

Budgeting for rights

**Economy Watch: The Federal and
Provincial Priorities 2011-12**

December 2011



Human Rights Commission of Pakistan

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Introduction

The welfare and happiness of the people and the degree of respect for their basic human rights depends to a large extent on the volume of resources the state earmarks for the protection of social and economic rights. The matter has acquired greater importance than before after the ratification of the International Covenant on Economic, Social and Cultural Rights (ICESCR), under which the state has accepted the obligation to protect the relevant rights.

In view of this the HRCP decided this year 2011 to analyse the budgetary allocations by the federal and provincial governments in 2011-2012 and to examine certain specific issues of serious concern to the people.

Examining the budgets for 2011-2012 from a rights perspective we find that the allocations for the protection of social and economic rights instead of going up have been going down. The focus of federal budget continues to be national security and repayment of debt and matters of human security (health, education, employment, food security) do not receive due attention. This will become clear from the following figures:

Year 2011-2012

Federal Defence budget: Rs 582 billion

Social sector allocation: Rs 440.3 billion (24.3 per cent less than the allocation for defence)

(Federal and provincial budgets)

Social sector allocations

	2010-2011 (Budget)	2010-2011 (Revised)	2011-2012 (Budget)
Education	1.02 % of GDP	0.9%	0.9%
(Federal + 4 provincial budgets) While for years allocation of 4% of the GDP for education has been demanded / recommended by expert.)			
Health	0.53% of GDP	0.51%	0.45%
Housing	Rs 2.9 billion	Rs 1.02 billion	Rs 2.55 billion
Environment	Rs 35.2 billion	Rs 31.8 billion	Rs 37.2 billion
Refugees/IDPs/Disasters	Rs 5.01 billion	Rs 33.88 billion	Rs 8.4 billion
(12.5 billion in 2009-2010)			
Social security & social welfare	Rs 54.81 billion	Rs 39.36 billion	Rs 55.72 billion

The rights of the working people are affected by economic slowdown caused by power shortage. Energy is not the highest priority in the 2011-2012 budget; it comes after transport and communications. Only Rs 54.4 billion have been earmarked for the power sector.

In 2010-11, the federal and provincial governments allocated 21.5 percent of the budget to the protection of social, economic and human rights. They ended up spending 27.2 percent of the total in revised estimates. The budget for 2011-12 devotes a much smaller share of 20.9 percent. This is 4.65 percent of GDP, an amount less than the desired expenditure on education and health.

In its pre-budget Economy Watch, the HRCP had hoped that the budget would mark a break from the past neglect of rights in terms of allocations. In fact, the trend of declining allocations has continued. The failure to adequately tax the rich, rising security spending, wasteful ways of the government and unsustainable burden of debt do not leave much fiscal space to promote rights-based development.

Some specific issues are:

Minimum wage

HRCP has found that the system of minimum wage is not working satisfactorily. The fixation of a minimum wage is one of the means to protect the workers' rights to life, to a fair wage and a decent standard of living. However, the minimum wage in Pakistan has always been below the subsistence requirements of a worker. During the Musharraf period the minimum wage was Rs 4,200 p.m. The present government raised it to Rs 6,000 p.m. in 2009 and to Rs 7,000 in 2011. The wage is still grossly inadequate. Besides, there is no definite mechanism to enforce the minimum wage. As a result the number of workers actually receiving the minimum wages is a small percentage of the total. Workers demanding the minimum wage have to approach the Minimum Wage Authority and attend hearings, for which they lack material resources and expertise both, as cases linger on for long periods. The superior courts have taken exception to the stratagem of fixing the minimum wage through the Finance Act. It is therefore necessary to raise the minimum wage to a reasonable and fair scale, remove the lacunae in the relevant legislation and create an effective implementation machinery.

Social protection

Social protection or social 'welfare' can be broadly defined as provisions that "society provides to individuals and households through public and collective measures to guarantee them a minimum standard of living and to protect them against low or declining standards of living arising out of a number of basic risks and needs." This includes different forms of social assistance, subsidies as well as social insurance benefits provided by the state. The utility of social protection becomes even more pronounced in

situations of an economic downturn or in the aftermath of a natural disaster. Pakistan is thus a perfect illustration of a country that requires a well designed and an encompassing social protection programme. Pakistan has a number of social assistance programmes, including food and fuel subsidies, housing schemes, etc, in addition to Zakat, Baitul Mal and the Benazir Income Support Program (BISP). However, these have not had the desired impact, mainly because apart from the last three the rest remain wholly untargeted. In a situation where inflation and unemployment rates are high and social service delivery poor, a much larger cohort needs to be protected through instruments and mechanisms that are able to identify and support those most in need if increasing levels of poverty are to be effectively addressed. Lack of progress towards that goal so far does not inspire confidence that it is a matter of priority for the decision-makers.

Benazir Income Support Programme

The launch of Benazir Income Support Programme (BISP) was an important development on Pakistan's social protection landscape. Not only did it increase allocations for social protection from roughly Rs 10 billion in 2007 to more than Rs 50 billion in 2011, it also channeled them towards a targeted subsidy to the poorest and particularly to be dispensed amongst women of the household. While it is a fact that the real value of the Rs 1000 per month BISP funding has eroded over the last three years, it still constitutes between one-fifth to one-sixth of the expenditures of households in the lowest income segment. Initiation of the BISP was also seen as a tacit acknowledgement by the government that it wishes to move from untargeted to targeted subsidies. However, targeting instruments to date have been less than perfect, being dependent on provision of lists by parliamentarians but whetted through NADRA's database. After the poverty scorecard census across the country, once the shift is made to the poverty scorecard, the system could have a robust, transparent and verifiable system of beneficiary selection. This will also address an important point of skepticism regarding political interference in the choice of beneficiaries.

Subsidies

Protecting the poor also requires targeted subsidies for essentials such as food, fuel and electricity. Untargeted or universal subsidies defeat the very rationale for putting in place a system of subsidies. Amid the volatility in international food prices and the inability of the government to insulate domestic prices, food subsidy targeting those most in need should already have been introduced. However, the federal and provincial governments have chosen to stick to universal subsidies through the Utility Stores network, Ramzan packages and the Sasti Roti schemes, among others. In each of these programs, it is impossible to determine the number of beneficiaries and their socio-economic characteristics. Without a

beneficiary list and a system of verification, the subsidies are universal in character and the non-poor also become beneficiaries of these schemes. This is particularly true for the food and fuel subsidies prevalent right now as the non-poor disproportionately benefit from them. There is also a lack of consensus amongst the population on subsidisation for the poorest. In other words, the upper and middle classes of Pakistan have often used their political voice and influence with the state to divert subsidies toward themselves. Subsidisation of fuel prices and sugar last year are recent cases in point. Across the board/universal subsidies on fuel, electricity, gas, sugar, etc. have eaten up resources that could potentially have gone to provide better protection to the poorest and most vulnerable sections of society.

The federal and provincial budgets 2011-12

Watching economy from a rights perspective is an important item on the agenda of the Human Rights Commission of Pakistan (HRCP). Budgets reflect the policies and programmes of governments in the field of economy as well as society. The pattern of expenditure and resource allocations informs us about the priorities of the government. Most important, budgetary allocations tell us in concrete terms whether the state is taking a limited view of its affairs in terms of national security or a broader view in terms of human security. In a federation like Pakistan, the federal as well as provincial budgets have to be analyzed in a consolidated form to formulate a total view. This has become particularly important after the comprehensive devolution under the Eighteenth Amendment to the Constitution. The federal and provincial budgets for 2011-12 are the first following the effective devolution of 17 federal ministries. Despite implementing a number of donor-funded projects, gender-disaggregation of the budgets remains a distant dream. It is difficult to separate the allocations for women, children, the disadvantaged and the marginalized.

Human security

The focus of the federal budget continues to be national security and repayment of debts. Human security means focus on human life and dignity, not acquisition of military hardware. If children continue to die instead of going to school for a meaningful education, disease is not prevented, unemployment is widespread, food insecurity and poverty become chronic, ethnic and sectarian violence is rampant and any dissent from the exclusive ideology of the state is not tolerated, there is no human security. The Human Development Report 1994 viewed human security as “freedom from fear and freedom from want.” It also embraced “safety from chronic threats such as hunger, disease and repression as well as protection from sudden and harmful disruptions in the patterns of daily life whether in homes, in jobs or in communities.”

The federal budget 2011-12 earmarks Rs 495.2 billion for defence. This official definition only includes the demands for grants for Defence Division and Defence Services. The true extent of defence expenditure requires a number of adjustments. In the first place are the expenditures made by the Ministry of Defence on airports security force, meteorology, Survey of Pakistan, federal government educational institutions in cantonments and garrisons, development expenditure of Defence Division and development expenditure of federal government educational institutions in cantonments and garrisons. With these additions, the defence budget goes up to Rs 505.7 billion. Secondly, the current and development expenditures of Defence Production Division add another Rs 2 billion. Thirdly, military pensions, taken out of defence budget in 2000, amount to Rs 73.2 billion. Lastly, around Rs 1.1 billion has been allocated for the recurrent budget and seven development projects of universities controlled by the military. These additional allocations increase the defence budget from Rs 495.2 billion to Rs 582 billion. Reportedly, an allocation of Rs 150 billion shown in the budget as a contingent liability is to be used for the armed services development programme. Again, expenditure on nuclear programme and the intelligence agencies is hard to pinpoint

Leaving these grey areas aside, the defence budget of Rs 582 billion will consume 21 per cent of the total budget and 29.8 per cent of the revenue to be collected by the Federal Board of Revenue. As a percentage of GDP, defence budget is estimated at 2.8 per cent of GDP. This is far more than the countries with a similar size of GDP spend on this head. This eats right into the fiscal space for social sector and human security. Against the official defence allocation of Rs 582 billion, the entire social sector allocation by the federal and four provincial governments is Rs 440.3 billion. The latter is 24.3 per cent less than the former.

Rule of law

Pakistan's internal peace has been seriously disrupted since 9/11. Sectarian conflict had already taken a violent turn earlier. The attack on twin towers and the consequent US attacks on Iraq and Afghanistan added an even more violent dimension to the rising challenge to the writ of the state. As a result, there has been a massive increase in the expenditure on internal security or law and order from Rs 31 billion in 2001-02 to Rs 211.53 billion in the federal and provincial budgets of 2011-12. The actual expenditure is likely to be more, as it was in 2010-11. Against the budget allocation of Rs 193.26 billion in 2010-11, the revised expenditure was Rs 205.31 billion.

Law and order is a provincial subject. Out of the total allocation of Rs 211.53 billion in 2011-12, federal government has provided in its budget a sum of Rs 59.21 billion. The balance is provided for in the provincial budgets. The largest amount of Rs 62.93 billion has been allocated in the Punjab budget, followed by Rs 37.94 billion in Sindh, Rs 21.88 billion in Khyber Pakhtunkhwa and Rs 10.2 billion in Balochistan.

Law and order institutions and functionaries are responsible for preventing threats to internal security, catch those in violation and prosecute them in courts by properly investigating their cases. Finally, justice administration has to ensure that the culprits are punished in accordance with the law. From Rs 2 billion, expenditure on justice administration has risen sharply to Rs 11 billion in 2009-10. The total allocation in the federal and provincial budgets for 2010-11 was Rs 14.83 billion, and the utilization was higher than the budgeted amount – Rs 15.94 billion. In the budgets of 2011-12, the allocation is even higher, i.e. Rs 19.38 billion. The break-up is as follows: federal government, Rs 3.46 billion; Punjab, RS 8.25 billion; Sindh, Rs 3.89 billion; Khyber Pakhtunkhwa, Rs 2.24 billion; and Balochistan Rs 1.54 billion.

Clearly, the budgetary expenditure related to rule of law has increased phenomenally. However, it is not enough to spend money. The number of dead, injured and affected in other ways due to the weakening rule of law has been rising. Target killings, sectarian killings, suicide bombings, kidnappings, bank robberies, and dacoities have been on the rise. Only a few are arrested and even fewer are convicted for lack of evidence, perfunctory prosecution and courts' being under intimidation.

Education

Everyone's right to education has been recognized in Universal Declaration of Human Rights (Article 26) and the International Covenant on Economic, Social and Cultural Rights (Article 13) made it more specific:

- Primary education shall be compulsory and available free to all;
- Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by every appropriate means, and in particular by the progressive introduction of free education;
- Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education;

In 2010, after 63 years of independence, the Constitution of Pakistan recognized the right to education as a fundamental right through the eighteenth amendment. Article 25(A), inserted to give effect to the right to education, reads as follows: "The State shall provide free and compulsory education to all children of the age of five to sixteen years in such manner as may be determined by law." Education has largely been a provincial subject, but the federal government had encroached upon the provincial autonomy in education. The provinces are now fully responsible for the education sector. The federal government is concerned only with standards of higher education and international student exchange. Higher education, curriculum, syllabus, planning and policy are with the provinces. This is a reflection of the fact that Pakistan is a multicultural country.

The Human Rights Commission of Pakistan and several other organizations have been recommending that:

- Budgetary allocation for education must be increased to at least 4% of the GDP.
- Girls should not just be provided schools but also a safe and comfortable environment
- The inclusive model of schooling should be implemented in primary schools to encourage not just higher enrollments but also making sure that children stay in school.
- A healthy debate on curriculum reform should be generated
- Higher education must not be considered a luxury meant only for those who can afford it; the need for scholars and experts in different fields must be recognized and able students must be given state support.

Far from increasing the budgetary allocation to education as a percentage of

GDP, the state has been curtailing the already meagre allocation. The HRCP proposes that, in line with recommendations made by international community, 4 per cent of the GDP should be allocated to the education sector. The Fiscal Responsibility and Debt Limitation Act (FRDL), 2005 required doubling of the expenditure on education as a percentage of GDP within ten years, which comes to an increase from 2.1 per cent in 2004-05 to 4.2 per cent by 2014-15. The education policy announced by the federal government requires allocation for education to rise to 7 per cent of GDP by 2015. The highest that the country has gone was in 2007-08 when the expenditure to GDP ratio was 2.4 per cent. It was expected that devolution would, on the one hand, contain the unrealistic targets of expenditure to GDP ratios and, on the other hand, ensure a steady increase. This, unfortunately, is not the case in the budgets. The total allocation in the federal and provincial budgets for 2010-11 was a mere 1.02 per cent of GDP. In the revised estimates of the same year, it came down to 0.9 per cent. The budget for 2011-12 keeps its target at the revised level of the previous year, i.e. 0.9 per cent. As a percentage of the total budgetary outlays for 2011-12, education constitutes only around 4 per cent. In the budget for 2010-11, the total allocation was Rs 170.5 billion but the revised expenditure was lower by 5.5 per cent. The budget allocation for 2011-12 is higher at Rs 190.3 billion, but the actual spending is likely to be lower, as in the past.

While the eighteenth amendment makes elementary education a fundamental right, and envisages free and compulsory primary education, the budget allocation in 2011-12 for primary education is Rs 31.26 billion and for secondary education Rs 46.19 billion, which together is smaller than the allocation of Rs 94.37 for universities, colleges and institutes. Thus the priority still is for higher education. With these priorities, the Millennium Development Goal 2 relating to universal primary education by 2015 is simply not achievable. This level of the budget will slightly increase enrollment, but will not go far enough to promote inclusion, provide safe and comfortable environment for girls and reduce the dropout and improve the retention rates. Better pupil teacher ratios, instructional time and learning materials, improved quality of teacher training and better textbooks continue to be neglected by the budget makers. Devolution should allow more relevant curriculum and adoption of mother tongue now considered the most effective means of instruction at the elementary level as the medium of instruction. Provincial budgets fight shy of these issues. Higher education requires money, but there is need for a shift from design quality to implementation quality with a focus on students, teaching, teacher training and faculty research capability and not just enrollment and buildings. Higher education should be selective and merit-based, with adequate state support for those who cannot afford it.

Measuring quantity and chasing elusive expenditure-GDP ratios has done

more harm than good to the education sector. As a matter of fact, law and order has now replaced education as the major head of the provincial budgets in the case of Punjab and Sindh. Implementation quality must become the top priority. Good education is essential for good governance, as it produces citizens aware not only of their rights but also duties.

Health

According to Article 25(1) of Universal Declaration of Human Rights, “Everyone has the right to a standard of living adequate for the health and well being of himself and of his family, including ... medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.”

Article 38(a) and (d) of Constitution of Pakistan states that “The state shall secure the well-being of the people, irrespective of sex, caste, creed and race ... provide basic necessities of life, such as ... medical relief, for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment. ...”

After the devolution, the federal ministry of health has ceased to exist. Health is now a provincial subject. Federal government is now concerned only with port quarantine, insofar as the Federal Legislative List, Part I, is concerned. The regulation of medical professionals is now included in the Federal List, Part II. The abolition of the Concurrent List brings provinces the subjects of drugs and medicines, poisonous and dangerous drugs, prevention of the extension from one province to another of infectious or contagious diseases or pests affecting men, animals or plants, and mental illness and retardation, including places for the reception or treatment of the mentally ill and retarded. Vertical programmes and population welfare though devolved, have been shown in the budget of the Planning Commission for federal funding during the agreed period of transition.

The HRCP has been recommending that:

- Allocation of resources for health has always been low in Pakistan. The trend must be reversed to recognize health as a fundamental right.
- Rural-urban disparities in the quality of healthcare must end.
- A firm commitment for giving priority to the health needs of women and children
- Inclusion of emergency healthcare plans in the disaster management manual, a key lesson of the 2010 floods.
- Population planning should be integrated into the health system.

The story of health in the federal and provincial budgets of 2011-12 is worse than education. In the year of 2010-11, the budgetary outlay for health

worked out to 0.55 per cent of the GDP. The revised estimate was 0.51 per cent of the GDP. The 2011-12 budget envisages an even lower ratio at 0.45 per cent of GDP. According to the Fiscal Responsibility and Debt Limitation Act, 2005, this ratio had to be doubled from 0.6 per cent of the GDP in 2004-05 to 1.2 per cent of the GDP by 2013-14. There is no way this target can be achieved. The share of health in the combined budgets of the federal and provincial governments is just 2.03 per cent in 2011-12, which is lower than 2.22 per cent in the previous budget and 2.16 per cent in the revised estimates of 2010-11. Instead of reversal, as per HRCP's recommendation, allocation of resources for health continues to be low and declining. There is no move towards recognizing health as a fundamental right. The large bulk of the allocation is on major hospitals and clinics in the budget for 2011-12 as well. Out of a total of Rs 95.69 billion, only Rs 2.28 billion are for mother and child and Rs 10.34 billion for preventive and primary health. No conscious effort to reduce rural-urban disparities in access to basic health facilities is in evidence. Emergency healthcare plans are still not an integral part of disaster management arrangements. The people are suffering from the 2011 floods, while the lessons of the 2010 floods have not been learned. With health devolved to the provinces, along with the population programme, there is some hope that the two will merge for effective delivery of reproductive health. The budgets do not suggest anything in this direction.

Housing

Article 38(a) of the Constitution of Pakistan states that “The state shall secure the well-being of the people” and, according to clause (d) of the same Article, “provide basic necessities of life, such as food, clothing, housing, education and medical relief for all such citizens, irrespective of sex, caste, creed or race, as are permanently or temporarily unable to earn their livelihood on account of infirmity, sickness or unemployment.”

Article 25 (1) of Universal Declaration of Human Rights declares: “Everyone has the right to a standard of living adequate for the health and wellbeing of himself and his family, including ... housing ... “

Article 11 (1) of International Covenant on Economic, Social and Cultural Rights recognizes “the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions...”

The HRCP has been recommending that:

- The government must adopt a long-term housing development strategy for the whole country, instead of focusing on construction of houses for selected segments of society in cities alone.
- A uniform policy to address the problems of slum-dwellers across the country and to meet the housing needs of the poor must be urgently introduced.
- Open/green spaces in cities should be provided for public use.
- To avoid contradictory building rules, there should be an umbrella authority to coordinate and create a uniform code for all areas of the cities.
- Thousands of flats have been built in key cities as an investment, and remain empty due to defective rent laws. These laws should be suitably revised.

Pakistan's housing shortfall is around 8 million units and growing. The estimate does not include the rural housing deficit. In eight years beginning 2001-02, the federal and provincial governments spent a total of Rs 2.51 billion on low cost housing. In the ninth year, i.e. 2009-10, the budgetary allocation increased to Rs 4.7, billion signalling the arrival of democratic governments. However, actual expenditure was Rs 1.8 billion. The trend continues in recent budgets. An amount of Rs 2.94 was allocated in the budgets of 2010-11, but actual expenditure was Rs 1.92 billion, about a billion less than the budgetary allocations. The amount budgeted in 2011-12

is Rs 2.55 billion, which is less than the previous budget. The federal government had announced Prime Minister's One Million Housing Programme for Low Income Groups. The allocation in the 2011-12 budget is negligible, despite the claim made in the Annual Plan 2011-12 that the scheme would be implemented on a fast track basis.

In Punjab, Ashiana Housing Project for low income groups, 3 Marla Housing Scheme for the shelterless and Area Development Scheme for low and middle income groups have been launched. Financial allocations are low and underutilized. Thus the budget for 2010-11 allocated Rs 1.87 billion, but the utilization was only 23 per cent. The allocation in 2011-12 is 1.37 billion, less than the previous year's budget. Allocations in Sindh and KPK are negligible. The KPK government plans to establish a land bank for housing schemes. Balochistan made a budget allocation of Rs 0.53 billion in 2010-11, but the utilization was more than double at Rs 1.18 billion. The allocation for 2011-12 is Rs 1.11 billion.

Instead of a long term housing policy for the entire population, poorly conceived and badly implemented specialized housing schemes continue to be adopted. The New Economic Growth Framework of the Planning Commission proposes to address housing shortages through the private sector. Rural housing continues to be ignored. Open/green spaces in cities for public use are shrinking. Changes in building codes are marginal and rent laws fail to address the emerging problems. Regularization of katchi abadis is an ongoing programme. The budgets do not inform us about the progress made so far. There is, however, a target of covering 0.25 million population in 2011-12.

Environment

Legal Principles proposed for Environmental Protection and Sustainable Development include Article 1, stating that “All human beings have the fundamental right to an environment adequate for their health and well-being.”

The HRCP has been recommending that:

- The government must realize that no economic gains are worthwhile or sustainable at the cost of environmental degradation.
- Government officials and all those responsible for decision-making must be better educated on the hazardous consequences of climate change and environmental deterioration.
- The environmental judicial and regulatory institutions, including the provincial environmental tribunals, the environmental magistrates, and the federal and provincial EPAs, should be strengthened. They must be freed of political and big business pressures.
- All segments of society must promote simplicity of lifestyle as a means to tackle the present over-consumption in the world.

Pakistan faces a number of environmental problems. These include unsustainable exploitation of natural resources and rising levels of air, water and soil pollution. An elaborate institutional structure, policy framework, laws and judicial tribunals, have been set up. All this has neither translated into effective environmental governance nor the budgets have provided adequate financial resources. A World Bank study estimates the global economy can achieve a low carbon, resource efficient character if 2 per cent of global GDP is allocated to agriculture, buildings, energy, fisheries, manufacturing, tourism, transport, water and waste management. Neither the world nor individual countries are ready to spend the requisite amounts. Pakistan is, as yet, a low carbon but resource inefficient economy. The cost of environmental degradation is upwards of 6 per cent of the GDP. It is, however, not realized fully that economic gains cannot be sustained at the cost of environmental degradation. Despite the presence of the necessary institutional paraphernalia and the work of the Task Force on Climate Change, government officials and those responsible for decision-making do not factor in the hazardous consequences of climate change and environmental deterioration.

Budgetary allocations reflect this thinking. Except for CNG use, Pakistan is already lagging way behind on indicators of Millennium Development Goal 7 - Ensuring Environmental Sustainability - which include the extent of forest cover, protected land area reserved for conservation of wildlife, GDP per unit

of energy use, access to safe drinking water sources and sanitation. In the federal and provincial budgets of 2010-11, Rs 35.2 billion were allocated for the MDG 7, but only Rs 31.8 billion were utilized. The budgets for 2011-12 have been enhanced to Rs 37.2 billion. The eighteenth amendment has devolved the subject of environment to the provinces. They will have to manage the transition wisely and make greater allocations following the significant increase in their share under the Seventh NFC. While federal funding has become the smallest component in the total allocation of Rs 37.2 billion, it is to be noted that Sindh and KPK have allocated in 2011-12 budgets lesser amounts than in 2010-11 budgets. In 2011-12, Punjab and Balochistan have allocated larger amounts than the previous year's budgets.

Refugees/internal displacement/disasters

According to the Universal Declaration of Human Rights, Article 1, “All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.”

The HRCP has been recommending that:

- The state must ensure that repatriation of Afghan refugees is voluntary.
- Effective steps must be taken to appropriately respond to the assistance and protection needs of refugees and internally displaced persons with additional vulnerabilities on account of their religious belief, age, gender, sickness, or physical and mental disabilities.
- A comprehensive framework for assistance and protection of the displaced as well as for preventing internal displacement in the first place must be developed.
- The mechanism for disaster management and mitigation is in urgent need of improvement. Implementation structures must be devolved right down to the village level in order to improve administration, implementation and efficiency of the exercise in order to help the affected population.

The drowning of Sindh under recent floods caused mainly by unprecedented rains, with millions looking for food, medical relief and shelter demonstrates that the unparalleled floods in July-September 2010 taught nothing to the official machinery. Earthquakes, floods, refugees, IDPs and, more recently, the dengue epidemic in Punjab, are all beyond it. The entire disaster management structure raised since the earthquake of 2005 is in tatters. The number of internally displaced persons following campaigns against extremism has declined but many remain homeless. The deadline for a million Afghan refugees that are still in Pakistan has been extended to the end of 2012.

In the federal and provincial budgets of 2009-10, an allocation of Rs 11.1 billion was made for natural calamities and other disasters. Actual expenditure was Rs 12.5 billion, or 12.9 per cent more than budgeted. In the following year's (2010-11) budget the government lowered its guards and

slashed down the allocation to Rs 5.01 billion. Massive floods in the first quarter of the fiscal year made nonsense of the budget allocation. Actual expenditure was about 6 times more at Rs 33.88 billion. The budgets for 2011-12 have made the same mistake and allocated only Rs 8.04 billion. The affected province of Sindh has allocated only Rs 0.28 billion in its budget for 2011-12, disregarding the fact that the actual expenditure in the previous year was Rs 10.4 billion.

Labour

The constitution of Pakistan has a number of Articles related to labour rights. “The state shall ensure the elimination of all forms of exploitation and the gradual fulfillment of the fundamental principle, from each according to his ability, to each according to his work” - Article 3

“Slavery is non-existent and forbidden and no law shall permit or facilitate its introduction into Pakistan in any form. All forms of forced labour and traffic in human beings are prohibited. No child below the age of 14 years shall be engaged in any factory or mine or any other hazardous employment” - Article 11 (1-3)

“Every citizen shall have the right to form associations or unions, subject to any reasonable restrictions imposed by law in the interest of sovereignty or integrity of Pakistan, public order or morality.” - Article 17(1)

“The state shall make provision for securing just and humane conditions of work.” - Article 37(c)

The 18th Amendment has made labour a provincial subject and the authority to make laws stands transferred to the provinces.

The HRCP has been recommending that:

- In order to protect workers against loss of jobs and prevent unrest the government must attach the highest priority to meeting the energy needs of the productive sector so that workers do not suffer disruption of work and consequent loss of income.
- The workers are among the sections of society that are hit worst by inflation. Not only a way should be found to relate wages to the rising cost of living, the government must also ensure that no one is paid less than the minimum wage.
- The task of making laws to secure implementation of the Covenant on Economic, Social and Cultural Rights must be pursued with the maximum speed possible.
- The objective of eradicating bonded labour should be given the priority it deserves and new, feasible strategies worked out in this regard.
- Pakistan needs a strong trade union movement and special efforts need to be made to remove workers' grievances arising subsequent to the adoption of the 18th Amendment.
- A new child labour survey must be conducted to assess the current

situation and to develop the law and policies accordingly.

In the federal budget 2011-12, energy is not the highest priority. It comes after transport and communications. An allocation of Rs 54.4 billion has been made for power. Annual Plan 2011-12 admits that substantial resource injection is required in the energy sector to achieve growth targets of manufacturing and services. The budget allocates Rs 32.5 billion to WAPDA and Rs 20.2 billion for nuclear power projects. WAPDA and PEPSCO must self-finance the balance of the total programme cost of Rs 137 billion. All efforts to reform these organizations have failed. Self-generation of resources to the required level by these organizations is unlikely. Less than a billion rupees have been allocated for petroleum and natural resources. All these are long-term projects. Provision for the energy needs of the productive sectors can thus take some time, which does not augur well for jobs. Reform to push conservation and efficient utilization of capacity for quick additions to supply has not been given the attention it deserves.

Minimum wage and workers' pension have been increased. The increase in minimum wage is 16.7 per cent from Rs 6000 to Rs 7000, which is not enough to compensate for the double-digit inflation of past three years. Work on legislative, executive and policy measures to secure implementation of the Covenant on Economic, Social and Cultural Rights required after ratification leaves much to be desired. The constitutional reform through the eighteenth amendment has not transferred economic, social, and cultural rights from the chapter on principles of policy to the fundamental rights chapter except for the right to education and information. Information on bonded and child labour is poor and whatever actions are taken do not constitute concerted policy. Unions believe that the devolution of the subject of labour under the eighteenth amendment is likely to divide labour movement and its welfare arrangements. Some holding action has been taken, the devolution should be implemented without hurting the interests of workers.

Federal and provincial governments allocated Rs 54.81 billion for social security and social welfare in the budgets for 2010-11. The utilization was far less at Rs 39.36 billion. An amount of Rs 55.72 billion has been allocated in the 2011-12 budgets. Out of this, Rs 51.9 billion is contributed by the federal government, most of which relates to Benazir Income Support Programme. Programmes of workers' welfare are implemented outside of the budgetary framework. These are Employees' Old Age Benefit Institution (EOBI) and Workers Welfare Fund (WWF), which now stand devolved. The EOBI provided Old Age Pension, Invalidity Pension, Survivors Pension and Old-age Grants amounting to Rs 3.2 billion to 590,246 beneficiaries in 2009-10.

The WWF finances housing projects for the workers other welfare measures

such as education, training, re-skilling, apprenticeship, marriage and death grants and post-matric scholarships for the welfare of workers.

Conclusion

In 2010-11, the federal and provincial governments allocated 21.5 percent of the budget to the protection of social, economic and human rights. They ended up spending 27.2 per cent of the total in revised estimates. The budget for 2011-12 devotes a much smaller share of 20.9 per cent. This is 4.65 per cent of GDP, an amount less than the desired expenditure on education and health. In its pre-budget Economy Watch, the HRCP had hoped that the budget would mark a break from the past neglect of rights in terms of allocations. In fact, the trend of declining allocations has continued. The failure to adequately tax the rich, rising security spending, wasteful ways of the government and unsustainable burden of debt do not leave much fiscal space to promote rights-based development.

Appendix-I Budgetary allocations

Sources of funds	Rupees in billion 2011-12	%	Rupees in billion 2010-11 Revised	%
*Net revenue receipts	1,529	55.2	1,238	48.4
Net capital receipts	395	14.3	459	17.9
External receipts	414	15.0	290	11.3
Estimated provincial surplus	125	4.5	120	4.7
Bank borrowing	304	11.0	452	17.7
Total sources of funds	2,767	100	2,559	100

Application of Funds

General public services (including debt servicing)	1,660	60.0	1,656	64.7
Development expenditure	452	16.3	263	10.3
Defence affairs & services	495	17.9	445	17.4
Public order & safety affairs	60	2.2	59	2.3
Economic affairs	50	1.8	80	3.1
Others	50	1.8	56	2.2
Total application of funds	2,767	100	2,559	100

* Net Revenue Receipts

Direct and indirect taxes	2,074	135.6	1,679	135.6
Non-tax revenue	658	43.0	557	45.0
Gross revenue receipts	2,732	178.6	2,236	180.6
Less: provincial share in taxes	1,203	78.6	998	80.6
	1,529	100	1,238	100.0

* Out of which Federal Board of Revenue collection was estimated at Rs 1952 billion.

Appendix-II Budget at a glance 2011-12

RECEIPTS		EXPENDITURE	
(A) Tax revenue*	2,074	A. Current	2,315
(B) Non-tax revenue	658	Interest payment	791
- Gross revenue receipts	2,732	Pension	96
- Less provincial share	1,203	Repayment of foreign loans	243
I. Net revenue receipts (A-B)	1,529	Defence affairs & services	495
II. Net capital receipts	396	Grants and transfers	295
III. External receipts	414	Subsidies	166
IV. Estimated provincial surplus	125	Running of civil government	203
		Provision for pay & pension	25
V. Bank borrowing	304	B. Development	452
		PSDP	355
		- Federal government	300
		Development loans & grants to provinces	55
		Other dev. expenditure	97
Total resources (I to V)	2,767	Total expenditure (A+B)	2,767

Working of fiscal deficit and financing Budget 2011-12

Working deficit		Financing of deficit (Rs in billion)	
a) Total revenue and grants	1,656	Gross External Loans	287
Federal revenue (net)	1,529	Less repayment	279
Grants	127	Long term foreign loans	243
b) Total federal expenditure	2,504	Short term foreign loans	36
Current expenditure	2,072	i) Net external financing	8
Development and Net lending	433	ii) Domestic Financing	716
PSDP	300	Bank financing	304
Other development expenditure	97	of which SBP financing	0
Net lending	36	Non bank financing	413
c) Federal deficit (a-b)	-849	Public debt	248
Est. provincial Surplus	125	Public Account	164
Overall fiscal deficit	-724	Total financing of deficit	724
% of GDP	-3.4%	% of GDP	3.4%
Overall fiscal deficit (excluding grants)	-851		
% of GDP	-4.0%		