

## Inaugural Address

M. AKRAM SHEIKH

*Distinguished Guests, Excellencies, Ladies and Gentlemen:*

It gives me great pleasure to inaugurate the 23rd Annual General Meeting of the Pakistan Society of Development Economists. I am particularly happy at the choice of theme for this year's conference i.e. "Environment and Natural Resource Management: Issues and Challenges", as it shows the deep concern of Pakistani economists that economic development and growth cannot go on indefinitely without limit and without regard to our habitat and environment. I will invite your attention to a few areas which are impacting Pakistani development strategies.

Our planet just cannot sustain its present and future population numbers, if the current global trends of consumption continue in the attitude of business as usual. We have witnessed the effect of this most acutely in the last couple of years, with major increases in prices of most food commodities, minerals and metals, and of course fossil fuels. Globally, the amount of land on which we grow our food has been shrinking every year, and has actually fallen to less than half of the *hectares per capita* used for grain production fifty years ago.

The sheer scale of the problem becomes clear when we add degradation of water, land and usable energy resources to the equation. Let me first dwell a little on the increasing insecurity in water and food.

If current water consumption patterns continue unabated, projections show that almost half of the world's projected population (3.5 billion people)—will live in water-stressed river basins in 2030. Everywhere, the demand for water to raise our crops or feed our industry is being increasingly met by pumping water from underground aquifers. Everywhere, the consumption of water is much higher than its re-charging, with the result that all the great river basins of the world are being degraded and depleted of usable water.

Pakistan has not managed its water resources with care and is right on top of the list of water stressed countries, with water availability falling from 5000 cubic meters per capita in 1951 to 1100 cubic meters in 2006, due to rapid population growth. Inequities in the water distribution are also of critical concern.

The country's current storage capacity at 9 percent of average annual flows is very low compared with the world average of 40 percent. Further, on average, 35 MAF of water flows into the sea annually during the flood season. In addition, extensive damages result due to flooding. Without additional storage, the current storage will further go down by 12 percent over the next decade. Increasing storage capacity is thus of paramount importance.

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World-wide, nearly 70 percent of all available freshwater is used for agriculture, as against 90 percent in Pakistan. This larger percentage further speeds up the deterioration of freshwater quality through agrochemicals (fertiliser and pesticides). Discharge of untreated industrial effluents has serious negative impact on the environment and human health through water borne toxins and diseases. Growing urbanisation will further add to the burden of managing municipal and human waste.

The situation is accentuated by the looming climate change. Its impact and capacity to de-stabilise the geographical *spread* and *location* of human habitats is only just beginning to be understood. When climate change combines with over exploitation of our natural resources, we enter the dangerous zone of intense competition for their access and ownership. This increases Pakistan's vulnerabilities in its transition towards a high level of sustained growth over the long term.

Our vision for Pakistan in 2030 is an efficient, competitive, and sustainable agriculture system which will ensure food security, rural livelihood, and will contribute to the economic development of Pakistan.

Few people would have accepted that Pakistan would be able to feed its growing population, which increased from around 34 million in 1947 to 160 million in 2007. Not only has this been achieved, rice has actually been exported every year, and even wheat occasionally. Pakistan has achieved food self-sufficiency, tripled its agricultural exports, reduce poverty, increase income levels, and improve the quality of life for its people in the past few decades. However, the Green Revolution has essentially run its course and its achievable potential has been largely realised.

*When we couple this with the looming water shortages, and the negative impact of climate change, we believe that it will be difficult for Pakistan to support an estimated population of 230–260 million in 2030, with current technology and current best practices alone.* We further believe that technology will play the critical role in meeting agricultural targets during this century, leading to higher production, better resistance, and lower production costs.

Pakistan will require enormous amounts of affordable energy to meet its developmental challenges, and to attain and sustain its vision for economic growth, without which we will have no growth. *We also have to take care that the energy—environmental relationship does not become one which will not allow both to exist.* Pakistan at present is among the cleanest energy producers in the world, with major dependence upon natural gas, and hence its impact on global warming, ozone depletion, and acid rain is negligible. This might change with coal fired plants coming on line in future, unless we take appropriate measures to clean our coal, and control and limit greenhouse gases. However, pollution respects no boundaries, as is evident from the smog from Indian coal fired stations which invades northern Pakistan in winter.

We must therefore change and improve the way we draw up our strategies for acquisition, generation, and conservation of energy. Apart from cleaner energy production and more efficient devices, we need to make our *buildings more energy efficient*. We have to quickly put in place mass transit systems in major cities, while accelerating the deployment of wind and solar energy which can provide more than 5 per- cent of the electricity supply needed in 2030, as incorporated in the Energy Security Plan.

Environment is a complement to development. The concept of sustainable development—meeting the needs of the present generation without compromising the needs of future generations has been broadly accepted by governments as well as by international community. The challenge is, to put into effect integrated economic and environment policies aimed at sustainable development, based on the premise that the planet ecosystem is a closed system and is finite. This requires broad participatory and consultative processes, involving all tiers of the society, and political will to eradicate poverty .

Let me now invite your attention to the question of ecological diversity. The whole ecosystem and its diversity is under threat from human activity. There are major threats to our freshwater supplies.

The battle for biodiversity in the context of mankind's quest for high growth will determine the future of the planet. There is real fear that the battle for biodiversity may have been irretrievably lost already in mankind's quest for high economic growth, which means that we will be faced with the challenge of managing a growing deficit of inter-generational equity and conservation of our environment. In the meanwhile, the global crop germ-plasm is eroding at 1-2 percent per year, a quarter of our soils are degraded already, while additional soil is being destroyed at higher rates than we can retrieve or add.

Sustaining Pakistan's ecology, environment and biodiversity should become an important agenda of Pakistani society and the conference deliberations will give a timely boost to the required debate. Inability to do so now will result in extremely high costs in future.

The environmental problems have emerged because of a combination of three factors: accelerating economic and demographic pressures, a limited resource base, and inadequate institutions for the management of natural resources. Conservation, natural resource management, population planning, combating poverty, social sector development, all these and more are part of the solutions we need to promote.

Until recently, the government's policy response to environmental concerns was characterised by a degree of fragmentation and incoherence, rather than a consistent and integrated institutional and policy framework. Environmental issues could neither figure systematically in planning and policy documents, nor into the projects and programmes approval processes. Investment in natural resources was also not generally oriented towards their sustainability.

In response to these concerns several environmental related policies such as National Conservation Strategy (NCS) 1992, Environment Protection Act (EPA) 1997, and Environment Policy 2005 were approved, in addition to tribunals and other institutional frameworks to deal with pollution issues.

*Ladies and Gentlemen,*

The obvious question which comes to everybody's mind is: *Where do we go from here?*

A global holistic, integrated, consultative, and coordinated approach is needed to control the threats faced by all the countries. The philosophy of "Produce first and clean up later" will not work.

The change in corporate approach from "end-of-pipe" treatment to "cleaner production" is critical for reducing particularly water pollution. These issues have been

appropriately covered and are being implemented under the framework of the MTFD 2005-10 and Vision 2030. These will not only help in environment protection and resource management, but also in better management of productivity and implementation issues.

We must also look at other options to protect our environment. These include proper resource pricing, community involvement, clearly defined property rights and resource ownership, improved economic alternatives for the poor, economic empowerment of women.

In relation to benefiting from the international experience, the evidence from South Asia reveals some best practices. Waste management in Bangladesh, pollution control through LPG Vehicles in Nepal, Mahaweli water-shed management in Sri Lanka and CNG buses in Delhi are examples worth emulating in Pakistan. The recent decision to introduce CNG fuelled buses in major cities of Pakistan is an important move in this direction.

*Ladies and Gentlemen,*

Here I would like to remind our distinguished economists of a key finding of the 2007 Stern Report, namely, that climate change is the greatest market failure the world has ever seen, and it interacts with other market imperfections. We must respond to it, first, by pricing of carbon (implemented through tax measures, trading or regulation); second, we need to support innovation and the deployment of low-carbon technologies, and finally remove barriers to energy efficiency, and to inform, educate and persuade individuals about what they can do to respond to climate change.

Before I close, let me assure that it is not all just doom and gloom. There is increase in awareness and strong commitment to environment protection, resource management, and development of the necessary tools to manage the change, both at the global level and in Pakistan itself. These indicate that we would not only be able to achieve sustainable development but also a stable and prosperous Pakistan that ensures improved quality of life for our current as well as future generations.

My sincere thank to you all.