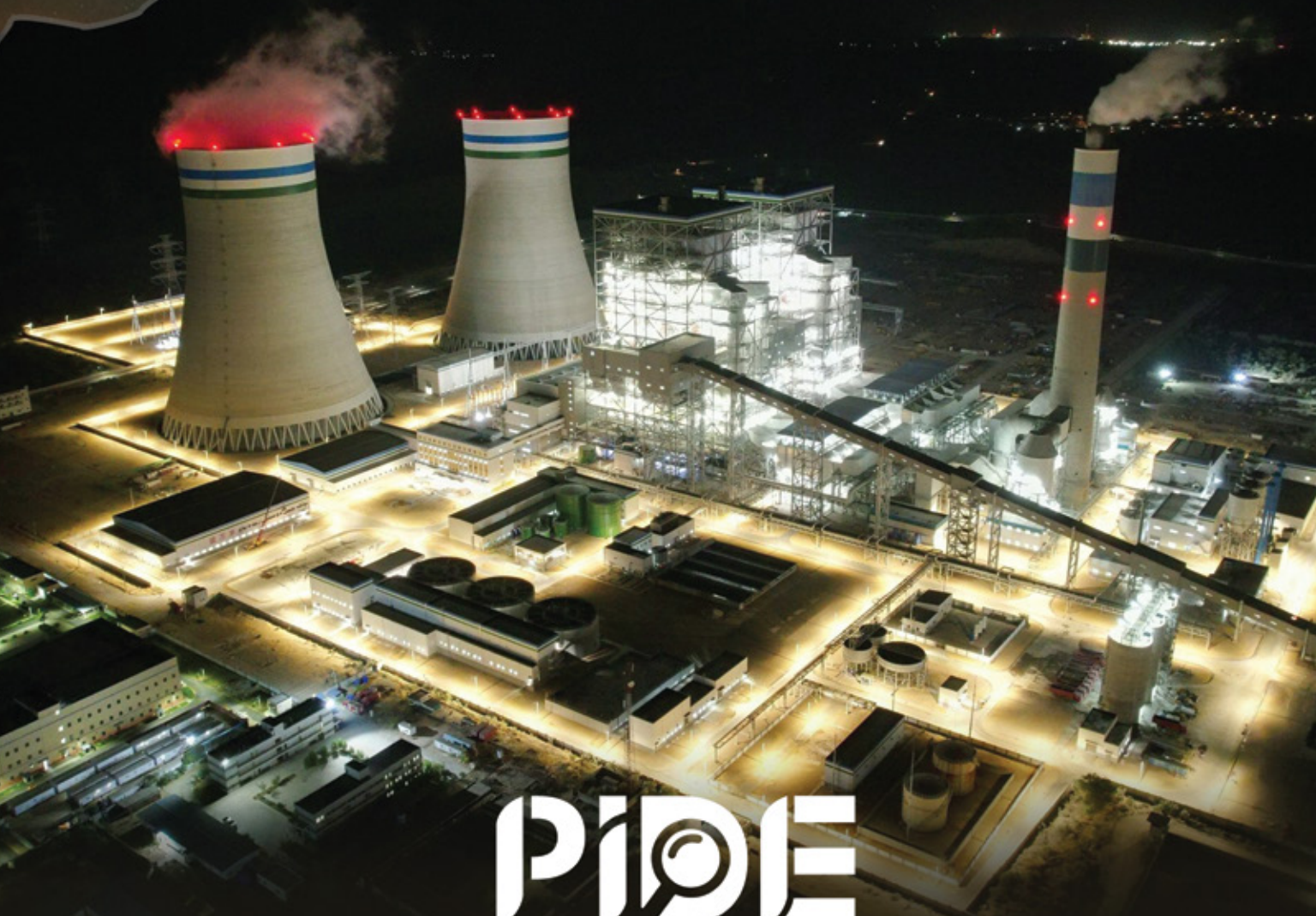


SEPTEMBER - OCTOBER - 2023

# DISCOURSE

**ENERGY REVITALISATION**

**TRANSMISSION ♦ DISTRIBUTION ♦ SUSTAINABILITY**



**PIDE**

Pakistan Institute of Development Economics







September 2023

Board

Discourse is a bimonthly magazine from the Pakistan Institute of Development Economics. Themed primarily around public policy and political economy, it aims to offer insight into social, economic and political issues on both domestic and global levels. The publication provides a general overview of the latest developments in Pakistan's economy, identifying key areas of concern for policymakers to suggest policy interventions.

The publication is a hands-on and precise go-to document for the policymaker, academic, journalist, researcher, corporate/development sector professional, or student seeking to remain updated and informed. Discourse has recently been enhanced in scope, with various new sections added to the publication in order to broaden its subject matter and encourage rigorous, creative, and interdisciplinary analyses that cover a more expansive range of topics and appeal to lay audiences. In this vein, we have a) opened up submissions from the general public, and b) added several new sections to the bimonthly magazine, including: opinion, business, sport, history, arts and culture, and more!

In light of recent skyrocketing electricity prices across Pakistan, which have led to dangerous levels of economic precarity for the vast majority the population, this issue of Discourse is themed around Energy Revitalisation. This is a sector that is central to the country's continual 'twin deficits' (current and fiscal accounts) crisis – contributing to runaway debt accumulation

and a gradual, persistent move towards sovereign default. In many ways, the energy domain is a classic example of governance misconfigurations: in which a series of ill thought out 'initiatives' – largely pushed by international financial institutions – led to unmanageable payments to international power producers.

These agreements ensured guaranteed returns of 15-18% to these players, regardless of changes in the exchange rate and global oil prices, pegged to quantities produced. Naturally this led to overcapacity, and as the government of Pakistan struggled to keep up with payments it was eventually forced to take on credit to meet its obligations and maintain electricity supplies. In the absence of structural reform, however, Pakistan's exchange rate as well as global average oil prices have continued to rise, compelling the government to continue taking on increasing levels of debt to ensure capacity payments to power producers – which is what the 'circular debt' crisis refers to.

This issue is an attempt to outline – in broad terms – the history, political economy, and technical details of key institutions of the energy sector in hopes of charting out a departure from the perverse modalities that contribute to estimated annual losses of 3-4% of GDP.

We hope you enjoy this issue of Discourse!

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# COVER PIECE

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ENERGY REVITALISATION  
TRANSMISSION, DISTRIBUTION, SUSTAINABILITY



Pakistan, a nation of over 220 million people, stands at a critical crossroads in its economic development journey due to the predicament of its energy sector. Despite possessing significant energy resources, Pakistan faces persistent challenges in ensuring a stable, reliable, and affordable energy supply – the governance of which involves, in a central capacity, independent power producers that were introduced into the domain with the 1994 Power Policy. This predicament has far-reaching consequences for the country's economic growth, industrialisation, and overall well-being of its citizens. Import dependence on fuel is a critical aspect of Pakistan's energy sector woes and is deeply intertwined with the political economy of the sector.

Pakistan's energy mix is a complex amalgamation of various sources, with natural gas, oil, coal, hydropower, and renewables playing pivotal roles. Historically, the country has heavily relied on natural gas, which has led to the depletion of its reserves and an overreliance on imported energy sources like oil. International power producers in particular often use imported fuel sources, further contributing to the country's import dependence. While they may provide much-needed energy capacity, their reliance on imported fuels can perpetuate the challenges associated with fuel importation. This heavy dependence on imported fuel sources has exposed Pakistan to global price fluctuations and supply disruptions, making its energy sector vulnerable and contributing to runaway inflation rates on a periodic basis.

International power producers, which have extracted guaranteed rates of return (15-18%) – regardless of changes in exchange rate and global prices of oil – from the government of Pakistan as part of the Power Policy of 1994 are a core facet of Pakistan's energy sector predicament. This has led to the persistent 'twin deficits' crisis – in which both the fiscal account and balance of payments position have suffered tremendously. In order to keep up with payments, the government of Pakistan has had to persistently borrow from both domestic and international financial institutions: leading to what is commonly known as the 'circular debt' problem. When international fuel prices rise, the cost of electricity generation increases, leading to higher subsidies and unpaid bills within the energy supply chain. This, in turn, exacerbates the circular debt problem, hindering the financial health of power generation companies and their ability to invest in infrastructure and capacity expansion.

A fundamental reason for this is the adoption of a comprehensive move towards privatisation without adequate attention to detail in terms of internal governance arrangements of key institutions. Without an overarching vision and technically competent individuals occupying decision making roles within the sector, efforts towards reform have been haphazard and made even more difficult due to the opportunism of stakeholders that are primarily pursuing profits and revenue maximisation more generally. This is despite the fact that the National Electric Power Regulatory Authority (NEPRA) has been in place since 1997 – the overarching objective of which was to oversee the entirety of the power sector, regulate perverse behaviours of corporations, and ensure accessible, high quality power supply. Unfortunately, internal managerial dynamics and excessive politicking within the authority has prevented any possibility of moving towards efficiency in the sector.

A summary of Pakistan's power policies, with a focus on international power producers in particular is outlined in Table I.



Table I. Summary of Pakistan's Power Sector Policies

### Power Policies and IPPs in Pakistan

Policy	Salient Features	Impact
1994	Investors free to choose site, technology & fuel; long-term contract with GOP guarantee; fuel supply contract with GOP guarantee; bulk power tariff of US Cents 6.5/KWh for first ten years, levelised tariff of US Cents 5.9/KWh over life of the project (25-30 years) and a premium of US Cents 0.25/KWh in first ten years; two part tariff, capacity charges and energy charges, capacity charges to be paid on an annual plant factor of 60% on take or pay basis; exemption from certain taxes and import duties; and repatriation of equity along with dividends was allowed.	16 furnace oil and gas based IPPs, with capacity of 4100MW were added to the system. These IPPs invested Rs 51.8 billion and have earned (so far) Rs. 415 billion.
1995	Concession & power purchase agreement; project on BOOT basis, GOP will be the owner after 25 years; bulk tariff of US Cents 6.1/KWh; exemption from certain taxes and import duties; and guaranteed foreign exchange conversion facility.	Insignificant response from the private sector only one project with capacity 84MW was installed with long-term contract and GOP guarantee for 25 years.
1998	Competitive bidding & tariffs, two part tariffs, energy purchase price (EPP) and capacity purchase price (CPP); guaranteed foreign exchange conversion facility; restriction on imported fuels; and limited exemptions on taxes and duties.	Policy failed to attract new investments.
2002	Power purchase agreement & fuel supply agreement with GOP guarantees; hydro projects on BOOT & thermal projects on BOO or BOOT basis; two part tariff, CPP & EPP; tax exemptions & financial incentives; and no restriction on imported fuels.	13 IPPs with capacity 2934MW; IRR 15%; and project life 25-30 years; furnace oil and gas based plants. These IPPs invested Rs. 57.81 billion and earned (so far) Rs. 152 billion.
2006	Exemptions on taxes and import duties; permission to deport equity along with dividends; allows both cost-plus and upfront tariff regime. (In 2013, GoP expanded the 2006 policy to include bagasse, biomass etc; and issued the Framework for Power Co-generation 2013)	24 Wind IPPs with capacity 1234 MW and 7 solar IPPs with capacity 430 MW were set up. 8 IPPs with capacity of 253.7 MW have attained COD under 2013 Framework. These IPPs have earned excess profits on account of incorrect IRR calculation (18.39% instead of 17%).
2013	Reliance on less expensive fuels; upfront tariff mechanism; strengthening of NEPRA; one window operation to facilitate investors; whereas, incentives given in 2002 remained intact.	-----
2015	Two part tariff; power purchase agreement with GOP guarantee; hydro projects on BOOT (30 years) and water use charge @0.425/KWh to be paid to the province where the project is located; thermal plants on BOO basis, both indigenous and imported fuels; three types of thermal projects, through competitive bidding, through provincial recommendation, or based on international commitments.	7 IPPs with capacity 8253MW; IRR 15% to 17%; and project life 20-25 years; Imported coal and RLNG based plants. One imported coal power plant has already recovered 71% of its investment in two years of its operation, and second one has recovered 32 % of its investment in the same period. These plants have been offered 17% IRR in US\$, which in Pakistani Rs after recent devaluation is equal to 43%.

(Source: Malik, 2021)

One of the most pressing issues in Pakistan's energy sector is the chronic shortage of electricity and gas, leading to frequent power outages known as load shedding. Import dependence on fuel significantly contributes to these shortages – and because subsequent governments have failed to diversify its sources of fuel imports, the country has remained at the mercy of a handful of countries with little to no bargaining power. This is an issue linked to the international political economy, with various projects – such as the Iran gas pipeline as well as the Turkmenistan-Afghanistan-Iran-Pakistan (TAPI) Corridor – being pushed to the backburner or discontinued entirely in order to maintain positive relations with the Western bloc, most importantly the United States. Fluctuations in international oil prices can have an immediate and direct impact on the cost of electricity generation in Pakistan, making it more expensive and financially unsustainable for power producers. The failure of the Ministry of Foreign Affairs to adopt dynamic, aggressive, and mutually beneficial policies that maximise Pakistan's gains without alienating its strategic allies has been immensely detrimental to sustainable growth and development – with losses to GDP estimated at approximately 3-4% on an annual basis.

Import dependence on fossil fuels exacerbates environmental concerns in Pakistan. The heavy reliance on oil and coal for energy production contributes to air pollution, greenhouse gas emissions, and deforestation. These environmental issues have adverse effects on public health and add to the country's vulnerability to climate change impacts. Transitioning towards cleaner and more sustainable energy sources is not only essential for environmental reasons but also for reducing import dependence on fuel. This is even more important considering Pakistan's status as one of the most vulnerable countries in the world to the impacts of climate change – which disproportionately hurts the Global South in particular. Even here, subsequent governments have failed to strategise with regional neighbours to present a consolidated case for climate reparations: a central aspect of which could be lucrative energy deals and debt forgiveness.

Pakistan's energy sector predicament, characterised by a major governance crisis, is a multifaceted challenge with far-reaching implications for the country's economic and environmental sustainability. Addressing this challenge requires a nuanced approach that is fuelled by political will, including diversifying the energy mix, investing in renewable energy sources, improving energy efficiency, streamlining governance and ensuring policy stability.

International power producers can play a significant role in this transformation by adopting cleaner technologies and practices, reducing reliance on imported fuels, contributing to the development of a sustainable energy infrastructure, and renegotiating their terms of agreement with the government of Pakistan to wean off subsidies and move towards competition with one another in the domain. Considering recent runaway prices in fuel, which have led to both rising inflation rates as well as climbing levels of unemployment (i.e. stagflation), the latter point will have to be prioritised by all stakeholders involved in this space. The failure to do so could leave the government with no option other than nationalisation. Collaboration between the government and international investors is crucial to ensuring a stable, reliable, and affordable energy supply that supports Pakistan's economic growth and environmental sustainability goals while reducing import dependence on fuel.

This issue of Discourse aims to chart out a path towards comprehensive energy sector reform, assessing the sector from a variety of perspectives – including rethinking governance, debt crises, transition to renewables, revitalising the gas sector, privatisation and its discontents, and much more. We hope this issue offers readers insight into the workings of one of the most important domains currently obstructing the growth and development of Pakistan's economy.

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# ENERGY REVITALISATION

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# THE MAKEUP OF THE PAKISTAN POWER SECTOR

Tahir Basharat Cheema

The Power Sector in Pakistan has a distinct make-up. Its genesis is basically triggered by the actual developmental needs of the country and also sometimes on the whims of persons at the helm of affairs. The latter of the catalysts are more evident during the last 35 years or so – when the multilateral donor agencies (MLDAs) too held sway over the country.

1958 saw the setting-up of WAPDA (Water and Power Development Authority) – an entity tasked to oversee and also implement development of both the water and power sectors, and which did a commendable job for many years. And then too, the surmise that the longitudinal geography of the country needed to be used for satiating the power appetite prevailed for three decades or so. Consequently and rightly, all of the hydro-generation was planned and installed in the North, while thermal generation was provided in the South and then the transfer of the seasonal generation to and for was arranged through the marvel of a national grid.

Pakistan as early as in 1978 had its own EHV transmission line supplying power from Tarbela to the mid-country load center of Faisalabad. At that moment of time, Pakistan boasted its 500 KV line as a first in Asia – including China, India and Japan. Thereafter, things went well until WAPDA bogged down due to its inability to raise electricity tariffs in the period 1992-1997 and when HUBCO (it is not an

IPP under the 1994 Power Policy) claimed first right to the Authority's revenues. And instead of once again going to the drawing boards or taking a leaf out of the PIDC's (Pakistan Industrial Development Corporation) book, GoP decreed that WAPDA would restrict itself to hydro-development while thermal generation would become the forte of the private sector alone. Such investors were mindlessly facilitated with US dollar denominated tariffs and returns and the rest is history in the shape of constricting IPPs.

Corporatisation of WAPDA's Power Wing into distribution companies (DISCOs), the National Transmission and Dispatch Company (NTDC) and public sector generation companies (GENCOs) were taken-up concurrently (with the IPPs) and now these entities are at the whims of their non-professional boards of directors and a near free float, that defies logic; while service, sales and development have all plummeted. Unfortunately, due to reasons known to all the electricity tariff has gone galloping. The sad part is that the same old style of load suppression model for the electricity tariff has been retained which under the circumstances is simply unfathomable. That this has serious ramifications after the present glut and ensuing low sales of electricity generation, needs to be kept in view for any decision making.

Coming over to the present goings, we see that the national generation portfolio of 43,775 MW has 10,635 MW of hydro-generation – primarily in the



public domain and 19,607 MW of IPPs – nearly all thermal units with only 2,837 MW of alternate and renewable energy (ARE) units. The maximum demand (including KESC) manifested during the period July-August last year reached 34,000 MW, while the same in winters drops to as low as 15,000 – 16,000 MW. The difference mainly is on account of the cooling demand of the summers. This anomaly forces the power sector to arrange for a generation level that could meet the maximum demand of high summers, while not being excessive during winters – all of which needs extreme dexterity. As the various needed steps have not been taken, the sector has become a serious threat to the economy and along-with it, the lowered writ of the government has wreaked havoc. Consequently, the sector is presently unable to recover its legitimate revenue, forcing the non-professional managers to resort to revenue based loadshedding or simple denial of power to areas with low bills recovery, which in turn had ended-up in the weight of raw capacity charges to be paid to the IPPs – presently shut or having low dispatch. That such a scheme had to be for a very short period during which main-streaming of the deviant consumers could be achieved has been forgotten and now we see huge protestations all around the country.

In view of the ensuing Power Sector Circular Debt (CD), the MLDA's – the very ones who in-fact are responsible for cajoling the non-professional in the GoP to de-bundle WAPDA's power wing into the 15 PSCEs (Power Sector Corporatized Entities) – are now assuring that we increase the tariffs to make space for ameliorating the above debt of Rs. 2.3 trillion. This exercise is being dubbed as some full recovery of the cost of service and a substantive reform. This is oblivious of the fact that the receivables to DISCOs currently tally at Rs. 2.188 trillion – collection of which can simply off-set whole of the circular debt. Besides, no one from the Power Division has the depth and understanding of the dynamics of the sector so that they could think about ways and means to assure that, at-least, the governmental entities pay their electricity bills on time. This is even more important considering the official statistics for May, 2023 depict a governmental default as large as Rs. 271.93 billion. If we add the GoP and GoB's obligations against Baluchistan tube-wells, then another Rs. 70.56 billion has to be added to official obligations, what to say about the dire straits in which the Power Sector seems to be.

Lately the Power Division has accused the provincial governments for the rot and the continuing increase in the receivables and inability to help DISCOs to stem line losses. Earlier on, the same Power Division had

conjured a plan to transfer the DISCOs (10 in number) to the unsuspecting provinces with the plan to make them receivers of the power from the national grid and then have the cost thereof deducted from their federal outlays under the current financial accord. The provinces, at present, are processing possible take-over through transaction advisors. We need to keep our fingers crossed till final decision by the provinces. However, one thing is clear; the present so-called Corporatized Power Sector, instead of rallying, is failing day by day with no respite on the horizon.

What could be the main reason for the continuing rot? And what could be the silver bullet of a solution? Foray into the present scheme of things leads us to the conclusion that the main problem is duality of control by the Power Division and the most political BoDs. So dominant is the political angle that over 50 Khuli Katchehris have been conducted by a DISCO BoD Chairman alone during the last seven months and that too reportedly at the cost of Rs. 0.50 million for each event with much fanfare and undue advertisements even on the private media channels. This practice has continued although no such allocation or requirement is evident in the obligations of the BoDs and strangely this is happening in 2023.

Consequently, the requirement is to replace the present DISCO BoDs with truly professional ones in line with SECP's fit and proper criteria – rather, on the basis of an even more stringent criteria in line with today's issues and requirements. Conversely, the BoDs need to be scrapped altogether being a drag and nothing else. The Power Division or its power planning and monitoring commission can take care of the issues in a better manner than the present BoDs.

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# REFORMING POWER SECTOR: GOOD INTENTIONS, BAD OUTCOMES

Syed Asad Ali Shah

Pakistan's power sector has been bleeding the country for decades, thanks to ill-conceived policies, poor governance and flawed implementation of reforms. In the last three decades, we have seen a series of well-intentioned reforms aimed at boosting efficiency, greater availability, and safeguarding consumers' interests. However, instead of delivering on these objectives, the outcomes have been nothing short of disastrous. Pakistan now boasts the unique distinction of having the world's highest electricity tariff, a staggering circular debt of Rs. 2.4 trillion, and persistent reliance on imported fuels, contributing to recurrent current account deficits. It's a classic example of how good intentions pave the road to Hell.

## UNRAVELLING WAPDA

In the 1990s, the first major reform was the unbundling of the Water and Power Development Authority (WAPDA). Prior to this, WAPDA was an all-encompassing powerhouse responsible for every aspect of electricity: generation, transmission and distribution. In 1994, this initiative created the National Transmission & Distribution Company (NTDC), five thermal generation companies (GENCOs), and five distribution companies (DISCOs). The idea was to improve efficiency and eventually privatise these entities.

However, despite separate boards of directors of each company, the old guard from WAPDA continued to hold sway. Instead of empowering the boards of such companies, the control transferred from WAPDA, Lahore to Power Division of the Federal Government in Islamabad (PD). Board members have mostly been selected based on their political or other connections rather than merit, and were frequently changed with changes in governments. The primary goal of establishing

effective governance at company level and running them as commercial corporate entities was never realised. Furthermore, the objective of privatisation and regulation by an independent body remained elusive. In essence, this well-intentioned reform ended up doing more harm than good, thanks to centralised micro-management by PD

## INDEPENDENT POWER PRODUCERS: BIGGEST SHOCK TO THE SYSTEM

The second most important reform, also initiated in 1990s, was the Government seeking to attract private investment through Independent Power Producers (IPPs). The idea was to generate more electricity to meet the surging demand of electricity leading to the 1994 policy. Conceptually, it made sense, but the rush for more electricity, regardless of the cost and reliance on imported fuels, created an even bigger mess. Despite criticism and corruption allegations of 1994 policy, similar policies were implemented in 2002 and 2015. The consequences of these policies, especially the 2015 policy, driven by very high returns to the IPPs at minimal risk using imported fuels, have been horrendous, as reflected from staggering amounts of capacity payments to such IPPs: estimated to be Rs. 2.2 trillion in 2022. Easy availability of billions of dollars under CPEC and sole focus of increasing generation capacity at any cost, further compounded the issue leading to a situation where the country generated surplus expensive capacity that was being paid but not used.

## ESTABLISHING INDEPENDENT REGULATOR



The third crucial reform involved the creation of an independent regulatory body, the National Electric Power Regulatory Authority (NEPRA), in 1997. NEPRA objectives were clear: regulate the entire electricity generation, transmission and distribution landscape, ensuring efficient, reliable and affordable electricity while protecting consumers' interests and promoting competition.

Unfortunately, structural issues and the composition of NEPRA have hindered the realisation of these objectives. The most critical aspect of an independent regulator is the quality of leadership, considering the importance of this sector to the economy and the central importance of the regulator. Therefore, major investment was required in selecting the best-in-class people with specialised knowledge, experience and independent thinking. Instead, such positions have been mostly populated with retired bureaucrats lacking the decisiveness, initiative, and risk-taking spirit that is needed for effective regulation. Furthermore, NEPRA's authority is hampered by the overwhelming presence of the federal government in the power sector. Understandably, its ability to regulate government entities, considering that the government is also the appointing authority of NEPRA leadership, is severely constrained.

## KE PRIVATISATION

The fourth major reform was the privatisation of Karachi Electric Supply Corporation (KESC), now Karachi Electric (KE). The privatisation initiative was the right thing to do, but the manner in which it was done, without proper shortlisting processes, was what led to its demise. This major oversight resulted in selection of bidders who had no expertise to run a complex utility. Thus, this strategic privatisation could not deliver the anticipated benefits, as evident from KESC's escalation in financial troubles, high consumer electricity costs, and huge tax-payer funded subsidies post privatisation. Review of its annual reports after privatisation in 2005 highlights that transmission and distribution losses remained stagnant or increased until the original shareholders sold majority ownership and control to Abraaj in 2009. KESC's financial losses escalated from Rs. 23 billion in 2006 to Rs. 87 billion in 2011, despite significant government concessions. The first year KE generated profits was in 2012, of around Rs. 2 billion. This was sustained for a period of five years upto 2016 – in which reasonable returns were observed. However, such profitability has been possible due to huge subsidies from GoP, as reflected in the tariff differential claims, which is reflected by the company as its revenue. Further, in the last seven-year multi-year tariff (MYT) period – from 2017 to 2023 – KE's financial position has considerably deteriorated. As per the last published financial statements for 9 months ended March 31, 2023, the KE had incurred a loss of Rs. 39 billion, and the loss for the year ended June 30, 2023 is likely to be over Rs. 45 billion.

All of these losses have been financed through debt at exorbitant costs that will drain its future viability. Furthermore, KE's balance sheet reflects over Rs. 400 billion worth of receivables from the Government of Pakistan, a significant portion of which are still to be determined, and such receivables have been increasing with time without any indication of whether and when such amounts will be realised.

The power crisis has deepened with time. It is a serious problem with significant adverse consequences for Pakistan's economy and the quality of life of its citizens. It is a major factor eroding productivity and has a major contribution in creating huge public debt and persistent balance of payments crises. To navigate this complex issue, the government must embark on comprehensive reforms and ensure their effective implementation.

The way forward should entail the following steps:

- Reforming the regulatory framework to enhance NEPRA's capacity and achieve its independence and effectiveness, including its restructuring to establish a Policy Board on the pattern of SECP to enable timely policy guidance and oversight, as well as improving the criteria and remuneration structure of its members purely on merit rather than federal and provincial quotas.
- Ideally, there should be one energy regulator that should be achieved by combining NEPRA and Oil and Gas Regulatory Authority (OGRA) and top leadership positions of members should be filled with people of caliber who have successful track records and international experience preferably without restriction on nationality. In this context, we should learn from our middle eastern neighbours who hire many non-nationals purely on merit in key positions.
- Pursuing swift privatisation or entering into performance-based public-private partnerships for power generation and distribution companies to ensure that those charged with governance of such companies have stakes in their success as well as failure. In other words, develop a framework of accountable governance. In doing so, the government should learn from the experience of KESC with privatization.
- Until the privatisation of GENCOs and DISCOs, the government should focus on improving board governance of such entities by appointing good quality boards together with an appropriate framework that makes the boards accountable to the Ministry of Energy's power division.
- Ensuring that all future investment for generation of electricity are in renewables and Thar Coal, the cheapest domestic source of energy to ensure energy security.
- Power division should expedite preparation of National Electricity Plan in consultation with NEPRA and other stakeholders.
- One of the biggest issues with the Government Ministries, divisions and agencies is indecisiveness on major issues. GoP needs to make a policy whereby timely decisions are made on all strategic matters of public interest.

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# CHALLENGES AND REFORMS IN PAKISTAN'S GAS SECTOR

**Afia Malik**

While Pakistan was struggling with a power sector deficit (circular debt), a gas sector deficit emerged in 2016. Within a few years, the gas sector arrears have become comparable to the power sector deficit, estimated to be around Rs 1.6 trillion.

The emergence of circular debt (CD) in the gas sector can be attributed to cost and price differential. Since 2015, the government has been importing LNG due to the continuous depletion of indigenous gas resources. It has increased costs. Delays in tariff revision (consumer prices remained almost flat from 2015 to 2018) contributed to the emergence of this debt. High operational losses, mainly from unaccounted-for-gas (UFG) and collection shortfalls, uncovered subsidies for export and zero-rated industries, further worsens the sector's financials.

In response, the government raised tariffs (on average of 75%) in February 2023 and injected money to clear the debt. The government has implemented a new strategy, advised by the World Bank, to distinguish between protected and unprotected consumers. The raise is for unprotected categories. However, the approach has yet to prove effective as the deficit continues to increase, as households with multiple or tampered meters may be classified as protected consumers.

The most critical factor in increasing utility revenues is consistent payment from customers. However, allocating resources wisely when they are scarce is also crucial. In the early years, the authorities became complacent with the sustained growth in gas production and ended up encouraging consumption by providing

connections without assessing its economic viability. Gas consumption increased from 2.6 billion cubic meters (BCM) in 1971 to 45 BCM in 2021. Despite declining indigenous gas production, consumption increased by 94 % in the last two decades.

Over the years, the demand has been artificially inflated because of gas allocation and tariff policies. For instance, in FY2006, despite the projected gap between gas demand and supply, the government incentivised using CNG as a gasoline substitute by keeping its price significantly lower. Additionally, the tariff methodology allowed residential and fertiliser consumers to pay a price much below the actual cost, promoting inefficient use. On the other hand, other consumer categories were charged a price higher than the actual cost.

Pakistan is ranked in the top 10 countries providing subsidies. In 2019, their subsidy was equivalent to gas-exporting countries, totaling around USD 1.75 billion. In contrast, India and Bangladesh provided USD 873 million and USD 824 million in subsidies, respectively.

Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Pipeline Limited (SSGCL) dominate the gas sector, but mismanagement and political interference affect their performance. No business model exists for these companies, despite private entities owning 40% or more of their shares. UFGs are seven times higher than the world average due to the lack of regulatory mechanisms to link financial returns with operational efficiency; OGRA failed to ensure efficiency benchmarks.

Indigenous gas resources are decreasing, but the two monopolies are still expanding their networks to boost revenues. By creating new connections, the utilities increase their fixed assets, as the companies are promised a market-based return of 16.60% on their net operating fixed assets. Three decades ago, both the Asian Development Bank and World Bank provided loans to develop their infrastructure, with a condition of a guaranteed return on investment. However, this setup is no longer relevant and results in inefficient investments by gas companies.

In 2015, the government, with the technical advice of the WB, decided to import LNG. It was considered an economically viable source of power generation. However, Pakistan has not participated in the LNG market since June 2022. Rising global LNG prices due to the Ukraine crisis and limited foreign exchange reserves have made it challenging to procure LNG. Last year, two major LNG suppliers, ENI and Gunvor, defaulted on their deliveries, causing Pakistan to rely

more heavily on oil for electricity generation. The LNG supply chain remained state dominated.

As Pakistan's domestic gas production began to decrease, there was an opportunity to shift towards sustainable renewable energy swiftly. However, the decision to commission RLNG plants has partially closed that door and has put added pressure on gas demand. The electricity produced by these RLNG plants is currently the costliest (Rs51.42/KWh).

The share of RLNG in total gas consumption is 33%. The power sector consumes 28% of total gas supplies, followed by households, industry, fertiliser, and transport, with a share of 23%, 20%, 14%, and 4%. Rest is consumed in other sectors. The price of imported LNG is considerably higher than that of locally produced gas. During winter, utilities are forced to provide costly LNG to subsidised domestic consumers, leading to even greater cost differences.

To resolve the gas crisis in Pakistan, simply increasing gas tariffs will not be enough. This approach only treats the symptoms and provides temporary relief. The natural gas sector requires deregulation and the implementation of a transparent pricing system. The government should pass on the costs of LNG to all consumers, including households, to prevent a rise in the circular debt. Market-based pricing can also prevent the misuse of gas. A cost-of-service tariff system must be implemented. Subsidies and cross-subsidies must be eliminated to attain financial viability.

Incentivising third-party access for LNG imports and increasing the private sector's involvement in the LNG supply chain can be helpful in smoother procurement and reducing costs through competition, as seen in mature LNG markets like Japan, South Korea, and India. The private sector should be allowed to import from the spot market. Zero-rated industries may be more advantageous to import independently rather than receiving a subsidised tariff. The virtual pipeline is now a tangible option for Pakistan, and if implemented correctly, it could increase competition in the LNG market and decrease dependence on gas companies.

To improve the gas allocation policy, it is essential to eliminate political bias and allocate gas based on economic factors. Despite an increase of 122% in the last two decades, about 78% of households are still not connected to pipeline gas. Instead of supplying gas to the remaining households, providing them with affordable electricity is preferable.

The gas supply cost to households is much higher than the supply cost to the industry or power sector. Therefore, a complete moratorium on further gas expansion



to this sector is required. Most countries provide a single energy source at the domestic and commercial levels. Providing two types of infrastructure is costly and encourages inefficiencies in the supply chain.

In households, gas is mainly used for heating and cooking purposes. In peak winters, 60% of gas is used for space and water heating and 40% for cooking. Gas-based appliances are highly energy intensive. Efficiency level of gas-based geysers is less than 30%. Additionally, only 22% of households pay the actual cost, as most slabs are cross-subsidised.

Both cooking and heating can be done using energy-efficient electric appliances. Pakistan has enough electricity capacity. According to the NEPRA tariff determinations, the capacity payments burden has risen from Rs 1.25 trillion to Rs 1.95 trillion in one year because of its limited use. In FY2022, 54% of the capacity remained unutilised due to the non-availability of LNG and other reasons.

Additionally, there is a difference of 8000MW to 13000MW between summer and winter electricity demand. The demand for gas also varies by about 1000 MMCFD in the opposite direction during these seasons. Switching from gas to electricity for heating and cooking can significantly reduce natural gas usage. The spare indigenous gas resources can be used for electricity generation, utilising up to 7294 MW of RLNG and gas-based plants.

According to an estimate by the Ministry of Planning, Development and Special Initiatives report, the substitution of only heating demand can generate 5,042 GWh of power, providing consumers with cost-effective electricity. Using local gas in an efficient gas/RLNG power plant can generate power for as low as Rs. 13.02/kWh. This will decrease the overall cost of electricity generation, notably for everyone, including households, and can also reduce the subsidy burden. RLNG plants in FY2024 currently require capacity payments of Rs. 185 billion, regardless of electricity production. Utilising energy from these plants can mitigate capacity payment effects.

Pakistan's dependence on imported fuels stems from supporting the costly LNG policy. Our gas prioritisation policies failed to reflect this cost, leading to a subsidy burden and circular debt. Transitioning to renewable energy sources such as solar, wind, and biogas can ensure sustainable and affordable supplies for consumers, especially those disconnected from the national grid.

Restructuring of gas utilities is required to improve their operational and managerial efficiency. For successful reform, gas companies need commercially oriented operations, professional expertise, political will not interference, and accountability. Privatisation is not, in fact, necessary.

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# EXPORTS COLLAPSING UNDER POWER SECTOR BURDEN

**Shahid Sattar and Absar Ali**

The fundamental premise upon which the foundations of modern-day economics stands is that resources are finite and therefore must be allocated to their most productive use. However, our policymakers' erroneous pursuit of political mileage over economic growth has guided resources towards low productivity uses. Electricity is one such resource.

As in most of the world, electricity tariffs in Pakistan are based on their end-use with separate tariff-categories for residential, commercial, industrial and agricultural consumers. Our prices, however, are not set to achieve the optimal allocation of resources. Industrial users—whose productivity is highest in terms of value added per KWh consumed—have historically been charged substantially higher tariffs compared to relatively less productive residential and agricultural users. In advanced economies and developing regional competitors like India and Bangladesh, industrial sectors are provided with competitive rates for electricity.

Energy is where structural reform must begin.

Pakistan's total external debt stands at approximately USD 127 billion, and annual debt servicing costs are upwards of USD 18 billion.<sup>1</sup> In FY23, we imported around USD 60 billion worth of goods and services, down from USD 80 billion in FY22 due to import restrictions. To pay for this, we exported only USD 35 billion worth of goods and services and received about USD 30 billion in remittances.<sup>2</sup> The difference was borrowed.

The only way out of this chronic cycle of external balance crises is to build a strong and sustainable export base. But standard models of international trade tell us that this is practically impossible without providing industry with competitive energy tariffs.

A firm's decision to export is based on a cost function which comprises costs of fixed capital, raw material, wages, and factory overheads including electricity to power production equipment. It decides to export only if its total cost of production is less than the international price of the goods it produces. If the cost of an input increases beyond a certain threshold that pushes the total cost above international prices, it is unable to compete in the international market and exits the export sector. When multiple firms face the same dynamics, the export sector is crowded out, with a subsequent reduction in exports and further implications for the aggregate economy.

<sup>1</sup>IMF Staff Report, 2023

<sup>2</sup>State Bank of Pakistan

Figure I. High power tariffs will crowd out the export sector.

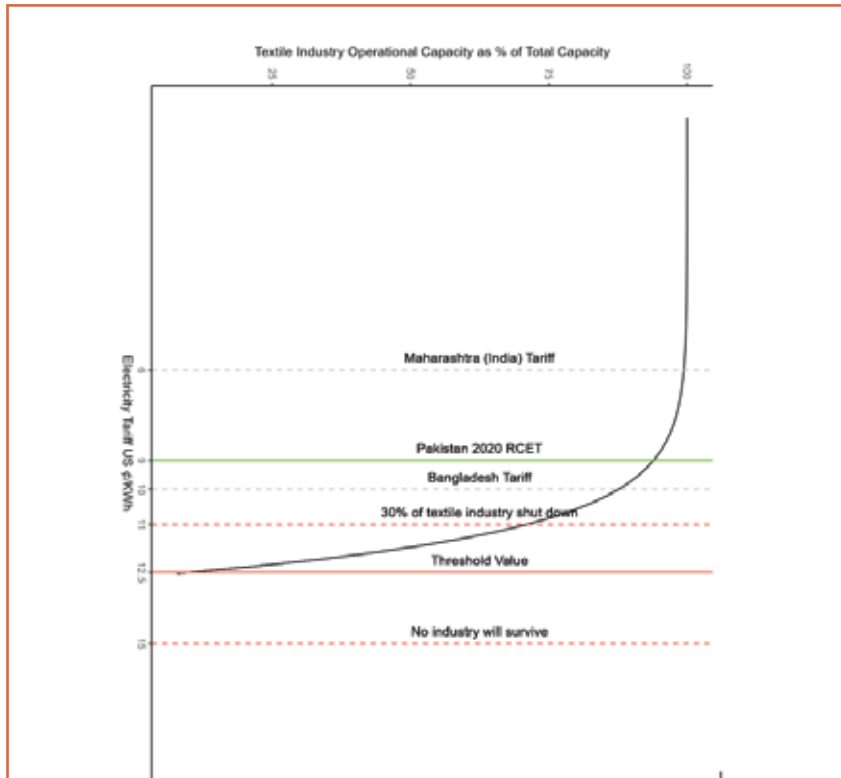


Figure I illustrates how Pakistan's textile sector is being similarly crowded out. In 2020, the government provided export firms with a regionally competitive energy tariff (RCET) of 9 cents/KWh under which exports increased from USD 27.9 billion in 2020 to USD 39.4 billion in 2022. In October 2022, RCET was converted to a rupee-based fixed rate of Rs. 19.9/KWh and subsequently withdrawn in March 2023. With electricity costs accounting for 30–40% of conversion costs, this caused over 30% of Punjab's textile industry to cease production and another 25% is expected to shut down by August if business as usual continues, increasing the number of laid-off textile workers from 4.3 million to over 7.8 million—approximately 10% of Pakistan's total workforce.

If we are to take the economy out of this vicious cycle of crisis after crisis, a sizable and sustainable increase in exports is immediately needed. This requires a continuous commitment to support exporters through all possible means.

The prevalent argument against government support is that exporters should no longer benefit from government subsidies, and that such subsidies are not compliant with the current IMF Stand-by Agreement (SBA). This is simply not true. First, the provision of competitive energy tariffs is not a subsidy because it involves no transfer or discount from the government to the industry on the actual cost of service, which includes

power generation, transmission and other applicable costs. What the cost-of-service tariff does exclude is economic inefficiencies like stranded costs, cross-subsidies to lifeline consumers and distribution losses—all of which are penalties on the government and power-sector's own inefficiencies, both past and present, that consumers are now having to pay for. Second, even if this were an actual subsidy, the IMF program only prohibits untargeted and unbudgeted subsidies. Since cost-of-service tariffs would only be provided to exporters, they are indeed targeted. To make them fully compliant, the government must spread the resulting revenue differential of Rs. 100 billion over other consumer categories. This represents an upper bound increase of Rs. 2/KWh that should be loaded towards high-end residential, commercial and non-exporting industrial users.

Compared to the Rs. 7.5/KWh increase already recommended by NEPRA, the short-term costs of an additional Rs. 2 hike are heavily outweighed by medium- and long-term benefits. First, it will enable the resumption and expansion of export industries. This will bring in much-needed foreign exchange and secure the economy's external position, build resilience against exchange rate shocks and pass-through inflation, provide productive employment, and attract investment. It will also serve as an incentive to divert investment away from less productive non-export sectors towards export-oriented sectors—further



reinforcing the first-order effects discussed above.

Rationalisation of power tariffs with an export-oriented outlook is one of those “difficult decisions” that the government has repeatedly asserted it is willing to take for the betterment of the economy. It is now time to walk the walk.

Consumer Category	B-3	B-4
	Rs. /kWh	Rs. /kWh
<b>Total Applicable Cost</b>		
<b>(Energy Cost + Capacity Payment+ Market Operator fee+ Transmission Charge)</b>	23.00	22.00
Impact of allowed losses	1.15	0.88
<b>Total Cost of Service</b>	<b>24.15</b>	<b>22.88</b>
Distribution Losses @16%	3.86	3.66
Cross Subsidy	6.41	8.11
Distribution Margin	1.87	1.54
Electricity Duty	1.21	0.02
<b>Total Applicable Tariff</b>	<b>37.50</b>	<b>36.20</b>
Stranded Cost+ Cross Subsidy + Distribution Losses @11%	14.07	15.62
<b>Cost of Service Tariff</b>	<b>23.43</b>	<b>20.58</b>

*The authors are affiliated with the All Pakistan Textile Mills Association (APTMA).*

# INDIGENISATION IN ENERGY SECTOR OF PAKISTAN

**Khalid Waleed**

In an era characterized by relentless global energy demands, expansive imported fuels and the escalating specter of climate change, there is a need to plunge headlong into the complex intersection of indigenisation and localisation within Pakistan's intricate energy landscape for revitalisation of energy sector. We need to discuss Climate Financing, the indispensability of Renewable Energy, Climate Change mitigation, the pivotal role of Independent System Operators, and the resounding significance of steadfast long-term planning, and most importantly the Pakistan's odyssey towards energy self-sufficiency, indigenisation, localisation and sustainability.

At present, Pakistan's primary energy demand stands at approximately 88.44 Million tonnes of Oil Equivalent (MTOE). Although seemingly modest when juxtaposed with the energy behemoths like India, China, and the USA, the sources constituting Pakistan's energy portfolio present a multifaceted challenge. A concoction of firewood (41%), dwindling natural gas (21%), imported oil (19%), and other sources including coal, portrays a precarious energy landscape that necessitates swift action, particularly with projections indicating an impending rise to 100 MTOE by 2030.

The pressing concern here lies in the environmental impact of this energy mix. The heavy reliance on firewood and fossil fuels has led to increased emissions of greenhouse gases, contributing significantly to Pakistan's carbon footprint. This not only exacerbates global climate change but also poses

immediate health hazards for the population due to air pollution. The need for a shift towards cleaner and more sustainable energy sources cannot be overstated.

## **LOCALISATION AND INDIGENISATION: BEYOND BUZZWORDS**

The clarion call for localisation and indigenisation is not mere rhetoric; it is a pragmatic economic imperative. The merits are myriad, encompassing economic growth, job creation, the fortification of local industries, and the substantial savings of foreign exchange. However, embarking on the journey towards true indigenisation demands more than ad hoc efforts; it necessitates a meticulously devised strategy.

This strategy begins with a comprehensive assessment of demand and available resources. It's not enough to simply substitute imported energy sources with domestically produced ones; the nation must identify its unique strengths and capabilities that can contribute to energy production. For instance, Pakistan's geographical location offers abundant sunlight, making solar energy a prime candidate for localisation. Wind energy, hydropower, and biomass are other areas where Pakistan can harness its indigenous potential.

Seamless integration within the energy supply chain is equally crucial. This involves the development of a robust ecosystem where local industries can contribute components and expertise, thus reducing reliance on



foreign imports. Collaborations between academia, industry, and policymakers are pivotal in nurturing this ecosystem. Moreover, the establishment of technology hubs and innovation clusters can accelerate the development and deployment of indigenous energy solutions. Moreover, there is also a need to develop mining industry for extraction of critical minerals required for energy transition.

## R&D: PAKISTAN'S CRUCIAL CHALLENGE

An in-depth scrutiny of Pakistan's R&D expenditures in comparison to global benchmarks paints a somber picture. At a mere 0.19 percent of the GDP, the nation trails even behind the South Asian average. The realm of innovation is further illustrated by patent registration figures, unveiling a stark gap: while India notched an impressive 23,141 patents in 2021, Pakistan struggled to amass 338.

This dearth of investment in research and innovation is a major stumbling block in achieving true indigenisation. Innovation is the bedrock upon which sustainable energy solutions are built. Countries that have successfully transitioned towards renewable energy, like Denmark and Germany, have done so by heavily investing in research and development. Pakistan must cultivate an environment that encourages curiosity, exploration, and technological breakthroughs to propel its energy sector forward.

## STAKEHOLDER CONVERGENCE: IMPERATIVE FOR PROGRESS

Effectuating a paradigm shift towards indigenisation demands a collective endeavor that unites diverse stakeholders - the government, the private sector, and academia/Civil Society Organizations (CSOs). This harmonious synergy is to be realised through forging robust connections between academia, industry, and policymakers.

The role of the government is pivotal in creating an enabling environment for indigenisation efforts. This encompasses the formulation of favorable policies, incentives for research and development, and streamlined regulatory procedures. The private sector, on the other hand, can drive innovation through investments, commercialisation of research, and establishment of local manufacturing capabilities. The academia and CSOs have a crucial role in bridging the gap between theory and practice, ensuring that research translates into tangible solutions.

## DRAWING LESSONS FROM GLOBAL EXEMPLARS

A beacon of inspiration for Pakistan lies in Denmark's remarkable trajectory toward harnessing wind energy. In the aftermath of the 1970s oil crisis, Denmark adroitly pivoted towards wind energy, catalysing local manufacturing and channeling substantial investments into R&D. Presently, Denmark stands as a formidable global leader in wind energy, with over 40% of its electricity sourced from wind turbines. The dividends of this transformation are manifold: amplified employment opportunities, diminished reliance on imports, reduced greenhouse gas emissions, and a palpable uplift of the local community.

## CHARTING THE WAY FORWARD

The tapestry of Denmark's success story weaves seamlessly into Pakistan's current narrative. Standing on the precipice of an impending energy crisis, the trajectory towards indigenisation and localisation ceases to be a luxury; it morphs into an inexorable necessity. The echoes from the world resonate with a resolute message: the hourglass of time is teetering on the brink of profound introspection, meticulous integration, potent incentivisation, and unflinching policy orchestration.

The path forward, intertwines Pakistan's pursuit of energy security with its aspirations for robust economic growth. By nurturing a thriving ecosystem for renewable energy, the nation can stimulate economic activity that ripples across industries. Job creation will burgeon, not only in the specialised field of energy technology but also in ancillary sectors, such as manufacturing, installation, and maintenance. The establishment of local technology hubs will catalyse innovation, fostering a culture of research and development that can further branch into diverse sectors, transcending the energy realm. Moreover, the coupling of economic growth with renewable energy initiatives serves as a powerful lever to uplift local communities. As wind turbines hum and solar panels glisten, regions once overshadowed by fossil fuel plants can experience a rejuvenation. This symbiotic relationship between progress and sustainability is the cornerstone of the narrative that Pakistan can script.

Simultaneously, this narrative must emancipate itself from the shackles of imported fossil fuels. As the world navigates geopolitical turmoil and energy insecurity, a nation that hinges its growth on indigenous energy sources becomes inherently resilient. Pakistan's reliance on imported oil and gas, prone to price fluctuations and international disputes, can be severed.

The process of localisation and indigenisation not only empowers Pakistan to determine its energy destiny but also shields it from the geopolitical quagmires that often accompany energy imports. It's an overture that reverberates with the harmony of local innovation, economic resurgence, and environmental stewardship.

The challenges that loom may be complex, but the solutions are equally ingenious. From harnessing solar and wind potential to investing in breakthrough research, from fostering public-private collaborations to instating visionary policies, Pakistan's voyage towards energy indigenisation is a saga of hope, determination, and resilience. As history etches its lines, let Pakistan be remembered not for the crises it faced, but for the fortitude with which it overcame them. Let its journey towards energy self-reliance echo as a resounding anthem, not just within its borders, but across the globe. With each solar panel installed and every wind turbine erected, Pakistan forges a future that is not just energy-secure, but economically vibrant, environmentally conscious, and resilient in the face of uncertainty. The time is now, the path is clear, and the destination is a sustainable, prosperous future.



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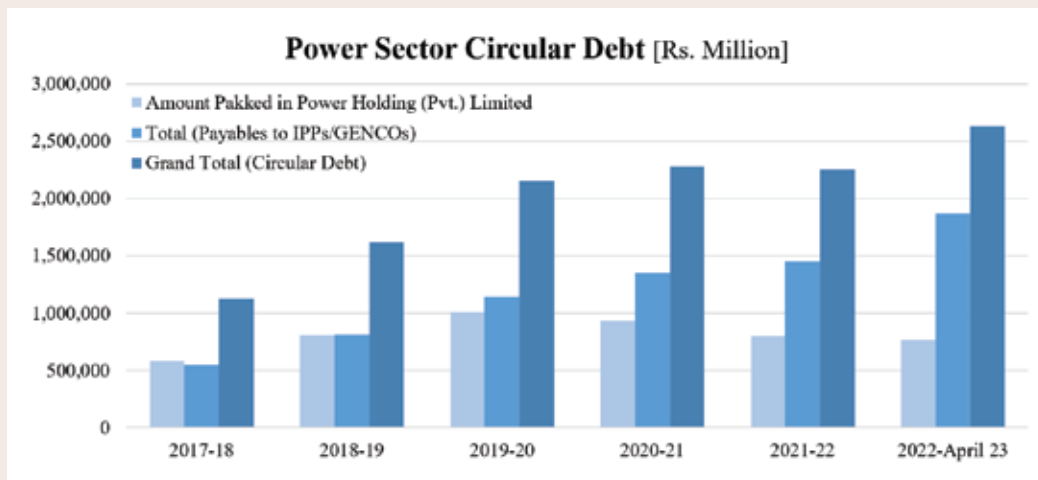


# HOW OPERATIONAL INEFFICIENCY OF DISCOs SHAPES CIRCULAR DEBT IN THE POWER SECTOR

Shafqat Abbas

The circular debt of the power sector accumulates when power distribution companies fail to fully pay for the purchased electricity. In other words, circular debt is a cash shortfall across the power supply chain. If this debt keeps growing, it becomes a serious problem because the companies producing electricity might not have enough money to buy fuel, for maintenance, and make necessary upgrades. This can jeopardise the effectiveness of the entire energy system.

In Pakistan, the issue of circular debt remains unresolved, reaching a total of Rs 2.63 trillion by April 2023. This circular debt is growing, mainly because of pending subsidies that were supposed to be given and unreleased. Further interest charges owed to independent power producers (IPPs) for late payments are adding up. Another concealed factor of circular debt is the operational inefficiency of electricity distribution companies.



Source: State of Industry Report NEPRA and Today Pakistan



## DOCUMENTED CONTRIBUTORS TO POWER SECTOR CIRCULAR DEBT

To comprehend the factors accumulating power sector circular debt, let's analyze the surge in circular debt from July 2022 to April 2023. During this period, circular debt rose from Rs. 2253 billion to Rs. 2631 billion, an increase of 378 Rs. billion, as shown in the given Table.

The circular debt crisis is exacerbated by the fact that K-Electric has not paid Rs. 102 billion in dues, and distribution companies (DISCOs) are causing losses due to inefficiencies of Rs. 93 billion and under-recovery of Rs. 204 billion. The total expenses for generating electricity, which cover Quarterly Tariff Adjustment (QTA) and Fuel Cost Adjustment (FCA), reached Rs. 94 billion between July and April.

A budgeted subsidy of Rs. 108 billion for the fiscal year 2023 (April) has not been released, and there are also unbudgeted subsidies worth Rs. 30 billion. This is putting pressure on the energy sector. Furthermore, interest charges due to delayed payments to independent power producers (IPPs) surged to Rs. 76 billion from July to April in FY23. Additionally, an amount of Rs. 56 billion has been utilised from IPPs' claims for FY23 to offset markups for Public Holding Limited (PHL).

The government's attempts to lessen the impact of the circular debt crisis involve setting aside Rs. 35 billion to repay the principal amount to the PHL. There are also anticipated stock payments of Rs. 180 billion in the fiscal year 2023. The power sector faces a continuous challenge for technical reasons, such as poor conductors aging grids, outdated transmission and distribution infrastructure, lack of regular maintenance, and losses caused by resistance.

## OPERATIONAL INEFFICIENCY OF DISCOS

The installed power generation capacity remains underutilized in any power system owing to the seasonal power generation. Nonetheless, the present capacity can be employed effectively. The chart illustrates the disparity between the present capacity, peak demand, and its contribution during a high-demand hour within the day. Power was not generated despite the presence of demand and capacity.

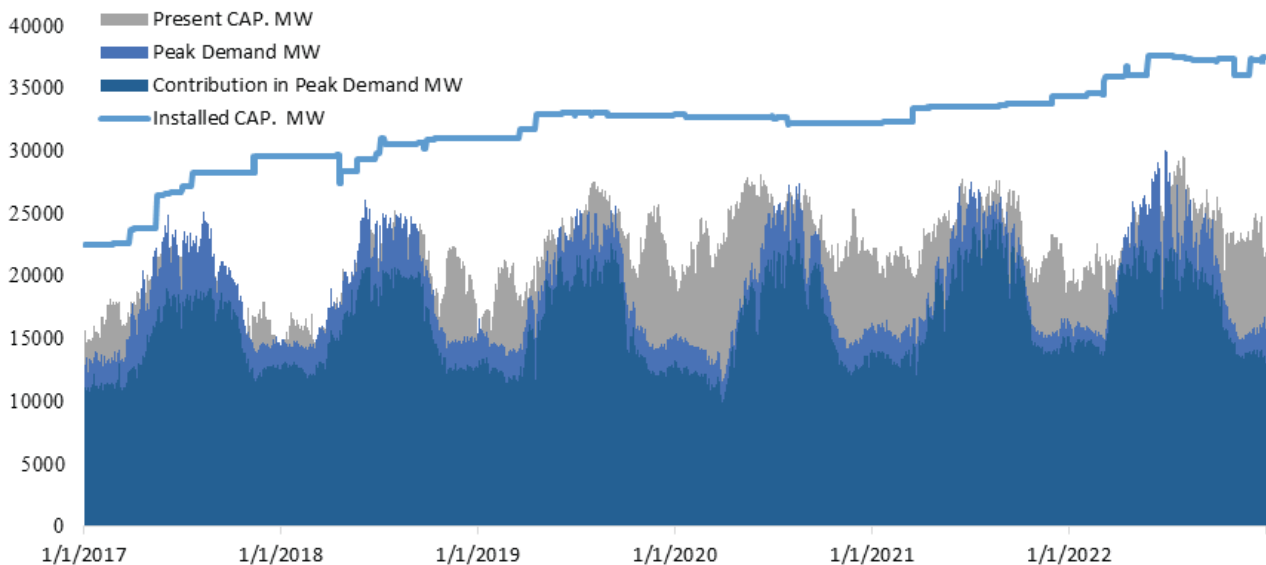
The above situation arises from inefficiencies incurred by DISCOs through demand-management practices. To demonstrate improved performance, DISCOs have either completely or partially halted power supply to certain regions during peak hours, rather than improving recovery. However, GENCOs continue to assert

Circular Debt			FY 2022 2023	Jul-Apr
Payable to Power Producer			1351	1767
GENCOs payable to Fuel Suppliers			101	99
Amount Parked in PHL			800	765
<b>Total Rs. Billion</b>			<b>2253</b>	<b>2631</b>
<b>Circular Debt Increase (Jul-Apr 23)</b>			<b>378</b>	
<b>Factors Contributing to Circular Debt</b>				
Non-payment by K-Electric			107	102
DISCOs Losses and Inefficiencies			133	93
DISCOs Under Recoveries			180	204
Pending Generation Cost QTAs and FCA			414	94
Budgeted Subsidies			(12)	108
Unbudgeted Subsidies			(133)	(30)
IPP's Interest Charges on Delayed Payments			105	76
PHL Markup Paid out of IPP's Claims			29	56
Other Adjustment (Prior year recovery etc.)			(285)	(197)
<b>Sub-total (a) Rs. Billion</b>			<b>538</b>	<b>506</b>
<b>Payment Through Fiscal Space</b>				
PHL Principal Repayments			130	35
Stock Payments			434	93
<b>Sub-total (b)</b>			<b>564</b>	<b>128</b>
<b>Total (a - b) Rs. Billion</b>			<b>26</b>	<b>378</b>

Source: Today Pakistan and atmospheric conditions, resulting in a 20 percent loss of energy.

capacity charges based on their designated capacities. In this scenario, capacity charges accrue even without power generation, despite the present capacity and existing demand for electricity. The burden of such inefficiency has been accumulated in the form of capacity charges rather than in the DISCOs account.

## Daily Generation Capacity and Generation Durring Peak Hours



Distribution Companies (DISCOs) have either completely or partially halted power supply to certain regions durring peak hours despite existing demand and capacity. In this scenario, capacity charges continue to accrue even in the absence of power generation.

Source: State of Industry Report NEPRA and NPCC

Solving the circular debt issue is essential to alleviate supply limitations. However, the challenge is daunting, as it demands resolving the accumulated circular debt before preventing the further accumulation of outstanding debt. The Pakistan Economic Survey 2022 indicates that if these technical and non-technical issues are not effectively addressed, Pakistan's circular debt could potentially increase to Rs. 4 trillion by 2025. Therefore, it is crucial to address this persistent issue in the power sector. While the government's primary solution remains increasing tariffs, this approach does not prove effective, as circular debt continues to grow.

## CONCLUSION AND RECOMMENDATIONS

In this technologically advanced age, addressing the circular debt problem should not pose a challenge for policymakers. Nonetheless, in Pakistan, the primary hurdles arise from the absence of reforms within the energy sector and the consistent implementation of policies with limited political interference.

The government's inability to reduce transmission and distribution losses can be attributed to insufficient emphasis on infrastructure upgrades and a predomi-

nant focus on power generation. Despite Pakistan having achieved surplus generation capacity, the priority should shift towards enhancing the transmission and distribution sectors within the power industry. The dilapidated transmission and distribution infrastructure requires modernisation.

To sum up, two key objectives must be achieved: minimizing both technical and non-technical losses and ensuring effective utilisation of generation capacity by collecting nearly the full billed amount. These goals can be realised through a competitive energy market that operates based on economic principles, rather than navigating complex regulations, subsidies, and additional charges. It is crucial for the government to discontinue support for deceptive practices and corruption under the guise of subsidies, and instead take a role in developing a competitive energy market. This shift will contribute to a more transparent and efficient power sector.

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# ADOPTING HOUSEHOLD SOLAR IN PAKISTAN

Amer Zafar Durrani

Getting our stories and our knowledge to formulate a consensus narrative on power in Pakistan, is fundamental to creating a sustainable and secure energy future for Pakistan. Here, we will cover an aspect of this power debate which is doing the rounds; the utilisation of home solar or simply roof top solar solutions towards energy independence or shall we call power independence. The further focus is on the household roof top solar and solutions thereby; with the caveat that transition to direct current (DC) devices is now a non sequitur in the 21st century urban household debate; so alternating current (AC) utilisation at household level is the focus.

The independent power producer, or IPP, a term that has gained notoriety in all languages spoken in Pakistan, is an entity that produces power, generates electricity, and then supplies it to the end consumer as a standalone commercial entity. Currently almost all large private and public electricity generation companies, utilising fossil fuels and non-fossil fuels and sources, spread all over Pakistan, are categorised as IPPs (or GENCOs).

Traditionally the provision of electricity to the end consumer, the household in this case, has been a flow-process starting from the GENCOs to the national transmission company (the National Transmission and Dispatch Company) to the ESCOs (also known as Distribution Companies or DISCOs) and through them to the end consumer. The electricity enters the household consumer through an electricity meter which keeps tab on how much electricity is being utilised by the household. All electricity being

distributed around the household after this ‘meter’ is thus within the control of the household consumer. Hence the term “behind the meter” refers to the distribution of electricity beyond after the electricity meter.

Since the induction of the uninterrupted power supply systems (UPS), each household having a UPS became a standalone independent power producer (IPP). The UPS, not to be confused with the global courier service is nothing but a power bank with a DC output sent to the household power supply, behind the local DISCO’s meter, through an inverter that converts the DC to AC power—that storage came to Pakistan before Musk, our power sector must be lauded, pun intended.

This was followed by the advent of methane gas (Sui gas) and the petrol and diesel generators at household level, often still coupled with a UPS. Again, being “behind the meter” this was a further solidification of households as individual IPPs.

Getting back to the household (HH) solar discussion, all HHs utilising roof top or standalone solar are thus essentially individual IPPs. This is now cemented with the allowance for net metering—implying that a HH can technically sell electricity back to the DISCO. Technically, once the electricity is sent back to the DISCO’s local power grid, it is again part of the DISCO’s electric supply.

Today, and since the last decade, an emerging trend is localised generation, distribution, and utilisation of electricity; as the renewable and other means of



generation as well as the tools for managing electricity flow have become more portable and readily available, especially at a smaller scale. Localised grids and electricity generation, therefore, refers to the production of electricity close to where it is consumed. Typically, this also implies greater reliance on the use of renewable energy sources such as solar, wind, and biomass to generate electricity—not simply localised fossil-based power sources.

Localised grids are designed to connect relatively small-scale energy producers to consumers. This entire system of relatively small-scale generation and local grids is generally managed by local communities, local authorities, or private companies, depending on the location's political, economic, and social context.

This system avoids long distance transmission and related losses and other insecurities. Despite being considered suitable for only remote areas and sparse locales, where costs of extending central electricity transmission can be forbidding, these systems can also be well suited to many central and accessible areas.

This then is what has created the possibility of “behind the meter arbitrage of electricity” in our neighborhoods—something that has been prevalent in many urban localities in developed countries for a decade or more. In simple terms it is the phenomenon of a local community, say, your street, getting together and generating and buying and selling electricity from each other, behind the meter.

A critical aspect of this localised electricity arbitrage is having access to your own local electricity distribution network operating behind the meter or having access to your local grid which has been ‘cordoned-off’ for local use. Let us assume that we have the ability for this to happen in urban neighborhoods in Pakistan, utilising roof top solar as a generation source, what then?

Will this bring ‘energy independence’ or ‘energy security’? The two terms have varying implications at local HH and at national levels. At the national level, it implies maximising ability to control the resources and means required for generation, transmission, and distribution of electricity—lowering forex component as well as use of locally available fuels is a critical component of this ‘independence’ or ‘security’.

Now let us analyse the scenario that we focus on maximising HH roof top solar as well as transition to personal electric mobility. Pakistan, presently does not manufacture quality solar panels, let alone having an edge in emerging solar generation technologies; nor do

we manufacture or have any edge in the required electricity distribution and management paraphernalia. This implies massive imports and thereby massive forex requirements. Should we progressively internalise a lot of the required manufacturing, we will still be beholden to inputs and secure integration within the appropriate solar technology global value chains.

A further issue is that of managing the load or demand requirement on days which are not sunny or when load requirements overshoot the supply. This load can of course be met through the central grid, but grid independence has another major issue, what do all the national IPPs do when they are unable to sell electricity! They shut down. Powering up these behemoth IPPs is an intricate process involving both the time for getting back online as well as the management of the commercial aspect of idling till such time when they are required by the central grid. This thus points us to the need for storing electricity at the HH level as well as nationally. Pakistan, unfortunately, is well behind the times in the storage game as well.

So, what do we do? The solution lies in incentivising adoption of solutions tailored to localities and geographies rather than approving a single brush stroke national HH solarisation policy or in fact incentivising electric mobility across the board. The idea of this article is not to discourage the transition to renewables, rather it is to encourage pragmatic HH level as well as national level decision making to realistically target energy security.

***The author is the President of Reenergia and a former World Banker.***

# THE ANTECEDENTS OF PAKISTAN'S POWER SECTOR MESS

Shahid Mehmood

Pakistan's power sector is in the news again, given the inflated electricity bills and the countrywide protests against them. As expected, the ensuing debate has largely centred upon the usual figures of circular debt, payments to Independent Power Producers (IPPs), thefts, line-losses and management issues at DISCOs level, etc. However, this was not always the case! What is missing from most of these debates is the evolution of the issues plaguing the sector, whereby some critical aspects and realities remain lesser discussed (especially economic and historical aspects in a wider context). Without understanding these, the contents of today's problems cannot be understood properly. This article intends to bring forth these lesser discussed aspects.

The article covers the electricity sector, which is an ample reflection of the power sector (which also includes natural gas) because issues are pretty much the same. This essay relies heavily on the outstanding work by Dr. Afia Malik and Dr. Nadeem ul Haque, whose research was recently published by PIDE<sup>1</sup>, a definite read for anyone wanting to grasp the intricacies involved. This article should be taken as an extension/-continuation of it rather than as a substitute to their work.

Briefly put, the story of the decline of this sector involves politics, rent-seeking, regulatory capture, greed/corruption, incompetence, donors, the pitfalls of centralisation, and more. We begin with the fact that Pakistan's power sector, initially run by WAPDA, was once envy of many around the globe. Having successfully built and operated mega projects like Tarbela and Mangla (built to meet rising electricity

demand) and handling the distribution system amiably, it saw its gradual downfall starting in the 1970s, especially with the advent of Martial Law in 1977, with a former Member Energy at Planning Commission blaming the decline on induction of army personnel in the organisation<sup>2</sup>, something that continues to this day. WAPDA is still there, with yet another retired, corrupt General running it<sup>3</sup>.

This decline had many repercussions, foremost amongst them being that a country endowed with tremendous hydroelectric potential became subservient to imported fuels. Aside from induction of non-professional personnel into WAPDA and its institutional capture, this also opened the way for IPPs to descend on Pakistan, encouraged by our own Government and donors. The momentum of producing electricity from hydro and other domestic sources came to a halt. Making an excuse that Kalabagh Dam was controversial (laying the ground for private IPPs on thermal fuels) discounts why other dams (small, medium or large) were not built? There was no disagreement on them! Case in point: Gomal Zam Dam in South Waziristan. Conceived in late 60s, initial studies were completed by early 70s. There was absolutely no disagreement on it. Yet, work on it started in 2001, starting electricity production in 2014. The change in the sector's dynamics can be gauged by the fact that a large portion of the hydroelectric projects like Neelum-Jhelum, Karot, etc., are now running on IPP mode.

<sup>1</sup>Power Sector- An Enigma with no easy Solution',

<sup>2</sup><https://tribune.com.pk/story/2298003/failure-of-the-power-sector-after-1970s-1>

<sup>3</sup><https://www.youtube.com/watch?v=Lw9B9ZqnApQ>

We now turn to the advent of IPPs and the expansion of bureaucratic hold on this sector. In both these cases, complementing the mediocre WAPDA management was the equally dubious role of donors, something that rarely gets mentioned. All along, in this power saga, they have had a very questionable role. Back in 1981, the Government's own Economic Survey stopped short of directly accusing them of buildup of foreign loans (USD 9 billion at that time) by pushing for big-ticket, long gestation projects that had questionable utility to begin with. Parsing the stats over time, some are quiet revealing, especially the stats about loans directed solely at power production and investment, but little or none in Transmission and Distribution (T&D), likely because it doesn't offer fixed returns or dollar indexation.

Onto the vexing question of IPPs. The common understanding/belief is that it was PPP who brought them to Pakistan. But that is false; it was General Zia, who signed onto the establishment of HUBCO in 1988 (based on a previous year's single-page directive that acted as a Power Policy, also initiated and signed by him). That set the ball rolling; In the famous 1994 Power Policy episode, the World Bank's (WB) overzealous role was more than evident, to the extent that it ran from pillar to post to arrange financing from various sources and setting the IPPs. From that time till now, consumers had to pay through their noses to fill coffers of IPPs; the IPP inquiry report in PTIs tenure found that in the last two decades, consumers had been skimmed of a whopping Rs. 4 trillion. If you think that any lessons were learned, think again: further 11,000 MW electricity through IPPs are in the pipeline (another 7,000 MW of CPEC power projects are separate from these)!

In the summary of Power Sector Policies of PIDEs publication<sup>4</sup>, something striking manifests itself—whenever the power policies have tried to incentivise using domestic resources for production, or tried to move away from fixed returns and tax exemptions, IPPs have shied away. What gives? I tried to find agreements around the globe with such high returns and governments taking upon themselves such a large portion of the risk, but could not locate a single one! In 1994, for instance, India had a larger risk profile than Pakistan, given that it was on the verge of default in 1991, its economy on the brink of collapse. So did India sign up on such arrangements in the vicinity of that time? I didn't find any. Perhaps the reader can help me out here.

In hindsight, from a purely economic management point of view (without going into technical details), recourse to imported sources and dollar indexation

would have made sense if there were sustained GDP growth that did not give rise to Current Account (CA) deficits. Historically, Pakistan's economy was completely opposite to such a happenstance (and still is), a fact that was known even at the time of signing up all these agreements. It was thus a massive failure (deliberate?) on part of policymakers who could not foresee the issues arising out of imported fuel dependency, an issue that was well-known.

If this were not enough, a few years later the WB came up with another debatable policy in the form of unbundling the power sector into many smaller units. Briefly put, that unbundling in 97-98 has been a profound failure, one that has saddled us with more bureaucracy and more expenses but little in terms of quality improvements! The result is around 20 institutions in the power sector, all occupied by civil and military bureaucracy, with little to show in terms of competency and quality.

A remarkable aspect of all this is that donors have been well aware of our shortcomings and failures all along, especially in terms of completing projects on time, yet are more than happy to provide hefty dollar loans. There appears to be a good reason for that: besides Pakistan being a loan addict, the usual delays in loan utilisation (there's always a condition to utilise loans within a certain timeframe) result in 'commitment charges' on loans (besides interest and principle). In terms of power sector, these are ultimately extracted from the consumer (tell me honestly, how many of you knew about this one?).

Details about this kind of extraction is scarce; in 2017-18, for instance, out of the USD 2.9 billion loaned to Pakistan's power sector by Asian Development Bank (ADB), only USD 400 mil had been utilised! On the unutilised ADB loans, Pakistan paid a commitment charge of USD 7-8 million. In the same year, despite the former unutilised loans, ADB lent another USD 320 mil to Pakistan for power sector projects. This defies logic, does it not?

<sup>4</sup> 'Power Sector- An Enigma with no easy Solution', p.69



This continues, although details are unavailable. Here's a recent example: the Kurram-Tangi Dam. Conceptual work was completed in 2005, but as is typical of the country's economic history, it went cold until the USAID came up with a USD 80 million loan and work finally started in 2016. But more money was required; in comes ADB, recently, with its USD 300 million loan proposal, but under the compulsion that Pakistan will have to hire the services of a Turkish consultant (which Pakistan did). Again, why are these donors so eager to invest in power projects, and mainly in production? And why dump their favoured international consultants upon us?<sup>5</sup> Any chance the people will see the agreement between us and ADB? Nope!

The case is similar in terms of other donors. Back in 2017, IMF, for instance, prophetically warned that most of the agreements signed with Chinese IPPs were non-transparent, and that they may become a significant burden later as profit repatriation and payback on dollar loans (from Chinese banks) are due. Or take the recently signed agreement between China and Pakistan on building another nuclear power plant, rushed into signing by the incompetent PDM government, which will saddle us with a further USD 3 billion in debt. Sadly, one of PTI government's best initiatives, the IPP Report, is also silent on the dubious role of donors in all this.

The next aspect of discussion is the technical fraud that manifests itself in many ways! Someone will have to finance for power sector bureaucracy and IPPs, and for that, whatever works is okay despite it being illegal and illogical. Some are known, others are not. For example, there's a 'depreciation charge' (part of 'net distribution margin') extracted from us in our bills. The story of this charge goes way back to 1890s, when the US Supreme Court allowed this charge under the understanding that the income from it would be used by power distribution companies to regularly upgrade the overall power infrastructure. Now, go around Pakistan and what you'll find is the debilitated state of power infrastructure, especially the T&D (specifically, the peri-urban and rural areas). So what are they charging us for? Then there's 'income tax' in the bills. Seriously? I mean we get income tax deducted at source! So what's with this one?

The running of this sector by civil and military bureaucracy, and having a politically compromised regulator in NEPRA, has significant implications, with a critical one being the total absence of capacity and expertise to check fraudulent practices by GENCOs. This was highlighted amply by the IPP Inquiry Report, concluding that absence of expertise and forensic audit caused massive losses to the consumer as GENCOs<sup>6</sup> kept

overcharging them. Despite this, under Ishaq Dar, IPPs were paid Rs. 450 billion in one go without any audit. Back in 2019, a research piece estimated that IPPs were being paid USD 27 million per annum as 'returns' when it should have been USD 6.2 million at maximum<sup>7</sup>. Well, as expected, no lesson was learned; it's business as usual for GENCOs as they continue to garner hefty returns without any forensic audit<sup>8</sup>.

The pitfalls of incompetent and unprofessional management running the show doesn't end here. Having central authority makes it easier for the federal and provincial Governments to be one of the biggest defaulters and never pay their bills.

Questionable planning for the sector dots the power landscape: an early attempt to make use of Lakhra coal reserves were discontinued due to poor execution and political hindrances, and the coal reserves of Thar were handed over to that dubious character, Dr. Samar Mubarak, in the 1990s. This pseudo magician claimed that he'd produce enough electricity from Thar coal that Pakistan would export to the whole region! In the end, after wasting billions of taxpayer rupees, he couldn't produce zilch! Yet, he remains out of law's ambit due to the influence exerted by his employer. If the same reserves had been utilised at that time with the help of private sector, the story today could have been much different. Similarly, Sahiwal coal power plant needs imported coal through a 1200 KM of rail journey. It was purely politics: PML-N showing off with its big-ticket items in an attempt to keep its political monopoly in the Punjab intact. Another example is the Neelum-Jhelum hydro power project, which is two decades behind schedule, for which consumers were continually charged for no mistake of theirs (the 'NJ surcharge'). Last year, as it was about to start production, it came to a standstill due to some 'fault'. The company which was accused of faulty design was again handed a contract to rectify the fault! Until now, this fault has cost the consumers an estimated Rs. 125 billion due to the use of expensive furnace oil, for no fault of theirs.

<sup>5</sup>There are countless examples. NEECA, another useless arm of the Power Division, changed a whole agreement signed with a donor, just because the donor insisted on having their chosen consultant to supervise the project

<sup>6</sup>Acronym for Power generation companies

<sup>7</sup><https://fb.brecorder.com/2019/04/20190407462061/>

<sup>8</sup>See <https://tribune.com.pk/story/2437101/plants-accused-of-over-charging-for-low-quality-coal>

Then there are setups like AEDB and NEECA, filled with bureaucracy and political favorites, but of little or no practical use to taxpayers who have to finance their wages and perks.

Here, in terms of utilisation of domestic resources and poor planning/execution, I am merely touching the tip of the Iceberg. There are innumerable puzzles and controversies that still crave for an explanation. For example, the availability of coal reserves in Khyber and Sahiwal have been known since colonial times. A couple of years ago, while talking to people in KP's Oil and Gas Department, I was informed that there were coal reserves there of the highest quality, matching the best in the world. Yet, we have been importing coal from Afghanistan and other places in the world.

With a centralised power system, politicians and rulers (civil or military) can play around with it to their advantage rather than welfare of the people. Remember that the circular debt reared its head under General Musharraf's government, which refused to pass on higher input prices since elections were coming up. Most of us who were born in 1970s and 1980s might remember the 'mere gao mae bijli aai hae' (my village has received electricity) advertisements, whereby the government expanded the electricity networks through MNAs and MPAs (through PSDP, under the guise of 'development schemes', another of Zia's 'achievements'). But nobody inculcated in the users that they'll also have to pay their bills, and that the price of the service does not remain stagnant. And of course, there are the power sector subsidies, costing the taxpayers Rs. 3.7 trillion since 2007 to keep this inefficient leviathan running. What better reflection of politics than this?

Political expediency and centralised control also helps to explain a critical issue: electricity theft! Simply put, theft would not be possible without the help of DISCO staff (especially meter readers), the people sitting on the boards of GENCOs (who come to the rescue of thieves every time they are caught), the local administration (police, specifically) and of course, local politicians who always try to protect their voters who steal electricity. That is why merely producing charts and graphs of electricity theft mean little; it would take changes at the aggregate system level to stop this rather than merely cutting electricity meters. For example, we would need to rethink the model whereby the distribution and collection is under the central government, but police and administration is under the provincial government! We recently saw the pitfalls of such an arrangement with PDM in the centre and PTI in KP. Similarly, how many of the DISCO staff are filers? Any account of their total wealth? I know of several Executive Engineer Offices

(XENs) who've amassed abnormal amounts of wealth. If there were any reprisals from the system, there wouldn't have been theft!

I now turn to some of the hitherto unexplored aspects of this muddle, which would fit well in any economic analysis of this issue. The first one concerns one of the most destructive policies adopted by Pakistan's economic managers in the form of uniform pricing of commodities and services across the country. The negative fallouts of this policy remains one of the least studied, and underappreciated, aspects of Pakistan's economic management. A detailed discussion is not possible here, but I'll narrate briefly. It's highly illogical and atrocious, for instance, that a unit of electricity produced from a power house in a particular area for Rs. 5 or 6 is sold to the residents of that area at Rs. 60 per unit! GB and KP are two examples where this is happening. Yes, I am aware of the argument about capital investment by the central government for setting up the power houses. But that argument disregards the important query of why provincial or local governments can't have the power to arrange such capital themselves (the 18th Amendment has made it easier, but the centre still has its monopoly).

Mind you, before some friends get riled up, that shenanigans of uniform pricing are as applicable to Punjab's wheat, as well as Sindh and Baluchistan's natural gas as they are to KP and GBs hydro resources. Amongst the many reasons going against this, a primary one is the lack of incentives to specialise and develop skills in what a region/province is good at! Other than that, since there's the all-powerful centre dictating a uniform price, there is little need or incentive to develop an inter-regional/inter-provincial trading market, and thus domestic commerce potential remains unfulfilled.

What is also noticeable is the failure to develop a comparative advantage! As mentioned above, Pakistan had gained quite a substantial amount of expertise in designing, constructing and operating hydro projects by the 1970s. In any country with sound policymaking and able institutions, this should have led to developing a long-term advantage: not only would other countries around the world be requesting Pakistan's assistance in their hydro projects, but a whole industry and services sector would have complemented this expertise, helping Pakistan's exports. The current situation, as any reader would guess, is the exact opposite: Pakistan often turns to Chinese engineers for designing hydro projects, and imports related equipment (aside from financing), thus inflating our imports. This is a noticeable policy failure, something that plagues many sectors in Pakistan.



What the above all clearly demonstrates is that the central government clearly lacks the capacity, skills and drive to run this sector properly. So then why insist on running it? For the same reason that it insists on running SOEs like Steel Mills, PIA, Railway, etc.: they serve as a dumping ground for bureaucracy and political appointees of rulers! Boards of DISCOS, for example, are filled with retired bureaucrats and relatives of politicians. The power sector, which manages all this, is headed by a PAS babu, enjoying considerable perks and privileges. Similarly, WAPDA is now a favorite dumping ground for retired Army men.

The end result is a gigantic mess of cataclysmic proportions, and arguably the world's most expensive electricity per unit. All in all, there isn't much hope; it'll likely get worse.

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# CURRENT AFFAIRS & INTERNATIONAL RELATIONŠ



# MISUNDERSTANDING MULTIPOLARITY

Saeed Afridi

Though the popular definition of Pakistan's regime type has varied, in essence the state has remained authoritarian in substance, irrespective of form. Pakistan has assumed a Competitive Authoritarian State form for the entirety of its existence but its 'strategic importance' has kept it relatively immune to Western leverage for comprehensive democratisation (Levitsky & Way, 2010).

Since independence from the British, Pakistan's security establishment has been quite successful at maintaining control over all four main arenas of democratic contestation (Levitsky & Way, 2002) exercised through a manipulated electoral process, subservient legislature, a compliant judiciary and a systematically repressed media. The monopoly on the access and dissemination of information remained a valuable tool in exercising this control. Their hegemony over these arenas has ensured that rights violations, though wavering in intensity, have remained constant and without consequence. In a domestic environment where upward mobility, judicial redress, provision and omission of personal security and liberty, and access to information could be manipulated at will, the security establishment could wield authoritarian control without facing a successful organised popular challenge.

In a bipolar world, where economic and security hegemonies were complementary and either uncontested or restrictively contested, security establishments within authoritarian states took advantage of the need for ideological, economic and security homogeneity within competing global blocs. States within the US fold experienced occasional, but explicit, political influence through diplomatic or economic coercion manifested through punishment or manipulation (Vayrynen, 1995). Security establishments could continue domestic exercise of control despite violating rights, as long as they adhered to homogeneity in their global postures. In Pakistan the root of this dichotomy of policy-coercion at the expense of rights was sown and socialised successfully during British rule where the co-opted ruling elite espoused values, such as global hegemonic homogeneity, as a modern norm, at the expense of domestic rights (Ikenberry & Kupchan, 1990).

With the ushering in of the brief American unipolar era, security establishments in authoritarian middle powers needed to grapple with the twin dangers of abandonment and entrapment (Walt, 2009). Weaker authoritarian states like Pakistan needed to import liberal norms of the Washington Consensus along with adherence to US-led regional geopolitics, in order to avoid abandonment. All four arenas of democratic contestation needed to be instilled with a suitable façade of democratic practices and deference to human rights became important, with co-optation as the preferred tool of exercising control rather than coercive authoritarian practices. Failure to do so risked potential economic growth and global recognition as the harbinger of the 'third reverse phase' of democratisation (Diamond, 2000).

The War On Terror provided Pakistan's security establishment a relatively small window of opportunity to reverse much of that democratisation façade (Carothers, 2003). Rights violations were once again practiced, ostensibly to reinforce the war effort, while placating the difficult but important US-Pakistan geopolitical relationship (Badalich, 2019). US concerns about rights violations within Pakistan's domestic arena suffered from an imbalance versus military aid, as exercised during the bi-polar era (Ali, 2009). Belated democratisation concerns manifested in direct interventions by the US, including successful regime alterations (Rice, 2011).

During the unipolar era, Pakistan's security establishment's control over one arena of democratic contestation weakened considerably as repressive media controls were rolled back leading to the emergence of privately owned and managed sources of information, suffering relatively limited direct censorship (Hassan, 2017). This provided a platform for highlighting and demanding redress against rights violations. Overtime digital media, especially social media platforms, culminated in the reduction of electoral apathy and the emergence of citizen driven advocacy against governance inefficiencies, challenging the relatively restrictive norms of old (Michaelsen, 2011). This inevitably manifested itself in a populist challenge to the security establishment's domestic political hegemony and its co-opted democratic vehicles.



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Despite these elements, Pakistan's security establishment was largely successful in ensuring that democratisation assistance remained 'security driven' and the pre-eminence of security aid, over all other forms, was reinforced, rather than challenged. As a result, the power base of the security establishment to manipulate the quality of elections and appoint, or dismiss, democratic governments remained at roughly the same levels as at the beginning of the unipolar era (Cheeseman & Desrosiers, 2023).

When US emphasis once again shifted towards a more Manichean framework, liberal capitalism versus authoritarian capitalism, with respect to global competition,

first with Russia (Arbatova, 2014) and then China (Kupchan, 2014), Pakistan's security establishment grossly misinterpreted the advent of a multipolar world as a return to the bipolar era and once again pivoted back into the historical norms, motivated primarily through institutional memory (Rafiq, 2023). This motivated an assumption that rights violations could once again be pursued domestically to reinforce control if the security establishment also ensured homogeneity of policy with the United States in the global arena. This interpretation meant that, having retained its power to install and dismiss democratic governments, the security establishment considered it plausible once again to re-establish complete control of all the arenas of democratic contestation.

This assumption that the clock could again be rolled back was largely invalid. Unlike the Soviet era, today's multipolar world is witnessing a global competition that is not in fact bi-polar with ideological, economic and security homogeneity. While the US retained an overwhelming advantage in the security arena, its position in the economic sphere now faced competitive challenges by a number of emerging global powers, with China-led multilateral organisations dominant among them. The US's ideological hegemonic power was being challenged by a completely new sectorial entrant to the global competition of ideas and the provision of information. The emergence of a 'digital order' dominated by a handful of corporations and institutions across the globe has created a world where the ability of states to control the dissemination of information, globally and domestically, has all but eroded (Bremmer, 2022).

Both the mass society and economic theories regarding the emergence and rise of populism highlight that the prevalence of censored or incomplete information has historically hampered the channelling of popular discontent through political vehicles (Hawkins, et al., 2017). Online platforms emerged as an 'alternative media' and provided a more suitable environment to foster the growth of uncivil, aggressive and populist discourse (de la Torre, 2019). The emergence of this digital order provided relatively unfettered access to, and the means of sharing, information without the exercise of centralised regime control. This has meant that all states, irrespective of regime type, have had to adapt to a world in which the provision and access to independent sources of information is beyond the direct control of government coercion. Digitisation, especially in the domestic political and economic environment, fanned populism across the political spectrum (Guvercin, 2022). In the established democracies of the US and Europe this led to a shift in the governance model towards greater localisation where urban populism is combated through the emergence and institutionalisation of city and metropolitan based governance networks. Cities have emerged as both engines of growth and economic inclusion (Katz & Nowak, 2017). Most authoritarian regimes embraced the architecture of the digital order to instil systemic disruption of access to regime critical material while providing



their citizenry an illusion of digital freedom within 'networked authoritarianism' (MacKinnon, 2010). In authoritarian regimes such as China and Vietnam the emerging digital order was countered by empowering local governments while concentrating coercive measures at the national level, without compromising the effective control of the authoritarian regime (Truex, 2016). In hybrid democratic regimes such as Turkey and Indonesia, the emphasis shifted towards empowering local governments while concentrating centralised coercive power over the arenas of democratic contestation (Andrews, 2021) which resulted in the repackaging of social media as a provider of an 'artificial atmosphere of polarisation' allowing the regime to avoid serious policy or ideological national debates while pandering to localised political conflict (Fadillah, et al., 2019). Authoritarian Iran embarked on a comprehensive 'big bang' reform package to empower local governments in order to encourage local political contestation, and economic growth, expand local participation in implementing government services and shift populist focus away from the central regime's coercive control (Tajbakhsh, 2018).

Though the perception that the new digital order could spearhead an existential and transformative political impact against authoritarian regimes was greatly exaggerated (Morozov, 2010), its mishandling by some regimes resulted in lasting political and economic consequences. Countries that failed to modify their authoritarian behaviour within their domestic digital arena through local government empowerment, as in Egypt (Open Technology Fund, 2019), have suffered political and economic instability.

Pakistan's security establishment misunderstood the impact a digitally interconnected and economically interdependent multipolar world has had on their domestic arena which had witnessed a populist channelling of angst and resentment against its competitive authoritarian regime. By continuing to use a largely bipolar security driven lens, where individual rights, rule of law and even the façade of democratic norms could be manipulated, co-opted or reversed at will, the establishment stumbled into a populist domestic backlash which weakened its control by a far greater degree than any democratisation efforts during the unipolar era.

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# Escalating Radicalisation in Pakistan: Underlying Factors and Emerging Concerns

Zunaira Khan

## INTRODUCTION

Radicalisation, a phenomenon extending beyond geographical, religious, and cultural boundaries, has exhibited diverse manifestations throughout history, leaving a trail of societal turmoil and discord. In Pakistan's case, a nation profoundly influenced by radical ideologies, a complex interplay of historical legacies, socio-economic conditions, and political dynamics has fueled the ascent of extremism and militancy.

Criticism has been directed towards Pakistan's education system for fostering a limited understanding of Islam, particularly evident in certain religious institutions or madrasas. The absence of opportunities for critical analysis and exposure to a spectrum of perspectives can fuel the process of radicalisation. Despite the substantial level of Islamisation already entrenched in the nation, lawmakers appear to be further amplifying this trajectory instead of steering it in the opposite direction, largely driven by electoral motivations. This escalation of Islamic influence could potentially pose risks to both the country's security and its internal stability. Furthermore, the outmigration of individuals educated in liberal contexts, often termed as "brain drain," poses a risk of progressive voices being depleted from the country. This exodus potentially creates a vacuum that extremist ideologies are more likely to occupy.

Recent incidents, including the tragic killings of individuals like Safoora Bibi in D.I. Khan<sup>3</sup> and Abdul Rauf in Quetta<sup>4</sup>, as well as the assaults on Ahmadi mosques and

the destruction of churches and Bibles in Jaranwala following allegations of blasphemy<sup>5</sup>, emphasise the escalating trajectory of radicalisation within Pakistani society.

## GOVERNMENT POLICIES

Pakistan's history has been marked by government policies that inadvertently supported extremist groups for strategic reasons. The aftermath of such policies, combined with remnants of militant groups from previous conflicts, has contributed to the radicalisation of a segment of the population. These groups often label the West as the source of societal ills and injustices, perpetuating their narratives to attract disenfranchised individuals.

<sup>3</sup>Female radicalization rising in Pakistan: Report. (2022, April 9). ANI News. <https://www.aninews.in/news/world/asia/female-radicalization-rising-in-pakistan-report20220409175124/>

<sup>4</sup>Baloch, B. (2023b, August 7). Teacher killed on blasphemy allegation in Turbat. DAWN.COM. <https://www.dawn.com/news/1768725>

<sup>5</sup>Mehmood, R. (2023, August 17). The Jaranwala incident: Another month, another blasphemy mob. The Friday Times. [https://thefridaytimes.com/17-Aug-2023/the-jaranwala-incident-another-month-another-blasphemy-mob#google\\_vignette](https://thefridaytimes.com/17-Aug-2023/the-jaranwala-incident-another-month-another-blasphemy-mob#google_vignette)

Pakistan has several laws related to protecting Islam and blasphemy. Some of the key laws include:

1. **Blasphemy Laws:** Pakistan's blasphemy laws are the most well-known laws related to protecting Islam. These laws criminalise acts that are deemed insulting to Islam, the Prophet Muhammad, or the holy book, Quran.
2. **Anti-Ahmadi Laws:** These laws specifically target the Ahmadiyya community, which is considered non-Muslim by the Pakistani state. They restrict Ahmadis from identifying themselves as Muslims, using Islamic terminology, or engaging in Islamic practices.
3. **Protection of Islam Laws:** Pakistan has laws and regulations that aim to protect the sanctity of Islam and regulate religious matters. These laws cover topics such as religious speeches, processions, and religious publications.
4. **Electronic Crimes Laws:** The Prevention of Electronic Crimes Act (PECA) includes provisions that address online blasphemy and online offenses related to religion. These provisions can also be used to prosecute individuals for online activities that are deemed blasphemous or offensive to religious sentiments.

These laws have been a subject of controversy and criticism, both within Pakistan and internationally. They have been criticised for being misused to settle personal scores, target religious minorities, and suppress freedom of expression.

## POLITICAL ISLAMISATION AND LAWMAKERS' ROLE

The current situation in Pakistan is a reflection of the longstanding efforts by the country's political elite to Islamise the nation, primarily for electoral gains. Despite a significant level of Islamisation already present in the state, lawmakers seem to be intensifying this trend rather than reversing it, potentially jeopardizing the country's security and internal stability. The rising trend of proposing contentious religious bills holds serious implications.

Pakistan's history reveals a pattern of the state attempting to appease and align with violent extremism for foreign policy and national security reasons. Unfortunately, these efforts have often led to chaos and destruction within the nation. Over the past decade,

numerous terror attacks have claimed the lives of thousands of Pakistanis. While recent military operations have pushed some militant groups out of the country, this doesn't imply the complete eradication of threats, such as the Tehreek-e-Taliban Pakistan (TTP).

However, a more substantial threat to national security emerges from within, as certain lawmakers and political parties actively promote hatred and violence against religious minorities. A stark example is the case of the Tehreek-e-Labbaik Pakistan (TLP) party, which orchestrated large-scale protests and violence following the acquittal of a Christian woman on death row for blasphemy charges in 2018<sup>6</sup>. The TLP's call for the assassination of judges and state officials involved in the case highlights the severity of the issue. Disturbingly, the group and its leadership continue to operate freely within Pakistan.

The disturbing fact that the TLP secured significant support in the 2018 General Election further underscores the growing influence of such extremist parties. By eschewing traditional electoral debates centered on development and governance, the TLP relied solely on an emotional appeal, emphasising the protection of the Khatam-i-Nabuwat amendment in Pakistan's constitution.

This trend raises concerns about the motivations of mainstream political parties, which might be forsaking good governance in favor of endorsing and supporting bigoted legislation to secure votes. The culture of intolerance and bigotry, propagated by lawmakers, not only poses a threat to the broader society but is also becoming a perilous situation for the legislators themselves. Recent instances, such as accusations of blasphemy against politicians, highlight the precarious environment in which lawmakers operate.

The passage of such bills and legislation showcases the alarming transformation of Pakistan's political landscape. Mainstream political parties appear to be aligning with far-right ideologies to such an extent that they are becoming indistinguishable from Islamist parties. This convergence threatens the country's pluralistic fabric and may lead Pakistan further down the path of sectarianism and religious extremism.

<sup>6</sup>Constable, P. (2018, November 9). Release of Christian woman acquitted of blasphemy rolls Pakistan. Washington Post. [https://www.washingtonpost.com/world/asia\\_pacific/secret-air-lift-of-christian-woman-acquitted-of-blasphemy-rolls-pakistan/2018/11/08/b4403a96-e353-11e8-b759-3d88a5ce9e19\\_story.html](https://www.washingtonpost.com/world/asia_pacific/secret-air-lift-of-christian-woman-acquitted-of-blasphemy-rolls-pakistan/2018/11/08/b4403a96-e353-11e8-b759-3d88a5ce9e19_story.html)



## MIGRATION, MOB MENTALITY AND RADICALISATION

Mob mentality is a phenomenon that emerges when a group of individuals adopts a collective mindset or behavior, often leading to irrational and sometimes extreme actions. This phenomenon can spread rapidly within a society, particularly when there is a majority consensus on certain views or ideologies. In such cases, the power of the group dynamic can reinforce and solidify these beliefs, making it difficult for dissenting voices to be heard or for alternative viewpoints to gain traction. This dynamic becomes even more concerning when there is a lack of tolerance towards differing beliefs or when a society is grappling with radicalisation.

In Pakistan, where certain extremist ideologies have gained traction over time, mob mentality has played a role in amplifying the influence of such ideologies. When a significant portion of the population holds certain beliefs, the pressure to conform to these beliefs can be immense. Individuals may fear being ostracised or labeled as dissenters if they express differing views, leading them to suppress their own opinions in favor of the majority stance. This self-censorship, driven by the fear of backlash, reinforces the collective perception that the majority's beliefs are not only valid but also the only acceptable ones.

This dynamic becomes even more concerning when there is a lack of tolerance towards differing beliefs. In Pakistan's religious landscape, where intolerance towards religious minorities and diverse viewpoints exists, individuals who hold contrary beliefs may face social isolation, discrimination, or even threats to their safety.

The issue of migration, particularly the departure of liberal-educated individuals, compounds the problem of radicalisation. As more liberal-minded individuals leave the country seeking better opportunities or safety, the remaining society can become even more homogeneous in its beliefs. This homogenisation, combined with the echo chamber effect created by confirmation bias, results in a self-reinforcing cycle.

To counteract this trend, fostering an atmosphere of open dialogue, respectful debate, and tolerance is crucial. Encouraging individuals to critically examine their beliefs and engage with differing perspectives can help break the cycle of confirmation bias and mob mentality. Additionally, promoting education that emphasises critical thinking and encourages individuals to question prevailing narratives can help create a more informed and resilient society.

## WOMEN AND RADICALISATION

In the midst of a worsening economic crisis and ongoing political turmoil, Pakistani society is undergoing a notable surge in radicalisation, affecting various segments of the population. Surprisingly, even women are becoming increasingly involved in this trend and may be systematically undergoing indoctrination within the widespread network of women-only madrassas across the nation.

While precise figures on the number of madrassas in Pakistan are not officially available According to the Pakistan Education Statistics 2021-22 Annual Report from the Academy of Educational Planning and Management, there are roughly 34,010 registered Deeni Madaris<sup>7</sup> (religious schools), educating approximately 4.409 million students in matters of faith<sup>8</sup>. With around 2,000 of them being exclusively for female students, these all-female madrassas purportedly have the objective of safeguarding women from moral corruption along with giving them spiritual education. These religious organisations have taken upon themselves the responsibility of "protecting" women from the perceived erosion of society due to liberal Western values.

## CONCLUSION

The challenges posed by escalating radicalisation in Pakistan demand a comprehensive approach that involves addressing historical grievances, socio-economic disparities, and political motivations. Countering radicalization requires promoting education that encourages critical thinking, empowering marginalized communities, and fostering an environment of pluralism and tolerance. It is a long-term endeavor that necessitates the cooperation of government agencies, civil society, religious leaders, and international partners. Only through collective action can Pakistan hope to overcome the threat of radicalization and pave the way toward a more peaceful and harmonious future.

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<sup>7</sup>Ibid.

<sup>8</sup>Pakistan Education Statistics 2020-21. (2023). AEPAM Library, ISBN: 978-969-444-119-1.

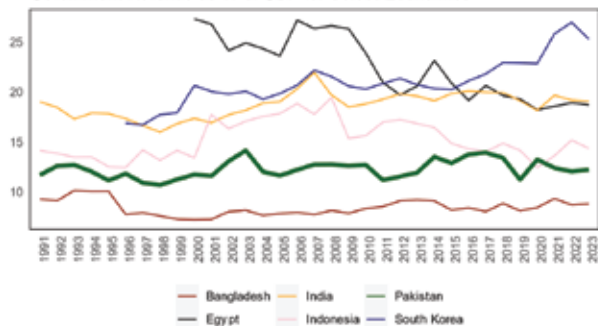
# FISCAL DISCIPLINE IS THE KEY TO REFORMS

Shahid Sattar and Absar Ali

Before Pakistan can embark on the long and tedious journey of structural reforms, fiscal discipline must be embraced wholeheartedly.

Fiscal discipline refers to the practice of governments maintaining sound financial policies related to government revenue, expenditures, and debt. In the context of Pakistan, fiscal mismanagement by subsequent governments has resulted in a chronic crisis characterised by low government revenue, high and structurally rigid expenditures, large and persistent fiscal deficits, and mounting public debt that has constrained welfare and development-related spending required for economic growth.

Government Revenue as % of GDP for Select Economies



Source: IMF Fiscal Monitor

Pakistan has one of the lowest government revenue to GDP ratios in the world (see figure above). The fiscal sector exhibits a high reliance on indirect taxes, which account for between 40 to 50 percent of annual general government revenue since FY15, while more efficient and equitable direct taxes, and non-tax revenue account for 25 to 30 percent each. For comparison, direct taxes account for between 50 to 60 percent of government revenue in India.

Moreover, tax regimes are overly complicated, and rates

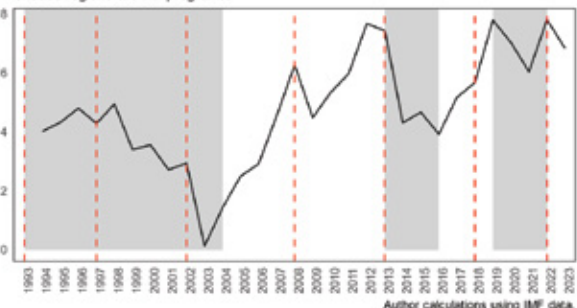
are high with frequent ad hoc changes, while tax administration and compliance are weak. Over time, these factors have created a culture of tax evasion and broadening the tax net has become a major challenge because of strong incentives for tax avoidance and generally low per capita income levels.

At the same time, government expenditures are at par with other developing and emerging market economies, and high in the context of Pakistan's overall fiscal position. Several components of current expenditures exhibit structural rigidities that make them difficult to meaningfully curtail.

For instance, given the geopolitical situation and security risks—particularly on the eastern front with India—the government allocates a significant portion of its budget to defense, which has accounts for 12 to 14 percent of annual general government expenditures, and 2 to 3 percent of GDP since FY15. In the energy sector, deep-rooted inefficiencies and misaligned policies have built up a circular debt of over Rs. 4 trillion, where different entities owe money to each other, leading to a vicious cycle of growing debt that is increasingly difficult to break.

Pakistan Fiscal Deficit, % of GDP

Red lines indicate election years or change of government; Shaded regions are IMF programs.



Author calculations using IMF data.

Discretionary and politically motivated fiscal policies are a major reason for the dire state of the fiscal sector. Pakistan's fiscal deficit exhibits a strong correlation with the political business cycle (see figure above). In the lead up to election years, governments—incentivized by electoral gains—increase spending on popular and often short-sighted initiatives and decrease revenue by providing tax breaks to politically favored segments. Low revenue collection and rigid current expenditures mean increased spending must be financed through borrowing. This causes the fiscal deficit to widen and increases debt servicing costs for future governments.

When new governments come in, they are faced with a difficult fiscal situation that requires them to curtail the deficit. Coupled with a vulnerable external sector and frequent external balance shocks, this often requires the help of international financial institutions like the IMF and other bilateral partners. The situation is brought under control through unpopular and ad hoc austerity measures that provide short term relief but create longer term distortions. Austerity measures are abandoned shortly thereafter, in the same ad hoc manner in which they were first introduced, as the next elections appear on the horizon. And the cycle repeats itself.

Frequent political turmoil and interruptions in the tenures of elected governments also hamper long-term fiscal planning and create an uncertain policy environment that deters foreign investment. These trends have culminated in a situation where the government sector is now consuming around 70 percent of domestic banking credit, with annual debt servicing costs for FY24 budgeted at Rs. 7.3 trillion—almost 40 percent of budgeted government revenue.

With a significant portion of its population living in poverty, Pakistan needs to spend on social welfare and development programs to achieve sustainable economic growth. However, fiscal constraints due to low revenue collection, high debt servicing costs and rigid current expenditures have limited the scope of spending on growth-oriented initiatives, which in turn has negative implications for future fiscal sector outlooks.

Moving forward, fiscal discipline must be embraced immediately to create room for growth-oriented spending. This requires setting time-bound targets to reign in fiscal deficits and public debt, and creating fiscal rules that place ceilings on fiscal deficits and public debt and rationalise government revenues and expenditures to ensure long-term and intergenerational debt sustainability.

Fiscal rules must be accompanied by a multipronged overhaul of the tax regime towards a growth-friendly structure, and a shift from reliance on indirect taxes and non-tax revenue towards direct taxes by reducing tax rates and expanding the tax base. Structural reforms in other sectors, such as pension and civil service reform, must be simultaneously pursued to address the structural rigidity of current expenditures.

This will achieve fiscal sector stabilisation, an imperative for long-term economic stability and prosperity, by stimulating economic growth rather than at the expense of an already highly burdened tax base, as is the status quo.

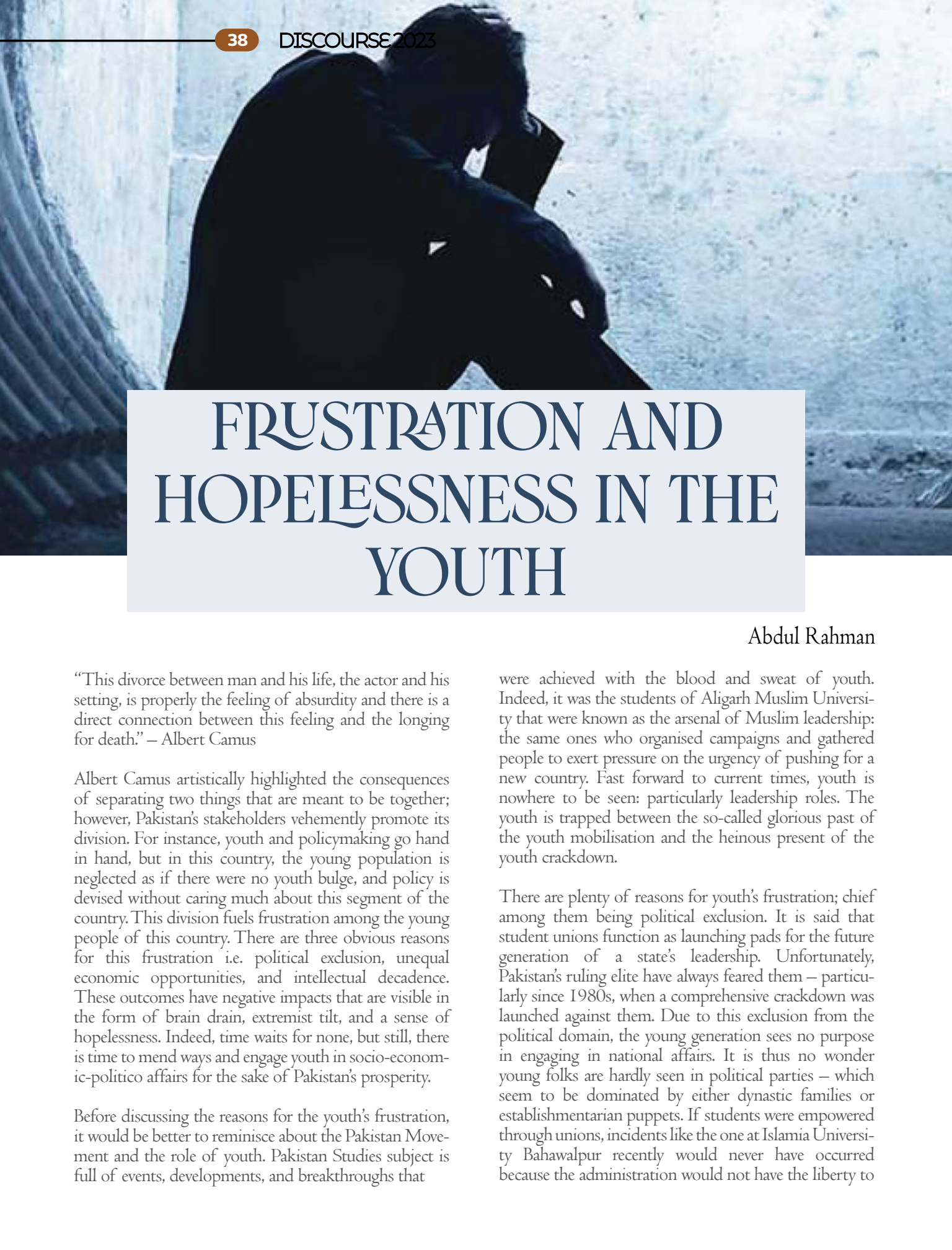
*The authors are affiliated with the All Pakistan Textile Mills Association (APTMA).*





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# FRUSTRATION AND HOPELESSNESS IN THE YOUTH

Abdul Rahman

“This divorce between man and his life, the actor and his setting, is properly the feeling of absurdity and there is a direct connection between this feeling and the longing for death.” – Albert Camus

Albert Camus artistically highlighted the consequences of separating two things that are meant to be together; however, Pakistan’s stakeholders vehemently promote its division. For instance, youth and policymaking go hand in hand, but in this country, the young population is neglected as if there were no youth bulge, and policy is devised without caring much about this segment of the country. This division fuels frustration among the young people of this country. There are three obvious reasons for this frustration i.e. political exclusion, unequal economic opportunities, and intellectual decadence. These outcomes have negative impacts that are visible in the form of brain drain, extremist tilt, and a sense of hopelessness. Indeed, time waits for none, but still, there is time to mend ways and engage youth in socio-economic-political affairs for the sake of Pakistan’s prosperity.

Before discussing the reasons for the youth’s frustration, it would be better to reminisce about the Pakistan Movement and the role of youth. Pakistan Studies subject is full of events, developments, and breakthroughs that

were achieved with the blood and sweat of youth. Indeed, it was the students of Aligarh Muslim University that were known as the arsenal of Muslim leadership: the same ones who organised campaigns and gathered people to exert pressure on the urgency of pushing for a new country. Fast forward to current times, youth is nowhere to be seen: particularly leadership roles. The youth is trapped between the so-called glorious past of the youth mobilisation and the heinous present of the youth crackdown.

There are plenty of reasons for youth’s frustration; chief among them being political exclusion. It is said that student unions function as launching pads for the future generation of a state’s leadership. Unfortunately, Pakistan’s ruling elite have always feared them – particularly since 1980s, when a comprehensive crackdown was launched against them. Due to this exclusion from the political domain, the young generation sees no purpose in engaging in national affairs. It is thus no wonder young folks are hardly seen in political parties – which seem to be dominated by either dynastic families or establishmentarian puppets. If students were empowered through unions, incidents like the one at Islamia University Bahawalpur recently would never have occurred because the administration would not have the liberty to

exploit innocent girls' lives so brazenly. Hence, political exclusion is one of the reasons behind the youth's helplessness.

Similarly, unequal economic opportunities is another factor that triggers widespread displeasure among the young citizens of this country. Economic success is the single most powerful factor that can change a nation's destiny. However, in Pakistan, the state authorities who should have brought out revolution in the start-up culture end-up promoting existing elites. Due to this, there are more papa-made businessmen than self-made ones. Moreover, loans, subsidies, and tax cuts are sucked by opportunistic industries in oligopolistic markets and young entrepreneurship is nowhere to be seen.

Intellectual decadence is another major point of frustration for the youth. In both scientific and technological knowledge, Pakistan lags far behind other countries in the region. The curriculum and pedagogical approaches are devised in a way that prohibits students from thinking out of the box and questioning the essence of things that surround them. Michel Foucault said, "Knowledge is power" but in this country, it is rephrased, as 'power is power' – or might is right. Generating clear, well thought out questions is important because it is the first step towards getting the right answers. Jacob Bronowski, a Polish-British mathematician, put it aptly: "That is the essence of science: ask an impertinent question, and you are on the way to a pertinent answer." To sum up, intellectual decadence is a slow poison that will never allow the country's talented minds to rise.

The consequences of the young generation's helplessness are severe and brain drain is one of them. To understand this phenomenon, do a personal survey and ask any about-to-graduate citizen of Pakistan if he/she wants to remain in this country or aspires to go abroad where he/she will have to sustain low-paying and high intensity jobs in the short to medium term, juggling them with other responsibilities (such as studies) in many cases. The answer to this question is evident from the workers registered for employment abroad in 2022 and the number is 829,000 citizens. This is the result of frustration that is suffocating the future of Pakistan.

As not everyone can go abroad at once, the remaining frustrated youth fall prey to extremist forces. Populist leaders, religious scholars, and exploitative entities target vulnerable young individuals to gain traction for their hateful and exclusionary ideologies. This same breed will occupy seats in civil-military bureaucracy, business community, and civil society or and the machinery of the state in general. Pakistan was and continues to be in a web of extremist threats precisely because they seem to

be convenient tools to push entrenched interests. Joining extremist organisations is one of the butterfly effects of the helplessness of youth in Pakistan.

The young populace that is neither able to escape the country nor join hands with extremist groups seeks comfort in the sense of hopelessness. The reality of being entirely powerless confronts every individual in this nuclear-powered state. Even in the 21st century, the survival of the fittest is practiced. According to Islamic teachings, hopelessness is a major sin that is capable of excluding the follower out of religion. Despite this, senselessness and hopelessness have prevailed and nobody cares because everyone is busy doing his or her business. State authorities are busy in their power games and amidst this; the future machinery of the nation is being compromised. Therefore, a sense of hopelessness has prevailed among the young Pakistanis.

There is no denying the fact that youth is facing multifarious problems now; nevertheless, the state can alleviate the problems by incorporating youth in the aforementioned domains that foster this hopelessness. If not the state, then who is responsible for making amends to the generational wrongs committed against the future of Pakistan? We do still claim democratic status after all. As far as politics is concerned, dynastic politics will not be sufficient to run key institutions of the state and the injection of youth through unions or any other platform should be encouraged. Moreover, equal economic opportunities will enhance economic activity in the country. Finally, intellectual development can be a pivotal force in bringing about a technological revolution to Pakistan. Hence, youth must be facilitated in mainstream policy-making.

To conclude, the state authorities have left the young population in the lurch. The evidence of this can be observed from the non-existent participation in politics, unequal distribution of incentives in the field of economics, and an intellectual deficit in meeting the needs of the present. As discussed, the consequences of these factors are clear in the shape of brain drain, extremism, and hopelessness. These evils can be redressed with the help of incorporating new blood in the socioeconomic fabric of society. Without doing so, the country will be home to continuous crises likely to threaten its very existence.

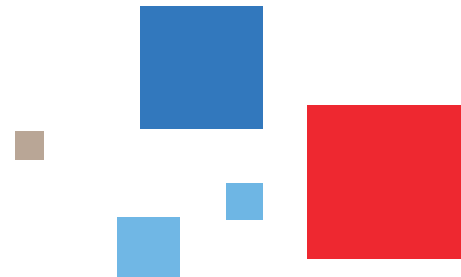
*The author is a freelance writer.*





# DEBATĚ

The Debate segment of Discourse seeks to initiate open, good-faith exchanges on ‘big picture’ questions of policy: in particular, ones that involve two consolidated ‘schools of thought’ that have each evolved in apparent isolation and become the antitheses of one another over time. This is due, of course, to ideology and the incentive structures of both media and academia – which are structured to foster the growth of echo chambers. Through this section of the magazine, the Pakistan Institute of Development Economics is attempting to lay out the two salience perspectives of a particular topic in a manner that centres our audience, allowing them to engage with both sides and arrive at their own conclusions.





## Pakistan's Constitution: REFORM OR OVERHAUL

The debate over constitutional reform versus overhaul in Pakistan is a multifaceted discussion deeply embedded in the nation's complex political landscape. It revolves around the need to balance historical legacies, evolving societal dynamics, and the quest for effective governance. Pakistan's history under British colonial rule, coupled with the challenges of nation-building, provides a backdrop against which this debate unfolds. In this issue's Debate segment, we explore the key aspects of this topic – while also highlighting the relevance of Pakistan's colonial history in shaping the contours of its constitutional discourse.

Pakistan's colonial history is integral to understanding the development of its constitutional framework. For nearly two centuries, the subcontinent was subject to British colonial rule. The colonial period left an indelible imprint on the region, influencing not only political structures but also the legal and administrative systems. The Government of India Act of 1935, with its centralising tendencies, laid the groundwork for constitutional discussions that would follow.

The 1973 Constitution of Pakistan, regarded as the cornerstone of the nation's legal framework, emerged after protracted deliberations. It was framed against the backdrop of a newly independent, diverse, and divided society. The constitutional drafters grappled with the challenge of accommodating ethnic, linguistic, and religious differences, echoing the colonial legacy of managing diversity within a unitary framework.

Proponents of constitutional reform advocate for an incremental evolution of the existing constitutional framework. They argue that preserving the fundamental principles enshrined in the 1973 Constitution while making necessary adjustments is the prudent way forward. This perspective acknowledges the historical significance of the 1973 Constitution in uniting a nation characterised by its diversity and divisions.

On the other hand, advocates of constitutional overhaul argue that Pakistan's colonial legacy has left it with a constitution ill-equipped to address contemporary challenges. They assert that the 1973 Constitution, while commendable in its attempt to balance competing interests, fails to adequately address deeply entrenched issues such as ethnic tensions, religious freedoms, and the distribution of powers between central and provincial governments. For them, a comprehensive constitutional rewrite is necessary to address these structural deficiencies and align governance with post-colonial realities.

Pakistan's history is marred by military interventions, leading to the suspension of the Constitution and amendments that often concentrate power in the executive branch. These interruptions reflect a recurring struggle between democratic governance and military authority. Proponents of reform argue that incremental changes can help safeguard the democratic system from such interruptions, while proponents of overhaul view a new constitution as a means to establish more resilient

democratic institutions capable of withstanding military interventions.

The constitutional debate in Pakistan also intersects with questions of religious identity and the role of Islam in the state. The 1973 Constitution designates Pakistan as an Islamic republic and incorporates Islamic principles into its legal framework. However, interpretations and implementations of these principles have been contentious, with some advocating for a stricter Islamic legal system, while others emphasise a more inclusive and rights-based approach that appreciate the heterogeneity of Pakistan.

The debate between constitutional reform and overhaul in Pakistan is deeply embedded in its historical context, which includes the colonial legacy. It is a multifaceted dialogue that must balance the preservation of the 1973 Constitution's foundational principles with the need to address contemporary socio-political complexities. This debate carries significant implications for the trajectory of Pakistan's democracy, its relationship with its colonial past, and the shape of its future governance. While acknowledging the historical backdrop, Pakistan faces the enduring challenge of forging a constitutional path that aligns with its evolving realities.

*Yours Sincerely,*

**Editorial Board**  
**Discourse Magazine**  
Pakistan Institute of  
Development Economics





# TIME FOR A REVIEW OF THE CONSTITUTION TO WEED OUT ANOMALIES!

**Ahmed Bilal Mehboob**

Recently, two constitutional issues cropped up which generated a heated debate that continues to-date without a satisfactory resolution in sight. Both sides to the debate cite articles of the constitution in support of their arguments.

The first case is hardly a month old when President Arif Alvi posted an emotional post on X (erstwhile Twitter) after the Army (Amendment) Act, 2023 and Official Secrets (Amendment) Act, 2023 were formally notified by the Ministry of Law and Justice as valid laws of the land. The President, in his post, apologised to the nation and, more specifically, the people who may have to suffer after the enforcement of the two laws implying that it was a *fait accompli* that the two laws were on the statutes book. He blamed his staff who, according to him, failed to return the unsigned bills within the stipulated period of ten days. Although the President himself did not contest to the two bills becoming Acts of Parliament, his post sparked a passionate debate among constitutional experts, political parties and civil society which continued to dominate print, electronic and social media for weeks. Several litigants approached the superior courts for adjudication and conclusive interpretation of the relevant Constitutional provisions. The courts have not taken up the case as yet.

At the heart of the controversy is an apparent gap in the Constitution. While Article 75 (1) of the Constitution authorises the President to exercise only one of the two options within ten days when a bill (other than the money bill) passed by the parliament is sent to the President for assent i.e. either to assent the bill or return the bill to the Parliament with a message requesting that the bill or any of its specified provision be reconsidered and that any amendment specified in the message be considered.

The Constitution does not provide for the option to not exercise either of the two choices and legal experts differ on what exactly it will mean if the President does not opt for either option. The Ministry of Law and Justice interpreted that if the President does not exercise any of the two options, it will be deemed after the lapse of ten days that the bills have received the assent of the President. Many experts concurred with this interpretation but many others considered that the absence of both the assent and an objection would mean that the President had not granted the assent and the bill would be deemed to have been returned to the Parliament for reconsideration. In fact, with due deference to both groups of legal experts, the Constitution is silent about the fate of a bill which has neither received an assent or a message for reconsideration from the President. Only the Supreme Court has the authority to conclusively interpret the Article of the Constitution but even in that case, the legal experts may consider such interpretation as 're-writing of the constitution' or 'reading into the constitution' as some of the judges of the Supreme Court did write in their note of dissent when the Supreme Court 'interpreted' Article 63A of the constitution dealing with the defection of the legislators from their party. The right course, therefore, would be for the parliament to amend Article 75 in such a way that there is no gap or ambiguity left.

The second recent, or rather current, case of more than one interpretation of the Constitution is regarding Article 48(5). The relevant part of the Article reads, 'Where the President dissolves the National Assembly, notwithstanding anything contained in clause (1), he shall, (a) appoint a date no later than ninety days from the date of the dissolution, for the holding of a general election to the Assembly ...'



Apparently, it seems to be a straightforward provision which authorises the President to fix the Election date but unfortunately, this is not the case. The Chief Election Commissioner (CEC), in his reply to the President's letter inviting the former for consultation on the election date, differed with the President's interpretation and stated that the dissolution of the National Assembly on 9th of August was, in fact, not the dissolution by the President because it was done at the advice of the then Prime Minister. The CEC went on to cite another Article of the Constitution, Article 58(2), in which President had been empowered to dissolve the National Assembly in his discretion where, after a vote of no-confidence has been passed against the Prime Minister and no other member of the National Assembly commanded the confidence of the majority of the members of the National Assembly. The CEC informed the President that in such a dissolution of the Assembly, the President would be authorised to fix the election date.

A number of legal experts subscribe to the position of the President while many others support the interpretation of the Election Commission. Apparently, it is not very clear whether Article 48(5) really means 'dissolution in his discretion' by the word 'dissolution' in the Article. Either Supreme Court may step in to interpret the Article or the Parliament may remove the ambiguity by passing an amendment.

Even if the President's interpretation of Article 48(5) is accepted, the question arises whether the President can fix the date of the election on his own without the advice of the Prime Minister (Caretaker Prime Minister in the current scenario) in view of the provision in Article 48(1) which states that 'In the exercise of his functions, the President shall act on and in accordance with the advice of the Cabinet or the Prime Minister'

Only the Parliament can adequately and satisfactorily respond to this and similar questions by considering the apparent ambiguities and passing an amendment, if required.

Another recent confusion arose when the Council of Common Interests (CCI) approved the results of the population census 2023 just a couple of days before the Prime Minister tendered the advice to dissolve the National Assembly. Although Article 224 (2) clearly states that 'When the National Assembly or a Provincial Assembly is dissolved, a general election to the Assembly shall be held within a period of ninety days after the dissolution . . . ' the ECP decided to first undertake fresh delimitation of the constituencies which normally take about four months to complete, pushing the election date much beyond the ninety days limit prescribed by the Constitution. The ECP relied on the interpretation of Article 51(5) which states, 'The seats in the National Assembly shall be allocated to each Province and the Federal Capital on the basis of population in accordance with the last preceding census officially published.'

Although Article 51(5) does not call for fresh delimitation and its scope seems to be limited to the allocation of the total National Assembly seats (currently 266 general seats) among the provinces and the Federal Capital, the ECP insists that fresh delimitation is required. Only the Parliament can iron out the ambiguities in this particular article as well.

As mentioned earlier, the Supreme Court had, on a presidential reference seeking interpretation of Article 63-A of the Constitution, decided in May 2022, that the votes of defecting lawmakers would not be counted. The verdict by the 5-member bench of the apex court was a 3-2 split decision, with a majority of the judges not allowing lawmakers to vote against party line in four instances outlined under Article 63-A.

In the dissenting note, Justice Miankhal and Justice Mandokhail stated that Article 63-A was a "complete code" in itself and provided a comprehensive procedure regarding defection as well as the consequences for doing so. "In case the Election Commission of Pakistan confirms the declaration sent by a party head against a member, he/she shall cease to be a member of the House. As a result thereof, his/her seat shall become vacant," the judges said, adding that a right of appeal had also been provided under Article 63-A.

They said that any further interpretation of Article 63-A would amount to "rewriting or reading into the Constitution", which would affect its provisions that had not even been asked by the President.

The majority judgment on Article 63A is apparently much beyond the scope of interpretation and the Parliament, sooner or later, will have to amend this Article to remove any ambiguity on whether the votes of defecting lawmakers should be counted or not. The Parliament should either explicitly incorporate the Supreme Court interpretation of Article 63A into the Constitution or make it explicitly clear that the votes of the defecting members will be counted before they are proceeded against for defection from the party.

Another gap in the Constitution is about the lack of any provision for follow-on constitutional action if a Caretaker Prime Minister or Chief Minister resigns or expires in office. The Constitution as it stands today does not provide for the procedure to appoint the new Caretaker PM and CM. The Parliament may amend Article 224 and plug the constitutional gap.

The above list of anomalies and gaps in the Constitution may not be exhaustive. These anomalies may be existing since the time the original constitution was adopted in 1973 or these may have found their way into the Constitution while several large-scale constitutional amendments were introduced during the time of Gen. Zia ul Haq's Martial Law from July 1977 to December 1985 or during Gen. Pervez Musharraf's military rule from October 1999 to November 2002 or during other packages of constitutional amendments introduced at various times. The 18th Amendment passed in 2010 seems to be one of those packages.



The country has been facing constitutional bottlenecks with increasing frequency in the past few years. The solution is to cleanse the Constitution of most, if not all, such anomalies and by plugging the gaps while undertaking a general review of the Constitution by a Joint Parliamentary Committee which may also invite proposals from the general public as well. Such a committee can be formed, obviously, after the new National Assembly is in place. After the Committee has identified all such gaps and anomalies, it may prepare the proposed package of amendments for consideration and approval with further refinements where needed, in the two houses of the Parliament.

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# RETHINKING THE CONSTITUTION

Nadeem F. Paracha

It is encouraging to see and hear various political parties, democracy activists, judges, journalists and lawyers speak about the need to wholeheartedly adhere to constitutionalism. They want to “save” the 1973 Constitution’s “sanctity” because the evolution of democracy in Pakistan depends on how well state and government institutions, the judiciary and the polity uphold the “spirit of the Constitution.”

State institutions, such as the military, are often accused of toying with the Constitution and even callously undermining it to bolster authoritarian set-ups or to intervene in civilian matters.

This criticism has been a constant for decades now. But it has failed to resolve what it bemoans. The criticism expresses a besieged mindset, which fears that the Constitution is under attack from “anti-democratic” forces. But could it be that the Constitution itself is the problem?

The 1973 Constitution is frequently described as a hallowed document that is the key to realise the potential of democracy in Pakistan. Therefore, only rarely is it investigated in a more critical manner. So, instead of constantly getting stuck in the now entirely rhetorical discourse on the civil-military tussle, I believe the intelligentsia, the judiciary and supporters of democracy will be able to better understand why constitutionalism continues to fail in this country by critically evaluating the Constitution itself.

There is every likelihood that a critical evaluation will show that the 1973 Constitution’s largely religious character has been complicating the politics and economics of the country, attracting ‘undemocratic’ interventions. But these interventions, too, either become trapped by the problematic meta-narrative of the Constitution or they continue to bolster it.

The 1973 Constitution has not only failed to resolve but also compounded increasing tensions between secular laws and ‘divine’ laws, economic interests and public will, and the government and religious authorities

According to the legal scholar Ran Hirschl, there are various constitutional models of religion and state relations. There is ‘laicism’ or a radical secularism that completely separates religion from the state. Then there is what Hirschl calls “separationist reformism.” This constitutionally introduces secularism as a reformist pursuit, to secularise the politics and society of a state that is understood to have been bogged down by traditionalist or ‘religious’ decrees.

Another model is a “weak form of religious establishment”, in which a state religion is defined by the constitution, but it only plays a ceremonial role and has no influence on policymaking. Then there is the constitutional model, which allows a “selective accommodation of religion.” In this, an otherwise secular constitution allows minority religious groups to resolve certain matters according to their individual religious laws in special courts.

The constitutional model adopted in certain Muslim-majority states is a “mixed system of religious law and general/ universal legal principles.” Pakistan’s Constitution is exactly that. But legal scholars such as Larry Catá Backer maintain that, even though this model is designed to resolve tensions between cosmopolitanism and parochialism, modern and traditional meta-narratives, and modern judicial and theological interpretations of law, it actually ends up intensifying the struggle for power between supporters of theocracy and liberal democracy.

In Pakistan, to mitigate the intensity of this struggle, elected parliaments as well as authoritarian regimes have increasingly strengthened the Constitution’s religious character. They continue to create political space for theocrats at the expense of even pragmatists — so much so that the 1973 Constitution is now only suited to enervate a ‘theo-democracy’. And here lies the problem. It is because of this that the 1973 Constitution has been unable to resolve the increasing tensions between secular laws and ‘divine’ laws, economic interests and public will, government and religious authorities, and modern political ideas and ancient texts.

In fact, the Constitution has compounded the tensions. Over and over again, like repeating a wrong as if one day it might produce a right, the civilian and state elites have continued to try to resolve the tensions by allowing theocratic ideas to encroach on constitutional space.

This makes it increasingly tough for mainstream politics and economics to function in a 'normal' manner or in a manner in which religion is not evoked, or exploited, to get things done. Even if the military somehow pulls itself back from interfering in the political and economic matters of the civilians, there is no guarantee that democracy in Pakistan would come to full fruition.

The constitution that is supposed to guarantee this will carry on creating the aforementioned tensions, and parliaments will continue to pass bills that will keep functioning as theocratic roadblocks, frustrating the economic and political potential of the country.

Is there a way out? Fifty years of the Constitution's gradual theocratic mutation cannot be undone in any rapid manner. It will take years. But, ironically, it is a non-democratic country ruled by a totalitarian monarchy and a theocratic establishment that is providing an answer. That country is Saudi Arabia.

In the past few years, it has created, what Hirschl calls, "secular jurisdictional enclaves." Here, certain areas of economic law are carved out and insulated from the influence of religious law. Saudi Arabia has now exempted the entire finance, banking and corporate capital sectors from application of religious rules. Therefore, economic law is not subject to religious injunctions anymore.

Saudi Arabia is also relaxing its once-strict civil laws by relegating more conservative jurists and bringing in pragmatists who are skilled in reinterpreting religious texts to suit reforms.

Pakistan, a parliamentary democracy, can take the same path. But it will require some bold legislation. However, it is highly unlikely that a civilian government will be willing to do this — at least not on its own. After all, even during a peak in terrorism in 2014, the parliament was unwilling to commit itself to launch a military operation against Islamist militants. It was finally pushed in that direction by the military. Recently, a resolution to discuss anti-minority violence was shot down by the Senate.

Those expecting that an elected parliament alone will ever roll back the theo-democratic character of the Constitution to at least free the country's economics from theocratic roadblocks, are being over-optimistic. This can never be done without 'on-boarding' the figurative muscle of the military and breaking new ground in the antagonistic civil-military discourse that, as mentioned earlier, has now become entirely rhetorical and futile.

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# OPINIOŃ







# HEALTH AND CLIMATE CHANGE

Aisha Khan

Health is an oft-forgotten sector in the climate discourse. The global average temperatures in July 2023 were the hottest in human history and extreme heat exposed many to threats including heat exhaustion, organ failure, hyperthermia, heart attacks and mental health challenges.

Health offers a powerful narrative for ratcheting ambition in climate action by emphasising climate impacts and benefits from climate action which are local, near term, tangible and personal. Public concern for issues that threaten human health has been evident since the COVID-19 pandemic. However, the compelling nature of health debate also runs the risk of “health washing” through misuse of health arguments to distract from climate action. The narrative and language are particularly important at climate change negotiations where global agendas are pushed for adoption. As such it is important to build a comprehensive picture on the links between health and climate change well in advance of the Conference of Parties to be held in Dubai in December 2023 to avoid misinterpretation or misrepresentation of facts.

The UAE plans to elevate the profile of health at COP28. This will include a Health Day on 3rd December and an inter-ministerial meeting on health

and climate change, which will require more ambitious climate decision making and action, building on and going beyond a mere dialogue on health and climate change to protect and promote health through a comprehensive approach that takes all the contributing factors into account.

The links between health and climate change are acknowledged clearly in various key UNFCCC documents and processes. The adverse impacts of climate change on human health, and the commitment to consider the public health implications of climate action are articulated in Article 1.1 and Article 4.1 of the UNFCCC Convention. Parties to the Paris Agreement also acknowledge the need in its preamble to respect and promote the right to health when taking action to address climate change. The right to a clean, healthy and sustainable environment is also acknowledged in the Sharm el Sheikh implementation plan.

Despite mention of health in various work streams, there is not enough emphasis on the broad and deep links between health and climate change by the UNFCCC. Health conversations need to expand beyond current cursory references towards integration across the Paris Agreement’s pillars and COP outcomes.

## LOSS AND DAMAGE

The health sector often provides the first response to loss and damage alongside the humanitarian sector. Well financed, equitable and climate resilient health systems can ensure that communities are more resilient to climate impacts. Climate change exacerbates health threats like malnutrition and spread of vector and water borne diseases along with risks associated with migration and damage to health infrastructure. Although health is classified as a non-economic loss, it has clear financial implications not least in terms of healthcare cost and loss of productivity. The direct damage costs to health excluding costs in health determining sectors such as agriculture and water and sanitation are estimated to be between USD 2-4 billion per year by 2030. In 2021, heat exposure led to the loss of 470 billion potential labor hours, and a loss of USD 669 billion equivalent to 0.72% of gross world product. Finance for Loss and Damage could avoid larger economic losses in health costs and provide resources for social protection schemes to avoid loss of lives and labor.

## ADAPTATION

Investing in human health is itself a pillar of resilience. Health is a theme in the proposed framework of the Global Goal on Adaptation (GGA) adopted in Sharm el Sheikh and has long been a priority sector under adaptation (including as part of the Nairobi Work Program, Adaptation Committee and National Adaptation Plans). Health metrics to measure well-being and development on specific health targets aligned with GGA themes at COP28 can go a long way in strengthening global health goals.

## MITIGATION

Climate change and the health impacts that arise from it are directly attributable to emissions from oil and gas companies. Air pollution from fossil fuel combustion alone causes 3.6 million deaths annually, while some estimates are as high as 8.7 million deaths. This makes shifting from fossil fuels to renewable an imperative ask that will have a positive economic outcome with healthier populations and work forces. Carbon Capture and Storage (CCS) is not a solution and should not distract from the urgency in accelerating measures to make a just transition. Moreover, CCS still remains an untested technology that may not be available at scale any time soon.

## FINANCE

Climate finance flows to health sector activities are extremely low, receiving less than one percent of climate adaptation finance, and overall climate finance, making health one of the most underfunded sectors for climate finance.

This hinders climate action in the health sector, with 70% of countries identifying insufficient finance as a barrier for implementing national health and climate change plans or strategies. Global allocations to finance climate should be new and deployed for action at the intersection of climate and health. One approach to make best use of limited resources and ensuring return on investment could be to provide health finance for interventions which offer benefits (mitigation-adaptation) for climate action and support climate proofing health portfolios.

## NATURE, AGRICULTURE AND FOOD SYSTEMS

Human health is inherently dependent on biodiversity and healthy ecosystems. The risk of bypassing 1.5° Celsius due to land use change and emissions from agriculture and food production, irreversible climate impact and biodiversity loss is increasing rapidly. Without profound transformation of the global food system, we may soon lose our ability to nourish all people within planetary boundaries. Along with restoring nature, promoting healthy diets, transitioning to agro-ecology approaches and reducing food loss and waste, we need to adopt the “One Health” planetary approach that simultaneously protects and promotes the health of humans and ecosystems.

## GLOBAL STOCK TAKE (GST)

The human right to health is acknowledged in the Paris Agreement and therefore should be considered an integral component of the GST. Health metrics and quantification of health losses and health co-benefits of climate action can provide the indicators of some of the human and economic losses for climate change, as well as progress on climate action and the overall success in implementing the Paris Agreement across sectors.

## HEALTH AND COP28

The UAE government was highly active on the issue of health and climate change during the World Health Assembly in May, seeking to elevate the discourse. The presidency has engaged a small group of “champion countries” and inter-ministerial (UK, Germany, Egypt, Kenya, India, Fiji, Brazil, US) engagements to help co-design the COP28 health program. A steering committee has also been established to inform the content of the COP28 health program. The UAE Presidency plans to highlight three priorities:

- 1) Lift political profile of climate change and health to ensure that public health is positioned as critical in the climate agenda
- 2) Support political commitment and progress on health system transformation

- 3) Help close the global climate finance gap for health by reducing barriers to funding and maximising investment for climate change and health

## WAY FORWARD

For Pakistan, adaptive action in health is of paramount importance. Pakistan stands at high risk due to its labour-intensive exposure to heat (agriculture and construction) and recurrent exposure to climate induced hydrometeorological disasters. The additional burden of inflation and increase in prices of essential commodities and services in particular will deepen poverty, decelerate growth and severely jeopardise the country's ability to meet its SDG commitments. The multi-dimensional impacts of climate change on health will harm those the most who are least able to protect themselves. The floods of 2022 are proof of the adverse reflection on social determinants and their intergenerational impacts. A repeat disaster of similar scale will be catastrophic.

This is a good time to mainstream climate induced health hazards into national health plans and develop a health strategy for coping with climate change. The Federal Ministry of Health can take the lead in preparing the national climate change/health guidelines that can be used by the provinces for developing implementation plans at local level. Health is a human capital without which no country can move forward. The lessons learnt from COVID should be used to identify gaps and use strengths to improve health governance. Pakistan urgently needs to position and prepare itself to address health sector issues at home and at COP28.

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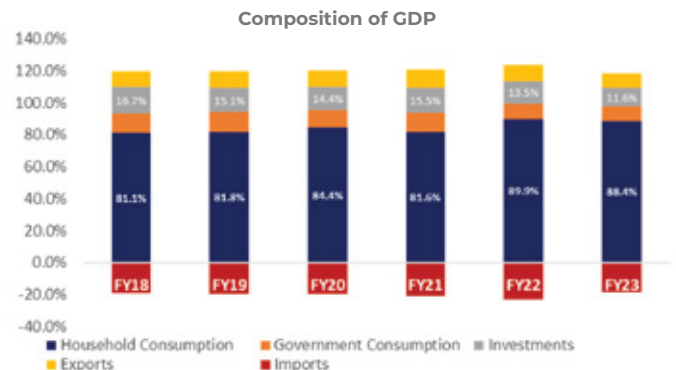
Ammar H. Khan

# RECONFIGURING PAKISTAN'S ECONOMY

On a macroeconomic level, the Gross National Product of a country is largely a mix of household consumption (“C”), government consumption (“G”), Investments (“I”), and the difference of Exports (“X”), and Imports (“I”), the latter being effectively referred to as Net Exports (“NX”). At a macroeconomic level, a country can decide which component of the equation to focus on.

Emerging economies at early stages of their growth prioritise investments as that results in accumulation of capital over the years, which can then be utilised for production, and eventually increasing overall aggregate supply in an economy. A spillover effect from investments is also in exports, as export-oriented investments can provide the necessary stimulus for increasing exports.

As the economy moves along its growth trajectory, it strives to maintain a positive balance between exports and imports, such that its growth may not be constrained by rising imports, which may lead to an outflow of resources from the country. Economies over the years continue to experiment between various configurations, sometimes even disincentivising investments, and incentivising consumption to attain economic growth, and so on. The key operating term being balance – the right balance among the different components of GNP can enable an economy to attain sustainable growth.



In the case of Pakistan, over the last many years, the economy has been heavily dependent on consumption. As per data published by the State Bank of Pakistan, total consumption made up 87.6 percent of the GNP, split between household consumption, and government consumption. The same has fluctuated in the range of 81-97 percent over the last many years. Such high levels of consumption leave little room for investments or exports – as the same is financed by increasing levels of imports, effectively keeping the Net Exports component of the GDP composition, consistently negative. As the economy effectively consumes more than it produces, it has to rely on imports to balance the equation. As consumption continues to increase much beyond existing aggregate supply, it has to rely on increasing imports. However, an economy cannot run in perpetuity on imports, because those imports need to be financed with foreign currency – and a time comes

where foreign currency reserves deplete. An economy can borrow foreign currency to keep paying for imports, but ability to borrow diminishes, and the same cannot be done in perpetuity.

This is precisely why over the last decade, Pakistan has fluctuated between boom-bust cycles. Availability of foreign currency liquidity finances consumption, which accelerates GNP growth. However, as the growth is largely due to consumption, which is financed by imports, as soon as foreign currency reserves start depleting, the ability of the economy to support imports also starts to erode. This results in a downward pressure on the currency, as the demand for foreign currency (due to higher imports) far outweighs the demand for local currency (due to stagnant exports). As the currency depreciates, and as the economy is dependent on consumption, any shortage of foreign currency results in inflation, followed by a massive correction in both fiscal, and external positions. As things settle, and no structural changes are made, yet another infusion of foreign currency kick-starts a growth spurt till the time we lose out on foreign currency reserves again. The cycle continues to repeat till the time the ability to borrow diminishes, and the economy starts contracting, because the consumption cannot be financed by imports anymore.

Multiple boom-bust cycles over the last decade has not resulted in any serious thought regarding modifying the structure of the economy, which is heavily dependent on consumption. There exists a strong case to transition from consumption-oriented growth to investment-oriented growth, similar to the growth trajectories assumed by other lower middle income, and middle income economies over the years. The Investment-to-GDP ratio for Pakistan during the last ten years has averaged at 13 percent, meanwhile the same for South Asian countries is at 30 percent, and for lower middle income countries is at 28 percent.

Inability of Pakistan to increase formal investments, which is a function of formal savings has led to a scenario where the economy has become highly consumption dependent. This also constrains the ability of the economy to achieve growth rates in excess of 4-5 percent per annum – because any growth is largely driven by consumption, and the same cannot be sustained if foreign currency reserves run out, as imports cannot be financed.

In order to attain sustainable growth, the nature of the economy needs to be reconfigured. There needs to be an effort to increase investments, particularly in export-oriented areas, that can increase exports, and gradually move towards the economy to a position where it is able to generate trade surpluses. Such a reconfiguration would enable the economy to accumulate foreign currency reserves and gradually attain macroeconomic stability. Increasing investments can be done through either increasing formal savings, or moving capital from informal economy, to the formal economy. In a scenario where such reconfiguration isn't done, the country will continue to oscillate between boom-bust cycles, with the gap between each cycle shortening – eventually leading to a situation where economic growth may stagnate. As population continues to increase, stagnation of economic growth would be erosion of per capita income, as well as purchasing power, resulting in increased levels of poverty, and macroeconomic instability.

Any economic revival plans that are formulated by the government never take into consideration the composition of the GNP – and how the structure of our economy has been consumption oriented. There needs to be a long-term focus on investments, supported by an industrial policy that encourages and incentivises export-oriented growth. It can only be through such a reconfiguration of the economy that Pakistan may be able to attain sustainable growth rates, such that overall per capita incomes can steadily increase. Without such reconfiguration we may remain stuck in a low-growth loop, followed by bursts of growth financed by availability of foreign currency liquidity. A radical restructure is required, if we want any glimmer of hope for sustainable growth.

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# CULTURE, CONFLICT, AND THE MONOPOLIISATION OF FEMALE ATTENTION

Ali Shah

All cultures come equipped with elaborate modes and methodologies of ingroup acquisition, distribution, and retention of feminine attention and affection. Cultural norms represent reliable and replicable rules and instructions for setting up the choice architecture for sexual selection and channeling female desire in ways considered beneficial for and by the cultural group as a whole.

Systems that ensure ingroup circulation and distribution of female attention are the same systems that are also involved in the overall distribution of power, authority, and responsibility within the cultural group. The task of regulation is inextricably tied in with the challenge of continued preservation and autonomy of the cultural group. It determines the overall patterns of cultural production and consumption within and between cultural groups. Even economic production and exchange, regardless of whether it is free or command-based, can be said to partake in this cultural enterprise by anchoring human desire in commoditised material objects, thus turning them into ritualistic offerings, as need be, in the global process of mate selection.

This permanent preoccupation with the regulation of female attention and desire in all cultural groups plays an important role in determining the structure of cultural contact. In fact, the nature and form of relations between any two cultures will hinge, to a much greater degree than is normally recognised, upon the relations between the sexes within and between those cultures.

The violence that is unleashed around cross-cultural mating decisions in some parts of the world indicates that two different cultures may continue to negotiate the phenomenon of cultural variance in essentially nonaggressive ways as long as men belonging to each culture enjoy a monopoly over the attention and affection of the women belonging to that culture. But one or many instances of women mating with men from outside their cultural group represents, for the gatekeepers of that culture, the failure or suspension of the system of

selection preferences designed to ensure ingroup regulation of feminine attention.

Cultural heterogeneity or difference, therefore, turns into cultural conflict precisely at the moment when men belonging to a given cultural group are no longer able to lay exclusive claim to female attention and affection in their own group. In other words, competition, hostility, suspiciousness, and aggressiveness between two different cultural groups are proportional to the levels of female desire in those groups for men outside their cultural groups.

Almost all social mores, moral traditions, and political doctrines in different cultures tend to evolve as strategies to ensure relative advantage in the primal quest to acquire and retain scarce survival resources. These resources cover material, physical, ideational, tangible, and intangible assets, the possession of which shall increase the relative chances of survival of a given cultural group.

A critical subset of survival resources is the reproductive resources understood here as the institutions, practices, and artifacts ensuring well-regulated, mutually acceptable, and widely practiced sexual relations between men and women of a given cultural group by means of the culturally and socially prevalent mode of cohabitation or marriage, however interpreted in and by that group. In this sense, high reproductive resources denote a state in which men of a cultural group succeed in retaining the attention and affections of the women of that group. Low reproductive resources indicate the obverse. Any depletion of its reproductive resources is liable to be defined by the group as a threat to its survival.

Since the ingroup male monopolisation of female attention assists the cultural group in its competition for scarce resources against other cultural groups through the greater concentration of capabilities vis-à-vis other groups, any threat to this monopoly is construed as a threat by the cultural group as a threat to its survival.



Cultural contact both frustrates and promotes the drive for monopolisation. Ceaseless interaction of men and women from different cultures, stretching over long periods of time and assuming political, economic, diplomatic, and amorous forms, provides the arena for one of the most intense forms of cultural exchange in which, men and women, unbeknownst to themselves, end up establishing the superiority of the modes of socialisation, social mobility, self-improvement, and standards of attractiveness of their respective cultures. Countless cross-cultural mating choices of innumerable men and women become at the wider level a process of validation or dominance establishment of one culture at the expense of the other.

The relations between the culture whose men lost the monopoly of affection of its women and the culture whose men gained it remain troubled for long historical periods. The winning culture usually tends to be the one that is technologically, militarily, and economically more advanced. One sign of cultural dominance is the increasing preference of the women of the losing culture for those men of their own cultural group who successfully assimilate and exhibit the cultural properties attached with the men of the dominant culture. In this context, it would not be too much of a mental strain to understand the reasons for the high value attached in urban South Asia to the archetype of westernised English-speaking masculinity. Like Marx said that men make their own history, but they do not make it as they please, we can say that people choose their own mates, but they do not choose them as they please. This choice is made in the predetermined crucible of dominant cultural preferences.

It may also happen that members of the more technologically advanced culture may not be able to establish their monopoly on the attention of the female members of their culture. Famous anthropologist and global public intellectual, the late Professor David Graeber, and his co-author, Professor David Wengrow, highlight in their wonderful book, *The Dawn of Everything: A New History of Humanity* (2021), the more than occasional preference of European women, children, and men for the native American way of life in the early days of the settlement of North and South America. In other words, we can say that cultures that are not dominant in economic, political, and technological terms can still turn out to prove attractive in compassionate terms.

Rather than providing equivalent or better opportunities to its men for attaining higher physical, cognitive, emotional, material, and financial standards of attractiveness, the moral and political ideologues of the cultural group faced with what they perceive as the threat of appropriation of indigenous female attention by other cultural groups respond by trying to promulgate a coercive monopoly around the female desire in their culture using chiefly ideological means to denigrate cross-cultural mating choices and decisions. Not infrequently, though, brute force has also enforced such exclusionary ideologies as in the cases of old-school western colonialism and contemporary Hindutva.

At other times, philosophical theses like Professor Samuel Huntington's "clash of civilizations" and comparisons like the equation, last year, of Europe with a "garden" and non-Europe with a "jungle" by Josep Borrell, EU's foreign policy czar – though he later apologised for his remarks – use mainly discursive and semantic regimes for the purposes of disapprobation, misrepresentation, segregation, and exclusionary compartmentalisation of the other. It is not too hard to see that such intellectual efforts spring from the age-old cultural anxiety, which is experienced by all cultures perennially and which is charged excessively with the fear of the conquest and the domination of indigenous femininity by hostile alien masculinities.

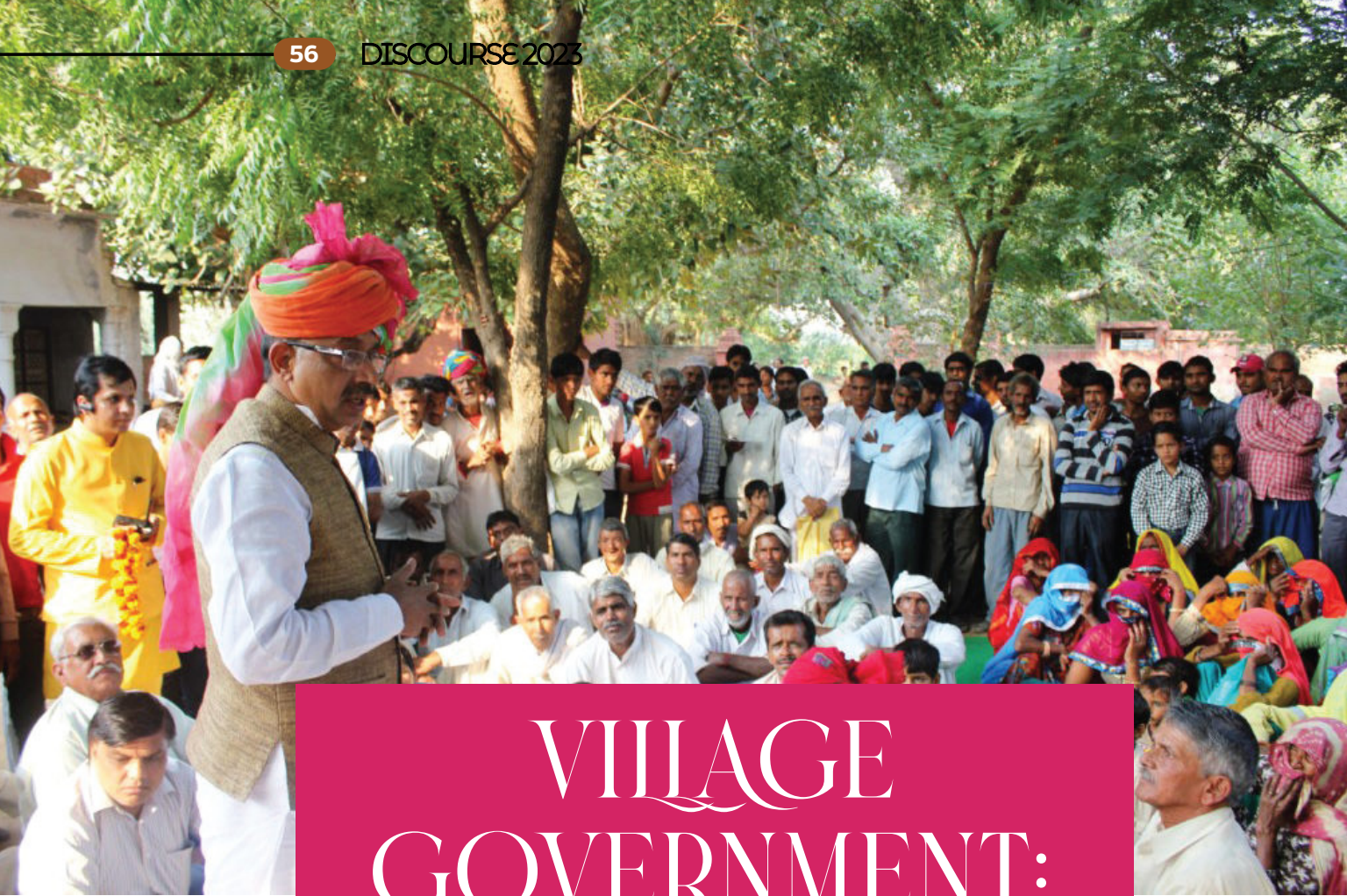
What is scary is that this fear, making up the major chunk of cultural xenophobia, may grow further as a consequence of the intensification of the 21st competition between global powers.

What needs to register powerfully with decision makers and citizens of the world is that habitable space like always will continue to be finite with diverse peoples and cultures continuing to live side by side. It is within the power of people and their leadership to make the outcomes of this immemorial spatial adjacency peaceful rather than allowing our collective paranoias to run scot-free to start new cold wars and campaigns of cultural demonisation of others at home and abroad. Similarly, attempts to colonise feelings are foredoomed. Humanity would be well-advised to leverage the incessant waves and cycles of cultural diffusion to promote cross-cultural collaboration and understanding. The trick perhaps is to use the awareness of our own ephemerality to help us see differences in habits of thinking and routines of doing and being as bridges that need to be crossed rather than insular ruts of uncomprehending cultural chauvinism.

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Women





# VILLAGE GOVERNMENT: A Concept that Needs Attention

**Muazam Ali**

National Geographic defines village as “a small settlement usually found in a rural setting. It is generally larger than a hamlet but smaller than a town.”

The definition of a village varies from country to country. Nonetheless, villages are important units in any country and play a vital role in development when they have a well-structured system. Village government is a crucial yet often overlooked part of society. It is responsible for providing essential services to its residents and can play a key role in promoting economic development and social progress. However, village governments often lack the resources and authority they need to be effective. This article will explore the importance of village government and argue that it deserves more attention from government.

Firstly, the central or provincial government requires data to formulate policies aimed at addressing the challenges in rural areas, as it is not feasible for them to physically visit every village and conduct surveys. Therefore, establishing village governments helps in conducting surveys and providing crucial data. Additionally,

village governments play a significant role in the formulation, implementation, monitoring, and reporting of projects to the authorities. Since each village has its own traditions, cultures, and values, they possess unique systems for addressing challenges within their communities. The villagers are in the best position to understand the needs of their residents, surpassing anyone else, and can better formulate policies that effectively address those needs. Therefore, if provided with the necessary resources and authority, village governments can greatly contribute to improving the socio-economic conditions of rural areas. For example, the Aga Khan Rural Support Program (AKRSP) started a community-based development approach in Gilgit-Baltistan (GB) in the early 1980s. They formed community-based organisations (CBOs) and village organisations (VOs) in all districts of GB. AKRSP believed that if rural communities were provided with the necessary financial capital, they would have the potential to plan and manage their own development. After three decades, it is evident that rural communities are actively participating in their development and have achieved significant progress in economic and social domains. During COVID-19, the government of GB conducted surveys with the support of these CBOs.

Secondly, village governments can facilitate the provision of necessary infrastructure in rural areas. Just like cities, villages require infrastructure such as water supply systems, sanitation facilities, waste disposal mechanisms, electricity supply, libraries, and recreational grounds to enhance service delivery. In Pakistan, approximately 63% of the population resides in rural areas, and a majority of these individuals lack access to these essential services. However, if village governments are empowered and granted authority and support from provincial governments, these issues can be effectively addressed. In situations where problems arise, such as the damage of water channels due to heavy rains, provincial governments may take time to initiate repair work. On the contrary, village governments can promptly take action in collaboration with local residents, based on the severity of the issue, ensuring timely service restoration. For instance, in the mountainous region of Gilgit-Baltistan, water channel damages are frequent during rainfalls and subsequent floods. Since villagers heavily rely on these channels for domestic consumption, they cannot afford to wait for days, hoping that provincial authorities will intervene. Instead, they adopt a local approach. As soon as the water channels are damaged, the villagers collectively decide that one representative from each household will participate in the repair work the following day. Failure to attend without a valid reason results in fines. This practice, known as 'haldashiree' in the Shina language, demonstrates the effectiveness of decentralisation when local/village governments are equipped with authority and resources.

Village governments also play a crucial role in natural resource management. Villages are abundant in natural resources such as forests, gemstones, land, and tourist attractions. Currently, the livelihoods of villagers heavily rely on these natural resources. However, due to the absence of a proper governance system, these resources are being unsustainably exploited, resulting in their depletion and causing environmental hazards like Glacial Lake Outburst events and loss of wildlife habitats. The unsustainable utilisation of natural resources in villages is primarily attributed to a lack of awareness regarding their importance. It is impractical for provincial governments to individually visit every village and conduct awareness sessions to educate villagers about sustainability. Conversely, village governments, with the support of government agencies and civil society organisations, can effectively undertake this task. They can better raise awareness among villagers about the consequences of unsustainable consumption and conduct relevant sessions when necessary.

Similarly, village governments can play an important role in conflict resolution. In rural areas, strong economic and social interdependencies often give rise to land disputes, especially with rapid population growth. Although there are local methods to address these disputes, such as the "Punchayat" in Punjab and "Jirga" in KP and GB, there are instances where these practices fail to achieve conflict resolution. In such cases, a formal government system supported by local governance can be effective.

Another prevalent issue in villages is sexual harassment. Given the male-dominated nature of these communities, girls and women often hesitate to speak up, allowing perpetrators to go unpunished. By establishing a village government system in collaboration with civil society, these matters can be addressed, and perpetrators can be brought to justice through legal channels.

As mentioned earlier, villages are rich in resources, presenting vast business opportunities for the youth. When exploring agriculture-driven businesses, areas such as organic and livestock farming, agribusiness, and agriculture tourism come to light. However, the youth face various challenges when starting their businesses, including financial issues, lack of training, limited access to technology, and unfavourable environments. In this regard, village governments, in collaboration with provincial governments and NGOs, can provide support to address these challenges. This support can come in the form of interest-free loans, training programs, educational opportunities, and the acquisition of skills and knowledge necessary for starting sustainable small-scale businesses. Additionally, village governments can assist entrepreneurs by providing access to markets, thereby improving the economic conditions of the people and generating employment opportunities for unemployed youth. Moreover, village governments can play a crucial role in promoting technology development within villages. Considering the current climate crisis, the youth can be encouraged to invest in green businesses, which can contribute to addressing the climate crisis. Rural areas, despite being less responsible for climate change, are among its greatest victims, as exemplified by the recent floods in Pakistan.

Finally, village governments should not operate without an accountability system. They should be granted the freedom to function independently, while also being subject to an accountability mechanism for their actions and decisions. This ensures responsible governance, transparency, and the establishment of trust among the people. Moreover, an accountability system promotes the efficient utilisation of resources and helps prevent corruption, wasteful spending, and mismanagement. Additionally, village governments play a crucial role in the socio-economic development of rural communities. By recognising their significance and providing them with the necessary resources and authority, the government can unlock the full potential of these local governing bodies. Empowered village governments enable us to build stronger, sustainable, and prosperous rural societies that contribute significantly to the overall development of our country.

*The author is a Young Development Fellow at Ministry of Planning, Development and Special Initiatives.*





# THE IMF: PUTTING THE 'EVIL' BACK IN 'NECESSARY EVIL'

Taha Masud

Pakistan today has found itself at the doors of the International Monetary Fund for the umpteenth time. In the midst of a world-shattering economic crisis caused by a mixture of profligate mismanagement, political instability, and the damage wrought by the past year's cataclysmic floods, the country has had no choice but to make its way to the global lender of last resort.

Many have rightly criticised the Pakistani government and armed forces for their role in bringing the economy to what appears to have been a point of almost no return. It is clear that there are no alternatives but to conform to the conditions laid out by the IMF so that we can buttress our foreign reserves with some much needed capital and stop our balance of payments crisis from bleeding us dry. However - in doing so, there has also been a degree of uncritical acceptance by the economically-savvy class of Pakistan that the IMF and its conditions are natural, fair, and objective.

It is difficult to make a greater error. For all that the IMF is necessary, it is absolutely not a neutral or just institution. To treat it as nothing more than an institution which manages issues in a technical and objective fashion is to dehistoricise it and to obscure the power relations which govern its decision making. The IMF, like any institution, does not exist in vacuum, and can only be understood through the structures which give it its incentives.

To begin with, it is important to remember that the IMF is an international institution comprised of some 190 member countries. The international economy is a space of power and contestation, and these dynamics are mirrored within this organisation. Larger economies, such as the United States and its major Western allies, are consequently overrepresented in the IMF's voting and decision making. These countries, by virtue of being "core" nations in classical world systems theory, have an incentive to promote capital flows from the developing world into themselves. Their decisions,

therefore, will always have this underlying motivation governing them - even when providing loans to countries like Pakistan, they do not have a structural interest in solving a balance of payments crisis which permanently warps trade relations between Pakistan and the developed world (though they may pay lip service to the notion of doing so).

Therefore, the favoured tools of the IMF in the face of economic crises are austerity measures. Its loans are regularly contingent upon an intensified tax regime and slashing government spending. Although both of these are independently important goals for Pakistan - on account of our tax net being meagre and ineffectual and our government spending being heavily used to subsidise industries instead of people - the motivation of the IMF in using these tools is not out of concern for the nation or its people. Rather, these austerity regimes, typically called 'Structural Adjustment Programs', have historically been devastating for the poor of the countries where they have been implemented, by placing upon them the double burden of higher taxes and reduced welfare.

These policy interventions also often interact with pre-existing domestic power structures in negative ways that further entrench existing divides in the nation. For instance - the IMF's insistence on increased taxation (requiring Pakistan to raise more than PKR 385 billion) has led not to the government expanding its tax net and taxing its elites more heavily, but to doubling down and intensifying its extraction from its existing tax net - heavily punishing its salaried class, and everyone who has the misfortune to owe money for basic utilities such as electricity, gas, or water. Because the structure of the IMF's decision making leads to it being more concerned with its loans being repaid, rather than the manner in which the money to repay them is raised, its interventions will always increase the burdens on the poor in nations where they are structurally disempowered to fend for themselves in the political arena - which is almost all of them.

Another consequence of these measures which often goes ignored is that they are anti-democratic and violate the sovereignty of the nations that they are imposed on. The IMF is only able to exact these terms because of the desperation of the debtor nations who come to them. While many feel that this may lead to more 'rational' decision making, it should be noted that this directly undermines the votes of the hundreds of millions who elect their governments expecting them to implement infrastructure projects or spend on their welfare.

The reason that these harms are so easily and frequently ignored goes back to the initial point highlighted in this piece - the IMF, by pretending to be a neutral and technical arbiter of finance, is able to conceal the power relations that govern both its decisions and their affectees. This "technical" approach to policy doubles as sleight of hand - the incredible damage that this top-down austerity causes to the poor is waved away as necessary collateral damage for the most optimal path to economic recovery; the loss of sovereignty dismissed as the petulant whining of a nation of incompetents. The IMF alone stands capable of good, rational decision making - and if it must force these decisions down the throats of unruly countries in the Global South, it is capable and willing to do so.

With all this said, however, Pakistan is unfortunately in a position where it does not have a choice to reject the IMF. Without the IMF's loans, our economic crisis will grow worse and spiral even further. It's a choice between the saucepan and the fire. But this does not mean that both of them do not burn - and it does not mean that we ought to abandon the critical lens which allows us to see the IMF for what it really is - an institution which primarily represents the economic interests of the Global North, and couldn't give less of a damn about the people of the countries which take loans from it - rather than the technically competent and benign money-lender that so many have cast it as today.

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**HISTORÿ**





# CONSTITUTIONAL EVOLUTION

**Farhatullah Babar**

The year 2023 marks the 50th anniversary of the unanimous Constitution of 1973 as well as the completion of 76 years of independence. It is thus a propitious occasion to reflect on the country's constitutional evolution and the direction it has taken.

As the foundational document of a state the Constitution is a social contract that binds the state and the citizen and a binding agreement on how powers are distributed among various organs of the state.

Unfortunately for nearly quarter of a century from independence Pakistan did not have this foundational document. Military dictators who usurped power tried to give a one-man made constitution to advance their own political agendas but failed.

In the ensuing vacuum the space was occupied by the civil-military bureaucracy and clergy in association with the feudal lords.

Even when the people in East Pakistan had risen in revolt against military rule, General Yahya forced an interim constitution called legal framework. In it he gave himself powers to reject any constitution that may be made by the future assembly if it did not adhere to the 'principles' he had laid down. The so-called constitutions given by dictators vanished as soon as the dictator vanished. General Yahya's was the shortest lived as he was soon forced to quit by the very junta that had been defeated in the war.

In the first quarter century of the constitution-less country the nation almost forgot what the Quaid wanted Pakistan to be.

Indeed, his first famous speech in the Constituent Assembly on August 11th, 1947 laying down the contours of the state of Pakistan was sought to be tampered with but it failed. A few months after his death the Objective Resolution was adopted that introduced the concept of 'Islamic state' as the state's guiding principle.

The concept of an 'Islamic State' persuaded the clergy to assert its authority on the basis of a self-assumed role to interpret religion and Shariah. It sowed the seeds of a system that was neither republican nor Islamic as became evident in later years. The Shariat Court struck down land reforms, the very basis of social justice, as against religion. Pakistan thus continued to be an exploitative state.

Ayub's abrogation of the 1956 constitution followed by a decade long of his autocratic rule deprived the nation of arriving at a consensus on how to shape their lives in the federal structure. It sowed the seeds of disenchantment among the people that soon turned into rage and eventually in 1971 to the breakup of Pakistan and the military surrender.

The two-nation theory, based on the foundation of religious divide, received a huge setback by the creation of Bangladesh in 1971 but the signal was not registered. People were led to believe that Pakistan was dismembered because of the presence of a large number of Hindus in East Pakistan. Intolerance and exclusion of minorities increased as a result.

It was in this backdrop that the unanimous Constitution of 1973 was adopted. It sought to address issues in the distribution of powers, in defending human rights, empowering the common man and giving hope to the youth of Pakistan.

The Constitution of 1973 held the field for less than five years when General Ziaul Haq struck and held it in abeyance. A decade later he lifted martial law but not before arm twisting the National Assembly in 1985 to pass the 8th Amendment which in effect defaced the constitutional structure. Even after its passage Zia tried to impose Shariah through the 9th Amendment in 1986 but failed.

Despite numerous interruptions the people of Pakistan, whose ethos is democratic, bounced back and restored in 2010 to a large extent the original 1973 Constitution and the parliament once again made supreme through the 18th Amendment.

## THREATS TO CONSTITUTION

Some powerful elements believing in a strong centre have not given up machinations against the Constitution. They have called the 18th Amendment as a reincarnation of Shaikh Mujib's six points.

Direct abrogation of the Constitution has given way to a new norm, the 'hybrid' system in which the person on the wheel is not the actual driver but someone sitting in the rear controls vital levers of the vehicle. It is difficult to say which of the two civilian governments in the last five years outdid the other in strengthening the hybrid.

This poses a great danger to the state. A vehicle driven not by the man on the wheel but by back seat drivers is doomed to meet a disastrous accident. More so when the man of the wheel is accountable for accidents the back seat driver is not.

There is another threat. It is from judicial verdicts which, while claiming to enforce the Constitution, amount to rewriting the Constitution itself: the threat from judicial imperialism.

The top court has upheld unconstitutional measures of military dictators but has been hyper active when it comes to democratic government and institutions. It has only weakened, not strengthened, other democratic institutions.

From the dismissal of the elected Assembly in 1954 to the abrogation of the Constitution by General Ayub in 1958 to another abrogation in 1977 by General Zia to yet another abrogation, not once but twice, by General Musharraf (1999 and 2007), the judiciary has willingly submitted - offering no resistance. It not only endorsed abrogation but also allowed dictators to re-write it.

The top Court also judicially executed the principal architect of the Constitution which later a judge on the bench Nasim Hasan Shah publicly acknowledged was done under pressure.

A 12-member bench headed by Irshad Hassan Khan validated the first coup of General Musharraf in 1999. When he retired in January 2002, he readily accepted the job of Chief Election Commission which the dictator had offered him for three years. Sadly, no judge protested.

Contrast it with judicial overreach during democracy particularly after the CJP Iftikhar Chaudhry and other sacked judges were reinstated in 2009 as a result of what appeared to be a mass public movement but later turned out to be part of byzantine intrigues within the establishment.

The judges appeared to stretch the principle of independence of judiciary to mean their independence from the constitution and the law itself. Instead of repairing the broken criminal justice system the Court went on to expand his own powers at the expense of other democratic institutions including the Parliament.

Thus two elected Prime Ministers were sent home one after the other, the ruling of the Speaker National Assembly overturned and the Election Commission interfered with forcing CEC to resign. The Court declined to place its financial accounts before the Parliament's Public Accounts Committee (PAC) and used suo motu powers in a way that will embarrass jurists everywhere. When the parliament made a regulatory legislation, the Court rejected it: ruling that the SC rules framed by it in 1980 superseded any ordinary legislation made by the parliament.

The judiciary also assumed powers of appointing and sacking judges to the exclusion of Parliament, the President and the Prime Minister. One CJP in his time thus appointed 126 judges and sacked over a hundred judges. The concentration of powers in just one person has threatened to turn the Court into a monolithic structure like a unit of the military on the one hand and what critics describe a 'judiciary of the judges for the judges' on the other.

There is also little accountability. A reference was filed against CJP Saqib Nisar by over a hundred members of civil society. It was not heard as long as he was in office. When Saqib retired it was returned saying that it had become infructuous thus making Judges' accountability almost impossible.

The hybrid system and judicial overreach together have threatened to upend the democratic and constitutional order. This indeed is the challenge in the 50th anniversary of the Constitution and the 76th anniversary of independence.

The Parliament must stand tall, refuse to cede its space, courageously invoke parliamentary instruments of legislation, motions and resolutions, set up a Truth Commission and call a spade a spade.

*The author is a former editor and former Senator.*



## Psychogeographical Deceit; STATE-ESQUE NARRATOLOGY

Rida Akhtar Ghuman

As of mid-2023, peoples of the world have had ample time to question nation-states and their resultant animosities against the larger human endeavor, but the idea of a country and the formation of such an idea is always a work in progress. A state of movement being integral to everything humanist, forming political understanding is also a non-linear process of education that preferably is a work of a lifetime. 'What is a country?' can be an existential question but making things simpler, 'what is Pakistan?' cannot have an absolutist answer. The larger human endeavor connotes the eventual stipulation that all humanity is bound by a certain love of Mother Earth and ultimately seeks such an unhinged love to progress through life; all progress is not necessarily capitalist. The larger human endeavor also somehow stipulates that one must know, if anything, one's own country.

What is Pakistan geographically and how much do we commonly know? Every child grows up aware of a certain flag, a certain few names of some cities, a very

pertinent oddly soothing music and some pictures of long dead people; children usually have to grow up a little more to start defining these under the umbrella of nationalism. Building and constructing the idea of a country in people's minds is a complicated state-esque tool. Clichés, signs and symbols might have been sufficient in the past when many narratives did not pass through the closely knitted seams of the then information resources. Today however, where borders as such are a debatable construct and versatile tools of accessible information and infotainment make waves and deconstruct - though often only arbitrarily and metaphorically - everything, imagining a country and that too as a home is a process of great jeopardy.

On a certain very beautiful rainy day a friend of mine visited me in Gujranwala from Lahore and I tracked her Uber ride from the bus station to my home. At a certain point on a bridge that I pass by every day to and from work, there is a very old abandoned mandir on the right - only the intricate top of it is visible from the said



point while sadly below it is a tyre shop – and the samadhi of a great man from two centuries ago on the left which is ensconced by several amaltas trees that were in pure bloom when she was passing by. I asked her to try and catch glimpses of both though fully knowing that you cannot ascertain both simultaneously: there is way too much history in that certain point only and passing by is not enough.

The Pakistan Studies syllabus is integral to all educational programs in the country, from Grade 01 to Grade 14. This syllabus usually roughly starts around ideology, the Pakistan movement, the process of the formation of the constitution, some selected regimes and ends with some chapters about the geography and climate of Pakistan. Fourteen years of education with the same course is somehow the repetition of the same syllabus. Prof Dr. Eqbal Ahmad once wrote that “every policy that begins on the assumption of keeping someone weak forever is doomed to fail.” (Barsamian) It is not out of the box to say that teaching such a syllabus, for so long, devoid of any emotional consonance with the geography of one’s country is a weakening policy. Pakistan Studies syllabi, if anything, should talk about the colonial past of the sub-continent, the pre-colonial ages of unique communities and the post-colonial decadence of a region into several separate states. Learning this however shall help people understand these smaller states that haggle and hide histories by policy. Prof Dr. Ahmad also wrote, “I do not know of any country’s educational system that so explicitly subordinates knowledge to politics.” (Ahmad) History seeps every inch of Pakistan’s being. The state’s silence, however, about psychogeographical wisdom is a penchant for research. Aren’t the benefits of knowing way too obvious?

Psychogeography is a domain of knowledge that connotes ascribing psychological connection with a geographical setting. Knowing areas and vestibules of history around you is an empowerment par excellence. Where knowing as a state of delusion can do only enough good, knowing as a state of empowerment is a process of connecting with the larger human endeavor of manifesting love. Mehmood Qalandari, a local Seraiki poet of Wasaib, has a quatrain that loosely translates,

If education means to know the common alphabet  
Then I don’t have an education,  
But if education means to read the eye, the face, the  
motherland,  
If education means to understand the shrubs and the  
leaves than I have a PhD.

Forming camaraderie with peoples around you – peoples because there are many groups of separate people in Pakistan – is an endeavor that asks for an education that goes beyond the alphabet of the state and delves into the alphabet of the land around. Such an education ensures a knowing that is one step ahead.

Forming a psychogeographical connection with a land

is praxis of empowerment that could enable a reflective approach amongst any people. Having a reflective praxis with a syllabus that is induced with knowing the micro realities of a land, her history and her vastness could enable any people with the power of “moving away from the ideological trap that distinguishes theory from praxis.” (Bernd Reiter) Theoretically knowing the climate of Pakistan hasn’t necessarily been very fruitful for the landscape of the country, as definitions of climate are very vague now, whereas practically knowing and making such knowledge a praxis could perhaps enable a referential connection to that land that is necessary today more than ever. Finding allies in local trees, leaves and weathers could help one inundate with the banal realities of a land like finding ally ship with a local street cat helps manifest a mutualism and beauty in life that is raw and pure to the core; beauty and camaraderie when manifested raw are progress within the spectrum of a country; progress like this that is beyond capital helps instantiate ideas of a country that does not necessarily need to dwell in borders, markers and wires. A country that forms itself around narratives that are in lieu with the larger human endeavor is a country that shall perhaps not need songs, signs and symbols of dogma and deceit.

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# BUSINESS





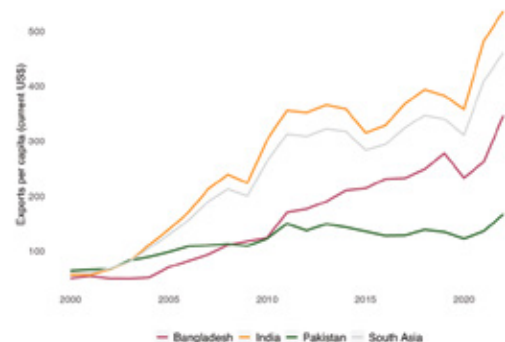
# A DYNAMIC EXPORT CULTURE IS IMPERATIVE

Gohar Ejaz

Despite the USD 3 billion IMF stand-by arrangement and other foreign exchange deposits, Pakistan's external position remains vulnerable. The IMF projects gross external financing requirements over the next five years to range between USD 28 billion to USD 33 billion annually. Given the high costs of debt servicing and borderline sustainability of current external debt, the economy cannot afford to keep borrowing to meet these requirements. A sustained increase in exports is the only way forward.

A recent article claimed that the salaried class pays 200% more tax than exporters. Realistically, the only remedy available to the salaried class and all other classes in the context of Pakistan's broader economic challenges is to become exporters. Pakistan's exports per capita in 2022 stood at only USD 167 and have remained stagnant over the past decade while Bangladesh, India and the region in general have experienced tremendous growth (see Figure 1). A cultural revolution geared towards exports is required to change this trend.

Figure 1. Pakistan's exports per capita have stagnated while the region has experienced tremendous growth.



Source: Author's calculations using World Bank data



However, the current economic and political situation has created conditions that are not conducive towards the growth of export sectors. Withdrawal of regionally competitive energy tariffs and zero-rating (SRO 1125) for exporters, high interest rates, exchange rate depreciation, import restrictions and high economic uncertainty have caused exports to decline from around USD 40 billion in FY22 to USD 35 billion in FY23. The textile industry alone—responsible for over one-third of total exports—has experienced a 30% reduction in output since March 2023, and a further reduction of 25% is expected over the coming weeks as the impact of high energy prices continues to bite.

Prioritising political gains over shared economic prosperity, the government is unwilling to implement the structural reforms necessary to facilitate exports and is rather making policy decisions that are further undermining the international competitiveness of export sectors. This phenomenon is also not unique to the current government. Time and time again, successive governments have taken short-sighted policy decisions to preserve their own political positions while ignoring the country's overall economic position.

Given that this has become a chronic illness of our governance structure, safeguards to protect the country's economic interests from politically motivated decisions must be built into the system. In this regard, we propose the formation of a High-Level Export Council—an autonomous body with representation from export industries, experts in the fields of international trade and international trade law, and relevant government ministries.

The council's primary objective will be to foster collaboration, communication, and coordination between the government and export-related sectors with the overarching goal of creating an export culture, enhancing export competitiveness, and facilitating sustainable economic growth. It will have a two-pronged mandate. First, to align all government policies and decisions with the overarching objective of export creation. Second, to serve as an advisor to the government—upon its request—on the critical appraisal of new policies so that these policies do not infringe upon the objective of export creation.

If a government policy decision is perceived as a barrier towards export creation, export sectors and related stakeholders will be able to petition the council to review the decision. The council shall conduct an initial assessment of the petition's merit and may appoint an expert committee to conduct an objective in-depth analysis and submit a report on the matter. It will then hold mediation sessions involving all relevant stakeholders to discuss the petition and proposed solutions. The council will strive to reach a consensus-based resolution, and its decision shall be binding on all parties involved. In the interest of transparency, all of the council's proceedings shall be made publicly available.

The government must also focus all possible resources towards embedding a culture of exports into the very veins of our economy. In the near-term, this entails the provision of competitive energy tariffs through a separate power tariff category for exporters based on the actual cost-of-service, restoration of zero-rating (SRO 1125) for exporters, and withdrawal of all remaining import restrictions so that export industries may resume operations and complete expansions that are already underway.

This must be followed by the implementation of a comprehensive medium-term policy that offers strong incentives to increase the export industry's share of value added by localising backward and forward linkages, and to diversify exports into other high-potential markets. It must also liberalise Pakistan's trade policy so that investment in unproductive and heavily protected sectors like the auto industry is diverted towards sectors in which we have a comparative advantage.

If the status quo is maintained and import-based consumption is financed through external borrowing while domestic resources are spent away on unproductive activities, the economy will keep spiraling back into balance of payments crises and ultimately a sovereign default with unprecedented economic consequences for the masses. Pakistan's only salvation lies in realising USD 100 billion in annual exports within the next five years. The textile industry stands ready to play its role in achieving this target, provided that it receives a stable supply of power and gas at internationally competitive prices.

*The author is the Federal Minister for Commerce and Industries under the current Caretaker Government.*

# FORMAL DOMESTIC RETAIL AND THE STORY OF CHAIN STORES IN PAKISTAN

Raja Rafi Ullah

Over the past few decades, Pakistan's retail sector has seen a number of domestic brands penetrate the domestic commerce market. Many of these brands operate through the chain store retail model. These chain store businesses are an integral part of the formal retail sector in Pakistan and contribute significantly by providing employment and paying taxes. Yet, despite their critical role in the economy, only limited research is available on the breadth of the business networks of these brands and how they operate.

There are an estimated 134 domestic chain store brands in Pakistan. Out of the 134 estimated domestic chain store brands in Pakistan, 73 (54%) belong to the clothing & apparel segment, making it the largest segment in the chain store market. Furthermore, 20 (15%) belong to footwear, 15 (11%) belong to supermarket & departmental stores, 7 (5%) belong to accessories, 5 (4%) belong to the kids', 5 (4%) belong to the leather accessories, 5 (4%) belong to the pharmacy segments, respectively.

Figure 1: No. of Domestic Chain Store Brands

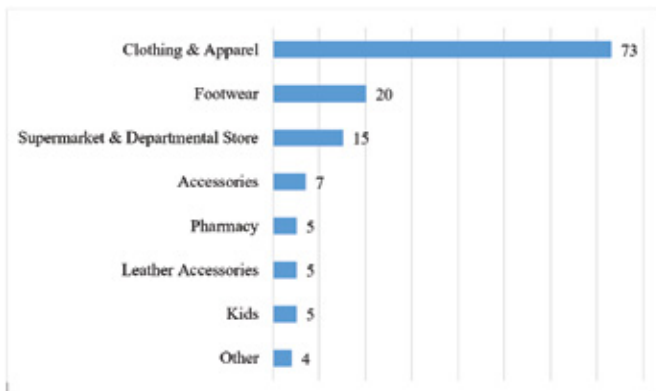


Table 1 lists prominent domestic chain store brands in each segment of the retail industry.

Segment	Brand
Supermarkets & Departmental Stores	Imtiaz, Al-Fatah, Diamond, Chase, Green Valley
Clothing & Apparel	Khaadi, Bareeze, Cambridge, Junaid Jamshed, Sapphire, Sana Safinaz, Lime Light, Uniworth
Footwear	Bata Pakistan, Servis, Ndure, Hush Puppies, ECS, Stylo, Urban Sole, Insignia, Walkeaze
Accessories	Hub, Jafferjees, M.Jafferjees, Make Up City, Tesoro, ENEM
Pharmacies	Servaid, D.Watson, Shaheen, Fazal Din's

Source: Author's calculations using data scrapped from the web.

## NUMBER OF CHAIN STORES

There is an estimated total of 3,911 chain stores in Pakistan. The estimated median number of stores for the 134 listed domestic chain store brands is 15 stores. Furthermore, the 25th percentile is approximately 6 stores, whereas the 75th percentile is approximately 36 stores. The smallest chain store brand in terms of its network has 1 store, whereas the largest chain store brand in terms of its network has 466 stores across Pakistan. Table 2 summarizes the median, 25th & 75th percentiles, and min and max for each of the segments within the chain store sector in Pakistan.

## CHAIN STORES BY LOCATION

In terms of the location of individual chain stores across all brands, an estimated 50% of all individual stores are located in three metropolitan areas of Lahore, Karachi, and Islamabad/Rawalpindi. Lahore has 23% of all stores, followed by Karachi (13%), Islamabad/Rawalpindi (13%), Faisalabad (5%), Gujranwala (4%), Multan (4%), and Peshawar (3%). 34% of the remaining stores are spread across the rest of the country other in areas other than the aforementioned metropolitan areas.



## FACTORS IMPEDING GROWTH

The last couple of decades have seen domestic chain stores establish a firm presence in the formal retail sector in Pakistan. However, there are certain points that have impeded and continue to impede the growth of the chain store sector in Pakistan.

Pakistani chain store brands despite their growing network do not have enough stores to cater to the population. The issue is further exacerbated by the high concentration of stores in three major metropolitan areas i.e. Karachi, Lahore, and Rawalpindi/Islamabad.

### Regional Comparison: Supermarkets Chain Stores – Pakistan vs. India

Despite the growth in chain store brands and their national coverage. The chain stores segment in Pakistan still is in its early stages of development. A key indicator of this is that Pakistan's Top 5 supermarket chain stores brands have an average of 28 stores nationwide only. Whereas, Pakistan's neighboring India's Top 5 supermarket chain store brands have an average of 296 stores.

India population is about 6 times that of Pakistan. Deflating the averages above according to population, Pakistan's Top 5 supermarket chain store brands should have at least 50 stores each (26 is the current average) to be on par with its neighboring India.

Furthermore, nearly all of the chain store businesses in Pakistan, even the ones with extensive store networks, are either sole proprietorships or family-owned businesses. In order to grow and contribute to the economy at a larger scale, these businesses need to professionalize and be willing to offer equity to investors and ideally list themselves on the stock exchange.

Professionalizing their businesses in this manner would also allow these businesses to grow outside Pakistan. This is important because despite its growth as a domestic sector, Pakistani chain store brands, on the whole, have not been able to build their international profiles and penetrate the international markets. Only a few clothing & apparel brands have established some presence in international markets with significant South Asian Diasporas. Yet, even these market penetrations are at their nascent stages.

### Pakistani Chain Store Brands in International Markets

Despite its growth as a domestic sector, Pakistani chain store brands, on the whole, have not been able to build their international profiles and penetrate the international markets.

- Pakistani Department Stores/Hypermarkets have not yet been able to penetrate the International markets.
- A few clothing and apparel brands have established stores in international locations, but they still only cater to Pakistani and South Asian Diasporas and have ethnic product ranges.

The chain store sector in Pakistan is a cornerstone of the formal retail sector in the country. However, the businesses in the sector need to expand both locally and internationally. This is only possible by improving quality standards and by letting go the 'seth' culture that permeates through the ownership and management structures of these businesses.

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# •• SPORTS



# THE RISE OF WOMEN'S CRICKET:

## Breaking Boundaries and Shattering Stereotypes

Daniyal Mehdi

Cricket has long been dominated by men, but in recent years women's cricket has seen a meteoric rise in popularity and participation. This increased interest has been driven by greater focus and investment from cricketing bodies like the ICC, exponential growth in media coverage and broadcasting of matches, as well as the consistently outstanding performances of female players on the international stage. Stars like Ellyse Perry and Mithali Raj have inspired greater uptake of the sport amongst girls while high profile leagues like the WBBL have provided a viable pathway to professionalism.

### THE BEGINNINGS

Women have been playing cricket since the 18th century, but it was not until the 20th century that it began to gain recognition. The first recorded women's cricket match took place in 1887 between two English county teams. The first Women's World Cup was held in 1973, which helped raise the profile of the women's game. For many years, women's cricket lived in the shadow of the men's game, lacking proper funding, media coverage and access to facilities. But the 21st century has seen dramatic changes in attitude and support for the women's game. The creation of domestic T20 leagues like the WBBL provided pathways to professionalism. Stars like Mithali Raj, Sarah Taylor and Meg Lanning have inspired greater participation. Today women's cricket is broadcast globally, with high profile World Cups and international matches gaining huge viewership. While progress is still needed, the women's game now commands far more visibility, participation and respect.

### INCREASING PARTICIPATION

All the major cricketing nations - Australia, England, India, New Zealand, Pakistan, South Africa, Sri Lanka and West Indies - now have established women's cricket teams. The International Cricket Council (ICC) took over the governance of women's cricket in 2005, helping provide funding and resources to expand the game globally. There was a 200% increase in female participation in cricketing nations affiliated with the ICC from 2013 to 2018. Almost 10% of all registered cricketers are now female. India has led the way, with female participation growing exponentially from under 5% in 2013 to over 15% by 2018. The establishment of domestic

leagues like the Women's Big Bash League and the emergence of superstar players like Ellyse Perry, Harmanpreet Kaur and Alyssa Healy has inspired more girls and women around the world to take up the game recreationally. Cricket is steadily shedding its outdated image as a predominantly male sport. The greater focus on the women's game has sparked a cricketing renaissance.

### EMERGENCE OF SUPERSTARS

Ellyse Perry, Mithali Raj, Sarah Taylor, Meg Lanning and Harmanpreet Kaur are some of the superstar players who have driven interest and participation in women's cricket. Their athleticism, skill and dominance on the field serves as inspiration for aspirational young female athletes globally.

Ellyse Perry from Australia is considered one of the greatest female cricketers of all time. She is the only player, male or female, to have represented their country in both cricket and football World Cups. Her exceptional all-round abilities and consistency has made her the undisputed face of women's cricket.

India's Mithali Raj is the leading run-scorer in women's international cricket. She led India to the final of the 2017 Women's World Cup at the age of 34, earning new fans worldwide through her calm and steely leadership.

These women have become idols and role models for the next generation. Their stardom has attracted greater sponsorship and media coverage, accelerating the growth of women's cricket.

### TELEVISION COVERAGE AND SPONSORSHIP

Women's cricket is now televised more than ever before. Major broadcast and digital streaming deals have brought matches to millions of viewers globally. Cricket highlights shows frequently showcase clips and analysis from women's international and league matches. Top players like Ellyse Perry, Mithali Raj and Heather Knight now enjoy huge social media followings of over 1 million each, increasing their visibility and brand

value. Cricket journalists and pundits are also accorded more airtime and column inches to discuss the women's game.

More money is coming into women's cricket from several sources. In 2017, Cricket Australia granted professional contracts to its top female cricketers, a landmark move towards making women's cricket a viable career. The ECB followed suit in 2020 by offering full-time domestic contracts to 40 elite English women's players. Other cricketing nations are now looking to follow this lead and professionalise the women's game.

Corporate sponsorships have also grown substantially. Barclay's Bank sponsored England's Women's Super League while automobile giants like Toyota and Commonwealth Bank sponsor Australia's national women's team and domestic competitions. This increased investment allows for better facilities, coaching structures and player wages.

While progress is still needed to achieve pay parity and viewership numbers, women's cricket is firmly in the ascendancy. The growing broadcast and commercial interest will only accelerate its rise.

## MAJOR TOURNAMENTS

World Cups and other ICC events have been vital for the growth of women's cricket. The 2020 ICC Women's T20 World Cup final between Australia and India set a record for the highest attendance at a women's sporting event in Australia with large numbers of fans at the MCG.

The ECB hosted the hugely successful 2017 Women's Cricket World Cup, which saw unprecedented television coverage by broadcasters and high fan attendance. The final at Lord's between England and India was a sell-out, reflecting the growing popularity of the women's game. Domestic T20 leagues like the Women's Big Bash League, launched in 2015, have also seen tremendous support. The WBBL has developed into one of Australia's most followed sporting leagues with average crowds of over 5000 fans per match. England's new regional leagues are also gaining good traction with supporters. India, cricket's largest market, is set to host the 2025 Women's Cricket World Cup, reflecting the rising stature of women's cricket globally. The growing interest from Indian fans and corporations will provide a further boost to the women's game.

The soaring crowds, TV viewership and commercial success of recent ICC and domestic tournaments underline how women's cricket has entered the mainstream. If this momentum continues, gender parity in cricket may not be a distant dream.

## A BRIGHT FUTURE

The future of women's cricket appears brighter than ever. The sport continues to evolve, with innovations such as the Women's T20 World Cup capturing the imagination of fans worldwide. The inclusion of women's cricket in future Olympics is also being actively pursued, which could provide another major platform for the sport to shine. With greater investment and professionalisation, female stars emerging as household names and the spread of participation globally, women's cricket is firmly on the ascent.

The rise of women's cricket is a testament to the indomitable spirit of women who refused to be confined by traditional gender roles. From humble beginnings to the global stage, women's cricket has come a long way, breaking down barriers and shattering stereotypes along the way. It is a story of determination, resilience, and triumph against all odds. Generations of female cricketers pursued their dreams and never gave up, despite facing questions about their suitability for the sport. They paved the path for cricket to finally open its doors to women. As women's cricket continues to grow in popularity and stature, it serves as a powerful reminder that no dream is too big and no boundary is insurmountable if you have passion and perseverance. The rise of women's cricket is not just a sporting phenomenon; it is a symbol of progress, empowerment, and the limitless potential of women in the world of sports and beyond. It represents the struggle for equality and the push for progress across all fields.

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# A COMPREHENSIVE OVERVIEW OF SPORTS AND ITS POTENTIAL

**Muhammad Asif Khuman**

Sports encompass a wide array of physical activities and games, often characterized by competitiveness and organization, designed to enhance physical abilities and skills while offering enjoyment to participants and entertainment to spectators. These activities can range from solitary contests to large-scale team competitions. In some sports, such as racing, numerous participants compete, striving to emerge victorious, while in others, two sides face off in a match. Some sports may even result in a tie, while others employ tie-breaking methods to determine a clear winner. Tournaments are a common format for organizing multiple contests, ultimately producing a champion. Many sports leagues follow an annual schedule, including regular seasons and playoffs, to determine a champion.

Sports are typically defined by their emphasis on physical athleticism or dexterity, with prominent events like the Olympic Games exclusively recognizing sports that adhere to this definition. Organizations such as the Council of Europe categorically exclude activities devoid of a physical element from being classified as sports. However, some competitive non-physical activities lay claim to being "mind sports." The International Olympic Committee, through ARISF, acknowledges chess and bridge as legitimate sports, and Sport Accord, the international sports federation association, recognizes five non-physical sports: bridge, chess, draughts (checkers), Go, and xiangqi. It also sets limits on the inclusion of mind games as sports.

Sports are typically governed by a set of rules and customs designed to ensure fair competition and consistent adjudication of winners. Victors can be determined by physical events, such as scoring goals or crossing a finish line first, or by judges who evaluate various aspects of the sporting performance, including objective and subjective measures like technical performance and artistic impression. Sporting achievements are often recorded and widely disseminated through sport news outlets. Spectator sports draw large crowds to venues and reach broader audiences through broadcasting. In some cases, sports betting is closely tied to the sport itself.

The global sporting industry, according to A.T. Kearney, was estimated to be worth up to \$620 billion in 2013. Running stands out as the world's most accessible and widely practiced sport, while association football reigns as the most popular spectator sport.

Sports can be pursued on an amateur, professional, or semi-professional basis, depending on whether participants receive incentives, such as wages or salaries, for their involvement. Amateur sports at lower levels are often referred to as "grassroots sports." The popularity of spectator sports has transformed sports into a major business, fostering a lucrative professional sports culture where top-performing athletes earn millions of dollars. Historically, some sports or specific competitions within sports upheld a strict policy of amateurism. The Olympic Games initially adhered to this principle, viewing professional athletes as having an unfair advantage over their amateur counterparts. However, from 1971 onward, Olympic athletes were allowed to receive compensation and sponsorship, and by 1986, the International Olympic Committee decided to admit all professional athletes to the Olympics, with a few exceptions.

Technology plays a pivotal role in modern sports. Some sports, like motorsport, rely on technology as an integral part of the game, while others leverage it to enhance athlete performance or facilitate off-field decision-making. Sports science is an academic discipline with applications ranging from analyzing athletes' techniques through video analysis to improving equipment, such as specialized running shoes or competitive swimwear. Sports engineering, established in 1998, explores not only materials design but also the use of technology in sports, encompassing analytics, big data, and wearable technology. To ensure fair play, governing bodies often impose rules to regulate the influence of technology, as witnessed in the ban on full-body non-textile swimsuits by FINA in 2010, which were found to enhance swimmers' performances.

Advancements in technology have led to off-field decision-making in various sports. Some sports now allow players to challenge decisions made by officials. In association football, goal-line technology determines whether a ball has crossed the goal line. Similarly, the NFL uses replay reviews, and rugby employs video referees to assist with decision-making. Cricket employs the Third umpire for decisions, and a decision review system allows players to challenge decisions. Technologies like instant replays, Hawk-Eye, Hot Spot, and Real Time Snickometer are deployed, depending on the sport, to enhance officiating accuracy.

Research indicates that sports have the potential to connect youth with positive adult role models, provide opportunities for positive development, and promote the acquisition of life skills. In recent years, sports have been utilized to combat crime and prevent violent extremism and radicalization. Sports programs aim to boost self-esteem, strengthen social bonds, and provide participants with a sense of purpose.

While the potential benefits of sports participation are recognized, high-quality evidence supporting interventions to increase community sports participation or promote healthy behavior change remains limited. Strategies such as mass media campaigns, educational sessions, and policy changes require further investigation to assess their effectiveness.

Sports are a diverse and dynamic aspect of human culture, encompassing a broad spectrum of physical activities that resonate with participants and spectators alike. With evolving rules, technology, and societal influences, the world of sports continues to evolve, offering both challenges and opportunities for athletes, organizations, and communities. Further research and evidence-based approaches are essential to harness the full potential of sports in promoting physical activity, social integration, and personal development.

Taking the world of sports seriously is indispensable for people occupying policy spaces in Pakistan, a country that constitutes a major youth bulge. For this to be possible, however, key ministries and government agencies must be populated with individuals that have expertise in both the technical and managerial aspects of various sporting domains. There is little to lose – everything to gain. And the time is now.

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# ARTS & CULTURE



# FORM AND FUNCTION: ECONOMICS AND THE MUSICAL ARTS

Fasi Zaka

One of the ways in economics to determine the worth of anything is price. And to most people who love the arts, that strikes them as a particularly vulgar method. It goes against the notion that art has innate value, that art should be for art's sake.

This is why the word “priceless” is so often used to describe works of art (though those pieces tend to be in museums), that considering their sale cheapens the notion of their universality in appeal, their timelessness in artistic achievement.

So yes, for aesthetes prices are anathema. But for artists, it may not be their motivation but it is definitely their bread and butter.

For years I have, as a thought experiment, wondered what is the most moving form of art. And I have concluded on the basis of personal preferences, that it is music. There is something in the marriage of music, voice and lyrics that pushes both memories and powerful emotions to the surface. In its brevity it does what longer training to appreciate paintings, or the time required to invest in watching film achieves. In that sense, it is also the most democratic, everyone can get access to music.

But music has been undergoing a significant transition, one felt most direly by both Generation X and older Millennials. Maybe attitudes and tastes are shifting — as they usually do when a new generation drives cultural consumption. Baby Boomers know this; they saw ghazal, qawwali, filmi songs and disco fade into the background, as less nuanced music took hold as both Millennials and Generation X embraced pop and rock in its less nascent form.

For music as it currently stands, at least internationally, changing technology and economics is driving art as much as changing tastes and a new generation is. Spotify, introduced in Pakistan just two years ago is a service I love. And yet the convenience and endless choice it has provided me has distorted incentives so much that it has influenced the course of how music is created.

First the good — Spotify increases your consumption of music, it expands your musical horizons if you let it choose the next song in a playlist and it addressed the significant issue of piracy by providing a usable payment model. And the choices are endless.

But, there is always a but, the way Spotify monetises — which is to count a listen if the user hears at least 30 seconds of it before skipping to something else — has incentivised some creators to restructure their songs away from the traditional verse, bridge, chorus structure to bring the hook and the chorus first. Catchy wins out over nuance. I haven't seen this in Pakistan yet — with a few exceptions — but the increasing popularity of hip hop and rap in our shores could change that.

The internet did some radical things for music, maybe before it did it for information, journalism and other forms of content. It made music free through piracy, creating a generation of listeners unaccustomed to paying for songs. And with monoliths of distribution labels the response to technological change was threatening legal action — but given the sheer number of users that was never going to work.

Music, now, with streaming services being more convenient than piracy, are no longer free, but they may as well be. The cost of music is less than it has ever been, one no longer has to build a personal library and while this has led to musicians being paid, they are paid a pittance.

Musicians no longer make money from the distribution of their music as much as they do from their performances. For a Pakistani artist to make an estimated USD 500 they would need to get a million listens on Spotify. That's not a lot of money, but it's definitely more than nothing they received from decentralised piracy.

In Pakistan this poses unique problems. In the 90s and early 2000s claiming royalties was difficult, and musicians and bands were incentivised to sell albums outright. It was a legitimate one-off income stream that was supplemented by performances and sponsorships. But albums now the world over are somewhat passé as singles rule the roost.



For music to flourish, artists will need increasing access to public space for performances in Pakistan. This remains an issue, some legitimate as security during rough times, some illegitimate as the law of permissions making it cumbersome.

We are lucky though that corporates in this country have all rather unimaginatively chosen to piggyback on music shows to associate their products with. These shows have grown in stature and ambition over the years by providing opportunities and some semblance of movement in the music industry. Some of the shows now – including Coke Studio in its latest iteration – are showcasing younger and fresher talent rather than just repackaging the old with better production values.

For the longest time, especially during the heyday of the insurgency in the country when all public space contracted, only established artists could truly survive. We had the internet, but suffered from the paradox of choice. Since everything was available it was too much effort to listen to new music and curate our tastes with new materials and only Coke Studio to bring out something new.

This is now at least changing as entry barriers have become virtually non-existent. But it is easier than ever to join the industry and harder than ever to become successful in it. Previously, the constraints in the industry were gatekeepers from labels, channels, the costs of music production and tastemakers. Today the restraints come from the fact there are no constraints, everyone can potentially listen to your song, but getting sufficient numbers to do so is increasingly difficult.

So it is odd now that the economics of creative industries in this cutting edge age of technology comes from the oldest form of music's practice, the live performance. If Pakistan is to become the cultural powerhouse it wants to be, or at least at one point wanted to by emulating Turkey, we need state intervention to make performance possible. Only then will the world sing our tune.

The magic sauce of "Pasoori" is a once in a lifetime event, not always replicable.

*The author is a public policy communications specialist who works in the development sector. He has also contributed extensively to the press as an Op-Ed writer, TV anchor and radio show host.*



# THE ART OF LIVING AND THE LIFE OF ART: SOUL SEARCHING IN RIFFAT ABBAS'S CITY OF SALT



Waqas Manzoor

"لون دا جيون گهر" is the debut novel of acclaimed Saraiki poet, Riffat Abbas. However, it's anything but coy and cautious in its stance. Therefore, the novel opens with the disappearance of an inhabitant named "Lunarka" and with it, the initial impression that dawns on the reader is the loss of an important figure for the city and its people. Wading further into this bleak opening, it's uncertain whether Lunarka has been abducted, killed, or both. Later, it appears that for the inhabitants of Lunari – the city made of salt – this plot point does not indicate a loss or lamentation, but an awakening for the search of Lunarka which deepens over the course of the novel's 16 chapters. It also feels like the incident of the disappearance of Lunarka, who is one of the founders of Lunari, exposed the inhabitants to the outer world while the novel also gives an impression of a travelogue as the search for Lunarka makes them visit other places. This is curiously akin to the world of the Dastan, where one's search takes them as far as the moon, and as close as their own heart.

Therefore, every chapter begins with a small note from the writer note that might be understood as a glimpse of his heart, or a window to the author's soul while he penned down the novel. The reader is likely to find this a unique way of commencing a new chapter. The novel was first published three years ago in its native Saraiki language, and later it was translated by Munawar Akash into Urdu in January of 2022, with the second edition out in December, 2022. The translator shared in the Epilogue that the novel is not a translation only, but it is a novel written in Urdu with the help of the author. It seems that the novel is a surrealist collage of a civilisation that emerges from the element of salt, and they are involved in the trade of salt lamps, mirrors, and clouds. Most of the objects are made of these 3-4 elements in the whole city. It also appears that Mr. Abbas's way of writing is visual in its approach as he draws incidents in such a way that the reader experiences the incidents as if they are taking place before their own eyes or being played on a curtain. The expression is evident in his poetic imagination which is reflected in his prose. For

example, one of the characters called Darsha – who is in love with giving life to birds, animals, and trees – creates a tree. The tree was shaped by Preet, Love, forming many leaves like the shape of hearts and these hearts vacillated on the branches of the tree. It was a Peepal tree by natural injunction, and a sacred fig by the order of human civilisation. Therefore, a tree takes on multiple meanings, while its multiple branches evoke both the natural and the artificial, the secular and the spiritual, the human and the Godly. This way, the novel also has all the elements of magical realism as the people of Lunari are free of death and the writer beautifully describes:

اس موت سے مبرا شہر میں لوگ جنم لیتے اور سماتے چلے گئے

The residents of Lunari sell clouds – they bind them and load them on Gargada, i.e. an old chariot, and they also use these clouds to make objects such as chairs. The journey of the city of Dastan is a world of magical reality. The journey of moon-land on the Gargada is also an excellent example of magical reality not only on the moon but visits of other stars and planets. The novel also seems to take place in a magical parallel world called the Dastan – a city of mirrors, moon-land, and the author's present world.

Meanwhile, the city of Lunari is a city of liveliness where you can find all the people engaged in creative pursuits of visual as well as performing art. You will find every local involved in some kind of creative activity related to painting, sculpting, calligraphy, poetry, and acting in theatre. The novel is also an admirable example of Art for Life's Sake, as whatever they create is meant to live on and express itself freely. The Lunaris are inclined towards creative inventions like page and play opposing to weapons and war. The inhabitants of Lunari are not hunters of birds or animals, but they give them life. For instance, Darsha, son of Lunarka creates birds and animals not to domesticate or cage but to let them be free, express themselves fully. For Darsha, this is him performing his life fully, by transforming his art into life and vice versa.



Likewise, Performing Art seems like the centre of the whole novel – the Theatre is at the core of Lunari both symbolically as well as literally. The theatre is where every street of Lunari leads to. Natak Ghar is a place that can be called an assembly where all the problems are brought to, these issues are discussed and resolved there. Theatre is also presented as Art for life's sake as it is proposed as a way of conflict resolution in the novel.

The beauty of Lunari in its way of living that is godless, warless and deathless. The outer world is battling for control over the others by snatching others' identity and culture. The novel also discusses this when colonisers tried to occupy Lunari. The author declaimed that the colonisers' (Arab and British) terms and conditions are similar in their objective of control and conquer. The diplomacies and times are different, but the objective of the coloniser remains constant. The terms and conditions also reflect that the colonisers also brought deadly weapons into the city as their final solution. The Arab coloniser broke in through religion, and it ended up with weapons and war. The tools changed but the objective remained the same. Similarly, the British coloniser came and brought forceful development that also brought weapons, war, and divisions to India. Lunari is a world within a world that curates reference points for the modern man who is living along with weapons and wars in the contemporary world. On the other hand, the city of Lunari where no weapon is produced, there is no war, there is no death.

Another interesting thing that the reader might notice is what we have been facing in the post-colony – the local has begun to see himself as dumb, illiterate, and unintelligent. On the other hand, the Lunaris are proud of their indigeneity and it is reflected through their ownership of names as indigenous and unique. Lunaris' names of months and days are based on the names of local people, local flora, and fauna. They are not embarrassed, nor do they come under pressure when someone from the outer world interacts with them. They are welcoming and confident and they are not blind to the fact of modernisation or globalisation. This is served by the example of young people like Chandarjaya, a poet who is adept in many languages. The novel is a superb example of the love of and for locality. Furthermore, the invention of the first Sun dial clock is evidence of the Lunaris' scientific thinking. Mr. Abbas is artistically focused on the learning activities of the Lunaris, for instance, they are involved in learning through classical texts like Ramayana, Mahabharata, Bhagwat Geeta, Chhana Shastra, Yoga Sutras, Ashtadyayi and Natyashastra. They have a collective way of reading these texts and after reading the texts, they analyse it through dialogic pedagogy while creating art forms of theatre through these texts. An understanding that develops through this practice of curating a theatrical presentation is sharing the knowledge with each inhabitant of Lunari. The beauty of these presentations is that they are presented through the local idiom of Lunari so the viewers have a conceptual understanding of knowledge. Along with

this art, they were also developing philosophical, linguistic, political, mathematical, and scientific understanding as all the texts they consulted exposed them to whole worlds of knowledge. Even the dominant art form in the novel, theatre, is also a vivid example of dialogical pedagogy that the locals have adopted for learning about concepts coming out of Lunari.

There are two elements that are significant throughout the novel, one is Namak (salt) and the other is Natak (theatre). It seems to me that Salt signifies indigeneity, local-hood, and its importance as a foundational ingredient in each recipe. On the other hand, theatre signifies the importance of art for social and communal growth as peaceful action. It's emphasised that the Natak is a way of resolving conflicts. The author proposes that the world is safer in the hands of artists than soldiers. The novel concludes through a contestation of theatre as a primeval artform, one that supersedes weapons brought on by British to Lunari. Therefore, the novel's theatrical event plays out like a grand festival hosted by Lunari, espousing a message of peaceful conflict resolution through art. This clash of plays is indeed a crowning achievement. Both actors within this event presented plays that might be understood as a reflection of the natives' and the colonisers' conflicting philosophies of life through the plays. For instance, the British coloniser's renditions are louder, domineering, and controlling as evidenced by their use of the trumpet, and later through a noise of train that they proposed as "development." On the other hand, the Lunaris' plays are weaved through the fabric of nature like glowing lotus flowers, chirping blue birds, and flowing water streams. I believe the novel "Namak ka Jeewan Ghar" having local authenticity has the potential to gain global attention due to its originality and use of art forms as the emissaries of peace. As the author beautifully sums it up:

جنگ میں مرنے والا ہمیشہ کے لئے مر جاتا ہے لیکن ناک میں مرنے والا دوبارہ جی اٹھتا ہے۔ وہ اپنے گھر لوٹ سکتا ہے۔ محبوبہ سے بار دگر مل سکتا ہے۔ کبوتروں کو دانہ ڈال سکتا ہے۔ کشتی کو روغن کر سکتا ہے۔

*The author is a photographer and visual/performing artist – and his works may be accessed at <https://visura.co/waqasmanzoor/about>.*

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## RESEARCH REPORTS

- Engineering Horizons: Unraveling the State of Industry in Pakistan – Nadeem Ul Haque, Usman Qadir, Abid Rehman, Mohammad Armughan

## WORKING PAPERS

- Federal Tax Revenue Forecasting of Pakistan: Alternative Approaches – Syeda Um Ul Baneen
- Is Corruption Perception Index Biased? An Ethnicity Based Analysis – Abida Naureen
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- Public Finance Management Reforms In Pakistan: A Case Study Of The Treasury Single Account Regimen – Ayezza Sattar, Mahmood Khalid, Talib Hussain Baloch

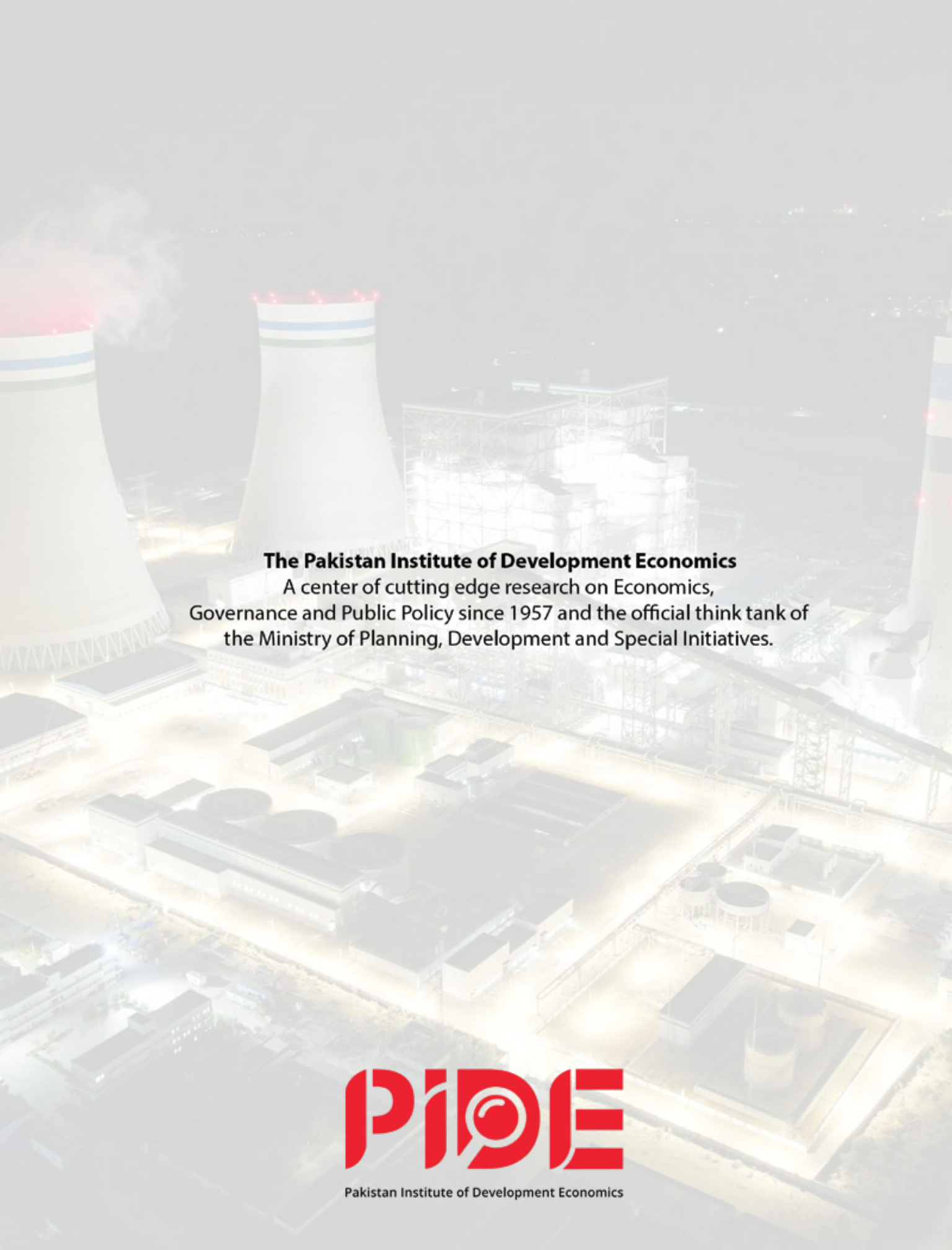
## KNOWLEDGE BRIEFS

- Situation of Brain Drain in Pakistan, with a focus on the Healthcare Sector – Sameen Zafar

## EVENTS/WEBINARS

- Reforms for a Brighter Future: Time to Decide | A Conversation on Pakistan's Development Priorities
- Fixing Fiscal Policy (Round Table Conference at PIDE)
- Basic Demographic Methods and Techniques (Training Workshop)
- Groundbreaking Ceremony of PIDE's Building
- Conceptualizing Writing a Thesis
- Elite Bargains and Implications for Development in Pakistan
- Markets and Regulations: Why Investment Remains Low in Pakistan?
- On the Relevance of Mainstream Economics of the North to the South – Prof. Mohammed Ali Khan (John Hopkins University)
- Pakistan's Continued System Failure. . . What Next?
- Competition Law in South Asia – Dr. Amber Darr (Book Launch)
- Decisions about Decisions
- White Saviorism in International Development: Theories, Practices and Lived Experiences (Book Launch)
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