TRANSFORMING ECONOMY & SOCIETY

(This is an abridged version. The detailed document will be uploaded after the completion of the country-wide interactions, and consequent revisions.)
ISLAAH AGENDA

1- **Much Needed Political Stability**
2- **Public Administration for the 21st Century**
3- **Trade and Openness: Competing Globally**
4- **Social Infrastructure**
5- **Cities – Engines of Growth**
6- **Energizing the Future**
7- **Developing Markets**
8- **Fiscal Management**
9- **Changing the Population Paradigm**
10- **Building a Cohesive Community and Society**
THEME-1
Much Needed Political Stability
Attendance of Prime Ministers in National Assembly of Pakistan

- Yousuf Raza Gilani: 76%
- Raja Pervaiz Ashraf: 21%
- Mian Muhammad Nawaz Sharif: 14%
- Shahid Khaqan Abbasi: 19%
- Imran Khan: 11%
- Mian Muhammad Shehbaz Sharif: 17%

Source: PILDAT (2023)
8 working hours constitute 1 working day

Source: PILDAT (2023)
**Agenda Items Left Over (August 13, 2018 - August 09, 2023)**

<table>
<thead>
<tr>
<th></th>
<th>Maximum Agenda Items Left over in a Sitting</th>
<th>Average Agenda Items Leftover per Sitting</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.45</td>
<td></td>
<td>50.53</td>
</tr>
</tbody>
</table>

Source: PILDAT (2023)
• Everything – the Senate, the President, and all levels of government – is decided in a **single general election**.

• Extravagant political campaigns, fueled by substantial resources, **exclude common citizens** from the political arena.

• Lawmakers, instead of prioritizing legislative activities, often exhibit a disproportionate **enthusiasm for development projects and securing executive positions**

• **Misuse of reserved seats** for women and minorities
PIDE’s PROPOSED REFORM
Essence of Political Parties

- Increase the minimum support criterion to form a political party, say **50,000 registered members**
- Regular *intra-party elections*, once every 3 years
- *Ticket distribution* mechanism – collective decision, gender, minority...

Democracy in Action: The Crucible of Electoral Dynamics

- Reduce **constitutional term** to 4 years!
- Every year should be an *election year* – national, provincial, & local
- Every seat in the Parliament should be **contested**!
- Consider NOTA, **minimum voters’ turnout/vote**, etc.
- Eliminate *interim government* practice
  - Ensure independence of the Election Commission of Pakistan
- No **contesting on multiple seats** OR runner’s up wins!
- Reserved seats for **overseas Pakistanis**
- **KPIs** for Parliamentarians – attendance and participation in debates
Democratizing Election Campaigns

- **Campaigns expenditure** limits – Rationalize and enforce
- **Public debate** between candidates on issues and policy
- Electronic (EVM)/Online **Voting mechanism**

A More Democratic Legislative/Parliament

- Term and family **limits for parliamentarians** must be introduced
- Legislators must be **legislators only**!
- No **development funds** through a single member – Parliament decides
- Parliament must not be taken as a path to **minister-ship**
- Members of Parliament must attend all **parliamentary meetings**
- Governance through **Ordinance** should be stopped!
Discussion

Q & A
THEME-2
Public Administration for the 21\textsuperscript{st} Century
Federal Cabinet

<table>
<thead>
<tr>
<th>Name</th>
<th>Federal Minister</th>
<th>Minister of State</th>
<th>Advisor to PM</th>
<th>Special Assistant to PM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yousaf Raza Gilani</td>
<td>56</td>
<td>13</td>
<td>23</td>
<td>19</td>
</tr>
<tr>
<td>Raja Pervez Ashraf</td>
<td>36</td>
<td>13</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>Mian Nawaz Sharef</td>
<td>13</td>
<td>7</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>Shahid Khaqan Abbasi</td>
<td>20</td>
<td>10</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Imran Khan</td>
<td>33</td>
<td>5</td>
<td>7</td>
<td>35</td>
</tr>
<tr>
<td>Mian Shehbaz Sharif (PDM)</td>
<td>35</td>
<td>5</td>
<td>7</td>
<td>41</td>
</tr>
<tr>
<td>Anwar Ul Haq Kakar (Caretaker)</td>
<td>7</td>
<td>3</td>
<td>18</td>
<td>28</td>
</tr>
</tbody>
</table>
Total Federal Govt Employees 575,354

Percentage Distribution of Employees (2021)

Federal Secretariat
- 17.82% (1 to 16)
- 82.18% (17 to 22)

Attached/Subordinate Offices
- 5.92% (1 to 16)
- 94.08% (17 to 22)
Total Employee Expenses as percentage of Running of Civil Government expenditure

- **2023-24**: 163.64%
- **2022-23**: 173.65%
- **2021-22**: 183.66%
- **2020-21**: 159.36%
- **2019-20**: 172.16%
- **2018-19**: 153.40%
- **2017-18**: 96.46%

MOF (2023-24)
The **judicial system** is facing major constraints such as:

- Pendency and Adjournments
  - 2 million cases in pendency
  - 80 adjournments on average
- Easy “Stay-Orders”
- Lack of accountability
- Excessive costs of litigation
- Complex procedures
PIDE’s PROPOSED REFORM
Small & Focused Cabinet

- Separation of Parliament and Executive
  - Limit Cabinet members from Parliament to 8-10; max 25 incl SAPM
  - Experts/Professionals should be inducted into the Cabinet

Civil Bureaucracy

- No generalist colonial examination – abandon the common CSS exam
- End tribes – PAS
- End perks – everything to be monetised
  - Market-competitive compensation
- Training based on Need Assessment
- Competitive promotions
- No lifetime career guarantees – Performance contracts
Public Servant

• End permanent jobs – offer contractual employment
• Financial assessment before hiring

Pension Reforms

• Switch to market-based salary structure (one-line salary, all incl.)
  • Market-based pensions (no Govt liability)
  • Pension fund management should be outsourced
Ministries

• Focus on policy and monitoring
  • Tangible targets along with KPIs
  • Induction of specialists/professionals
• All reports should be submitted to the Parliament, and they should be publicly available

Regulatory Framework

• Modernize Regulatory Framework – Technology
• Move from a command-and-control approach towards a market facilitation approach – No RLCOs
Draft for Consultation

Judiciary

• Case management system – Digitize & and enforce timeline
• Amend procedural rules for swift disposal
  • Restrict interim appeals
  • Maximum limit on adjournments
• Tighten the rules to obtain an injunction (stay-order)
Discussion

Q & A
Trade and Openness: Competing Globally
- Import tariffs provide protection to many domestic industries in Pakistan.
- Local industries raise the prices of their products due to the protection from international competition.
- The motor vehicles industry is the most protected industry in the country.
## Top Global vs Pakistani Exports

<table>
<thead>
<tr>
<th>Global Exports (USD Billion)</th>
<th>Share in Global Exports (%)</th>
<th>Pakistan Exports (USD Billion)</th>
<th>Share in Pakistan’s Total Exports (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miscellaneous Chemical Products</td>
<td>225</td>
<td>1%</td>
<td>Manmade Staple Fibers</td>
</tr>
<tr>
<td>Ores, Slag &amp; Ash</td>
<td>251</td>
<td>1%</td>
<td>Meat &amp; Edible Meat Offal</td>
</tr>
<tr>
<td>Furniture and Other Related Products</td>
<td>264</td>
<td>2%</td>
<td>Plastics &amp; Articles etc.</td>
</tr>
<tr>
<td>Iron or Steel Articles</td>
<td>286</td>
<td>2%</td>
<td>Beverages, Spirits, &amp; Vinegar</td>
</tr>
<tr>
<td>Commodities not Elsewhere Specified</td>
<td>303</td>
<td>2%</td>
<td>Seafood</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>328</td>
<td>2%</td>
<td>Optical, Cinematographic, &amp; Other Related Products</td>
</tr>
<tr>
<td>Organic Chemicals</td>
<td>385</td>
<td>2%</td>
<td>Edible fruit and nuts, etc.</td>
</tr>
<tr>
<td>Optical, Cinematographic, &amp; Other Related Products</td>
<td>791</td>
<td>3%</td>
<td>Salt; Sulphur, plastering Materials, Lime &amp; Cement</td>
</tr>
<tr>
<td>Plastics and Articles thereof</td>
<td>611</td>
<td>3%</td>
<td>Copper &amp; Articles etc.</td>
</tr>
<tr>
<td>Pharmaceutical Products</td>
<td>481</td>
<td>4%</td>
<td>Leather Products &amp; Related Items</td>
</tr>
<tr>
<td>Natural and Cultured Pearls etc.</td>
<td>7,16</td>
<td>4%</td>
<td>Cereals</td>
</tr>
<tr>
<td>Vehicles other than Railway or Tramway Rolling Stock, etc.</td>
<td>1,282</td>
<td>7%</td>
<td>Textile Apparel &amp; Accessories etc. (Not Knitted)</td>
</tr>
<tr>
<td>Mineral Fuels and Oils with Products</td>
<td>1,610</td>
<td>9%</td>
<td>Cotton</td>
</tr>
<tr>
<td>Machinery and Mechanical Appliances &amp; Parts</td>
<td>2,097</td>
<td>12%</td>
<td>Textile Apparel &amp; Accessories etc. (knitted)</td>
</tr>
<tr>
<td>Electrical and Electronic Equipments &amp; Parts</td>
<td>2,775</td>
<td>16%</td>
<td>Textile Articles, Sets, Clothing, Rags, etc.</td>
</tr>
</tbody>
</table>

Source: PIDE (2023) based on UNCOMTRADE
Figure 3.3: …that are structured in cascading, providing high effective protection to domestic firms…
(Tariff cascading, top 20 in the world, difference between tariffs on consumer goods and intermediates, or raw materials)

Figure 3.4: …and that tends to be associated with lower export orientation
(Tariff cascading and export orientation)
PIDE’s PROPOSED REFORM
• Focus on **global value chain**!

• **Branding** & domestic markets
  • R&D – systematic study of marketing

• Remove **anti-export bias**
  • Minimize tariff cascading through trade policy reforms over 5 years

• End **import substitution**
Discussion

Q & A
THEME-4
Social Infrastructure
Out-of-School Children, Age 5-16

<table>
<thead>
<tr>
<th>Province</th>
<th>2013-14</th>
<th>2018-19</th>
<th>KP Including Merged Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>33</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Punjab</td>
<td>27</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Sindh</td>
<td>44</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>KP Excluding Merged Areas</td>
<td>32</td>
<td>28</td>
<td>31</td>
</tr>
<tr>
<td>Balochistan</td>
<td>51</td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

Source: PIDE Knowledge Brief, 2022:51
### Average Size and Distribution of Faculty and Professors Per University by Province in Pakistan.

<table>
<thead>
<tr>
<th>Province</th>
<th>No. of Universities</th>
<th>Professors in Social Science</th>
<th>Professors in other Disciplines</th>
<th>Junior Faculty</th>
<th>Total Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azad Jammu &amp; Kashmir (AJK)</td>
<td>3</td>
<td>0.33</td>
<td>3.00</td>
<td>128.67</td>
<td>132.00</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.25)</td>
<td>(2.27)</td>
<td>(97.47)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Gilgit Baltistan (GB)</td>
<td>2</td>
<td>0.50</td>
<td>1.50</td>
<td>53.50</td>
<td>55.50</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.90)</td>
<td>(2.70)</td>
<td>(96.40)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Balochistan</td>
<td>5</td>
<td>0.60</td>
<td>9.00</td>
<td>237.00</td>
<td>246.60</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.24)</td>
<td>(3.65)</td>
<td>(96.11)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Islamabad</td>
<td>17</td>
<td>0.94</td>
<td>16.06</td>
<td>294.82</td>
<td>311.82</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.30)</td>
<td>(5.15)</td>
<td>(94.55)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>KPK</td>
<td>23</td>
<td>0.35</td>
<td>5.22</td>
<td>136.91</td>
<td>142.48</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.24)</td>
<td>(3.66)</td>
<td>(96.09)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Punjab</td>
<td>35</td>
<td>0.89</td>
<td>10.94</td>
<td>202.17</td>
<td>214.00</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.41)</td>
<td>(5.11)</td>
<td>(94.47)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Sindh</td>
<td>15</td>
<td>3.60</td>
<td>18.73</td>
<td>192.07</td>
<td>214.40</td>
</tr>
<tr>
<td>(%)</td>
<td>(1.68)</td>
<td>(8.74)</td>
<td>(89.58)</td>
<td>(100.00)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>1.14</td>
<td>11.14</td>
<td>197.96</td>
<td>210.24</td>
</tr>
<tr>
<td>(%)</td>
<td>(0.54)</td>
<td>(5.30)</td>
<td>(94.16)</td>
<td>(100.00)</td>
<td></td>
</tr>
</tbody>
</table>
Draft for Consultation

**Optical Fiber Penetration**

<table>
<thead>
<tr>
<th>Country</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>27</td>
</tr>
<tr>
<td>India</td>
<td>30</td>
</tr>
<tr>
<td>Vietnam</td>
<td>35</td>
</tr>
<tr>
<td>Malaysia</td>
<td>40</td>
</tr>
<tr>
<td>Thailand</td>
<td>90</td>
</tr>
<tr>
<td>Pakistan</td>
<td>10</td>
</tr>
</tbody>
</table>

*Source: PIDE Policy Viewpoint, 26:2021*
The patron-client relationship and politicization are:

- Hampering effective crime detection and prevention
- Leading to the emergence of a system of loyalty to individuals and political figures
PIDE’s PROPOSED REFORM
Educate: Nurturing Minds, Shaping Futures
• Move rapidly to learning through online and technology-based education
• Merit-based teacher hiring and training in contemporary pedagogies
• Community should own schools
• Develop a large-scale quality professor hiring program

Effective Police Reform
• To bring the police force under local government jurisdiction and dismantle centralized control
• Ensure operational autonomy by separating police functions from other roles such as protocol
Tracks of Pakistan Railways Progress

- Shift from ministerial control to a **corporate structure** – track and signaling, REDEMCO, and maintenance
- Non-core ventures, like manufacturing, should be abandoned
- Effective **utilization of assets** for raising revenues
- Move towards **digitalizing railways**

Connectivity for All: Bridging the Digital Divide

- The internet is a **basic right**
- Facilitate and contribute to the **penetration of optical-fiber**
- Should not see spectrum provision and release as revenue-seeking
- Good quality **tech devices** should be available for all
Discussion

Q & A
THEME-5
Cities – Engines of Growth
• Cities **heterogeneity** must be respected

• **Vibrant cities** are not possible with the existing governing structure

• **Local governments** are instrumental in delivering essential services

• **Decentralization** will only be achieved if the locally elected councils are given autonomy in their spending and planning decisions
Evolution of Local Government in Pakistan

1973-1977
1973
Constitution promulgated
State shall encourage LG institution.
Local government dissolved. No LG elections held.

1978 – 1988
LG bodies revived under Local Government Ordinance, 1979.
Successful completion of 3-4 terms.

1988-1999
1993: LG Ordinance suspended.
Local bodies inactive till 1998. Polls scheduled but never held.

2001 – 2008
Local bodies intact till 2008.

2008-2013
2013: LG Elections & local bodies formed in Balochistan;
2015: Polls held & local bodies formed in Punjab, Sindh, KP.

2018-2022
LG Bodies in Punjab dissolved by PLGA, 2019.
2021/22: LG Polls & local bodies formed in Sindh & KP.
2022/23: LG Polls & local bodies formed in Balochistan.

Source: ecp.gov.pk/lg-elections; Rafique et al, 2020
State of Water & Sanitation Services

90% Water Supply Schemes—Unsafe for drinking

20% People—Access to Safe Drinking Water

42% Population—Access to Underground sewerage and drainage

60-70% Waste—Collected and Disposed-off unhygienically
PIDE’s PROPOSED REFORM
Local Government

- Empowering **local governance**: No democracy without local government
- Local governments imply **local administration**, not just local politics/elections

Cities: the Engine of Growth

- Putting **economic geography** into policy/administration
  - Liberalize **zoning** that allows mix-use, density, and walkability
  - Facilitating **regulations** for the rental housing market

- To unlock **state-owned land/property** potential
  - Reduce government ownership of city-center land/property
Discussion

Q & A
THEME-6
Energizing the Future
Power Sector Subsidies

Source: Power Sector: An Enigma with no Easy Solution. PIDE, 2022
Circular Debt Growth [Rs Billion]

- **PPP**
- **PML-N**
- **Military**
- **PTI**

**Source:** Power Sector: An Enigma with no Easy Solution. PIDE, 2022

- **Gross payable**
- **Amount swapped (PHPL)**
Average Sale Price [Rs/KWh]

Source: Power Sector: An Enigma with no Easy Solution. PiDE, 2022
Gas

• Excessive government interference and over-regulation in the gas sector, leading to an inefficient allocation of resources and cross-subsidies

• Gas pricing does not reflect its actual value

• OGRA has limited autonomy
PIDE’s PROPOSED REFORM
Powering Progress

• Revise the **uniform tariff policy** for efficiency
• Electricity is **not a public good**
  • Subsidy through BISP
• **Digital Electric Meters** – Pay-as-you-go!
• **Off-grid solutions** – Remote areas

Effective Energy Regulation

• Shut down entities with **overlapping functions** to reduce administrative and regulatory burden
• **NEPRA** should be allowed to fulfill the **independent regulatory role**
• Parliament should appoint, monitor, and hold the authority **accountable**
Decentralize Energy Companies’ Management

• Make a Power Commission comprising professionals for necessary linkage across the supply chain
• The role of the Ministry of Energy must be clarified to justify its existence
• Boards appointed should be through the proposed Power Commission
• Commercialization and not privatization of power companies

Market-based Oil and Gas Sector

• Only increasing gas tariffs will not be sufficient – Market-based pricing can also control the misuse of gas
• Allow third-party access to LNG imports – the government should leave
• The gas distribution sector must adopt a multi-seller distribution model
Effective Oil & Gas Regulation

• A single regulatory authority with adequate regulatory powers is necessary
• No political or judicial interference
• OGRA must enhance its capacity to monitor, enforce, and regulate
  • Set refining standards and be capable of monitoring and enforcing these

Petroleum Pricing

• Complete deregulation of petroleum pricing
• IFEM needs to be discontinued
Discussion

Q & A
THEME-7
Developing Markets
• Mercantilist-centric – Undermining local markets
• Stuck in the Haq-HAG model
• Lack of focus on opportunities and investment
Credit to Private Sector and Net Budgetary borrowing

Percent of GDP

FY05  FY06  FY07  FY08  FY09  FY10  FY11  FY12  FY13  FY14  FY15  FY16  FY17  FY18  FY19  FY20  FY21

Credit ratio  Net Budgetory borrowing

Source: PIDE One Year Growth Strategy, 2022
Real Estate Market

*Losing potential revenue and creating black money*

<table>
<thead>
<tr>
<th>Property</th>
<th>Market Value (Asked Price)</th>
<th>FBR Evaluated Price</th>
<th>DC Rate Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property-1 (Block A)</td>
<td>41.50</td>
<td>21.00</td>
<td>6.12</td>
</tr>
<tr>
<td>Property-2 (Block D)</td>
<td>16.50</td>
<td>9.18</td>
<td>2.67</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Potential Revenue</th>
<th>Realized Revenue</th>
<th>Tax gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property-1 (Block A)</td>
<td>2.61</td>
<td>0.87</td>
<td>1.73</td>
</tr>
<tr>
<td>Property-2 (Block D)</td>
<td>1.03</td>
<td>0.38</td>
<td>0.65</td>
</tr>
</tbody>
</table>

*Source: PIDE Knowledge Brief, 72:2022*
### Agriculture Market

*Support prices are leading to agriculture stunting*

<table>
<thead>
<tr>
<th>Crops</th>
<th>Profit (Rs./acre)*</th>
<th>Yield (maunds/acre) (2019-20)</th>
<th>Increase in Profit (Rs./acre) in 2019-20 with base 2017-18</th>
<th>% change in profit in 2018-19 with Base 2017-18</th>
<th>Percentage change in 2019-20 with Base 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>13206</td>
<td>9765</td>
<td>10974</td>
<td>31</td>
<td>-2232</td>
</tr>
<tr>
<td>Maize</td>
<td>13,490</td>
<td>15,620</td>
<td>19,809</td>
<td>72</td>
<td>6,319</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>35,280</td>
<td>30,870</td>
<td>35,280</td>
<td>630</td>
<td>0</td>
</tr>
<tr>
<td>Basmati Rice</td>
<td>79,680</td>
<td>82,080</td>
<td>106,432</td>
<td>32</td>
<td>26,752</td>
</tr>
<tr>
<td>Irri Rice</td>
<td>30,732</td>
<td>37,492</td>
<td>44,148</td>
<td>52</td>
<td>13,416</td>
</tr>
<tr>
<td>Cotton</td>
<td>10,384</td>
<td>22,000</td>
<td>14,938</td>
<td>22</td>
<td>4,554</td>
</tr>
</tbody>
</table>

*Source: PIDE Knowledge Brief No 103 (2022)*
PIDE’s PROPOSED REFORM
Need for a Real Estate Market

• Abolish multiple *price administration* practices
• An online multiple-listing model – an *auction mechanism*
• **Development Authorities** should be responsible for ensuring good practices in housing societies
  • Ban the open file practice!
  • Encourage private housing societies along with the surety that private developers are not involved in Ponzi schemes, instead have clear contracts
  • Reorganize the real estate agents’ market by encouraging knowledgeable and registered agents
• **Land acquisition** rules should be revised – public purpose/market price
Developing Agriculture Input Market

• Reduce government footprint
• No fixing of minimum support price
• Allow the private sector in procurement, storage, and transportation
  • Adopt and implement SBP’s storage model
• Revamp seed registration and marketing mechanism by allowing brand registration
• Price irrigation water according to use
Financial Markets

• Promote **financial deepening** by discouraging investment in government securities

• Simplify the **regulatory framework** in the banking sector that is transparent and allows new entry easily

• New **investment products** required, including commodity instruments, REITs, hedge funds, etc.
  • Options, futures, and swaps must be introduced in the Pakistani stock market

• Adopt changes that improve **investor-friendly regulations** in the stock market

• Simplify the **Initial Public Offering (IPO)** process
Market-based Media

- Abolish the Ministry of Information and Broadcasting
  - Ban government advertisement expenditure
- Media: independent of other businesses
- Competitive cable industry – PEMRA role

Invigorating the Automotive Market

- Impose a flat tax and offer tax incentives based on export performances
- Promote entry of electric vehicles
Discussion

Q & A
THEME-8
Fiscal Management
Fiscal Deficit (% of GDP)

<table>
<thead>
<tr>
<th>Period</th>
<th>Fiscal Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul - Mar FY23</td>
<td>3.6</td>
</tr>
<tr>
<td>Jul - Mar FY22</td>
<td>3.8</td>
</tr>
<tr>
<td>Jul - Mar FY21</td>
<td>3.0</td>
</tr>
<tr>
<td>Jul - Mar FY20</td>
<td>4.0</td>
</tr>
<tr>
<td>Jul - Mar FY19</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Source: Economic Survey of Pakistan
Sector-wise Distribution of the PSDP Funded Number of Projects (FY 2023-24)

- Infrastructure: 34%
- Other: 40%
- Social: 18%
- Production: 3%
- Science & I.T.
- Governance: 1%

Source: PSDP dashboard – can be accessed at www.pc.gov.pk

Total 62% Brick and Mortar
Outstanding Domestic Debt of Public Sector Enterprises
(Billion PKR)

Source: State Bank of Pakistan
PIDE’s PROPOSED REFORM
Architecting Growth through Strategic Economic Planning

• Need strategic long-term planning
• Independent Growth Commission – no generalists!
  • Focus → Investment, exports, and productivity

Budget-Making: Beyond a Number Balancing Exercise

• Independent Budget Unit in the Parliament – no generalists!
  • Minimum 60 days for the budget process
  • No mid-term budgets
  • No discretionary budget to the Chief Executives

Path to Prudent Debt Management

• Autonomous Debt Agency
• Adhere to fiscal rules
Public Sector Enterprises Management

- PSEs must have a budget constraint, **no bail-out**
- A **corporate set-up**, including an independent Board of Governors
- Performance must be reviewed against **defined KPIs**
- Independent hiring – **No political interference**
- **Rapid closure** if necessary

**Donors, Consultants, and Civil Servants – Do they have ‘Skin in the Game?’**

- Local Research, Local Solutions
Public Investment Management

- **Suspension of new PSDP-funded projects for 10 years**
- **Portfolio cleaning** – Close inefficient projects/programs
- **Enough brick-and-mortar** – focus on Human Capital/Software
- **Only mega federal projects**
- **Independent M&E**

Tax Policy for Growth

- A **simplified tax policy** and implementation
- Minimize **compliance cost**
- Universalize income tax - **no exemptions for any sector**
- **Rationalize tax concessions**
- Better **tax management** – low and simple taxes, better collection, high growth
Discussion

Q & A
THEME-9
Changing the Population Paradigm
Population Growth (millions), its Rate (%) and Total Fertility Rate: 1990-2050
Number of Working Age People Added Each Year and Jobs Required (millions)
Draft for Consultation

Unemployment Rates (%) ByEducation And Sex

Source: PIDE RAPID Reform Agenda
PIDE’s PROPOSED REFORM
• The population paradigm in Pakistan needs to come out of the “Malthusian Trap” – it cannot co-exist with the notion of a “Demographic Dividend”

• The issue is not of population size per se, but its quality – skills, education, health, employability, mindset, etc.

• **Opportunities** – economic, employment, personal development, etc., need to be focused on, not worrying solely about the numbers – India and China having populations of over a billion are now considered a billion-plus markets, and not overpopulated countries

• Population growth will go down once the **opportunity cost** of having children increases, and that will happen with socio-economic development
Discussion

Q & A
THEME-10
Building a Cohesive Community and Society
The Four Most Reported Identities
Membership of any Club/Organisation (%)
### Frequency of Volunteerism by Provinces, Region and Sex (%)

<table>
<thead>
<tr>
<th>Province</th>
<th>Never</th>
<th>Occasionally</th>
<th>Frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td>73.6%</td>
<td>26.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>KP</td>
<td>62.4%</td>
<td>28.1%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Punjab</td>
<td>80.0%</td>
<td>59.0%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Sindh</td>
<td>71.7%</td>
<td>59.8%</td>
<td>18.9%</td>
</tr>
<tr>
<td>Balochistan</td>
<td>59.0%</td>
<td>65.2%</td>
<td>21.3%</td>
</tr>
<tr>
<td>GB</td>
<td>65.2%</td>
<td>79.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td>AJK</td>
<td>79.1%</td>
<td>25.6%</td>
<td>9.4%</td>
</tr>
<tr>
<td>ICT</td>
<td>16.4%</td>
<td>21.3%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Rural</td>
<td>74.3%</td>
<td>18.5%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Urban</td>
<td>72.4%</td>
<td>11.6%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Males</td>
<td>69.2%</td>
<td>22.9%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Females</td>
<td>77.9%</td>
<td>11.4%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

*Figure 1: Membership of any Club/Organization (%)*
PIDE’s PROPOSED REFORM
Local government – Role for Building Community

- Community Centers
  - Functional with frequent activities
  - Use of schools/colleges/universities/mosques spaces
  - Neighborhood/Community leaders – shared values and responsibilities
  - Festivals – public engagement opportunities

- Libraries

Good Childhood

- Child-centered activities – Awareness
- Parental-intervention; Opportunities
Discussion

Q & A
Draft for Consultation