a specific period. The government has notified a set of services that, in the initial stage, will be regulated through this act. These initial services include issuance of Fard (land title documents), lodging of FIR (first information report about a crime to the police), getting birth/death certificate, registration of building plans and domicile etc. The services to be regulated through this Act will increase over time. The act requires the establishment of a Commission, which is currently being formed. Citizen facilitation centres will be piloted in selected districts and rolled out to all districts.

Strengthening of internal financial controls

Various measures to strengthen internal and financial controls will be implemented such as internal and management audit frameworks. Provincial Government plans to establish internal audit institutions in selected department in the beginning and later will extend it to remaining departments.

Improved human resource management

The rules and regulations relating to the human resource management of the province need revision. The current rules do not support effective performance management and in some cases these rules are based on manual processes which are now being replaced by modern technology. The Government will, through a comprehensive study review the existing system and on the basis of its findings, update and improve the existing system of rules and regulation.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Pro-active governance including citizen feedback mechanism (CFM) and Right to Services	70.00	70.00	70.00	70.00
2	Implementation of Khyber Pakhtunkhwa Ehtesaab Act 2014 (Accountability Law)	50.00	55.00	60.00	65.00
3	Implementation of Transparency Laws - Right to Information (RTI) Act	60.00	60.00	60.00	60.00
4	Implementation of Transparency Laws - Conflict of Interest Bill	40.00	40.00	40.00	40.00
5	Human Resource Management (HRM) Policy and Systems	-	-	-	-
6	Amendment of IT Board Act	-	-	-	-
7	Computerize record and issuance of vital documents e.g. Birth, Death, Domicile Certificates, Driving & Arms Licenses	42.30	-	-	-
8	Computerize registration of FIRs, Investigation of Crimes, etc. by the Police Department	94.90	30.00	-	-
9	Computerization of Property Tax Record	12.70	-	-	-
10	Create an Executive Dashboard to monitor service delivery indicators within government	6.00	-	-	-
11	Establish ICT regime: Complaint redress, e-procurement, Health MIS, recruitment and admission system, school attendance and MIS, traffic control, etc.	289.00	217.00	-	-
12	Establish a functional KP Information Technology Council (KPITC) to standardize the ICT efforts in the public as well as private sectors - dropped by the working group	-	-	-	-
13	Establish Citizen Services Gateway Portal as delivery channel for public services	175.05	324.60	-	-
14	Develop and promote IT in private sector and strengthening of IT Directorate	65.50	60.00	60.00	70.00
15	IT New initiatives after completion of existing		100.00	700.00	750.00
	Total	905.45	956.60	990.00	1,055.00

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
	Current	6.00	-	-	-
	ADP Local	679.45	731.60	760.00	820.00
	FPA	-	-	-	-
	Others	-	-	-	-
	Unassigned	220.00	225.00	230.00	235.00

“Improving the effectiveness of public expenditure by providing a better balance ...”

Increase Fiscal Space for Social Development

Provincial resources allocated and spent efficiently on Government priorities

OUTCOME(S)	OUTPUT(S)
1. Targeted excise and taxation collection for enhanced fiscal space	1.1 Effective assessment and collection of government taxes 1.2 Establishment of client friendly environment for better service delivery
2. Equitable resource allocation, transparent & efficient budget execution and fiduciary risk mitigation for improved well-being of the citizens	2.1 Participative, strategic, results oriented and accountable budgeting 2.2 Statutory Provincial Finance Commission Award ensuring evidence based equitable allocation of resources to districts for enhanced service delivery 2.3 Effective policy oversight and an accountable resource management system for sustainable fiscal space 2.4 Transparent, secure and profitable investment 2.5 Improved processes for sustainable pension payments to provide better services to senior citizens 2.6 Targeted subsidies for poverty reduction 2.7 Better debt management for sustainable fiscal space

Where we are

The province has an overwhelming fiscal dependence on federal transfers that it receives in the form of share from the federal divisible pool and through straight transfers. These transfers are volatile and further dependent on GDP growth rate and successful revenue collection by the federation. Predictability in federal transfers is severely hampered by insufficient collection of tax revenues, which often fail to meet targets, and the fluctuations in economic activity that occur in tandem with intermittent energy availability and the overall security-related uncertainty.

5.5% of provincial resources comes from provincial taxes. To enable more predictable forecasts on revenue receipts, the capacity to increase the share of provincial tax and non-tax receipts is a pre-requisite.

The fiscal space of the province is constrained by rigidity in key expenditure items:

- Wages and pensions;
- Inability of federal government to meet its revenue targets;
- Security-related expenditure;
- Relief measures in response to disasters and terrorist incidents; and The size of the government.

Expenditure management

The following are a set of recommendations for expenditure management reforms that the KP government is considering going forward:

- Developing a well-designed debt-management strategy. Given the borrowing powers conferred on the provinces in the 18th Constitutional Amendment, KP may consider revisiting its debt recording and management system in collaboration with the Economic Affairs Division at federal level (as Punjab is doing). This would help further manage the debt at provincial level and allow policy-makers to make better informed decisions.
- Given the huge expected pension liability, the province is considering an off-budget pension fund management system, which will also help in reducing the claim on the budget of pension payments.
- Strengthening the existing process of implementing output-based budget allocations for all new investments schemes. This ensures a move away from the current practice of artificially splitting the current and development budget allocation. It would start by initiating a process of consultative agreement between the Finance Department, P&DD and the line agency to achieve measurable output indicators.
- Improving the effectiveness of public expenditure by providing a better balance between the development and O&M allocations.
- The payroll and pension budget is increasing at a rapid rate. This has significantly affected budget credibility due to the substantial difference between the estimated payroll budget and actual payroll expenditure. There is a need to comprehensively tackle the issue of payroll. The Finance Department is considering commissioning a study on the sustainability of the salary budget and to analyse the impact of salary budget increases on service delivery.
- The government has established a committee that is rationalising expenditure by applying cuts on luxury expenses and creating the fiscal space for expenditure on more pro-poor items.
- The Integrated Financial Management Reform Strategy has been adopted and will be improved in the light of PEFA.

Potential from tax revenue

KP tax revenue was PKR 8.16 billion in 2012/13. KP's share in the federal divisible pool of tax revenues is 14.62%, which accounts for lions share in the total provincial receipts. In 2012/13, KP's total revenue of PKR 246 billion was dominated by federal tax assignment (PKR 160 billion), straight transfers (PKR 20 billion), 1% of the divisible pool on account of the war on terror (PKR 19 billion) and arrears on hydel profits (PKR 25 billion).

The provincial government, therefore, relies very heavily on revenues collected by the federal government and then shared or transferred to the provincial government. In 2012/13 the province's-own tax and non-tax revenues were 5.85% of total revenue receipts. In the last few years the KP government has enjoyed the benefit of arrears on hydel power profits amounting to PKR 25 billion per annum, but by 2014 the

province would have received all arrears, with no more such future transfers. However, there is another set of arrears where the payments by the federal government remain outstanding. The major sources of tax revenue for KP are: land revenue, GST on services, motor and vehicle tax, stamp duty and electricity duty.

What is being done?

Efforts are underway to improve the assessment and collection of land revenue through revisions of rules and the application of Information Technology.

Until 2012/13, GST on services was collected by the federal government on behalf of the provincial governments. A large part of these revenues was GST on telecom services. In 2013/14, KP decided to follow Sindh and Punjab and set up a Revenue Authority to collect the tax at the provincial level. It is estimated that, due to the establishment of an independent KP Revenue Authority, the collection of GST on services will increase many folds.

Improvements are underway to improve the yield of Motor Vehicle Tax which has two components, registration duty at the time of purchase of vehicle and an annual tax known as token tax. The tax base is mobile, and raising taxes above the rates of other provinces runs the risk of shifting the tax base from one to the other province.

Surveys will be conducted to bring more people/entities into the tax net, while the assessment of property for the collection of property tax will be improved.

Cost Estimates for Major Activities/Interventions (Rs in Millions)					
Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Fully functional and capable KPRA	100.00	110.00	120.00	130.00
2	Establishment of an Anti-Narcotic Force	-	100.00	-	-
3	Establishment of Tax Facilitation Centers at regional levels	200.00	-	-	-
4	Updating rules on Motor Vehicle and Urban property tax	-	2.00	-	-
5	Activation of Economic Advisory Cell	-	5.00	5.00	5.00
6	Reliable IT infrastructure for Excise and Taxation Department	-	2.00	2.00	2.00
7	Increase efficiency of tax collection through increased field visits	1.00	1.00	1.00	1.00
8	Training and Capacity Building	1.40	2.00	2.50	2.80
9	Activation of Complaint Cell	10.92	2.00	2.00	2.00
10	Capacity Building & Strengthening of Finance Department (Establishment of specialized wings for investment, banking, taxation and debt management)	-	100.00	100.00	100.00
11	Revitalization of District Financial Management Information System	15.00	15.00	40.00	30.00
12	Establishment of Monitoring Cell for Special Initiatives, PFC Resources and Recurrent Budget	10.50	90.00	150.00	100.00
13	Automation of Pension Payment System	27.91	-	-	-

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
14	Independent Survey for Taxable Unit & Assessment	19.00	-	-	-
15	Strengthening of Provincial Revenue Academy	90.00	50.00	50.00	45.00
16	Computerize land ownership record	612.90	805.33	885.87	974.45
	Total	1,088.62	1,284.33	1,358.37	1,392.25
	Current	101.00	113.00	123.00	133.00
	ADP Local	1,463.34	1,648.33	1,707.87	1,677.05
	FPA	-	2.00	-	-
	Others	-	-	-	-
	Un-assigned	-	-	-	-



“Due to its great variation in topography, climate and altitude, the province can take pride in the richness of its biodiversity.”

Cross-cutting Issues

This section covers cross-cutting issues, describing strategies that involve several sectors. Each cross-cutting theme has a leading department but programmes are implemented with the support of a variety of departments. The costs of various programmes are included under the implementing departments.

Environment

Where we are

OUTCOME(S)	OUTPUT(S)
1. Environment friendly Province	1.1 Pakistan Environment Act 1997 implemented for; Enhancing institutional capacity of Khyber Pakhtunkhwa Creating awareness on environmental issues Monitoring of pollution level in air, surface, water, underground Initiating studies on environmental issues
	1.2 Capacity building of Environmental Protection Agency, Khyber Pakhtunkhwa
	1.3 Conservation and improvement of forests and wildlife
	1.4 Development and strengthening of Non-Timber Forest Production
2. Human Resource Development	2.1 Skilled workforce
3. Improved Governance	3.1 Improved policy, planning, budgeting and monitoring

Environment–poverty link is critical in terms of the health and vulnerability dimensions of the livelihoods of the poor, who are particularly dependent on the natural resources of the province for their income.

KP is home to about 30.8% of Pakistan's forests and is a source of nearly 3.5 billion cubic feet of timber, mainly situated in Hazara, Dir, Swat, Chitral and Kohistan.³³ Forestry-related activities are labour intensive and thus represent a major source of employment and income for local communities. Forests also play a crucial role in maintaining ecological processes, in regard to protecting fragile ecosystems, watersheds and freshwater resources.

Due to its great variation in topography, climate and altitude, the province can take pride in the richness of its biodiversity.

Challenges

Soil degradation and rapid deforestation are depriving people of valuable resources such as optimal crop yields, fuelwood and food. Moreover, environmental hazards due to unsafe water, inadequate sanitation, waste disposal, and air pollution also disproportionately affect the poor. Environmental factors are responsible for a significant proportion of the disease burden in KP.

Among the most pressing environmental problems are a higher population growth rate, increased population density, the exodus to urban centres, congestion and pollution. Moreover, pollution caused by poor sanitary practices and waste disposal wreak havoc on the environment and worsen health outcomes

What is being done?

Green Growth Initiative

The provincial government has launched an innovative project, the Green Growth Initiative (GGI), to enhance forest area coverage and forest stocking from the present 20% to 22% by 2018. The GGI is aimed at offsetting the challenges of global warming and climatic change. It includes the setting up of national parks and the greening of the province by planting saplings with the help of the Forest Department, students, civil society organisations and educational institutes.

The following measures are also planned to reduce deforestation:

- To monitor encroachment of forests, the function and cadre forest magistracy are to be restored and the number of forest magistrates increased to ensure the quick disposal of forest-related offences and other encroachments. A forest force will also be established and deployed by mid-2014.
- The liberalisation of timber imports is being considered so that use of local timber could be reduced and forest resources thus saved.
- The rangeland policy will be developed to improve rangelands and enable local communities to have the maximum cattle hold.
- Forest protection/conservation awareness-raising campaigns will be held through JFMS.

Together with these and other sectoral interventions, the Environmental Protection Agency is also endeavouring to strengthen its capacity in the areas of environmental awareness raising and environmental monitoring.

33. Khyber Pakhtunkhwa, Forest department-<http://www.khyberpakhtunkhwa.gov.pk/Departments/Forestry/MassPlantation.php>

The Green Growth Initiative

The green development agenda, prepared by the provincial government's 'Green Growth Task Force', focuses on six broad areas: forestry, protected areas/national parks and eco-tourism, climate change and resilience, water and sanitation, clean energy and waste management.

Under the GGI, the provincial government plans to increase forest cover in the province by 30,000 hectares and enrich tree cover in 27,000 hectares of existing forests per annum. Upon successful implementation of the initiative, forest cover will be increased by 2% by from the existing 20% to 22%. Youth will be involved and encouraged to establish 'youth nurseries', thus creating jobs for youth.

The government will promote the eco-tourism sector and implement programmes for protected areas and parks. One safari park will be established in all 26 districts. Urban forestry will be encouraged by freeing public parks from land grabbers and extending protected areas by 5%, increasing to 17% in five years.

All of the proposed priority measures of the IDS are required to be environmentally assessed in order to ensure that environmental concerns are incorporated and mainstreamed in sectoral interventions. There is a large number of measures proposed under various sectors that have environmental implications:

- Improvement of spatial planning and management of urban land.
- Improvement in urban transportation system planning.
- Updating of urban development plans.
- Bringing cultivable wasteland into farming through the provision of irrigation and land development.
- Promotion of water saving measures and local water-harvesting schemes.
- Promotion of alternative energy sources – the Department of Energy and Power is implementing a range of clean energy projects.
- Rehabilitation and improvement of existing irrigation schemes.

Cost Estimates for Major Activities/Interventions (Rs in Millions)

Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Climate change observatory	9.21	7.25	-	-
2	Establishment/strengthening of labs and strengthening oversight to protect against environmental degradation	172.94	190.00	210.00	219.58
3	Strengthening, capacity building, and awareness campaigns for protection of environment both in public and private sector	70.59	56.04	70.00	85.00
4	Afforestation	649.88	700.00	725.00	750.00
5	Wildlife parks and preservation of wild species	420.10	88.70	90.00	95.00
	Total	1,322.72	1,041.99	1,095.00	1,149.58
	Current	-	-	-	-
	ADP Local	972.00	1,041.99	1,095.00	1,149.58
	FPA	350.72	-	-	-
	Others	-	-	-	-
	Unassigned	-	-	-	-



“...the Government of KP is determined to make concerted efforts to ensure that policies and budget-making processes are gender-sensitive.”

Gender Equity

OUTCOME(S)	OUTPUT(S)
1. Governance structures for women’s empowerment improved	1.1 Clear institutional mechanism identified with a mandate to implement and monitor women’s empowerment policy across government sectors, with key performance indicators specifying results for girls and women 1.2. Increased resource allocation 1.3. Departments held accountable for progress toward improving indicators specific to women and girls
2. A system of evidence-based policy formulation and governance (at all levels) to address equity and empowerment challenges for girls and women	2.1 Take stock of the available gender-disaggregated data 2.2 Establish a gender-responsive Management Information System from data across sectors 2.3. Dissemination and communication
3. Improved government responsiveness to reduce violence against women	3.1 Domestic Violence Bill tabled and passed 3.2 Improved support mechanisms in place (helpline, mobile courts, etc.)
4. Living conditions of marginalised and disadvantaged groups (especially women) improved	4.1 Expanded outreach of social protection/livelihood (and other) services to marginalised and disadvantaged groups (especially women) (e.g. BISP)

Where we are

Compared to men, women often have even less access to adequate and decent basic health, education and other public services. Women’s decision-making roles are often limited, both in the public and private spheres. Furthermore, women are often denied access to land, credit or inheritance. Violence against women also adds to women’s underprivileged position. Women who are beaten and oppressed as a result of violence are often not well placed to access rehabilitative or psychosocial services. While progress

has been made over time – mainly in the areas of education, employment and healthcare – women, and especially those who fall into multiple socially excluded groups, lag far behind men.

There has been little progress toward bridging the gender gap in recent years. The disparity in educational and health outcomes and employment related indicators presents a glaring picture of gender inequities. The Gender Parity index (GPI) in 2011/12 for secondary education and youth literacy at 0.59 and 0.60 respectively are far lower than the MDG target of 0.94 and 1.00. The GPI in primary education depicts a modestly encouraging trend up to 0.81 in 2011/12 against the MDG target of 1.00. The share of provincial women in waged employment in non-agricultural sectors of the province has dwindled alarmingly from 8.70% in 1990/91 to 6.54%³⁴ in 2011/12, which is far below the MDG target of 14%.

Challenges

The aftermath of natural disasters, conflict, displacement and political instability have all contributed to the complex issues related to women's empowerment and gender equity. Other contributing factors include:

- Weak institutional mechanisms and weak monitoring and accountability mechanisms;
- The lack of disaggregated data and analysis, and sector-specific targets for women and girls; and Outdated and discriminatory laws and procedures.

What is being done?

Nonetheless, the government and its leadership have expressed a commitment to gender equity and women's empowerment. To this effect, the government has set up the Provincial Commission on the Status of Women and revived the Women's Parliamentarians Caucus, in addition to ensuring that the SDPF and IDS have a demonstrated commitment to gender issues. These positive initiatives provide the foundation for a conducive environment for pro-women legislation. Furthermore, the government's focus on social accountability and citizen feedback allows the opportunity to leverage the demands and voice of citizens, especially within civil society and women's organisations.

Recognising the integral and cross-cutting objective of mainstreaming gender issues and the dire need to address gender disparities, the Government of KP is determined to make concerted efforts to ensure that policies and budget-making processes are gender-sensitive. To make gains toward gender equality and women's empowerment, the government plans the following actions:

- Mainstreaming of gender indicators for all IDS sector working groups.
- Designing of key performance indicators that are measurable and time bound, to monitor inputs and outputs and specify concrete results for women and girls.
- Collection and management of robust disaggregated government data to inform gender-sensitive policy and budget-making processes.

34. Pakistan MDG, Report, 2013

Sn#	Major Activities/Initiatives	2014-15	2015-16	2016-17	2017-18
1	Support to widows and persons with disabilities (PWD) via foundation	250.00	250.00	-	-
2	Center for excellence at Peshawar for persons with disabilities (SWD)	15.00	-	-	-
3	Treatment and Rehabilitations of drug dependents (NGOs and social welfare deptt)	210.00	61.34	-	-
4	Establishment of two Dastakari Centre each at Tehsil level in Khyber Pakhtunkhwa	60.90	80.33	80.33	80.33
6	Capacity building of government officers	5.50			
7	Gender Reform Action project Phase-II	14.00	15.50	15.50	-
8	Establishment of new Darul Amaan and strengthening of existing Darul Amans in Khyber Pakhtunkhwa	17.30	10.00	9.83	-
10	Learning, teaching materials and devices for SWD students	7.50	-	-	-
11	Establishment of special education centers/schools	158.70	143.36	90.00	110.00
12	In-service Training Institute for the staff and schools for SWD at Swat	-	150.00	-	-
13	Tanzeem Lissail-e-Wal Mahroom	50.28	50.00	-	-
14	Welfare Homes for children at Sawabi Hangu, Buner, Bannu	38.00	50.00	44.00	15.00
15	Funtionalization of Ten Working Women hostels in Khyber Pakhtunkhwa	52.84	50.00	43.00	-
16	Establishment of Vocational Training Centre in Khyber Pakhtunkhwa	16.00	12.00	20.00	12.00
17	Establishment of SW Complexes in KP	59.78	-	-	-
	Grand Total	955.80	872.54	302.66	217.33
	Total	150.00	10.00	42.00	52.00
	Current	499.96	415.27	217.66	165.33
	ADP Local	55.84	50.00	43.00	-
	FPA	250.00	250.00	-	-
	Others	-	150.00	-	-
	Unassigned				

“...the Government has provided a framework for donors to align their aid programmes with the strategic priorities of the Government”



Donor Harmonisation

OUTCOME(S)	OUTPUT(S)
1. Planning and development made effective and efficient	1.1 Improved policy, planning and developmental budgeting
	1.2 Informed decision making
	1.3 Improved donor harmonization

Where we are

To enhance the real value of aid and reduce the transaction costs of the administration of multiple aid programmes funded by various donors, the Government has provided a framework for donors to align their aid programmes with the strategic priorities of the Government and to incorporate in their country strategy in line with the strategy of the province. The continuous coordination process embedded in the sector coordination committees, bringing together donors and government counterparts, provides a channel for joint consultation and formulation of the programmes among the donors themselves and between government and donors.

What is being done?

In line with the principles of aid effectiveness outlined in the Paris Declaration, the government is providing an indigenous development agenda, a medium-term development strategy wherein ownership primarily rests with the government while donors adjust and synchronise their initiatives accordingly. The provincial government intends to ensure that donors increasingly use the province’s systems to channel their funding so that the predictability of budget support is enhanced. A key aim is that Public Expenditure and Financial Accountability (PEFA) assessment ratings on these indicators are improved during the next four financial years.

Annexure 1: Medium Term Fiscal Framework for Integrated Development Strategy Financial Year 2014-17

Description	PKR In Million			
	BE	FB	FBE	FBE
	2014-15	2015-16	2016-17	2017-18
Total Revenue	404,804	459,170	523,869	599,462
Federal Transfers	283,674	325,145	372,772	427,488
Federal Tax Assignment	227,121	258,918	295,167	336,491
1% for War on Terror	27,290	31,111	35,466	40,431
Straight Transfers	29,263	35,116	42,139	50,567
Provincial Tax & Non Tax Revenue	28,781	32,593	36,603	41,111
Provincial Tax Receipts	19,453	22,275	25,189	28,484
Provincial Non-Tax Receipts	9,328	10,318	11,414	12,626
Profits from Hydro electricity	12,000	6,000	6,000	6,000
Foreign Projects Assistance and Other Grants	27,558	35,682	46,244	59,932
Capital Receipts	8,519	10,250	10,250	10,250
Operational Shortfall	12,000	15,000	15,000	15,000
Likely Availability of NHP Arrears	32,272	34,500	37,000	39,681
Total Fiscal Space	404,804	459,170	523,869	599,462
(-) Cost of existing policy (Recurrent & Development)	333,404	367,258	376,831	400,348
Current Expenditure	250,000	289,601	336,403	390,769
Capital Expenditure	15,000	10,759	10,152	9,579
Ongoing developmental initiatives	68,404	66,898	30,276	-
Fiscal Space for New Initiatives	71,400	91,912	147,038	199,114
(-) Cost of new Policy	78,767	107,608	163,681	248,974
Funding Gap	(7,367)	(15,696)	(16,644)	(49,860)

Annexure 2: Monitoring and Evaluation

Provincial Government KP, established SDPF to realise the priorities of poverty reduction, inclusive growth and efficient governance system through its seven Sector Objectives. These objectives have been translated in the Integrated Development Strategy of the province. Policies and priorities of IDS are aligned with budget through the Medium Term Budgetary Framework (MTBF)/ Output based budget. The outcomes/ outputs in OBB are linked to the milestones of IDS within the constraints of fiscal space.

Provincial government has adopted a Monitoring and Evaluation Framework to track the implementation of IDS through monitoring of the performance indicators of IDS. Change Management Unit (CMU) in Planning and Development Department KP and Reform Implementation Cell in Chief Secretary's office will conduct continuous monitoring of key performance indicators to ensure achievement of the targets.

Sector	KPI	Baseline	2014-15	2015-16	2016-17	2017-18
Energy & Power	Units of energy produced and added to national transmission	104 MW generated	160Units of MW generated	260 Units of MW generated	360 Units of MW generated	460 Units of MW generated
Energy & Power	No. of jobs created	52,000 jobs created due to MW increase in energy	80,000 jobs created due to MW increase in energy	130,000 jobs created due to MW increase in energy	180000 jobs created due to MW increase in energy	2,30,000 jobs created due to MW increase in energy
Mines & Minerals	New roads constructed to provide access to mineral-bearing areas	No baseline	50 km roads constructed	50 km roads constructed	50 km roads constructed	50 km roads constructed
Agriculture	Annual growth rate of Agriculture	1.1 % per annum	growth rate of agriculture increased to 2%	growth rate of agriculture increased to 3%	growth rate of agriculture increased to 4%	growth rate of agriculture increased to 5%
Irrigation	Agricultural land irrigated	2.27 million acres irrigated	3.27 million acres area under irrigation	4.27 million acres area under irrigation	5.27 million acres area under irrigation	6.27 million acres area under irrigation
Industrial development	Growth rate of large scale manufacturing sector	2% growth rate of Large scale manufacturing sector	3% growth rate of Large scale manufacturing sector	4% growth rate of Large scale manufacturing sector	5% growth rate of Large scale manufacturing sector	6% growth rate of Large scale manufacturing sector
Labour force	Number of youth provided technical education Skilled labour force	20000 number of vocationally trained youths	22000 number of youths provided vocational training	25000 number of youths provided vocational training	40,000number of youths provided vocational training	40000 number of youths provided vocational training
Transport	Mass transit system (MTS)	No. MTS in place	MTS Under construction	MTS constructed	MTS Fully functional	MTS as a major means of transport to urban population
Home Deptt.	citizens satisfied with policy performance	No baseline	Baseline survey to establish the citizens' satisfaction with police performance	X percent more citizens satisfied with police performance	X percent more citizens satisfied with police performance	X percent more citizens satisfied with police performance

Sector	KPI	Baseline	2014-15	2015-16	2016-17	2017-18
Education	1000,000 Children out of school		700,000 out of school children	500,000 out of school children	300,000 out of school children	No of children out of school reduced to zero
	Primary Net Enrolment Rate	53% Primary NER	60% Primary NER	70% primary NER	80% primary NER	90% primary NER
	Completion/ Survival rate grade 1-5	42% completion rate	Completion rate improves to 50%	Completion rate improves to 60%	Completion rate improves to 70%	Completion rate improved to 80%
Health	Infant Mortality rate	76 infant mortality rate	Infant mortality rate reduced to 70	Infant mortality rate reduced to 60	Infant mortality rate reduced to 50	Infant mortality rate reduced to 40
	children immunized	80% children immunized	85% children immunized	90% children immunized	95% children immunized	100% children immunized
	Maternal mortality rate	275 MMR		MMR reduced to 200		MMR reduced to 140
	% of birth attended by skilled birth attendants	48% births attended by skilled attendants	Births attended by SBA increased to 58%	Births attended by SBA increased to 68%	Births attended by SBA increased to 78%	Births attended by SBA increased to 90%
Excise & Taxation Finance	PFC Award	PFC Award does not exist	PFC Award agreed and adopted	district and district allocations on PFC award	district and district allocations on PFC award	district and district allocations on PFC award
Establishment/ Administration	citizens feedback indicators	No baseline	Baseline survey to gather citizens' feedback	Citizens' feedback improves by X percent	Citizens' feedback improves by X percent	Citizens' feedback improves by X percent
Taxation Finance	PEFA Score	PEFA Baseline established for 2014		At least 5 PEFA indicators improved by one grade		At least 5 PEFA indicators improved by one grade
Gender Equity	Gender parity index in Primary education	.81 – GPI in primary Education		GPI improved to .85	GPI improves to .90	GPI improves to .95



