Development Priorities for Pakistan
Development Advocate Pakistan provides a platform for the exchange of ideas on key development issues and challenges in Pakistan. Focusing on a specific development theme in each edition, this quarterly publication fosters public discourse and presents varying perspectives from civil society, academia, government and development partners. The publication makes an explicit effort to include the voices of women and youth in the ongoing discourse. A combination of analysis and public opinion articles promote and inform debate on development ideas while presenting up-to-date information.

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Pakistan's Development Priorities

The new government recently completed its first 100 days. As it further firms up its development plans, we reached out to diverse group of experts and policy makers to gather inputs which could inform Pakistan’s development priorities. Their views are summarized in the paragraphs below.

Pakistan is prone to the boom and bust cycles of economic growth. After every 4-5 years, the country finds itself tapped into the issue of balance of payments. The country's exports have largely remained stagnant over the years which is considered to be the main reason for its low foreign exchange earnings. There is a need to diversify the export base and export markets. Besides exports and remittances, experience of other countries suggests that international tourism plays a critical role in building up foreign exchange reserves. The current contribution of tourism to Pakistan's economy is estimated at 6.9 percent of GDP which is expected to double in a decade; however, the bulk of it is domestic tourism. International tourism is largely unexploited. This an area where Pakistan could generate additional foreign exchange earnings. This would certainly require further improvement in the security situation and tourism infrastructure in the country.

Youth and women are the key drivers of inclusive growth, but neither are optimally employed. Youth, which constitutes around 29 percent of the population, need skills and knowledge to be useful for the economy. The government should have a national youth internship programme where youth could get initial exposure to, and training in the skills required by the market. The skill development programmes need to be driven by the needs of the businesses. On-the-floor trainings have proven to be more effective than standalone trainings using outdated curricula. Skills training through public-private partnerships tend to have a larger impact on employment creation. A government alone (public) programme is bound to fail unless done in partnership with the industry/business.

Women constitute 49 percent of the population but they are merely 24 percent of the labor force. Pakistan is the only country in South Asia along with Afghanistan which has yet to achieve gender parity in primary education. Without the empowerment of women, we can neither achieve sustainable economic growth nor high level of human development. The government should introduce legislation to make it mandatory for both public and non-public organizations to maintain a certain level of quota for women in employment and other segments. Lack of mobility is one of the key constraints for women participation in economic and social sectors. The government should incentivize the provision of transport facilities to women and girls in both public and non-public sector organizations, besides safeguards against violence in the workplace.

Pakistan has the highest population growth rate in South Asia. It will find it difficult to provide the required public services to its citizens at the current population growth rate which is as high as 2.4 percent. In 1971, Bangladesh’s population was more than that of Pakistan’s. Today, Pakistan's population is around 50 million more than that of Bangladesh's. The latter has had an impressive family planning and health outreach programme in the 1960s and 1990s. The Lady Health Workers programme in 1990s was instrumental in increasing the Contraceptive Prevalence Rate from 12 percent in 1990, to around 30 percent in 2000. Pakistan should revive such programmes and employ a whole of society approach involving men, religious and community leaders, to curb the challenge of high population growth rate.

Pakistan is the fastest urbanizing country in South Asia. At the current 3 percent annual growth rate, nearly half of the population will live in cities by 2025. Urbanization offers huge opportunities for economic growth. However, to benefit from this trend, the government should also pay attention to the growth of second tier cities along mega cities. Countries like China have grown more rapidly by developing cities like Shenzhen as hubs for manufacturing, technology and innovation. Higher population puts strains on services and infrastructure in mega cities. A diversified approach to cities development will not only spur growth but will also help in better management of municipal services in mega cities.

Pakistan is the eighth most vulnerable country to the effects of climate change. The mean annual temperature in the country has already increased by 0.5 degrees centigrade in the last 50 years. The Prime Minister is championing investments in mitigation and adaptation interventions to reduce the effects of climate change. The country has also developed a National Climate Change Policy 2012. Strong institutions are needed to implement this policy. After the 18th Constitutional Amendment, most of the actions to address climate change fall within the domain of provinces. This requires strong coordination and collaboration across federal and provincial institutions.

And finally, the challenges related to governance bottlenecks need to be confronted head-on. E-governance, though not a panacea, provides useful tools to improve efficiency in the provision of public services and improving public sector accountability and transparency.

The above is not an exhaustive list of proposals. The feedback gathered suggests that national development priorities require balancing economic, social and environmental aspects to produce sustainable results. These relate to the three pillars of the UN Sustainable Development Goals namely economic, social and environmental. These three dimensions constitute a valuable screening framework for policy making.
DEVELOPMENT PRIORITIES FOR PAKISTAN

PAST TRENDS AND WAY FORWARD
Pakistan has been on a gradual but progressive path of development since independence. Compared to other regional countries, the growth pattern has largely been unsustainable causing frequent cycles of low growth and rising socio-economic disparities. Nevertheless, it is still a rather young nation, and with the right opportunities and plausible solutions, it will be able to address the development challenges that hinder its path to progress.

The following paragraphs provide a list of proposals, that can improve human development in the country while supporting efforts to achieve sustainable development.

**Sustainable Economic Growth**

On the economic front, indicators such as income per capita demonstrate that Pakistan's economy has grown over the years but at a slow and inconsistent pace. While income per capita has increased from USD 724 in 2004 to USD 1,640 in 2017, it has not been synonymous with a consistent GDP growth rate. The GDP growth had reached the lowest level of 0.36 percent in FY 2009 and thereafter it remained volatile with an average of 2.82 percent between FY 2008 and FY 2013. It picked up pace again to reach 5.8 percent in 2017.

Pakistan's inconsistent growth rate has led to several regional countries surpassing it in economic development. While Pakistan's Gross National Income (GNI) per capita is still comparable to some of the regional countries, the rapid economic development experienced by other countries has pushed back Pakistan in competitiveness and overall maturity and growth of economy. In terms of GNI per capita, Pakistan was ahead of India, Nepal and Bangladesh in 1990s. However, India, for instance, through its progressive economic policies and reforms, was able to surpass Pakistan, with the gap between the two countries increasing as Pakistan's economy faltered (Figure 1).

The historical trend in GDP growth rate also shows that while Pakistan's economy was growing faster than most regional countries during 1960s and 1980s, the era of 1970s and 1990 onwards saw a decline (Table 1). During 1980s, Pakistan's GDP growth rate was higher than countries like India, Indonesia, Malaysia and Turkey. Had this growth momentum maintained, Pakistan would have been amongst the richer economies of Asia.

One of the main reasons for Pakistan's slow and frequent cycles of low growth is high current account deficit that the economy is often unable to sustain. Once again, the country is facing the same crisis with an urgent need to address the deficit through the right set of fiscal and monetary policies. In the last fiscal year, current account deficit was recorded at 5.8 percent of GDP. The analysis below provides some insights into the causes of high current account deficit and the policies required to sustain it.

**Plugging Current Account Deficit**

Pakistan's high and unsustainable current account deficit is a structural issue that arises after every five years or so. In the ongoing crisis, foreign exchange reserves have depleted to almost USD 7.5 billion and the growth in exports has also been falling over the last few years.

Detailed analysis by experts suggests that Pakistan's current account deficit is not exorbitantly high compared to regional countries. It has remained on an average of -2.5 percent of GDP between 2008 to 2017, which despite being higher than the regional average, is still lower than that of, Egypt (-3.7 percent), Morocco (-5.4 percent), Sri Lanka (-3.9 percent) and Turkey (-4.8 percent). However, the volatility of current account deficit (2.5 percent) is higher than most countries.

Analysing the factors behind high volatility, one issue particularly stands out – Pakistan has consistently held lower foreign exchange reserves than its peers. On average, the reserves have been at 5.4 percent of GDP, which is lower than all countries included in the analysis, apart from...
Table 1: GDP Growth Rate

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Source: Author’s calculations using data available from World Bank.

Note: Average of annual GDP growth rates is taken for each decade.

Table 2: Pakistan’s Current Account vs. Comparators (% of GDP; Averages Over 2008-17)

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Pakistan, the country has not been able to earn sufficient foreign exchange from it. Despite high potential, the number of foreign tourists coming to Pakistan is still very low. An encouraging trend has been noted in recent years owing to improvement in law and order, but it can be further increased through policies that promote Pakistan’s tourism industry, its destinations, history and culture, and allow for expansion in businesses associated with the tourism industry. Investment in more tourist attractions is also required to attract tourists through the right marketing policies. The World Travel and Tourism Council has estimated that Pakistan’s total contribution from tourism to GDP was USD 8.8 billion, while India’s was USD 91.3 billion. Pakistan has significant potential to further increase revenue from tourism, generate employment opportunities and plug its current account deficit (Figure 2).

However, for growth in tourism and any other sector of economy, a vital area for private sector investment are policies and regulations that reduce the cost of doing business. An important analysis in this area is provided by the World Bank annual reports on ‘Ease of Doing Business’. On the most recent global ranking of 190 economies, Pakistan lands on the 136th spot – lower than all regional countries apart from Bangladesh (Table 3). Pakistan loses upon its potential to increase trade and investment through a plethora of regulatory bottlenecks that raises the overall cost of doing business for private investors. What’s
Inclusive Growth

Inclusive growth is considered a key determinant for reducing poverty and evident from the comparison in Table 3 is that Pakistan’s regulatory environment creates bottlenecks in vital areas associated with setting up and managing the day to day operations of a business entity, such as obtaining construction permits, getting electricity, obtaining credit, registering property, trading across borders and even paying taxes. Issues such as frequent power outages raise the cost of production and discourages investment of capital. In Pakistan, the losses endured by private sector as a result of frequent power outages is estimated at 34 percent of annual revenue.⁹ A comparison with regional countries such as Singapore, Malaysia and India show the extent of challenges faced in getting an electricity connection and a reliable supply of electricity (Table 4).

### Employment: Direct Contribution

In 2017, Travel & Tourism directly supported 1,493,000 jobs (2.5% of total employment). This was forecasted to rise by 2.8% in 2018 and by 2.7% pa to 2,008,000 jobs (2.6% of total employment) in 2028.

### Employment: Total Contribution

In 2017, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 6.5% of total employment (3,894,000 jobs). This was forecasted to rise by 2.6% in 2018 to 3,997,000 jobs and rise by 2.3% pa to 5,017,000 jobs in 2028 (6.3% of total).

### Visitor Exports

Visitor exports generated PKR 98.7bn (USD 936.4 mn), 3.7% of total exports in 2017. This was forecasted to grow by 4.7% in 2018 and grow by 6.4% pa, from 2018-2028, to PKR 192.5 bn (USD 1,826.4 mn) in 2028, 2.5% of total.

### Investment

Travel & Tourism investment in 2017 was PKR 410.4 bn, 9.1% of total investment (USD 3,893.4 mn). It was forecasted to rise by 5.2% in 2018, and expected to rise by 4.1% pa over the next ten years to PKR 647.4 bn (USD 6,142.0 mn) in 2028, 7.6% of total.

---

**Table 3 : Cross Country Comparison on Ease of Doing Business (in Days)**

<table>
<thead>
<tr>
<th>Country</th>
<th>Ease of Doing Business, Global Ranking</th>
<th>Starting a Business</th>
<th>Dealing with Construction Permits</th>
<th>Getting Electricity</th>
<th>Registering Property</th>
<th>Getting Credits</th>
<th>Protecting a Minority Investors</th>
<th>Paying Taxes</th>
<th>Trading Across Borders</th>
<th>Enforcing Contracts</th>
<th>Resolving Insolvency</th>
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<td>36</td>
</tr>
<tr>
<td>Malaysia</td>
<td>15</td>
<td>122</td>
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<td>4</td>
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<td>32</td>
<td>2</td>
<td>72</td>
<td>48</td>
<td>33</td>
<td>41</td>
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<tr>
<td>Philippines</td>
<td>124</td>
<td>166</td>
<td>94</td>
<td>29</td>
<td>116</td>
<td>184</td>
<td>132</td>
<td>94</td>
<td>104</td>
<td>151</td>
<td>63</td>
</tr>
<tr>
<td>Thailand</td>
<td>27</td>
<td>39</td>
<td>67</td>
<td>6</td>
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<td>44</td>
<td>15</td>
<td>59</td>
<td>59</td>
<td>35</td>
<td>24</td>
</tr>
<tr>
<td>Turkey</td>
<td>43</td>
<td>78</td>
<td>59</td>
<td>60</td>
<td>39</td>
<td>32</td>
<td>26</td>
<td>80</td>
<td>42</td>
<td>19</td>
<td>109</td>
</tr>
<tr>
<td>China</td>
<td>46</td>
<td>28</td>
<td>121</td>
<td>14</td>
<td>27</td>
<td>73</td>
<td>64</td>
<td>114</td>
<td>65</td>
<td>6</td>
<td>61</td>
</tr>
<tr>
<td>Singapore</td>
<td>2</td>
<td>3</td>
<td>8</td>
<td>16</td>
<td>21</td>
<td>32</td>
<td>7</td>
<td>8</td>
<td>45</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>Pakistan</td>
<td>136</td>
<td>130</td>
<td>166</td>
<td>167</td>
<td>161</td>
<td>112</td>
<td>26</td>
<td>173</td>
<td>142</td>
<td>156</td>
<td>53</td>
</tr>
</tbody>
</table>

*Source: Global Rankings and Ease of Doing Business Score, The World Bank*

---

**Table 4 : Cross Country Comparison on 'Getting Electricity' as an Indicator of Cost of Doing Business**

<table>
<thead>
<tr>
<th>Country</th>
<th>Procedures (Number)</th>
<th>Time (Days)</th>
<th>Cost (% of Income Per Capita)</th>
<th>Reliability of Supply and Transparency of Tariffs Index (0-8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>5</td>
<td>45.9</td>
<td>96.7</td>
<td>7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4</td>
<td>31</td>
<td>28</td>
<td>8</td>
</tr>
<tr>
<td>Singapore</td>
<td>4</td>
<td>30</td>
<td>25.3</td>
<td>7</td>
</tr>
<tr>
<td>Pakistan</td>
<td>5.4</td>
<td>180.7</td>
<td>1,663.7</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source: Doing Business 2018, The World Bank*

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8. Ibid

deprivations. The Pakistan National Human Development Report 2017 points towards large disparities in human development across districts and cities of Pakistan. Several inequalities including those in income, gender and access to public services are all hampering inclusive growth in the country.

There are, however, huge opportunities for achieving inclusive growth. The country’s increasing youth population, if provided with adequate skills and capacities, will not only drive growth but their participation will also make it more inclusive. Similarly, encouraging women participation will also bring economic and social benefits and support Pakistan in optimizing use of its human resource and skills base. Therefore, it is integral that women and youth development are made components of inclusive growth and incorporated within the national agenda.

1. **Women Empowerment**

In Pakistan, women account for almost 49 percent of the population but lag behind men in almost all sectors of economy. On UNDP’s Gender Inequality Index, the country ranks 133 out of 160 countries – lower than all regional countries except Bangladesh (Table 5). The indicator level analysis of the index reveals that maternal mortality is the highest in Pakistan compared to all regional countries, at 178 deaths per 100,000 live births. Pakistan also has the lowest share of women with secondary education and female labour force participation rate. This trend delineates unequal distribution of resources and opportunities between men and women.

Pakistan is losing a huge opportunity to accelerate economic growth owing to the exclusion of women from the labour market. Table 6 shows that some of the progressive and more economically rich countries of Asia also tend to have a higher female labour force participation. Both Malaysia and Thailand with a per capita income of USD 10,134 and USD 5,617 respectively, have a female labour force participation higher than 50 percent. Similarly, countries like Indonesia and Philippines that have experienced a GDP growth rate of 5.40 percent and 6.17 percent between 2011-2017, also have female labour force participation at 50 percent. Pakistan’s poor progress in achieving gender parity may be a factor in regressing economic growth. A study by IMF estimates that Pakistan could increase its GDP by as much as 30 percent if the gender gap is closed. The high gender disparity in labour market is amplified by the fact that a majority of women working are employed in low paying, low-quality and low-security jobs, and often under-appreciated and unaware of their rights. The Labour Force Statistics of Pakistan show that while average male wage is PKR 15,883 - female average wage stands at only PKR 9,760. Within this female workforce, a large fragment of women work in the ‘informal sector’. There exist 12

### Table 5: Cross Country Comparison on Gender Inequality Index and its Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>0.542</td>
<td>176</td>
<td>83.5</td>
<td>20.3</td>
<td>44</td>
<td>33</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>0.354</td>
<td>30</td>
<td>14.1</td>
<td>5.8</td>
<td>82.6</td>
<td>35.1</td>
</tr>
<tr>
<td>India</td>
<td>0.524</td>
<td>174</td>
<td>23.1</td>
<td>11.6</td>
<td>39</td>
<td>27.2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.453</td>
<td>0126</td>
<td>47.4</td>
<td>19.8</td>
<td>44.5</td>
<td>50.7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.287</td>
<td>40</td>
<td>13.4</td>
<td>13.1</td>
<td>78.9</td>
<td>50.8</td>
</tr>
<tr>
<td>Philippines</td>
<td>0.427</td>
<td>114</td>
<td>60.5</td>
<td>29.1</td>
<td>76.6</td>
<td>49.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.393</td>
<td>20</td>
<td>51.9</td>
<td>4.8</td>
<td>42.4</td>
<td>60.5</td>
</tr>
<tr>
<td>Turkey</td>
<td>0.317</td>
<td>16</td>
<td>25.8</td>
<td>14.6</td>
<td>44.9</td>
<td>32.4</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.541</td>
<td>178</td>
<td>36.9</td>
<td>20</td>
<td>27</td>
<td>24.9</td>
</tr>
</tbody>
</table>


### Table 6: Cross Country Comparison on GDP Growth, Income Per Capita and Female Labour Force Participation Rate

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Growth Rate (average 2011-17)</th>
<th>Income Per Capita (average 2011-17)</th>
<th>Female Labour Force Participation Rate (%) (ages 15 and older)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>6.57%</td>
<td>1,125</td>
<td>33</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>5.50%</td>
<td>3,534</td>
<td>35.1</td>
</tr>
<tr>
<td>India</td>
<td>6.83%</td>
<td>1,577</td>
<td>27.2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.40%</td>
<td>3,471</td>
<td>50.7</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.23%</td>
<td>10,134</td>
<td>50.8</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.17%</td>
<td>3,304</td>
<td>49.6</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.14%</td>
<td>5,617</td>
<td>60.5</td>
</tr>
<tr>
<td>Turkey</td>
<td>6.61%</td>
<td>11,770</td>
<td>32.4</td>
</tr>
<tr>
<td>China</td>
<td>7.56%</td>
<td>7,173</td>
<td>61.5</td>
</tr>
<tr>
<td>Pakistan</td>
<td>4.47%</td>
<td>1,381.43</td>
<td>24.9</td>
</tr>
</tbody>
</table>

Source: Author’s own calculation. Note: Data is taken from World Bank and UNDP Global Human Development Report.

million home-based workers in Pakistan, 80 percent of whom are women, with 8.5 million concentrated in rural areas. ¹⁴

Another important issue concerning women empowerment, is their access to positions of leadership and decision making. Providing and promoting equal opportunities for women is the right path for socio-economic development of the country. Certain national initiatives, such as the Punjab Fair Representation of Women Act 2014 that mandates up to 33 percent of women in Boards and Committees of six statutory institutions and entities, offer promising progress on women empowerment in the country. Moreover, women also appear to be taking lead in several entrepreneurial initiatives. At the moment, 43 percent of social enterprises focus on women’s empowerment in Pakistan, and 20 percent are completely led by women. ¹⁵

In terms of political participation, women also appear to be in leading roles. A greater number of women are becoming part of national/provincial assemblies and the senate, and political parties are allocating more tickets to women candidates for elections. The proportion of women holding seats in the national and provincial assemblies at 20 percent, is amongst the highest in South Asia. ¹⁶

2. Youth ¹⁷

Pakistan is currently the second youngest country in South Asia. Sixty-four percent of the total population is below the age of 30, and 29 percent is between the ages of 15-29 years. This tremendous youth bulge presents a unique opportunity provided that the right actions are taken to harness their potential before the youth bulge starts to decrease in another three decades. To seize this window of opportunity it is imperative to invest in youth to enhance their wellbeing.

Currently, Pakistan’s dependency ratios are much lower than other countries. There are now more people in the working age (15 to 64), than there are older people (65 and above) or children (< 15 years). Current median age of 22.5 is expected to hover at around 31 years by 2050. Beyond this, the window of opportunity will start to close. This highlights a huge opportunity to utilize the youths’ potential to shape human development in the country.

![Figure 3: Youth Enrolment in Schools](https://example.com/image3)

One of the key areas for investment in youth is education. A significant portion of Pakistan’s youth has never been enrolled in school (Figure 3). Several factors including lack of financial resources, access to education facilities, and socio-cultural challenges account for this. A lack of education leads to a vicious cycle of deprivation: lower levels of education and skills lead to constrained opportunities in employment and low paying jobs, hence leading to increased poverty and financial constraints their by perpetuating a lack of education in generations to follow due to limited resources.

Although, over the years Pakistan has seen an increase in education attainment levels, yet years of schooling simply has not translated into effective learning or skills development and in reducing socio-economic deprivations. Most youth quit education as returns to education have remained low and begin working for financial reasons, mostly as unskilled workforce (Figure 4). Therefore, a focus on quality and quantity, needs to go side by side.

42 percent of Pakistan’s total labor force is composed of youth. Almost 4 million youth per year attain working age. With so many young entrants entering into the labour market every year, almost 4.5 million jobs need to be created over the next 5 years. Whilst the quantity of jobs is important, it is equally important to focus on the quality of jobs. Hence, policy must focus on quality education and employment of youth, in order to make them a productive part of society.

Unfortunately, Pakistan has failed to fully utilize the potential of its huge youth bulge. On the Commonwealth 2016 Global Youth Development Index (YDI), Pakistan is one of the lowest ranked countries globally as well as regionally (Table 7). Its progress on youth development is comparable to countries in Africa (Table 8). Moreover, it is the only country in Commonwealth that failed to neither maintain nor improve its YDI. ¹⁸ Many of the countries in Asia that have been able to achieve a relatively high score on YDI, such as Malaysia, Sri Lanka and Turkey, have also performed better on economic indicators such as GDP growth rate and per capita income (see Table 7). ¹⁹

3. Regional Disparities

In Pakistan, regional disparities are high and persistent. Although at the national level, human development has consistently improved going from a national HDI of 0.547 in 2005 to 0.681 in 2015, the trickle-down effect has not been the same across all provinces. Punjab continues to be ahead of all provinces in human development, scoring 0.732 on national HDI. In contrast, Balochistan consistently lags behind with a HDI of only 0.421 in 2015 (Figure 5). ²⁰

In further unpacking provincial progress at the district level, high levels of intra-provincial inequality is seen. Apart from Punjab, no other province has a district that

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The inequality also impacts the country through gender, religion, ethnicity and most of all, access to public services. When the analysis of HDI is compared to the results on multidimensional poverty, similar trends are seen. Balochistan is the poorest province in Pakistan with multidimensional poverty at 71 percent. Punjab has the lowest poverty but within the province, southern Punjab districts continue to face a high level of poverty. However, these districts are still performing better than majority of Balochistan’s districts that have multidimensional poverty affecting more than 90 percent of the district’s population.

These regional pockets of high poverty have to be prioritized in order to address inequality. Development policies should seek to prioritise these districts in resource allocation and local institutional development to improve public service delivery.

Table 7: Cross country comparison of regional countries’ economic growth against youth development

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Growth Rate</th>
<th>Income Per Capita</th>
<th>Youth Development Index</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Average (2011-17)</td>
<td>Average (2011-17)</td>
<td>YDI score 2016</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>6.57%</td>
<td>1,125</td>
<td>0.492</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>5.50%</td>
<td>3,534</td>
<td>0.731</td>
</tr>
<tr>
<td>India</td>
<td>6.83%</td>
<td>1,577</td>
<td>0.548</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.40%</td>
<td>3,471</td>
<td>0.527</td>
</tr>
<tr>
<td>Malaysia</td>
<td>5.23%</td>
<td>10,134</td>
<td>0.729</td>
</tr>
<tr>
<td>Philippines</td>
<td>6.17%</td>
<td>3,304</td>
<td>0.645</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.14%</td>
<td>5,617</td>
<td>0.615</td>
</tr>
<tr>
<td>Turkey</td>
<td>6.61%</td>
<td>11,770</td>
<td>0.665</td>
</tr>
<tr>
<td>China</td>
<td>7.56%</td>
<td>7,173</td>
<td>0.578</td>
</tr>
<tr>
<td>Pakistan</td>
<td>4.47%</td>
<td>1,381</td>
<td>0.464</td>
</tr>
</tbody>
</table>

Source: Author’s own calculation. Note: Data is taken from World Bank and Global Youth Development Index and Report, 2016

is categorized as high human development on the scale of national HDI. In Punjab, four out of the five best performing districts are in the category of high human development – a trend that is not seen in any other province. In KP, four of five are high-medium human development, while in Sindh three out of top five districts are in the category of medium human development. In Balochistan, unfortunately the best performing districts are in the category of low human development and only one, Quetta, is categorized as a medium human development district (Table 9).

On the other hand, the least performing districts of Punjab range from low medium to medium human development. Unfortunately, in all other provinces, the least performing districts range from very low to low human development. These differences demonstrate how pockets of inequality exist within and across provinces.

The inequality also impacts the country through gender, religion, ethnicity and most of all, access to public services. When the analysis of HDI is compared to the results on multidimensional poverty, similar trends are seen. Balochistan is the poorest province in Pakistan with multidimensional poverty at 71 percent. Punjab has the lowest poverty but within the province, southern Punjab districts continue to face a high level of poverty. However, these districts are still performing better than majority of Balochistan’s districts that have multidimensional poverty affecting more than 90 percent of the district’s population.

These regional pockets of high poverty have to be prioritized in order to address inequality. Development policies should seek to prioritise these districts in resource allocation and local institutional development to improve public service delivery.

Table 8: Highest and Lowest ranking Countries on Global Youth Development Index 2016

<table>
<thead>
<tr>
<th>Global YDI Rank</th>
<th>The ten highest-ranked Commonwealth countries</th>
<th>Proportion of 15-29 year olds</th>
<th>Global YDI Rank</th>
<th>The ten lowest-ranked Commonwealth countries</th>
<th>Proportion of 15-29 year olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Australia</td>
<td>21%</td>
<td>148</td>
<td>Rwanda</td>
<td>29%</td>
</tr>
<tr>
<td>4</td>
<td>UK</td>
<td>19%</td>
<td>149</td>
<td>Sierra Leone</td>
<td>28%</td>
</tr>
<tr>
<td>11</td>
<td>New Zealand</td>
<td>20%</td>
<td>154</td>
<td>Pakistan</td>
<td>29%</td>
</tr>
<tr>
<td>14</td>
<td>Canada</td>
<td>20%</td>
<td>155</td>
<td>Namibia</td>
<td>30%</td>
</tr>
<tr>
<td>20</td>
<td>Malta</td>
<td>19%</td>
<td>162</td>
<td>Malawi</td>
<td>29%</td>
</tr>
<tr>
<td>28</td>
<td>Barbados</td>
<td>19%</td>
<td>163</td>
<td>Cameroon</td>
<td>29%</td>
</tr>
<tr>
<td>31</td>
<td>Brunei</td>
<td>26%</td>
<td>168</td>
<td>Tanzania</td>
<td>27%</td>
</tr>
<tr>
<td>31</td>
<td>Sri Lanka</td>
<td>22%</td>
<td>171</td>
<td>Lesotho</td>
<td>33%</td>
</tr>
<tr>
<td>34</td>
<td>Malaysia</td>
<td>28%</td>
<td>176</td>
<td>Zambia</td>
<td>28%</td>
</tr>
<tr>
<td>38</td>
<td>Cyprus</td>
<td>23%</td>
<td>177</td>
<td>Mozambique</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: 2016 Global Youth Development Index and Report, The Commonwealth Secretariat

21. The data source for GDP growth rate and income per capita is World Bank. The youth development index has been taken from Global Youth Development Index and Report, 2016 of The Commonwealth
Urbanization

Pakistan's urban population is growing at an annual rate of 2.7 percent with 36 percent of the country's population now residing in urban areas. At this rate, by 2030, more than half the country's population is expected to live in cities. Urbanisation poses both a problem and a promise. While it can be an engine of inclusive economic growth through encouraging connectivity and innovation, it can also exacerbate risks to security, natural resources and basic services.

The most urbanized province in Pakistan is Sindh where 52 percent of the population is living in urban areas. Karachi and Lahore, the two mega-cities of Pakistan, account for 36 percent of the urban population of Pakistan (Karachi 16 million, Lahore 11.1 million of the total 75.6 million urban population of Pakistan). Most of these mega cities have very high population densities and consequently, demand better public services, such as improved transportation services, quality health and education, efficient land markets and better access to infrastructure like roads, water and sanitation and housing facilities. Unfortunately, improvements in public services have not kept pace with increasing urbanization.

Urbanization offers huge opportunities for economic growth. However, to benefit from this trend, the government should also pay attention to the growth of second tier cities along mega cities. Countries like China have grown more rapidly by developing cities like Shenzhen as hubs for manufacturing, technology and innovation. Higher population puts strains on services and infrastructure in mega cities. A diversified approach to cities development will not only spur growth but will also help in better management of municipal services in mega cities.

Some experts state that the census might have underestimated urban population as a result of denitional shortcomings. By World Bank estimates, 53.6 percent of Pakistan's population was urban in 2009 (Uchida & Nelson, 2010) and this could have only increased over time. Since the 1981 census, the urban areas are defined by administrative boundaries, i.e. all areas within the boundaries of metropolitan and municipal corporations, municipal committees and cantonments are considered 'urban'. The residual is categorized as rural. This definition disregards peri-urban areas developing as a result of natural expansion of city boundaries and the emergence of new towns with urban characteristics.

While urbanization has fuelled economic growth, it also shows mix results with regards to alleviating poverty. A large proportion of the urban population suffers from inaccessibility to public services and most importantly, a decent living standard in the form of affordable and adequate housing. On the other hand, urbanization to some extent, has also helped in reducing poverty by turning cities into engines of economic growth that generate employment opportunities. The multidimensional poverty in urban areas is lower than in rural areas (9.4 percent and 54.6 percent respectively).

Urbanization cannot by itself guarantee better human development outcomes. It requires proper planning and management to ensure that the process is channelled towards enhancing social and human development. It should promote prosperity and eliminate deep rooted poverty, encourage an inclusive process, and be environmentally sustainable.

Technology and Innovation

With countries around the world debating and preparing for the inevitable fourth industrial revolution, Pakistan has to ensure that it timely develops policies and institutions required to adapt to the increasingly sophisticated technology being developed and used in all sectors of economy. Innovation in production value chains and delivery of public services is changing the development landscape and the labour market and structure of economic sectors. Other regional countries are using technology to improve service delivery in sectors of education and health while also leveraging upon it for economic growth. Unfortunately, Pakistan ranks 109 out of 126 countries on the Global Innovation Index - one of the lowest in the region (Table 10). The slow progress highlights the lack of technological development and support for innovation in the country.

A timely investment in skills and the education system can ensure that the country has the required human resource to adapt to the changing landscape. In

Table 9: Best and Least Performing Districts, 2015 HDI

<table>
<thead>
<tr>
<th>Punjab</th>
<th>Sindh</th>
<th>Khyber Pakhtunkhwa</th>
<th>Balochistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lahore</td>
<td>Karachi</td>
<td>Abbottabad</td>
<td>Quetta</td>
</tr>
<tr>
<td>Rawalpindi</td>
<td>Hyderabad</td>
<td>Peshawar</td>
<td>Mardan</td>
</tr>
<tr>
<td>Sialkot</td>
<td>Nauksher</td>
<td>Haripur</td>
<td>Gawadar</td>
</tr>
<tr>
<td>Jhelum</td>
<td>Sukkur</td>
<td>Mardan</td>
<td>Noshki</td>
</tr>
<tr>
<td>Gujrat</td>
<td>Larkana</td>
<td>Nowshera</td>
<td>Sibi</td>
</tr>
</tbody>
</table>

Best Performing Districts

<table>
<thead>
<tr>
<th>Punjab</th>
<th>Sindh</th>
<th>Khyber Pakhtunkhwa</th>
<th>Balochistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahawalpur</td>
<td>Thatta</td>
<td>Tank</td>
<td>Chaghi</td>
</tr>
<tr>
<td>Bhakkar</td>
<td>Tando Muhammad</td>
<td>Shangla</td>
<td>Washuk</td>
</tr>
<tr>
<td>Muzaffargarh</td>
<td>Sujawal</td>
<td>Upper Dir</td>
<td>Harai</td>
</tr>
<tr>
<td>Dera Ghazi Khan</td>
<td>Umerkot</td>
<td>Tor Ghar</td>
<td>Jhal Magzi</td>
</tr>
<tr>
<td>Rajanpur</td>
<td>Tharparkar</td>
<td>Kohistan</td>
<td>Awaran</td>
</tr>
</tbody>
</table>

Least Performing Districts

Note: Two districts of KP; Kech/Turban and Panjgur, were not included in this classification as 2015 data was not available.

22. Pakistan Bureau of Statistics, Census 2017
addition, the right policies are also needed that reduce cost of doing business to promote entrepreneurial activity and development of innovative enterprises. Reducing cost of doing business will support innovators in investing in new technologies, business models and solutions. The future’s trade will depend to a large extent on Pakistan’s adaptability to the global pace of technological change.

**Governance**

Accountability, transparency, accessibility, effectiveness and responsiveness are some of the key components to assess public service delivery and quality of institutional governance in a country (See box feature on The ‘Better Governance Index’: Measuring Public Sector Performance). They all represent important elements that have to be part of institutional service delivery. Public service has to be assessed through both demand and supply side factors where the provision of service is also assessed through citizen feedback on the quality of service. With most public records and database being digitized today, ensuring online access to information and services can improve service delivery in Pakistan while also enhancing citizen satisfaction.

One of the metrics used globally to assess quality of governance through law and order, strengths of institutions and quality of governance through law and order, strengths of institutions and quality of service is the rule of law index, published by the World Justice Project. Unfortunately, Pakistan once again ranks the lowest in regional comparison with most countries doing far better. Out of 113 countries used in the construction of rule of law index, Pakistan ranks 105th.¹ Most of

The ‘Better Governance Index’: Measuring Public Sector Performance

Despite a political consensus on the significance of holding institutions accountable for results, mechanisms for performance measurement in the public sector remain weak and ad-hoc in nature. There is thus a clear need for putting in place a credible, systematic and iterative mechanism for measuring, benchmarking and reporting performance of public sector institutions.

The ‘Better Governance Index’ (BGI) will serve as a tool for benchmarking performance; drive better performance; create a competitive market for public sector institutions; and likely evolve into an accreditation system for the public sector. The BGI can be used by the government as a policy tool, by public sector institutions for performance improvement and by citizens and other stakeholders as a means of holding government to account.

Several initiatives for measurement of public sector performance are underway at the Federal and Provincial levels and some by the civil society. However, a very complex governmental structure including a large number of public sector monopolies, coupled with blurred lines of responsibilities and functions, an aversion for public disclosure and weak institutional capacities, pose several challenges for performance measurement. In addition, the power and influence of informal institutions comes to play in determining policies and their implementation, but has not invoked an appropriate strategic response.

Several issues relating to the implementation of a performance evaluation system in Pakistan’s public sector have been seen. These include access, quality and timeliness of data, compounded by distinct and common trends of opacity of operations among institutions and a marked absence of accountability to citizens. Therefore, a common yardstick for assessing improvements in the public sector is vital.

Pakistan’s public sector also suffers from the ‘floating clouds syndrome’ and its reforms agenda is entangled in a ‘noodle bowl’ of agendas. The former manifests itself in the form of several disconnected reforms without an anchor on the ground; the latter by an increasingly complex operational environment in which reforms are implemented, straining implementation capacities. There is a predilection for withholding data and information, although some marginal improvements have been made recently. Clearly, the absence of data and its poor quality is a binding constraint on the development of the BGI.

A growing urban population and more connected youth are raising the stakes for public accountability. Proliferation of electronic media, increasing voice of civil society and the mobilizing power of social media is fuelling public expectations and placing new demands for greater public accountability and improved range and quality of services. This makes the need for the BGI relevant and imperative.

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¹ This excerpt has been taken from the key findings of the report on “The Better Governance Index: A Conceptual Framework for Measuring Institutional Performance,” published by UNDP Pakistan in June 2015.

### Table 10: Global Innovation Index Rankings

<table>
<thead>
<tr>
<th>Country</th>
<th>Global Innovation Index (Rank)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>116</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>88</td>
</tr>
<tr>
<td>India</td>
<td>57</td>
</tr>
<tr>
<td>Indonesia</td>
<td>85</td>
</tr>
<tr>
<td>Malaysia</td>
<td>35</td>
</tr>
<tr>
<td>Philippines</td>
<td>73</td>
</tr>
<tr>
<td>Thailand</td>
<td>44</td>
</tr>
<tr>
<td>Turkey</td>
<td>50</td>
</tr>
<tr>
<td>China</td>
<td>17</td>
</tr>
<tr>
<td>Pakistan</td>
<td>109</td>
</tr>
</tbody>
</table>

**Source:** Global Innovation Index, 2018

### Table 11: Cross Country Comparison on Rule of Law Index

<table>
<thead>
<tr>
<th>Country</th>
<th>Rule of Law Index (Rank)</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>0.41</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>0.52</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>0.52</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>0.52</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.54</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>0.47</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>0.5</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>0.42</td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>0.5</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.39</td>
<td>105</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** World Justice Project
The Role of Local Government

Local bodies provide a critical link between the state and the citizen. Being closer to the citizens, local government structures are more apt to solve basic problems of the people, address their development needs, give them a sense of community engagement and ensure their feedback is adhered to. While governance in Pakistan has historically been two-tiered i.e. federal and provincial, the 18th Amendment to the constitution has re-introduced the local government system. For this to truly yield positive results, it is important that the role and functions of local governments are clearly identified and defined. Provincial governments and the bureaucracy must empower their local counterparts in order to create synergy.

the neighbouring countries, such as Malaysia, Indonesia, Sri Lanka and India score a lot better than Pakistan (Table 11).

Peace, justice and security also form an important component of rule of law and the overall governance of a country. Pakistan ranks fifth out of 163 countries on the Global Terrorism Index (GTI), with a score of 8.4 out of 10.26 While Pakistan's vulnerability to terrorism and security is high, this is by far, the best result the country has seen, decreasing from 8.61 in 2015.27 In 2016, there were 956 deaths from terrorism; the lowest number in a decade. This is a 12 percent decrease from the previous year and a 59 percent decline from the peak in 2013. Therefore, Pakistan's security situation is gradually improving (Figure 6 & 7).28 However, other regional countries perform better on GTI and this has been one of the critical factors to impede Pakistan's economic progress against its peers. India's rank on GTI is 7 while Bangladesh's 25, Nepal's 33, China's 36 and Sri Lanka 49, out of 163 countries.

Since 2002, Pakistan has played a frontline role in the global 'War against Terror’.29 This prolonged engagement has had adverse impacts on the Pakistani state, society and economy whereby enduring values of pluralism, tolerance, and peaceful co-existence have been undermined by the rise of tensions along religious, sectarian, and ethnic fault lines. The economic costs of this war have been high (Table 12).

In ensuring peace in the region, it is imperative to ensure that the drivers of violent extremism are identified and a plan of action is crafted accordingly. The local stakeholders, along with the international community must come together to chalk out a plan. Moreover, it is imperative that Pakistan's rule of law institutions must work more on effective implementation. It is promising to see that the government is already actively engaged in countering and preventing violent extremism.

Environmental Protection and Climate Change

1. Climate Change (CC) and Natural Disaster Management

Pakistan is the eighth most vulnerable country to CC although it contributes less than 0.5 percent to global greenhouse gas (GHG) emissions. Events like the 2010 floods resulted in the loss of nearly 2000 lives and millions of dollars in losses.26

Table 12: Economic Cost of Terrorism (as a % of GDP)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Iraq</td>
<td>17.3</td>
</tr>
<tr>
<td>2</td>
<td>Afghanistan</td>
<td>16.8</td>
</tr>
<tr>
<td>3</td>
<td>Syria</td>
<td>8.3</td>
</tr>
<tr>
<td>4</td>
<td>Yemen</td>
<td>7.3</td>
</tr>
<tr>
<td>5</td>
<td>Libya</td>
<td>5.7</td>
</tr>
<tr>
<td>6</td>
<td>South Sudan</td>
<td>4.8</td>
</tr>
<tr>
<td>7</td>
<td>Nigeria</td>
<td>4.5</td>
</tr>
<tr>
<td>8</td>
<td>Pakistan</td>
<td>2.8</td>
</tr>
</tbody>
</table>

27. Ibid
28. Ibid
30. For the time period 1998-2017, according to Germanwatch Climate Risk Index 2019.
human lives and economic losses equivalent to over USD 16 billion,29 reconfirm that climate change is the most pressing and immediate development threat faced by this country.

The mean annual temperature in Pakistan has increased roughly by 0.5 degrees centigrade in the last 50 years,30 in addition to annual precipitation slightly increasing over the same period of time. The number of heat wave days per year has increased nearly fivefold in the last 30 years.31 It is expected, that the annual mean temperature in Pakistan will rise by 3-5 degrees centigrade by the end of this century.32

Pakistan incurred USD 6 billion losses in relation to climate change in 2012.33 It needs to invest 5.5 percent of GDP annually for mitigation and 1.5-3.0 percent for adaptation to address the effects of CC.34 For a 15 percent reduction in GHG emission, an annual investment of around USD 8 billion is needed.35 Given the substantial global shortfall in financing, Pakistan requires an overarching CC financing framework which can help streamline budget allocations and ensure holistic response to CC challenges in the country.

Approximately 6 percent of Pakistan’s federal budget during 2010–2014 comprised climate change-related expenditures, predominantly in energy and transport and majority of it went to mitigation as a result of frequent natural disasters.36 As described in its Nationally Determined Contribution to the Paris Agreement under the United Nations Framework Convention on Climate Change, Pakistan intends to reduce up to 20 percent of its 2030 projected GHG emissions, subject to availability of international grants to meet the cumulative abatement costs amounting to approximately USD 40 billion. The country’s adaptation needs have been identified to range between USD 7 billion to USD 14 billion per year.37

The other regional countries face a similar challenge. By some estimates, India faces a loss of USD 10 billion annually due to climate change impact38 and has allocated USD 52.8 million for two years (2015 to 2017) for expenditure on climate change adaptation.39 Bangladesh also spends 1.17 percent of its GDP on climate change adaptation.40 Nepal spends 1.55 percent of GDP, Thailand 0.53 percent and Indonesia 0.15 percent.41 However, experts say such a larger multiplier is required to support countries in mitigating and adapting to the effects of climate change.

Pakistan also needs strong institutions to follow up on its implementation of the National Climate Change Policy 2012. The policy envisioned different measures to address issues in various sectors such as water, agriculture, forestry, coastal areas, biodiversity and other vulnerable ecosystems. The policy originally envisaged a plan of action for all provinces to share proposals for implementation of the policy, with the federal government. The policy requires sustained coordination and will in order to take full effect. The severity of the CC threat and its cross cutting nature requires a “whole of government” approach including parliament, finance, planning and sectoral departments at all levels.

2. Water Crises

Pakistan is rapidly becoming a water stressed country with water scarcity increasing each year. It is among the world’s 36 most water-stressed countries, with its agricultural, domestic, and industry sectors scoring high on the water stress index.42

Pakistan’s per capita annual water availability stood at 5,600 cubic meters in 1947, and has now considerably dropped to 1,017 cubic meters.43 Given the current situation, this is projected to decline even further (Figure 8). By 2025, the country will also likely witness a huge demand-supply gap, whereby the projected demand is expected to reach 274 million acre-feet (MAF), while supply is expected to remain stagnant at 191 MAF.44

Despite remarkable improvements in the proportion of population using an improved water source and an improved sanitation facility, Pakistan ranks number 9 in the list of top 10 countries with lowest

![Figure 8: Pakistan: Water Availability (m³/person)](https://www.researchgate.net/publication/299393218_Climate_Change_Reections_on_Issues_Challenges_and_the_Way_Forward)

Source: Pakistan’s Water and Power Development Authority (WAPDA)

33. Ibid
34. Ibid
37. Ibid
38. Ibid
41. Thomson Reuters (2016), “India’s budget for climate adaptation is too low, activists say.” Available at https://in.reuters.com/article/india-climatechange-budget-idINKCN0XK80SH
42. UNDP, “Governance of Climate Change Finance to Benet the Poor and the Vulnerable in Asia Pacific.” Available at https://www.climatefinance-developmenteffectiveness.org/sites/default/files/documents/27_08_15/1%20Budgeting%20for%20Climate%20Change_August%202015.pdf
45. Ibid
access to clean water where 21 million do not have access to clean water.⁴⁶ The repercussions on health are severe: an approximate 39,000 children under five die every year from diarrhea caused by unsafe water and poor sanitation.⁴⁷ The same issue also affects other regional countries. In India, 163 million people do not have access to clean water and 4 million in Bangladesh.

There are several reasons for water shortage, including the increasing demand for water and its erratic supply. Over the years, with factors such as population growth, water intensive farming practices, rapid urbanization and industrialization, the demand for water has increased considerably. However, supply has not increased by the same proportion. Climate change has resulted in erratic rainfall over the years, leading to floods and droughts while excessive pumping of groundwater has raised major concerns over sustainability, and poor water infrastructure has further put water availability under stress.

Moving forward, water-efficiency needs to be prioritized in national plans and policies, especially in agriculture, as that dominates water consumption. This would require a concerted effort by all stakeholders, especially at the local level. Capacity building of water management institutions is also requisite.

Finally, an integrated approach to water resource management should be developed. This approach should prioritize conservation and sustainable water use through improved cost recovery, upgrading infrastructure, and bringing agriculture under the tax regime. Water is a major instrument of economic growth. Harnessing its potential requires emphasis on demand-side measures that would promote conservation and control of excessive groundwater exploitation.

### Population Growth

Pakistan has experienced rapid population growth. It has increased at an average annual rate of 2.4 percent from 1998 to 2017, reaching 207.8 million in 2017. This growth rate is the highest in South Asia; India, Sri Lanka and Nepal’s population growth rate is 1.1 percent, Bangladesh’s 1.0 percent, and China’s 0.6 percent (Table 13). Bangladesh has employed an effective strategy for family planning using lady health workers for a comprehensive outreach programme. Through its rigorous efforts and well thought out strategy involving all stakeholders, it was able to control population growth.

This is in contrast to Pakistan’s experience where the recent Pakistan Demographics and Health Survey (PDHS 2017-18) has shown that contraceptive prevalence rate (CPR) remained stagnant over the past 5 years (34 percent in the 2017-18 PDHS and 35 percent in the 2012-13 PDHS). It also shows that 17 percent currently married women have an unmet need for family planning. The unmet need is higher in rural areas (19 percent) than in urban areas (15 percent). The CPR of Pakistan is one of the lowest in the region; India and Nepal has CPR of 53 percent and Sri Lanka 68.4 percent.

The latest PDHS also shows that while fertility rate has decreased in Pakistan from 5.4 births per woman in 1990 to 3.6 in 2017, in the last few years there has not been a major decline (births per woman was 3.8 in 2012-13) (Figure 9).

### Conclusion

The above discussion provides a summarized analysis of some of the challenges faced by Pakistan. It does not provide an exhaustive list of areas but some of the main issues that can be addressed by the state. Pakistan is faced with a myriad of challenges on both the economic and social front but through the right policies and commitment, transformation can take place. An integrated approach prioritising development challenges is required to develop solutions. Being a signatory to the global Sustainable Development Goals, the country is committed to achieving and sustaining progress, provided all actors work together on a united front.

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**Table 13: Annual Population Growth Rate in Percentage**

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Population Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>1</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1.1</td>
</tr>
<tr>
<td>India</td>
<td>1.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1.1</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.4</td>
</tr>
<tr>
<td>Philippines</td>
<td>1.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>0.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>1.5</td>
</tr>
<tr>
<td>China</td>
<td>0.6</td>
</tr>
<tr>
<td>Nepal</td>
<td>1.1</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2.4</td>
</tr>
</tbody>
</table>

Source: World Bank

---

**Figure 9: Births Per Woman**

<table>
<thead>
<tr>
<th>Year</th>
<th>Births Per Woman</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>5.4</td>
</tr>
<tr>
<td>2006-07</td>
<td>4.1</td>
</tr>
<tr>
<td>2012-13</td>
<td>3.8</td>
</tr>
<tr>
<td>2017-18</td>
<td>3.6</td>
</tr>
</tbody>
</table>

Source: Multiple rounds of PDHS

Note: Excludes Azad Jammu and Kashmir and Gilgit Baltistan

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DEVELOPMENT PRIORITIES FOR PAKISTAN

PRIORITIES BY THE CITIZENS
Survey

Development Priorities for Pakistan: What do the people want?

Pakistan is a nation of 207 million. With its share of challenges and opportunities, the country has witnessed a long path of upheavals, followed by periods of calm and stability. Pakistan’s ranking of 150 on the Human Development Index prompts an analysis of its development priorities, in order to fashion a fresh approach of realigning the country in its path to sustainable development.

UNDP conducted an online survey, to gather people’s opinions on what should be the development priorities for the government. The survey was structured on questions pertaining to what challenges plague the nation, and what, according to the people, should be the prime focus in steering national/provincial plans and policies.

The first section highlights the participants’ profile, while the second section delineates the results.

### Section 1: Participants’ Profile

#### Level of Education

75 percent of participants were well educated, with a minimum of masters degree.

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Matriculation</td>
<td>1.89%</td>
</tr>
<tr>
<td>FSc/FA/A-Levels/ High School</td>
<td>3.77%</td>
</tr>
<tr>
<td>Bachelors</td>
<td>18.87%</td>
</tr>
<tr>
<td>Masters/ MPhil</td>
<td>64.15%</td>
</tr>
<tr>
<td>PhD or Above</td>
<td>11.32%</td>
</tr>
</tbody>
</table>

#### Employment Status

A large proportion of respondents included ‘employed’ (91 percent). However, home makers, retirees as well as students, were also in good numbers.

- **Homemaker**: 1.92%
- **Retired**: 1.92%
- **Student**: 5.78%
- **Unemployed**: 7.69%
- **Employed Full-Time (40+ hours per week)**: 80.77%
- **Employed Part-Time (Less than 40 hours per week)**: 1.92%
Section 2: Survey Results

What stood out at the national level?

4 Areas of Interventions
- Building women capabilities through investment in education and skills training
- Enhancing economic empowerment through legislations to ensure equal representation in workforce
- Ensuring access to legal justice
- Integrating gender dimension in plans and policies.

What is the issue?
- Huge youth bulge
- Insufficient opportunities
- Lack of coherent youth policy
- Lack of investment in youth

What can be done?
- Clearly define roles and functions of Local Governments
- Financial autonomy of LG structures
- Engage private sector
- Enforce accountability and transparency
- Digitize systems to enhance efficiency
- Inclusion of citizens in decision making

HDI variations reflect significant disparities between provinces reflecting inequality in human development across Pakistan.

Pakistan is the 2nd youngest country in South Asia. However, the latest global YDI report (2016) places Pakistan at 154/183 countries.

Shake the core, forget the yore!

Priorities of governance, human development and peace and security are at the core of peoples’ development agenda, both at the federal as well as provincial levels. Only when the core is strengthened, can other issues such as women empowerment, youth, economic growth etc improve.
With both provinces having poor socio-economic indicators, it comes as no surprise that local governance emerged as a key priority. The overall strengthening of local government capacities, including empowering them to take key decisions, is a pre-requisite for improving the social and economic fabric.

Water has emerged as a key priority area in the region. More than two-thirds of households drink bacterially contaminated water and, every year, 53,000 Pakistani children die of diarrhoea after drinking it...

Barely 15 days old, Kinza whimpers at an Islamabad hospital where she is suffering from diarrhoea and a blood infection, a tiny victim among thousands afflicted by Pakistan’s severely polluted and decreasing water supplies. Cloaked in a colourful blanket, Kinza moves in slow motion, like a small doll. Her mother, Sartaj, does not understand how her daughter became so ill. “Each time I give her the bottle, I boil the water.” But Sartaj and her family drink daily from a stream in their Islamabad neighbourhood— one of several waterways running through the capital that are choked with filth. Boiling the water can only do so much.

The process of development can only be inclusive if it takes into account the wants and needs of all segments of the society. Similar trends were witnessed in terms of priorities for both males and females.

### Top 3 Priorities

1. **Governance & Rule of Law**
2. **Strengthening Local Government Structures**
3. **Human Development**

### Top 3 Priorities by Age Groups

- **17-24 Years**
  - 11.32% for Governance & Rule of Law
  - 32.08% for Inclusive Economic Growth
- **25-34 Years**
  - 32.08% for Governance & Rule of Law
  - 41% for Inclusive Economic Growth
- **35-44 Years**
  - 11.32% for Governance & Rule of Law
  - 24% for Inclusive Economic Growth
- **45-54 Years**
  - 16.7% for Governance & Rule of Law
  - 33.3% for Inclusive Economic Growth
- **55-64 Years**
  - 50.3% for Governance & Rule of Law
  - 1% for Inclusive Economic Growth
- **65-74 Years**
  - 1.89% for Inclusive Economic Growth
The bubble presents several more recommendations that the people felt should be worked alongside. Together, all these priorities represent challenges and failures, yet promises and ideas for the future.
The new Government has inherited a country that is suffering from major economic and financial crisis that is likely to snowball if urgent action is not taken. The first focus should be on reviving the real sectors of the economy. This should be accompanied by a set of policies and actions required to stabilize the balance of payments and the public finances of the country. Recognizing the root causes of inequality and identifying ways to tackle these is also essential. Finally, improvements in governance required to support the process of high and inclusive sustained growth in the country are also an urgent pre-requisite and need to be emphasized.

Ten key areas of reform have been identified. The development priorities and reform agenda in each area are identified below:

1. **Reviving the Economy:**
   a. Agriculture: The top most priority has to be to ensure that there is enough water for agriculture. Simultaneously, the emphasis has to be on improving water utilization efficiency and on greater exploitation of available water resources. Appropriate pricing policies will have to be adopted to change cropping patterns away from water-intensive crops like sugar cane and to enhance water rates. Priority will have to be given to promoting the use of drip-irrigation, with appropriate fiscal incentives and agricultural extension services. The credit availability for agricultural purposes must be substantially enhanced, especially for small farmers. Agricultural research and development and extension services also need to be greatly strengthened.
   b. Manufacturing: During the last 5 years, the average rate of effective protection to domestic import substituting industries has been halved due to the cascading down of import tariffs, with the maximum tariff down from 35 percent to 20 percent. There is a strong case for raising the maximum tariff to 25 percent. The loss of export competitiveness of the manufacturing sector of the country has to be restored by maintaining the exchange rate at its true value and not allowing it to appreciate. Also, the industrial sector faces a disproportionate tax burden in relation to other sectors. To counter this, a tax deductibility provision must be introduced in the corporate income tax for payments of WWF/WPFP and full zero-rating of export oriented industries. Moreover, the minimum income tax on turnover should be withdrawn.

2. **Promoting Investment:**
   a. Private Investment: Pakistan ranks poorly at 136 out of 190 countries in the international ranking of Ease of Doing Business Index. There is need for rationalization of tax payments, simplifying registration procedures and facilitating access to credit. There is also a need to reiterate the fiscal incentives that are needed for promoting investment. First, the initial depreciation allowance should be raised from 50 percent to 100 percent. Second, the tax credit for balancing, modernisation and replacement (BMR) should be enhanced to 10 percent. Third, as a step towards simplification and uniform treatment, a standard import tariff of 5 percent only may be charged on plant and machinery and existing Statutory regulatory orders (SROs) on machinery withdrawn.
   b. Public Development Spending: Top priority has to be given to early completion of electricity transmission and distribution projects to enable the utilization of new power generation projects. However, almost 84 percent of on-going projects are currently to be self-financed by PEPCO and WAPDA and only 16 percent from funds from the PSDP. This has led to big implementation delays. Bulk of the transmission and distribution (T&D) projects must be brought into the federal PSDP. The priority of Water Resources projects needs to be greatly enhanced. Also, the focus of the federal PSDP should be on trunk infrastructure and small intra-provincial projects avoided. Further, there should be equal sharing by Provincial Governments in allocations for sectors of joint responsibility like higher education and population planning and health. Stronger monitoring and accountability arrangements must be put in place to avoid leakages and wastage. There is a strong case for moving to e-procurement.

3. **Generating Employment:**
   a. Employment Strategy: The development strategy should focus on sectors which have relatively high employment elasticity with respect to the growth of output. These sectors include construction, small-scale manufacturing, domestic trade and exports, transport and emerging private sector services. Today, there are 7 million idle male youth in Pakistan. This could lead to increase in crime and social disruption. Emphasis has to be placed on vocational and technical education, micro credit and wide ranging youth programs. Expansion of public universities and colleges must be restricted given the high, over 20 percent, unemployment rate among graduates currently. The curricula should be revised for greater market relevance.
   b. Labor Laws and Conventions: Pakistan has most of the labor and human resource laws but the basic problem is of effective implementation. Vigilance Committees at the district level must be set up for abolition of bonded and child labor and for ensuring payment of minimum wages. The Government must establish Labor Courts, with the function of adjudicating on industrial disputes and also create Labor Appellate Tribunals. A major step forward would be the enactment of law relating to gender equality in the workplace.

4. **Stabilizing the Balance of Payments:**
   a. Promoting Exports: The highest priority must be given to ensure zero power load-shedding in supply to export oriented industries and to avoid any increase in the power or gas tariffs paid by the industries in the export sector. In textiles, the target must be to get back to the output of at least 14 million bales of cotton as soon as possible. Like Bangladesh, the export incentive scheme in place should cover many more items. Three

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1. This piece is derived from the author’s book on Growth and Inequality in Pakistan. Available at https://library.fes.de/pdf-files/bueros/pakistan/14113.pdf. Preparation of the book was supported by the FES Foundation, Germany.
c. Fullling the External Financing

b. Containing Imports: The trade deﬁcit in goods and services has reached alarming proportions. In 2017-18, it was USD 36.4 billion. The focus should be on containing the level of import of goods. There is a need to try other instruments, apart from regulatory duties, such as cash margins on all imports of up to 30 percent, with the exception of essential items like POL products, fertilizer and medicines and tariff quotas as effective ways of controlling the level of imports. The Free Trade Agreement (FTA) with China needs to be re-negotiated to provide for more quid pro quo.

c. Fullling the External Financing Requirement: This is projected at over USD 30 billion in the ‘business-as-usual’ scenario in 2018-19, almost 10 percent of the GDP. The safe level is 5 percent of the GDP. Normal ﬂows in the ﬁnancial account aggregated to USD 17 billion in 2017-18. Therefore, the net ﬁnancing gap is USD 13 billion. The Government has opted for seeking balance of payments support from the IMF. The Fund is likely to ask for a downward adjustment in the size of the current account deﬁcit of over USD 6 billion. This is likely to be largely predicated on a big devaluation of the Rupee of up to 15 percent in relation to the rate of PKR 133.50 per US$. This implies that the Rupee may have to be brought down to below PKR 150 per USD. A number of major changes will also have to be made in ﬁscal policy to bring down the budget deﬁcit to 5 percent of the GDP in 2018-19. Simultaneously, interest rates will have to be signiﬁcantly enhanced. Efforts will have to be made to insulate the poor to the extent possible from the negative impacts.

5. Managing Public Finances:

a. Tax Reforms: The current tax to GDP ratio of Pakistan is 13 percent of the GDP. Research on the size of the ‘tax gap’ reveals that this is close to 3 percent of the GDP. Therefore, the target must be to raise the tax to GDP ratio to 16 percent of the GDP as soon as possible. Direct taxes constitute only 34 percent of total tax revenues and stand at 4.5 percent of the GDP. Therefore, the ﬁscal effort will need to concentrate on raising revenues from direct taxes by about 2 percent of the GDP. First, an important way of raising tax revenues is to withdraw the tax expenditures in direct taxes. Second, there is a need to broad base further the income tax and substantially increase the number of tax return ﬁlers by compulsory ﬁling of returns by the over 2.5 million bank credit card holders and by domestic consumers with large electricity bills. Third, the capital gains tax base on securities and property needs to be extended by lengthening the holding period subject to taxation. Fourth, efforts need to be made for development of a comprehensive information data base to give collateral evidence on big tax evaders. Fifth, the audit policy should be risk-based and cover at least 10 percent of the returns. Turning to the sales tax, the focus should be on development of a comprehensive and integrated national VAT on goods and services. Excise duties need to be levied or enhanced on items which are injurious to health and on polluting industries.

b. Controlling the Budget Deficit: Current expenditure of the Federal and Provincial Governments combined has shown a rising trend and reached a peak of 17 percent of the GDP in 2017-18. There is a case for imposing a moratorium on increase in emoluments of Government employees for the next two years, except for low grade employees up to BPS 16. The overhead costs of the Federal Government may be contained signiﬁcantly by economy in non-salary operating costs of at least 10 percent. In fact, after the 18 Amendment, there is a strong case for ‘right sizing’ the Federal Government by reducing the number of Divisions/Ministries and undertaking a ‘zero-based’ budgeting exercise of over 200 attached departments and autonomous bodies. Defense expenditure has grown rapidly in recent years and the armed forces may be motivated to exercise voluntary restraint in expenditure. Grants, which are not mandatory to Provincial Governments, should also be reduced. State Bank of Pakistan (SBP) borrowing may be limited to the extent of ‘seignorage’ in the national economy of about 1.5 percent of the GDP.

c. Public Debt Management: Serious ﬂaws have been observed in the management of public debt. There is a dire need for strengthening public debt management capacity in the Ministry of Finance. Also, the focus on unfunded debt must increase. National Savings Schemes should be made more attractive, with wider access.

6. Strengthening the Federation:

a. Implementing the 18th Amendment: The 9th NFC may make some provision for transfer of additional resources to the Provinces for funding of public universities within their respective domains. Provincial HECs can then begin to perform the ﬁnancing function. The advantage is that it will separate the ﬁnancial and the regulatory function, which should remain with the Federal HEC. The Provinces may also be granted more autonomy in the planning process. Only those Provincial projects should come to Islamabad for approval which either have foreign assistance or cost sharing by the Federal Government. There is a proliferation and duplication of ‘populist’ social welfare programs at both the Federal and Provincial levels. There is a need for avoiding this duplication and promoting implementation primarily at the Provincial level.

b. The 9th NFC Award: There is a need for the NFC Secretariat in the Federal Ministry of Finance to update the data on the horizontal criteria, besides population, at the Provincial level. This is essential if any controversy is to be avoided during discussions of the 9th NFC. The 9th NFC must recognize that following transfers from the Federal Government, the Provincial Governments are fully autonomous in the utilization of their funds and generation of cash surpluses cannot be made mandatory. The 9th NFC must complete the process of implementation of the 18th Agreement. There should be agreement on the remaining functions to be transferred to the Provinces and the Award should cater for the cost of these functions to be borne henceforth by the Provincial Governments. The institutional capacity of Provinces needs to be augmented for efﬁcient and equitable delivery of services, especially those which promote human development.

7. Accelerating the Pace of Human Development:

a. Progress in Human Development: Pakistan has been ranked 150th out of 189 countries in 2017 and is the lowest country in the group of countries with medium level of human development. Also, it has the lowest ranking among
the countries of South Asia. There is a visible slowing down in the trend of improvement in social indicators after 2010, despite larger transfers to Provinces, with prime responsibility for health and education, after the 7th NFC Award. The total public outlay on education has increased from 1.7 percent to 2.2 percent of the GDP and on health from 0.6 percent to 1.0 percent of the GDP. The slow pace of improvement in the HDI despite higher level of public expenditure is the consequence of wrong priorities in budgetary allocation within a social service. Efficiency in the delivery of social services has also been adversely affected by weak governance, corruption and leakages. There is need for more accountability of persons delivering these services. This makes out a strong case for Local Governments to be involved in the management and financing of basic social services.

8. Reducing Inequalities:

a. State Capture by the Elite: The ‘elite’ is the conglomeration of rich and powerful groups in society. The process by which ‘state capture’ takes place is by the promulgation of rules, procedures and laws which confer special privileges to these groups or ‘vested interests’. These privileged groups include the feudal class, the military, multinational companies, senior echelons of the bureaucracy, the urban property owners and developers, the trading community, MNA/MPAs and so on. The list goes on and on of privileges enjoyed by the elite due to state capture. A conservative estimate of the additional income or increase in wealth that accrues annually to these groups is almost Rs 1.5 trillion. This implies that the tax and other revenue foregone is over Rs 300 billion. The people will probably have to wait for the time when this type of mostly legalised plunder of the State comes to an end.

b. Inequality in Income and Wealth: Among different sources of income, the most uneven distribution in favor of the top quintile is in property and investment related income, pensions and home remittances. This makes out a very strong case for progressive taxation of income and capital value of property and other assets. The distribution of farm land remains extremely skewed in Pakistan. Only 1 percent of the farmers own over 20 percent of the farm area. A redistribution of land would substantially reduce rural poverty. But land reform is no longer an active part of the policy agenda. A less radical solution would be the development of a very progressive agricultural income tax.

c. Inter-Provincial Income Inequality: There is a fairly substantial difference in per capita income among the four Provinces of Pakistan as revealed by the estimates of Provincial GDPs and population. Sindh is the only Province with per capita income above the national average, by 22 percent in 2015-16. Punjab, Khyber Pakhtunkhwa and Balochistan have per capita incomes of 4 percent, 6 percent and 45 percent respectively below the national average. The Provincial Growth Strategies should focus particularly on development of the sectors in which a Province has the comparative advantage. This will maximize the rate of exploitation of the development potential of the country.

d. Spatial Variation in the HDI: There are large disparities in the HDI at the district level. Only 3 districts (Karachi, Lahore and Rawalpindi) have achieved a high level (HDI > 0.7) of human development. 21 districts are at the medium level of HDI, with the majority of twelve in Punjab. The remaining 95 districts are characterized by a low level of human development (HDI < 0.5). Provincial Governments will need to have special programs for development of backward districts in their domain. In addition, Federal Agencies like the BISP, PPAF, NCHD and national NGOs must increase their involvement and support to the people in these backward districts.

e. The Urban-Rural Divide: At the national level, contrary perhaps to expectations, almost 40 percent of the value added in industry and 44 percent of services activity is actually in the rural economy. Consequently, the economic base of rural areas is diversified, with the share of non-farm activities at 62 percent. This highlights the need for investment in physical infrastructure and spreading the network of services in these areas. Emphasis will, therefore, have to be given to farm-to-market rural roads, village electrification and gas connections besides rural water supply and sanitation, basic education and health services. The urban-rural divide is most pronounced in Balochistan with urban per capita income 169 percent above the rural equivalent. This clearly demonstrates the extreme challenge of developing the rural areas of the Province due to low population density, low availability of water for agriculture and limited human capital. A perhaps unconventional recommendation is to promote the development of a dispersed network of towns and encourage migration to these centers so that some economies of scale could be realized.

9. Tackling Poverty:

a. Incidence of Poverty: There has been some fall in poverty from 47 percent in 2007-08 in 2005-06 to 37 percent in 2015-16. This implies an annual rate of reduction of 1.2 percentage points and a poverty-growth elasticity of -0.2. Based on this elasticity it is estimated that there are 70 million people below the poverty line in Pakistan in 2017-18.

b. Expanding Social Protection: Social protection represents ways of providing support to the poor. There are three types of social protection – social insurance; social assistance and active labor market programs. The major social assistance programs in Pakistan include the BISP, Zakat and BaitulMaal; price subsidies on basic food items and utilities and social protection in the form of pensions to workers provided by the Government or Employees Old-Age Benefits Institution (EOBI). The principal labor market program is the provision of microcredit by Pakistan Poverty Alleviation Fund (PPAF) and a number of microfinance banks and NGOs. There are also some programs for technical and vocational training. The total outlay on social protection programs was PKR 624 billion in 2017-18, equivalent to 1.8 percent of the GDP. It has gone up from 1.3 percent of the GDP in 2012-13. The proposed reform agenda includes, first, expansion of coverage of Benazir Income Support Programme (BISP) to 8 million families out of the total of over 11 million poor families. In addition, the quarterly supplement needs to be raised by 20 percent to account for inflation. Second, the EOBI may consider enhancement of the minimum pension amount and inviting self-employed workers to participate on a contributory basis. Also, a special pension scheme can be developed for Pakistani expatriate workers through the State Life Insurance Corporation (SLIC) like India. Third, persons who qualify with a diploma from an accredited technical or vocational training program may be given automatic access to microcredit. The training should include a module on entrepreneurship and preparation of a feasibility report on a small project. Fourth, a tax credit scheme may be introduced for commercial banks and other financial institutions equivalent to 5 percent of the increase in credit to wholesalers of
Improving Governance:

a. Achieving Good Economic Governance: The process of economic policy making needs to be improved. The apex body of the National Economic Council (NEC) must meet every quarter to focus on important issues of policy and reform like export growth, resource mobilization, etc. Prior to this, specific proposals may be examined by a Council of Economic Advisers, chaired by the Prime Minister, including representation of economic exports from outside. The Planning Commission needs to be converted into an in-house policy think tank of the Government rather than just be a project approval institution. There is need to adhere to the norms of good budgeting practices. Continuity in policy is essential especially to remove uncertainty in the minds of investors. The larger public interest must always be protected. A major test of good economic governance is the ability to anticipate and manage crises. This requires the presence of early warning systems, quick policy response times and a willingness to take strong actions to mitigate or reduce the impact of crisis. The next requirement is integrity of the political leadership and different echelons of the bureaucracy. Effective delivery of services is an important pre-requisite for successful governance. Finally, an important ingredient of economic governance is the presence of sovereignty in policy decisions. The new Government will be starting discussions with the IMF on a new program. It should prepare a well-thought set of ‘homegrown’ reforms and negotiate for their inclusion in the Program. This will preserve the initiative with Government in the reform process and increase the motivation for implementation.

b. Vigilant Regulatory Agencies: The following reforms are required for improving the performance of regulatory agencies: i) regulatory institutions should be truly autonomous; ii) appointment of members of the Boards should not be by Ministries but through a confirmation process by a Select Committee of the Senate of Pakistan; iii) there is some ambiguity in the role of the Ombudsman’s Office and Regulatory agencies. This should be clarified and roles clearly defined; iv) annual Reports of all Federal Regulatory agencies must be presented in the CCI, which in turn should present a report to the Parliament. CCI meetings must be regularly held on a quarterly basis. All Boards of Federal Regulatory Agencies must have representation from each Province. There is need for technical capacity building, especially of the specialized agencies like NEPRA and OGRA. The performance of Provincial regulatory functions also needs to be substantially improved, especially in the area of Environment Protection.

c. Establishing Strong Local Governments: The role of Local Governments is crucial from the viewpoint of ensuring grassroots participation of the people and creating accountability in the delivery of basic services. The following reforms are recommended: i) the Supreme Court may be requested to pass a judgment on whether the current Local Government laws of the different Provinces adhere to the provisions of Article 140 A. Accordingly, new laws may be drafted; ii) like the Khyber-Pakhtunkhwa Local Government system, the functions of primary and secondary education, hospitals, clinics and public transport should come under the ambit of Local Governments, along with the basic municipal services; iii) making a special provision for earmarked transfer of revenues in future NFC awards; iv) the Provincial Finance Commissions, which are chaired by the Provincial Finance Minister, must have balanced representation of Provincial and Local functionaries. Inclusive of straight transfers, the target should be a transfer at least 30 percent of Provincial revenues to Local Governments.

In conclusion, the reform agenda is comprehensive and ambitious. Implementation of this agenda will ensure fast, inclusive and sustainable growth in Pakistan.
The new PTI government has made a break from the past by announcing that the centerpiece of its economic strategy will be human development. It can be argued that focusing on the development of human capabilities can enable individuals to lead the kind of life they consider meaningful. In doing so, the potential of a nation for enterprise, innovation and creativity can be actualized to enrich not only the economy, but human civilization itself. The economic strategy required to achieve this aim involves a new growth process that is based on equity and the conservation of the environment for sustainable development. In this essay we will indicate four specific policy initiatives to begin the process of inclusive and sustainable development.

Universal Provision of Health, Education and Social Security

If human beings are to be the driving force of development, then a necessary condition is the provision for all citizens of quality healthcare, quality education and social security, which includes state pensions and unemployment benefits. These services are important for the development of human capabilities.

Basic Services, Human Capabilities and Economic Growth: It can be argued that in an economy and society where the enabling conditions for the development of human capabilities are institutionalized, there will be greater human welfare and higher long term growth. This is simply because, if all citizens have the opportunity to actualize their potential and the institutional structure enables them to get livelihoods in accordance with their developed capabilities, then long term productivity growth and thereby economic growth, can be sustained.

Implications for State, Society and Economy: The universal provision of these basic services has implications for state, society and economy; (i) These services for all citizens further the objective of equity which is an end in itself. It is also integral to the idea of a democratic state and social justice. This is why equity is part of the vision of Pakistan itself and indeed of the Constitution. (ii) They facilitate social cohesion which is necessary for the stability of the society and its resilience in the face of exogenous shocks. Equally important, as recent research shows, social cohesion is a key factor in sustaining long term economic growth. (iii) The universal provision of health and education have a direct relationship with the economic growth objective. If the labour force of society is healthy, and has high quality education, then given an inclusive institutional structure, those engaged in employment or enterprise, will be more productive thereby laying the basis of long term economic growth.

Can Pakistan Afford the Universal Provision of Health and Education? The idea that Pakistan cannot afford the universal provision of health and education is erroneous when considered in the light of historical experience of countries which have undertaken such a policy. Many of the countries that have sustained high economic growth on the basis of the universal provision of health, education and social security gave a commitment to provide these services at a time when their per capita incomes were lower than that of Pakistan today. For example, Japan under the Meiji dynasty in the mid-19th century, Germany under Bismarck in the late 19th century, Scandinavian countries in the early 20th century and China in the mid-20th century.

The per capita income of Pakistan in 2010, measured in terms of the Geary-Khamis (GK) 1990 dollars was USD 2,494. By contrast, that of Norway in 1848 was USD 912, Finland in 1866 was USD 958, Sweden in 1891 was USD 1856 and Germany in 1880 was USD 1991. The Water Scarcity Challenge and Policies for Addressing it

Pakistan is facing a water crisis. Water availability per capita has declined from 5,000 cubic meters per person per year in 1951, to 1,100 cubic meters per person per year now. The problem of reduced water availability is compounded by the low irrigation efficiency and a water use efficiency that is amongst the lowest in the world. The overall irrigation efficiency is 36 percent, which means 64 percent of the water pulled out from rivers is lost during transportation to the farm gate. In terms of water use efficiency (economic productivity of water), the value of agriculture production per acre foot of water in Pakistan is USD 250 compared to USD 3,000 in California. To make matters worse, the irrigation system has been allowed to deteriorate due to the fact that the funds allocated for the repair and maintenance of water infrastructure have been only 5 to 10 percent of the annual requirement of USD 600 million. Failure to maintain Pakistan’s water infrastructure is a serious neglect, because the replacement cost of this asset is USD 60 billion.

Facing the water scarcity requires a new mindset in policy making where water is seen as capital, so that the policy framework involves storage of water, reduction of water losses during transportation in the irrigation system, more efficient use of groundwater resources, improving the application efficiency of irrigation water on the farm, and increasing water productivity, i.e. the GDP generated per unit of water used. Pursuant to these strategic aims, Pakistan needs to develop a comprehensive plan for the rehabilitation and management of its water infrastructure. The following policy initiatives are required:

1. Consequent upon global warming, river flows are beginning to decline on
average. This makes it incumbent on society and state to increase water storage. At the moment, only 15 percent of the annual river flow is stored. Out of the total 145 MAF of surface water available to Pakistan, as much as 31 MAF is allowed to flow into the sea. It is clear that more large, medium and small dams must be built without further delay, which at the same time would generate cheap electricity through hydroelectric power.

ii. Of the 102 MAF of water that is diverted into the irrigation system, as much as 64 percent is lost during transportation to the farm gate, because of poor maintenance of canals and unlined water courses. Of the water available on the farm, a similarly large proportion is wasted because of poor ‘on farm’ water management. In a water scarce situation, it is crucial to reduce these water losses by the following measures: (a) Improved repair and maintenance of the irrigation infrastructure by increasing the financial allocation for this purpose to the required USD 600 million annually. These funds can be used for reinforcing of crumbling canal banks, planting trees and lining of canals wherever possible. At the same time, trapezium shaped lining of water courses is required to reduce water losses through seepage. (b) The Water wastage on farms can be reduced by enabling farmers to use laser levelling and drip irrigation technologies.

iii. Due to water shortages faced by farmers from the surface irrigation system, there is increasing dependence on ground water usage. At the moment as much as 50 percent of the farmers’ needs are being fulfilled through uncontrolled extraction of ground water. Percolation of toxic chemicals into the water table, endangers this precious resource. It is crucial therefore to manage groundwater resources in terms of economic rationality and environmental sustainability.

iv. In the face of water scarcity, it is important to generate a much higher GDP per unit of water used than at present. Pakistan’s water productivity is amongst the lowest in the world, with the value of agriculture production per acre foot of water used being only USD 250, compared to USD 3,000 in California.⁹

Pakistan’s Hydropower Potential and the Problem of Sedimentation

Pakistan has a vast hydroelectric potential of 100,000 MW, which has remained substantially unutilized due to delays over many decades in the construction of dams which can not only increase irrigation water availability, generate employment and incomes, but also provide cheap electricity, that could enhance Pakistan’s export competitiveness and grant relief to citizens from the misery of electricity outages.

A major constraint to water storage in dams and the operation of turbines for hydroelectric power, is decreasing reservoir capacity due to sedimentation. It is estimated that the Indus and its tributaries carry about 0.35 MAF of sediment annually, of which 60 percent remains in the system. As much as 5.9 MAF of total gross storage capacity was lost till the year 2010 due to sedimentation of dams. It is a matter of serious concern that the live storage capacity of Tarbela and Mangla reservoirs is expected to be reduced by 33 percent due to sedimentation by the year 2020.¹⁰

Urgent measures should be undertaken to reduce the sedimentation that is currently squeezing an already water scarce nation. Therefore, the rapid deforestation estimated at 7,000 – 9,000 hectares annually has to be reversed and in fact the net forest cover, particularly in watershed areas, increased.

Another policy initiative to protect existing dams from disastrous sedimentation is to build upstream dams, like Bhasha Dam, which could increase the life of Tarbela by up to 40 years.¹¹

Sustained Growth through Equity

In conventional economic thinking, inequality was considered to be a concomitant of growth, at least in its early stages, because it was thought that the rich could save and invest a larger proportion of their incomes and thereby drive growth. Recent research shows, that even the lower and middle income groups can also save if provided investment opportunities. It can now be argued on the contrary, that a higher and a more sustained economic growth can be achieved through equity. This can be done by establishing an institutional structure through which the middle and lower income groups can get access over productive assets, credit, skill training, and equitable access over input and output markets.

We can identify the outlines of high growth through equity in terms of the following elements:


Pakistan’s agriculture growth is characterized by increasing fluctuations in output and a declining trend in the crop sector growth. Since the mid-1960s, an elite farmer growth strategy has been followed. This has been a key factor in growing rural inequality as well as the declining trend in the crop sector growth rate as the yield potential of the large farms approaches a ceiling and input productivity declines. At present, about 94 percent of the total number of farms and over 60 percent of the total farm area is operated by farms below 25 acres. It is clear therefore, that if agriculture growth is to be increased and sustained, then the considerable yield potential of the small and medium farm sector (less than 25 acres) would have to be utilized. It is time now to change this trajectory of agriculture growth through a new small and medium farm growth strategy.

The key initiative towards this goal is to enable small farmers to acquire ownership of land on the one hand and enabling them to use it efficiently on the other. Such a strategy would have four elements. (i) Enabling landless tenant households in this sector to acquire land. A critical constraint to increasing yields of tenant farms is that since they lose almost half their output to the landlord, the small farm tenant has neither the incentive nor the ability to invest in increasing yields per acre. (ii) The small farmer typically does not have access over high quality seeds; soil testing to determine the chemical composition of fertilizers that would be congruent to the nutrient requirements of the soil; appropriate type and quality of pesticides. An appropriate institutional mechanism is required to give small farmers access over quality inputs. (iii) The small farmers in most cases do not have access over technologies for increasing their water use efficiency in situation of water scarcity and nor do they have access over technologies for producing high value added crops. (iv) Small farmers do not have equitable access over markets which are configured in favour of the large landlords in areas where there are asymmetric power structures at the local level.

It is proposed that 2.6 million acres of

9. Supra 6
11. Imtiaz Qazilbash, Ibid.
accelerating small and medium farmer growth through a small farmer development corporation (SFDC).

farmers below 25 acres could be provided credit which could be placed initially in the names of individual farmers as equity in an SFDC registered as a public limited company with high quality professional management made responsible for operating it. The dividends earned from the SFDC could be used to return the loans to the government that had been provided to the small farmers as equity.

The SFDC could have the following functions aimed at increasing the yield per acre of small farms and their diversification into export based dairying, meat production and inland fisheries. In pursuit of these aims, the SFDC would provide integrated support services to the small farm sector through the following functions:

i. Land development, including laser leveling for better on-farm water management.

ii. Drip irrigation to increase water use efficiency.

iii. Soil testing and provision of composite fertilizers to small farmers to achieve congruence between the chemical composition of fertilizers used and the nutrient requirement of the soil.

iv. Provision of high quality seeds and appropriate pesticides.

v. Provision of credit and equitable access over markets.

vi. Providing focused extension services to improve farm practices and adoption of new technologies such as tunnel farming for off-season vegetables and flowers and bee keeping for honey production.

vii. Linking up high value production of fruits and vegetables on small farms with a supply chain, involving international standards of safety and quality in the production process, grading, packaging, storage, certification and then linkage with a database for getting export orders.

viii. Diversification of the farm sector such that the SFDC develops export based production of milk, milk products, meat and inland fisheries.

Pakistan is already the fifth largest producer of milk but has a yield per milch animal that is one fifth of the European average. Field experience has shown that with better feeding, the milk yields can be doubled within a short period. Pakistan is at the hub of a crescent of milk deficit countries in West Asia, Central Asia and East Asia. If an increase in the milk output could be exported to these regions, an estimated 4 to 5 billion US dollars could be generated in terms of foreign exchange. The export earnings could be much larger if poor peasants could be provided with credit and extension services to increase the number of animals as well as their milk yields. Further increases in export earnings could be achieved by producing and exporting high value added milk products through the SFDC.

Thus, a new trajectory of sustained export led growth in agriculture could be achieved on the basis of increased productivity and enterprise of small farmers.

SFDCCs could be established in each province, each with multiple divisions to cater to the variety of its functions.

3. An institutional framework for the rapid growth of small and medium enterprises (SMEs).

accelerating the growth of small and medium sized enterprises for equitable growth and higher export earnings. Small and medium industries in the manufacturing sector in most cases have shorter gestation periods, require a lower investment per unit of output increase and have higher employment elasticities compared to the large scale industries. Therefore, an increased share of total investment in this sector can enable a higher GDP growth for given levels of investment, a higher employment and at the same time, improve the distribution of income. The Small and Medium Enterprises Development Authority (SMEDA) has taken a number of important steps in facilitating and providing institutional support to SMEs. It would be extremely beneficial for the economic progress of Pakistan if special emphasis is given to the development and facilitation of SMEs in the high value added and export oriented sectors such as electronics, software, automotive parts, moulds, dyes as well as other high value added sectors. If the commendable performance of SMEDA so far could now be catalyzed and incentivized to focus on creating an institutional framework for the growth of SMEs in these sectors, higher and more equitable growth could be accompanied by higher export growth.

Training of software experts supported by credit and market access could induce the rapid growth of software companies which would not only enable self-employment for educated youth, but also accelerate and change the composition of Pakistan’s exports towards knowledge intensive products and services. In this regard, the establishment of information technology university (ITU) in Lahore is an important initiative by the Government of Punjab. Apart from giving world class training in information technology in the fields of software and electronics, humanities and social sciences, ITU is making a significant contribution to E-Governance in Punjab. ITU has also facilitated a number of startups in the IT and software sectors. As ITU expands and the scale of this new pool of IT experts is enlarged, it can have a significant impact on moving Pakistan’s economy and governance in a knowledge intensive direction.

policy suggestions to accelerate the growth of high value added SMEs: In the Punjab and KP provinces, there is a substantial untapped potential for the growth of high value added small scale enterprises manufacturing automotive parts and components in the engineering goods sector. Yet, in many cases these units are producing low value added items like steel shutters, car exhaust pipes and water taps. This results in low profitability, low savings and slow growth. Based on an earlier research13 by the author, the following six initiatives could greatly help in accelerating the growth of SMEs in high value added sectors:

i. Building and strengthening the institutionalized mechanisms for the large scale manufacturing sector to outsource the manufacture of components and automobile spare parts. Many small scale units which have a potential in this sector in terms of basic technical skills, find it difficult.
to get orders and therefore resort to producing low value added items for the retail market.

ii. Improving the management skills to ensure quality control on the production line to meet orders on a regular basis from the large scale manufacturing sector.

iii. Improving the advanced skills in millwork, metal fabrication and precision welding, all of which are needed for producing high quality products with low tolerances and precise dimensional control.

iv. Overcoming the problems of access over input markets in large cities and lack of credit for working capital faced by small units in getting good quality raw materials which often can only be ordered in bulk.

v. Providing access over financial resources for capital investment in modernizing their stock of machines and difficulties in getting credit facilities from the commercial banking sector due to lack of collateral.

vi. Facilitating the creation of fabrication facilities, such as forging, heat treatment and surface treatment which are required for the manufacture of high value added products but are too expensive for any one small unit to set up.

**Overcoming the Constraints: Common Facilities Centres (CFCs).** The Common Facility Centre idea is based on the fact that a number of small scale units have shown a great potential for skills development, innovation and entrepreneurship. To release this potential, CFCs could be set-up in specified growth nodes in small towns where clusters of small scale manufacturing units already exist. SMEDA has already initiated the process of establishing a number of CFCs in order to provide machinery to SME clusters so that they can upgrade their businesses. In this regard, CFCs for honey processing, marble processing, CNG cylinder testing and agriculture processing will be established in Swat, Chitral and Naran. However, it is essential that more CFCs are established which specifically facilitate the SMEs in high value added and skill intensive sectors with export potential such as electronics, software, automotive parts, and moulds. To further strengthen these initiatives, the work of SMEDA could be deepened by enabling the CFCs to constitute a decentralized support system for providing access to a comprehensive package of services such as:

i. Institutionally linking up with the small scale units with the large scale manufacturing sector for outsourcing contracts.

ii. Provision of credit.

iii. Raw material banks to enable small units to buy in small lots.

iv. Training in technological skills and diffusion of new technologies.

v. Prototype development.


vii. Managerial training for setting up quality control procedures.

The CFCs would house advanced machines for forging, heat treatment, surface treatment, and computerized milling machines operated by high quality engineers and trainers. The small scale industrial units could then access this equipment on a rental basis as and when required.

The CFCs could thus play a catalytic role in accelerating the growth of small scale enterprises in the automotive parts and electronics sectors and unleashing the potential talent of the lower middle classes to produce skill intensive, high value added goods for the domestic and export markets. They could also help in developing new growth nodes in the smaller towns and thereby contribute to reducing regional economic disparities.

**Conclusion**

We have argued in this essay that achieving the aim of human development involves initiating a new growth process that is based on the enterprise and innovation of broad sections of society, rather than just the elite. In this context, we have outlined some of the key policy initiatives that need to be undertaken to achieve growth for the people and by the people. These initiatives include the universal provision of health, education and social security; urgent measures to face water scarcity; development of hydropower as the primary source of cheap energy and conservation of Pakistan’s water resource; a growth strategy based on unleashing the considerable potential of medium and small farms as well as high value added small and medium industrial enterprises. These policy initiatives can play a critical role in placing Pakistan on a new trajectory of equitable and sustainable development.
I. The Context

Approximately 36 million women are in urban areas. Social indicators for women have shown improvement in certain areas for instance, in higher education and in political representation. Women have also entered fields viewed as male domains such as pilots, I.T. administrative services, air force, police, and often out-perform males in examinations. Initiatives such as the Benazir Income Support Programme that provides cash transfers to over 5 million poorest households through women have opened up opportunities for women resulting in their raised status within households. Policies and quotas for women in assemblies and employment, protective legislations etc. have all aided in creating pathways for women. Programmes related to entrepreneur development, micro credit schemes, economic incubators, skill development opportunities etc. have all fared well to bring the status of women at par.

Despite the initiatives, global indices reflect Pakistan's poor ranking on human development as well as for women. Pakistan stands at 150 out of 189 countries in the Human Development Index,1 144 out of 145 on the Global Gender Gap Index,2 and 57 out of 76 countries on the Global Hunger Index.3 Pakistan's various data sets reveal gender disparities in education, wages, labour force participation, literacy and enrolment levels, etc., and inadequacy of women specific services including those of safety, protection and mobility.4 Women belonging to minority religions and ethnicities, transgenders and differently abled, are further marginalized. Most alarming perhaps a wake-up call has been the revelation of the Population Census 20175: Pakistan's population growth rate is 2.4 percent per annum (much higher than that of Bangladesh's 1.16 percent and India's 1.24 percent) and at this rate, if not checked, Pakistan's population by 2050 is likely to grow to over 335 million. Growing income inequalities further exacerbate the situation where the wealthiest 20 percent own 40 percent of the country's wealth and the poorest 40 percent own only 20 percent.

II. Challenges

Challenges to women's empowerment and their integration in the development process are unchanged and well known: low literacy and education; poor health, reproductive health and nutritional levels; inadequate participation of women in the labour force; vulnerability to violence; and, minimal say in decision making. There are also a number of anomalies. For instance, on one hand, there is a dramatic drop-out of girls in middle and secondary schools; while on the other, gender parity increases post-matric and is achieved at postgraduate levels. There is a class dimension to this pattern: the ones who need education as a pre-requisite to upward mobility are unable to access it and those not necessarily pursuing education for economic objectives have the opportunity to avail of it. The fact that only 57 percent of female medical graduates go on to work is an evidence of this phenomena. Then, there are vacant positions, but trained women are unwilling to take up jobs in areas away from their homes.

Similarly, high levels of nutritional deficiencies among women and children are found in socio-economically poor households. The link between poverty and women's health has recently been highlighted in a recent study of rural Sindh, where it was found that the income of women pushed to pick cotton due to poverty was neutralized as a result of adverse health outcomes of cotton picking.6 Intersectionality between education levels, health status, skills and employment, mobility and security, is well established as key to women's development and empowerment. In Pakistan, social constraints and violence, and its fear, are equally important.

III. Priority Areas

It is clear that the country cannot follow the 'business as usual' approach. In order to achieve our goal of a prosperous and peaceful Pakistan, we cannot leave behind almost half of the population. Priorities need to shift at the policy level with political commitment and commensurate institutional strengthening and realignment to ensure women's full and meaningful participation as citizens deserving of opportunities and options in their own right. Health, education and employment are the most critical areas of intervention to have an impact on population dynamics-a high priority area to focus upon.

1. Education: Constitutional requirement of mandatory schooling of 16 years is not fulfilled. Dropout at secondary and high school levels is a major obstacle to girls'women's ability to acquire and absorb skills that can lead to high wage employment. It has been empirically established in Pakistan and elsewhere that women completing secondary education are more likely to complete high school and pursue higher education as well as vocational training. In addition, completing high school means delay in age of marriage and a consequential delay in motherhood. Reasons for dropout after primary school have been identified as fewer secondary and high schools, as well as distance from home; however a reason that does not receive due attention is that of schools not being equipped to

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1. The author had earlier put forward a comprehensive policy paper, Inclusive and Sustainable Development Through Gender Equality. This piece discusses only three critical areas as requiring urgent attention in the light of the Population Census 2017 and the Pakistan Demographic and Health Survey (PDHS) 2018.
2. United Nations Development Programme, “Human Development Index 2018".
5. Women’s Economic Empowerment Status Report 2016. NCSW, UNWomen, CGaPS. Rural Women in Pakistan Status Report 2018. NCSW, Canada Fund, UNWomen, CGaPS. Both reports provide in-depth analysis of disparities using official national and provincial data and makes recommendations to address them.
deal with sanitary and hygiene needs of adolescent girls. Many girls therefore tend to miss school for up to a week, lag behind in studies, and then drop out.

2. Health: Poor health is an impediment to full participation of women in development sectors as well as their own development. In countries where population dynamics have changed and positive outcomes are achieved, health and family planning services have been made readily available, for example in Iran and Rwanda. These also have to be affordable and accessible. Pakistan’s experience has shown a direct relationship in the existence of village level health care providers with better health and contraceptive prevalence indicators. Lady Health Workers programme in Pakistan has been a successful model in the past. It needs to be strengthened with more focus on reproductive health. Increasing information access and knowledge dissemination to men, women and adolescents, is the need of the day. Preliminary results of Pakistan Demographic and Health survey 2017-18 are worrying as they show a declining contraceptive prevalence rate and a desire for more children than recorded in PDHS 2012. More analysis of data is awaited to comprehend changes by urban/rural and income quantiles.

3. Employment: There is a huge pool of women in the 15-64 age group (approximately 41 million), many looking for jobs especially from the low wealth quantiles but not skilled for, or informed about, job options. As a result, a vast majority finds itself in the informal sector (75 percent) working in low paid, low skilled jobs-unrecognised and undercounted. Data evidence points to education as an important determinant of women’s labour force participation with positive correlation between level of education, participation rate and remuneration.

IV. Institutional Mechanisms

While areas of health, education and employment are integral areas for women’s empowerment, it is equally essential to give simultaneous attention to institutional, legislative and administrative measures.

Thus, strengthening of institutions is imperative. Women departments, women’s commissions, skill development centers, micro credit banks and financial institutions must be made robust and enabled to fulfill their mandates. Procedures need to be streamlined and rationalized to avoid inordinate delays and promote efficiency and timeliness. Training institutions for skills development need to be linked to market/job needs or employability, with the ability to track impact and consciously reach out to women for modern technical based industries, and for supervisory and human resource management.

Support institutions are needed to provide safety and security to all women faced with harassment and violence including those belonging to ethnic or religious minorities and transgenders. Pakistan has a range of protective legislation, but weak implementation; mechanisms and institutions for implementation and monitoring require strengthening (police, courts and specialized commissions). Overcoming violence against women (VAW) is thus a continuous challenge that curbs women’s fuller participation in education, employment and other avenues of public and private life. The need is for safe houses, rehabilitation centres and legal aid so that women are economically independent and physically secure. Inadequate housing or hostels for working women, especially in rural areas, are essential to encourage women’s employment.

V. Recommendations

To conclude, a coordinated and inclusive multi-pronged strategy is required that leads to women’s empowerment by providing education and skills, health and family planning services, employment opportunities, control over incomes and say in decisions affecting them. Women’s equality, removal of discrimination and disparity, and participation in the formal economy-to be counted as also to be adequately compensated, will be the pathway to achieving the needed objectives. Some recommendations include:

1. Increase the number of middle and secondary schools by upgrading primary schools wherever possible, OR combining middle and secondary schools to ensure continuity of schooling for those who have entered the school stream, OR introducing second shifts in existing primary school premises. Transport availability and security can also be made mandatory where schools are at a distance. Ensure sanitary needs of adolescent girls with working toilets and hygiene supplies. School feeding programmes can be introduced as incentives for girls’ enrolment for nutrition and education outcomes.

2. Integration of health and population/family planning services at all health centres (rural, urban, tertiary, public and private). Development of geographical area specific programmes and interventions on the basis of Census data and PDHS rather than a ‘one design fits all’ formula.

3. Partnerships with NGOs and other organisations to deliver programmes in population welfare, education and health services, and women’s empowerment.

4. Recognise the role of Lady Health Workers (LHWs) as an essential service and revisit and rationalise the LHW programme along with that of community midwives and spread to underserved areas. Middle and high school graduated girls with training are potential candidates for the expanded cadre.

5. Combine education and vocational training to prepare young women (and men) for employment and overcome the shortage of skill training institutions for women.

6. Recognise home based work, other informal and unpaid family work as a valuable contribution to the GDP and establish a registry for such workers to document and categorise their work and end exploitation.

7. Ensure gender friendly and harassment free working environment; separate washrooms and common rooms; minimum wages, equal wages for similar work; and, employment benefits to all workers regardless of temporary or permanent nature of work.

8. Implement affirmative action: Fill women’s quotas in administration (only 5 percent is filled at the federal level against the 10 percent quota) including in higher judiciary; restore the 33 percent quota in local government; and, increase women’s representation at the ministerial level.

9. Amend discriminatory legislation and enact new legislation to protect domestic workers, to end domestic violence, raise the age of marriage for girls to 18 years, and to stop denial of inheritance to women and make it punishable.

The newly elected government is known for its popular slogan about “change”. Prime Minister Imran Khan in his inaugural speech, put a spotlight on human development as the top priority of his government.

Pakistan has been sliding down on the Human Development indices. It appears we will miss meeting the targets set in the Sustainable Development Goals 2030, including SDG 5, dedicated to achieving gender equality and empowerment of women and girls.

Human development has always been low in the national priorities of Pakistan. Lack of investment in human capital has affected everyone in the country, but women the most. They are left far behind than men in accessing meager public resources allocated for the social sector due to gendered social norms that define women as private citizens, put restrictions on their mobility and confine them to reproductive roles within the sphere of home.

Social indicators of women in Pakistan are the worst in the region. The progress toward gender equality has been extremely slow. Presently, only 48 percent women are literate compared to 70 percent of men. There also exist wide regional variations. Nearly 276 women die per 1000 live births due to pregnancy related complications. These complications are further exacerbated by early marriages and malnutrition (40 percent women in reproductive age are anemic); repeated pregnancies and lack of pre and post-natal services to women. Contrary to the world average of 51 percent of women’s share in the world population, men in Pakistan outnumber women (51 percent men and 49 percent women). The sex ratio is 105 men per 100 women in the latest Census of Pakistan. Labor force participation rate for women is 26 percent, with 40 percentage differential between men and women. Women are over represented in the informal sector of the economy that escapes protection of labour laws. Despite affirmative action of the reservation of 17 percent seats in the national and provincial assemblies, and the legal provision of 5 percent tickets that binds political parties to grant party tickets to women on general seats, only 19.8 percent women are in the present parliament. Gender based violence is rampant, that threatens women’s security within the family, at the community and the institutional levels.

There is growing evidence that shows a strong correlation between gender equality and sustainable economic growth, poverty reduction, climate change, peace and prosperity in the society. Thus, gender equality is not only a moral but an economic imperative as well. It accelerates growth and works as a multiplier on all other development goals.

In view of Imran Khan’s transformative claims, exclusion of women in PTI’s government is far too obvious and disappointing. Only three women are included in the team of federal ministers, none in the one in the Punjab cabinet and none in Khyber Pakhtunkhwa (KP) and Balochistan. Gender composition of various taskforces is also a matter of concern.

Khan’s government must understand that reform processes will not yield desired results if the gender perspective is not fully integrated in polices, programs and social service initiatives of his government.

There are several pathways for the PTI government to fulfill its promise for more inclusive good governance. Although under the 18th Constitutional Amendment, women’s development has been devolved to provinces, PTI is in a strong position to take the lead to engender reform processes having formed governments at the federal level as well as in three provinces of Pakistan. This calls them to action to take steps to accelerate progress on gender equality.

In view of the lack of gender knowledge and technical know-how of gender mainstreaming amongst policy makers and the managers of public sector institutions, it is proposed that the government should constitute a national level Gender Advisory Council (GAC) consisting of gender and sectoral experts. The GAC will fill the gendered knowledge gap, and provide technical input on how to engender public sector policies and programs.

Second, the approach to gender equality must be rights based and intersectional. Women are not a homogenous, unitary category in Pakistan. There is a great deal of variation in their status depending on their class, religion and ethnic background. Reform processes must ensure that women’s benefits are reached to the most marginalized and vulnerable sections of the society, the majority of whom are women and girls.

Gender inequality is a multidimensional structural issue that requires strategic and community based solutions. Pakistan has fairly comprehensive legal and policy frameworks (though not perfect) for the promotion and protection of gender equality. However, the implementation of pro-women legislation and policies is the real challenge. Patriarchal nature of institutional structures and rules is the structural barrier to the development of the country. Engendering of public sector institutions is the way forward that could begin by ensuring gender balance in the workforce. Women in Pakistan are the growing majority of highly qualified cohort. There is hardly any gender gap at the higher education level in Pakistan. However, women are not considered as an important force in the national talent pool. Women’s higher qualification has not been translated in higher economic gains, or through positioning them at leadership positions within the institutional structures. Presently, only six women are currently working at the secretary level in public sector institutions. Women face horizontal and vertical segregation in the labor market.

Greater focus on effective implementation of already prescribed 10 percent women’s quota in public sector institutions across all pay scales and the creation of conducive work-family balanced environment at workplaces, should become the government’s priority. This will increase productivity of female labour and will remove gender biases and disparities in the institutional working.

Economic independence is the most fundamental element in the process of women’s empowerment. Women are fully active in the productive sphere of the country. However, they are concentrated in

the agriculture and informal sector of the urban economy. The action point for the PTI government in this regard is to proceed to formalize the informal sector. This will not only reduce women’s economic exploitation, in fact, it will bring millions of business enterprises currently working in the informal sector, into the tax net.

Increasing ownership of productive resources is another gateway to women’s empowerment. Stricter legislation for the automatic transfer of women’s share in inheritance will go a long way in empowering women economically. Similarly, public policy to redistribute productive assets like land, and financial services, should be women centered. These should be complemented by trainings in developing entrepreneurial skills and ICT skills. Equity in redistribution of productive resources is the means to achieve the end goal of gender equality.

Violence against women (VAW) is rampant in Pakistan across class, region, and rural and urban divide. Power imbalance in gender relationships is the root cause of violence against women. VAW and girls is not only harmful to them; it has high social and economic costs for the state and the society. All too often, our criminal justice system fails to dispense justice to the survivors of violence. The conviction rate in cases of VAW is negligible. The state has the duty to respect, protect, promote and fulfill women’s human rights. The government should take steps to end this pervasive culture of impunity, which perpetuates violence against women. The approach to end violence against women should be rooted within the preventative-protective-supportive framework. The government must specify time periods for the courts to decide the cases, punish the perpetrators and ensure speedy justice in cases of VAW.

Political empowerment of women is another pathway to gender equality. Women in formal political structures can influence state policies towards gender equality. Women face multiple challenges at the discursive, socio-economic and political levels to enter the formal political arena. The way Pakistani women manage to enter in parliamentary structures is through the provision of reserved seats for women. The modality to fill these seats is through the proportional representation system. Political parties submit a list of women candidates on reserved seats to the Election Commission of Pakistan prior to the election and get their share from reserved seats in proportion to the number of general seats won in the election. The indirect modality of election on reserved seats has led to the elite capture of women’s seats. Despite effective performance of women legislators on reserved seats, their political legitimacy is often challenged by their own colleagues, media and the general public. The government must move on increasing the number of seats reserved for women in the national and provincial assemblies (33 percent) and adopt direct modality of election on these seats. Direct elections will build women’s constituency base and will empower them to integrate gender concerns better in the legal and policy frameworks of governance in the country.

The above-mentioned actions/solutions to close gender gaps do not require any additional financial resources. All that is needed is a stronger political commitment and transparent accountability mechanisms in place that will accelerate the progress toward gender equality. Economically and politically empowered women can take better care of their own education and health needs, as well as their families.
Pakistan’s education system should not be geared towards only producing award-winning scientists, engineers, doctors and coders. The system should, instead, be geared towards enabling all children and adults to be able to think critically, to have developed cognitive abilities, to be able to differentiate between right and wrong, and contribute to Pakistan’s economic growth.

The quality of education being delivered to Pakistani children in classrooms should be able to help them do all this, and more. Unfortunately, the two subjects that help develop and hone cognitive abilities and critical thinking are the ones in which our students (and adults) fare the worst. While there has been a significant push to enroll out of school children, to increase retention, and dramatically increase education financing, the Pakistani governments have been unable to crack the code on measures that need to be undertaken to improve educational quality across the board.

Eric Hanushek’s work on education quality and economic growth clearly shows that cognitive skills, as measured by learning achievements—especially in mathematics, science, and reading, are better at spurring national economic growth, than years of schooling alone. This aspect of his research alone should provide a government intent on the improvement in Pakistan’s Human Development Index policy guideline for the next five years.

Where do our children stand?

The National Assessment Test is managed by the National Education Assessment System (NEAS). In its latest report on the analysis of math proficiency among 8th graders, an alarming 32 percent of students have a below basic proficiency (Table 1).

Around 49 percent of all students enrolled in Class IV who appeared for the test exhibited below basic proficiency in science (Table 2).

The voice of the market forces

It is imperative to understand the requirements of skills in the changing economic context. The state has to invest in ensuring that children enrolled in schools have access to maths and science education that enhances their set of ‘employable’ skills. Among all the topics within the education realm, maths and science have the most direct correlation with a range of marketable skills. Yet, education policy and the wider maths and science education discourse has almost zero private sector or business inputs. Without market forces making a more robust claim on the country’s education system, the overall context and the political incentives for pro-reform behaviour cannot be changed to the degree that they will create better outcomes.

The jobs of the future, in developing economies like Pakistan or elsewhere, require a high level of skill in mathematics and social skills. The federal and provincial governments need to pay heed to the World Economic Forum’s ‘The Future of Jobs’2, and more importantly, to the Pakistan Business Council’s ‘100 Day Economic Agenda for theIncoming Government’3, urging the state to ‘do more’ on strengthening the teaching of mathematics in schools.

Government systems and structures

In Pakistan’s context, the failures of government systems and structures can broadly be categorised in two realms: constraints that limit the ability to make good policy and good decisions (such as measuring inputs and outcomes, and allocating appropriate resources), and constraints that limit the ability to manage

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<tr>
<th>Table 1: Proficiency in Mathematics</th>
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<tr>
<td><strong>NEAS 2014 Mean Scores in Maths</strong></td>
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<tr>
<td><strong>Percentage of Respondents</strong></td>
<td><strong>Mean Score (out of 1000)</strong></td>
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<tr>
<td>AJK (4 percent)</td>
<td>445</td>
</tr>
<tr>
<td>Balochistan (10 percent)</td>
<td>422</td>
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<tr>
<td>FATA (4 Percent)</td>
<td>398</td>
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<tr>
<td>Gilgit-Baltistan (4 percent)</td>
<td>438</td>
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<tr>
<td>ICT (5 percent)</td>
<td>466</td>
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<tr>
<td>Khyber Pakhtunkhwa (17 percent)</td>
<td>423</td>
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<tr>
<td>Punjab (39 percent)</td>
<td>532</td>
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<tr>
<td>Sindh (17 percent)</td>
<td>416</td>
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<tr>
<td><strong>National Mean Score</strong></td>
<td>461</td>
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<th>Table 2: Proficiency in Science</th>
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<td><strong>NEAS 2014 Mean Scores in Science</strong></td>
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<td><strong>Percentage of Respondents</strong></td>
<td><strong>Mean Score (out of 1000)</strong></td>
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<tr>
<td>AJ&amp;K (5 percent)</td>
<td>418</td>
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<tr>
<td>Balochistan (8 percent)</td>
<td>402</td>
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<tr>
<td>FATA (3 Percent)</td>
<td>405</td>
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<tr>
<td>Gilgit-Baltistan (6 percent)</td>
<td>419</td>
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<tr>
<td>ICT (5 percent)</td>
<td>409</td>
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<tr>
<td>Khyber Pakhtunkhwa (18 percent)</td>
<td>441</td>
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<tr>
<td>Punjab (44 percent)</td>
<td>487</td>
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<tr>
<td>Sindh (11 percent)</td>
<td>420</td>
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<tr>
<td><strong>National Mean Score</strong></td>
<td>433</td>
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the education sector, due to how the government is structured (such as deploying appropriately skilled people where and when they are needed). Governments, both federal and provincial, often attempt to solve the problem of poor learning outcomes without addressing these critical factors.

Governments may be able to produce short-term impact by addressing learning outcomes without addressing the government systems and structures producing them, but they will rarely be able to translate short-term impact into long-term success. To properly prepare Pakistan for the 21st century, government systems and structures must be fixed.

**The spirit of the 18th Amendment**

Education services’ delivery was passed on to the provinces as part of the 18th amendment. In countries where the federal, state and local governance systems have matured, governments at all tiers have developed ways in which educational outcomes are privileged over all else. During the 2013-18 tenure, the Ministry for Federal Education set up the Inter-Provincial Education Ministers’ Conference; a system to enable all governments to discuss ways in which all tiers of the government can play a role.

The incumbent government(s) need to follow the precedence and expand the conversation to explore ways in which the educational outcomes of children in school are the priority as opposed to a conversation diluted by ‘curriculum’ and ‘standardisation’. Both extremely important, but a debate that Pakistani children will not benefit from any time in the near future.

A clear focus on maths and science education needs to be established at the executive level in the federal government and in the provinces. Measures that need to be taken should be, with political parties finding ways to get it done instead of using the 18th amendment as an instrument of debate.

**Transformation**

Maths and science education cannot be improved sustainably without reforms to how the government manages the education sector. There are two generic actions that the federal government can and must take to help create the correct tone for reform.

First, national leadership must make a conscious effort to avoid isomorphic mimicry, and encourage others within the country to do the same. Reform that is not organic and does not cater to the specific needs and context of the people it is designed to serve, has a long record of failure. Such failure is avoidable and must be avoided.

Second, a large, overarching momentum toward the adoption of state-driven entrepreneurship and innovation, through dramatically higher investments in research and development, can alter the basic structures and systems in government by default.

The Prime Minister must consider adopting a maths and science centric national science, research and development posture that radically increases investments in the pursuit of innovation. Similar initiatives need to be taken at the provincial levels, with the Chief Ministers investing time and resources to ensure that the culture of innovation is rewarded.

At the systems level, there are two sets of reforms required from a management perspective. Public financial management, especially at the point of contact between students and the education system, must create greater incentives and effectiveness of spending, in part by allowing teachers and school leaders to spend money in service of learning outcomes. The current public financial management system actively works to disincentivise such spending. Similarly, human resource management in the public sector must become more aligned with the needs of children in classrooms, rather than the needs or wants of administrators, politicians or teachers themselves. The education sector must exist to serve the learning needs of children, not the convenience of taxpayer-funded human resources.
Roadmap for Maths and Science Education

Goal 1: Tasking champions within the government to formulate specific maths and science education policy goals and outline plans for delivery

Input 1.1: Appointment of a “Chief Scientist” or “Chief Scientific Officer” located within the Office of the Prime Minister, with the status of a Federal Minister

Input 1.2: Provision of a secretariat to the Chief Scientist, along with an advisory board that details an agenda for Powering Pakistan for the 21st Century focused on maths and science education

Goal 2: More resources allocated to maths and science at the federal level with a targeted spending plan

Input 2.1: Establish a Maths and Science Fund, which is used to promote maths and science teaching excellence, across the country – working through provincial governments, where necessary

Goal 3: Make public libraries as maths and science centres

Input 3.1: Open public libraries to state and non-state initiatives and organisations to establish science museums, learning centres, and astronomical viewing sites for the general public

Goal 4: Market needs informing inputs for maths and science at the school level

Input 4.1: Solicit policy inputs from FPCCI, PBC and other market leaders to submit forecasts of their needs in the disciplines of maths and science

Goal 5: Robust data regimes linking learning outcomes with school indexing for public and private schools across the country

Goal 6: Talented students enabled to explore their potential

Input 6.1: Establishment of a task force to explore pathways for identifying and supporting gifted and talented students in government schools, especially in rural areas or poor urban neighbourhoods

Goal 7: Students equipped with cutting edge digital tools

Goal 8: Streamlined human resource policies through close coordination between federal and provincial stakeholders

Input 8.1: Establish a joint task force between the establishment division of the federal government, and the services and general administration departments of the provinces, to convene and collate proposals for improved human resource management for education service delivery

Goal 9: Entrepreneurial state steering investment and leading scientific innovation

Input 9.1: Establishing the state’s will and resources as the principal driver of scientific enterprise and innovation, in accordance with the Mazzucato framework for The Entrepreneurial State

Input 9.2: Adoption of a maths and science centric national science, research and development posture that radically increases investments in the pursuit of innovation

Goal 10: Curriculum, textbooks, and assessments that lead to internalisation and application of fundamental concepts of maths and science

Goal 11: Streamlined human resource policies through close coordination between federal and provincial stakeholders

Goal 12: Science popularisation at the school level

Goal 13: Framework for HEC and Provincial Higher Education Commissions to establish and support dedicated maths and science teacher training programs for schools.

DEVELOPMENT ADVOCATE
PAKISTAN