

A close-up, profile view of Shaukat Tarin, a man with dark hair and a grey mustache, looking slightly to the left. The lighting is dramatic, highlighting the contours of his face. A semi-transparent dark grey bar is overlaid at the bottom of the image, containing text.

Interview

Shaukat Tarin

Minister for Finance and Revenue ²

¹ For this interview, we gratefully acknowledge the excellent coordination support of Mr Abdul Hadee, SO to Deputy Chairman, Ministry of Planning Development & Special Initiatives.

Q1: M/O Finance started a zero-based budgeting framework; has that exercise yielded any improvement? What about the other frame works for expenditure management such at MTDf and MTBF.

You see I don't think that finance division ever started zero budgeting. We do keep improving budgetary exercise. For instance, we have done performance budgeting and that exercise continues. It's very useful and it allows people to defend their allocation space from the outputs that they are making and creating. Look, it has been very difficult to convince people. Initially we had to deploy a great deal of our own man power and consultants to go and work with the departments but we have seen that over the years this has been institutionalized. One can still argue whether this is a very complete and comprehensive document but a framework has been agreed and the framework allows people to measure some productivity of expenditures that government agencies are making. And that work continues. We have done this medium term budgeting and this is something that over the last one and a half decades, fifteen years long period that MTBF is a reality. It is taken seriously. It does form part of budgetary documents and budgetary exercise. And another interesting thing that we have done and again this has been institutionalized and it remains operative. It goes to institutional approvals and that is budget strategy paper. So we have done it, we made it, we took it to the cabinet, cabinet had serious discussion on it and subsequently we are making it public. It's on our website and we are defending it before our standing committees of finance. So we are working.

Q2: There was a PRSP in place to monitor resource allocation towards MDGs; is the same being carried out for SDGs and how does provinces comply with that.

The PRSP thing that was an instrument used at the time but what the PRSP has done has really left behind a legacy that continues though there is some delay and that legacy is basically related to monitoring poverty related expenditures. That framework is now in place and some delays with which civil accounts are made available to us and because of that publication is delayed. And we will make sure that it gets updated as soon as possible. But as you are aware PRSP has been succeeded by the Millennium Development Goals. So that's an instrument. Our planning commission and cabinet divisions are the ones who are working on this thing. This remains a focus and we provide resources for that and the small development schemes that are allowed to be executed under Millennium Development Goals to serve and achieve the 29 goals that have been specified under the Millennium Development Goals.

Q3: We are under IMF program with pressures to restrain on non-essential expenditures; How will it happen? How the increased intervention through kamyab jawan, naya Pakistan housing scheme, Ehsaas program, BISP, Sehat Sahulat program and expenditure on vaccine will effect expenditure rationalization for the coming year.

So this is true that we have done many program with IMF and the fact that we repeatedly do so is clearly a reflection of the fact that we have not been able to overcome our structural constraints and keep running into difficulties that require help. Of course IMF program is a program of austerity. It is something that is underpinned on significant fiscal adjustment and stabilizing the finances of the federal government. And suggesting policies that can help bring private investment so that the growth is private sector led. We in this program, that we have done this time, we are over the hump. We have done a great deal of adjustment in first year of the government when the program was contracted. We nearly did it but we were hit by Covid also. So we are well aware of this but look we have bounced back and we are very confident going forward that our economic performance will justify. We will be able to come out of the program successfully so that we don't have to go hopefully next time into the program. This is undoubtedly a challenge how we are going to contain non-essential expenditure and devote more expenditure on such activities that you have mentioned Kamyab Jawan, Ehsaas, Sehat that you have mentioned. But we are trying to strike a balance. **We are going to increase development expenditures significantly. If all goes well, you will see this will be a development budget as we are calling it with a very strong focus on development spending and for projects which are either creating employment or creating major externalities of enabling people to do business more efficiently, reduce communication costs and easy access to several to several nationwide facilities such as electricity, gas etc.** So these are the types of things we planned to do on the development side and it is very important that we should contain non development expenditure. We are allowing a bare bomb increases in

development expenditures which essentially would mean that there is 1 % or 2% on our current side and a much larger increase on the development side.

Q4: PIDE Reform Agenda for Accelerated and Sustained Growth focuses upon reforming almost every area that directly or indirectly influences economic growth. The agenda specifically calls for unleashing productivity, investment, vibrant cities, markets, openness, creativity, internet access and technology usage. What will be the governments priority areas for accelerated growth in the upcoming budget.

Well I'm very impressed with the work that PIDE has done. We are making broad use of the recommendations which we have found over there. For instance, the growth areas, productivity, investment, vibrant cities, markets, openness, creativity, internet access and technology usage, those are the areas of growth and those are the, I would say, engines of growth. The economic advisory council that we have constituted, your vice chancellor is heading on of the sub groups on domestic commerce and we are counting on him a great deal for this purpose. So all these themes are the themes that we have captured in the sub groups that we have constituted. We are looking forward for the sub committees to present the reports. Some delays have taken place, but whatever reports I have received so far, im closely reviewing those. And we plan to take full advantage of these recommendations in our budget work both the development expenditures and the policy menu that we will be providing in the budget. so good work PIDE and we are truly appreciative of the work that PIDE has done in this regard and we look forward that PIDE would continue to support the efforts in designing the policies that would be more productive and efficient.

Q5: The PIDE working paper No.26 by Nadeem et al states that "Government's footprint on the economy in Pakistan is more than what annual general government spending (22 percent of GDP) suggests. In addition to spending; about 200 State Owned Entities, SROs culture and cumbersome business regulations combine towards a footprint of the government amounting to approximately 67 percent on Pakistan's Economy." What is your opinion on it? Any suggestions for the forthcoming budget.

Well I could not agree more with you on your question and observation about SOEs footprint. I can only say that I'm also determined to significantly cut down its foot print. We have it high on our agenda to take final decisions about the SOEs future. We have a triage under the fund program that is also very useful. but we are formulating the strengthening the institutions framework at present which would help us to deliver on this goal that we have. we would not be tentative in this are as far as objective is concerned, goal is concerned, there is full clarity on all levels. We need to re boo the machinery that has to deliver and do some oiling and fine tuning. So this will be something that is high on the radar and we are going to achieve significant headway in this goal.

Q6: PIDE has done a complete P&R on Civil Services Reform which also discusses the Civil Servants Pensions. In the issue, Naseem states that "the Government just forms the pay and pension commission in which we want to migrate from the pay-as-you-go system to the defined contributed system. But there is huge resistance to reforms and big battle lies ahead". Any suggestions regarding the solution for managing ever increasing pension requirements?

You know we have a pay and pension commission and we are looking forward to their report. They have said that they will do it soon after the budget or within this year. I will hold back my comments until I have a chance to see what the recommendations are. Im confident that the vice chancellor Dr Nadeem ul haq have considerable interest in this area. His recommendations will be before the commission also and hopefully they will give due considerations to his thoughts as well. So I will hold my comments until the pension commission report is received.

Thank you very much and im grateful that PIDE has given me this opportunity to reach out to your leadership and convey the economic priorities that we have setting for the government. Thank you.