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6th Youth Parliament Pakistan

A Report on Pakistan Vision 2025

March 2015

PILdAT
Pakistan Institute of
Legislative Development
And Transparency

Secretariat Youth Parliament Pakistan

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PREFACE

After the successful completion of 5 terms since 2007, the 6th Youth Parliament Pakistan was launched in June 2014. The specific objectives of the Youth Parliament Pakistan (YPP) programme are to inculcate democratic culture and spirit of tolerance for others views among the youth; to expose them to the political and parliamentary processes; to facilitate youth to express their views on various national, international, regional and local issues thereby helping the government and society at large to better understand the concerns of the youth; to groom the leadership potential of the youth of Pakistan by exposing them to peaceful and democratic resolution of differences especially at a time when various parts of Pakistan are suffering from conflict and extremism. Finally this provides a forum to the youth of Pakistan to understand how the Parliament works as the supreme public representative institution in a democracy.

The Youth Parliament Standing Committees of the 6th Youth Parliament Pakistan (2014-2015), as a part of the learning process were tasked with conducting reviews of national policies through research-based analysis and with developing cogent policy alternatives for the Parliament and the Government of Pakistan. The six Youth Parliament Standing Committees for the current term are:

- Youth Parliament Standing Committee on National Security
- Youth Parliament Standing Committee on Foreign Affairs
- Youth Parliament Standing Committee on Energy
- Youth Parliament Standing Committee on Law, Justice & Human Rights
- Youth Parliament Standing Committee on Education & Youth Affairs
- Youth Parliament Standing Committee on Finance, Economic Affairs & Planning

The Committees have gone through a process of intensive research, consultations with policy experts and internal review within Committees before putting together their proposals. The initial findings were shared with the Secretariat Youth Parliament Pakistan and the Steering Committee Youth Parliament Pakistan who gave their comments on these drafts. After incorporating these inputs, the reports are finalised by individual Committees and thereafter presented on the floor of the House for further recommendations and feedback from the entire strength of the YPP. Going through this rigour the participants not only experienced the process of drafting policy in a democratic fashion but also formulated useful recommendation in the form of this report,

The reports are compiled and finally published for the purpose of dissemination through media briefing and report launch event at the closure of 5th and last YPP Session of the 6th YPP term. The reports are also available online at www.youthparliament.pk.

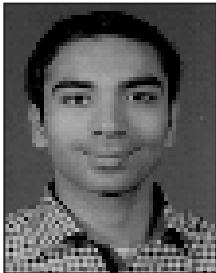
The 6th Youth Parliament Pakistan (2014-2015) is supported by the Danish International Development Agency, Government of Denmark, as recognition of the importance of young people's development in democracy and democratic practices.

Disclaimer

The Secretariat of Youth Parliament Pakistan has provided unbiased feedback in a timely manner on the research reports and the scientific value of the work done by MYP's. The Secretariat has given guidance in ensuring the content is clear, concise, and relevant to the current pool of knowledge in regard to originality, and interest to the readers. The opinions, findings or recommendations expressed in this report belong to the authors and do not necessarily reflect the views of PILDAT or DANIDA.

Secretariat of the Youth Parliament Pakistan
Pakistan Institute of Legislative Development and Transparency
March 2015

Members of Youth Parliament Standing Committee on Finance and Economic Affairs and Planning



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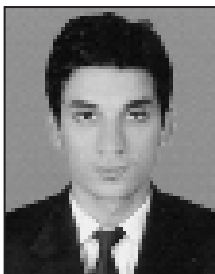
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Youth Minister for Finance, Economic Affairs and Planning
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Developing Human & Social Capital

Achieving Sustained Indigenous and Inclusive Growth

The sustained indigenous and inclusive growth caters to a fair, equitable and democratic distribution of the benefits of economy across every stratum of the country. However, it is significantly divorced from practical realities and hence over-ambitious. It states that the focus shall be on the endogenous factors of growth and this includes mobilization of existing resources to the fullest and introducing tax reforms. However, it can be conveniently inferred from the past record of the government that it lacks the will to ensure a just and effective taxation policy, and the existing tax reforms camouflage the gross economic injustices and the working class is further over burdened by increased taxation in form of GST. There is trust deficit in the current political situation and because of this attracting foreign remittances by offering incentives seems highly unlikely.

Macroeconomic Framework

The aim is to focus on inclusive growth, by reducing poverty and inflation. However the government has been totally inefficient in materializing this long promised goal. Currently it seems untruthful that the international community has shown increased confidence in investing in Pakistan. Apart from China and Turkey there seem to be little foreign investment, and there are serious doubts that the investment contracts which have been signed are predominantly for the personal benefit of the political elite and not for national growth. The stance on trade with India is still unresolved and there are immense political tensions to further impede the process. The government on one hand pledges to be self-sustaining and self-sufficient, while on the other hand there has been no serious effort made to reduce dependency on foreign loans. Furthermore it is quite paradoxical to say that inflation would be reduced considering the increase in GST to 17% and this is likely to rise even further. The government aims on generating affordable energy, while the resources are still not being utilized to the fullest, with massive corruption plaguing the energy sector and massive scarcity of energy resulting in an energy crisis. How will the government achieve all the goal of generating an affordable energy when there is no adequate energy production in the first place? And lastly the aim of increasing economic growth by 8% from 2018 to 2025 and with an increase in GDP per capita from \$ 1300 to \$ 4200 seems to be unrealistic; in fact the irony is that during the dictatorial regimes there was comparatively a greater increase in GDP.

Productivity Growth

Though it is true that there has been a growth in productivity to one fourth since 1980s, however, the aim of doubling it by 2025 is highly unlikely. There needs to be a complete overhauling of the economic system and how the government will ensure transparency and accountability, biggest hurdles, is still not clearly mentioned in the vision. For there to be accountability, the politicization of institutions needs to be stopped, nepotism and corruption to be controlled and this does not seem to be on the agenda of the government. Lastly, there can be no social development unless the economy is flourishing and there is a serious political will. Even schemes like Benazir Income Support Program have not yielded the desired results.

Governance, Institutional Reforms and Modernization of the Public Sector

An important litmus test for the effectiveness of the governance in a country is the state of its accountability and regulatory authorities. The Vision does not specifically deal with the subject of ensuring independence of the accountability institutions and those institutions that are regulating very important areas of social concern. The financial and other sorts of resource dependence of National Accountability Bureau, Election Commission of Pakistan and Pakistan Electronic Media Regulatory Authority on the central government have created crisis in the socio-political domain of the country. The governance improvement cannot be attained without the empowerment and independence of all of the state institutions.

A significant portion of the pillar III focuses on the induction and implementation of the e-governance mechanisms that would improve the transparency and the performance of the government functions. The implementation of the e-governance or any other revolutionary would not be able to cause a stir in the system unless it delivers on the promises that have been made to the people. The enactment and strengthening of a participatory local government system would help improve the governance and its associated indicators. If the government, with aid of e-governance, establishes a system of problem identification and policy evaluation at the local level then it would be able to make more informed decisions. The Vision is ominously silent over the issue of local government system and talks only about the federal and the provincial government even though local governments are part of our system under the 18th Constitutional Amendment. The community level mobilization and ambitions of the Vision can only be achieved through decentralization of power and localization of policy process (Carothers 10).

The improvement in the governance also involves the normative questioning of what the governments perceive to be a success and what did they want to achieve. The effectiveness of policies and the development of comprehensive implementation plans to improve the citizen's lives and eradicate his/her problems must be brought to question. The Vision is silent on the establishment of an effective authority that would evaluate the goals and achievements of different government departments against the public feedback and devise improvements. It is important to target the 'real' issue rather than celebrating over proxy indicators. The whole government outlook and policy formulation must be overseen by an independent authority of policy experts.

The policy players and crucial actors that are sitting outside the government but form an important part of the policy process can contribute in the governance improvement. The civil society, NGOs and private sector players can be brought in to assist government in its attempts at improving service delivery. A participatory framework needs to be evolved in which all policy players are brought to a table and all actions are ratified through them. The policy needs to outline the government's intent of empowering those players.

Energy, Water and Food Security

Energy

In Pakistan, the crisis in the energy sector is one of the biggest hurdles in the economic growth. Over the period of time, no major step has been taken to meet the increased demand in the power sector. "Rapid demand growth, transmission losses due to outdated infrastructure, power theft, and seasonal reductions in the availability of hydropower has worsened the situation" (Khan). To overcome the problem of excess demand, load-shedding is used as a mechanism, rather than devising new mechanisms and initiating new projects to meet the increased demand. Sources of energy in Pakistan include the non-renewable resources which mainly involve petroleum products, natural gas and coal, and renewable resources which include the hydropower stations. In the current scenario, the demand is around 17,000 MW, which creates an excess demand of around 4,000 MW. Vision 2025 aims at bridging this gap by 2018 by completing two major projects; the Diamer Bhasha dam and Dasu dam, the efforts for which are done by arranging finances for the Dasu Dam but the project of Diamer-Bhasha dam is still stagnant, many pointing towards the finances of \$13 billion as the major cause. The goals of Vision 2025 includes "doubling power generation to over 45,000 MW" (Pakistan 2025, 102), ignoring the fact that the transmission and distribution losses have jumped to 20 percent over the last few years and no proper system has been put in place to deal with this major issue. It also claims to "increase electricity access from 67% to 90% of the population" (Pakistan 2025, 102), whereas statistics show that this figure has been stagnant at 67% since the last few years. While it aims to "increase percentage of indigenous sources of power generation to over 50%" (Pakistan 2025, 102), it shall not be forgotten that in Pakistan, there are "diminishing indigenous fuel reserves" (Kazmi) and "Pakistan has almost exhausted its gas reserves." (Kazmi)

Water

The claim to "increase the water storage capacity to 90 days" (Pakistan 2025, 102) and to "improve efficiency of usage in agriculture by 20%" (Pakistan 2025, 102), ignores the most important factor of the absence of national water management policy. Moreover, It also aims to "ensure access to clean drinking water for all Pakistanis" (Pakistan 2025, 102), whereas it itself mentions the absence of policy on water contamination and suggests no alternative initiative or plan of action to ensure contamination free water.

Food

The Vision 2025 targets to increase "at least 10% of the total public sector development expenditure" (Pakistan 2025, 66), which seems to be a productive initiative provided that the fund is being spent in the most effective manner, targeting areas of main concern. It aims at introducing grass root level initiatives to enhance the understanding of the most affected groups, which involves "strengthening nutritional education for high risk groups such as pregnant and lactating women, young children, the elderly and disabled." (Pakistan 2025, 66). The main goal regarding food is to reduce the food insecure population from 60% to 30%. In the coming years, climate change is of immense importance where "droughts, floods and temperature changes are predicted to become more prevalent and more severe" and this requires "faster crop improvement programs". ("Food Insecurity Is the Real Problem of Pakistan."). "Pakistan, unfortunately, has no national strategy and plan of action to use this revolutionary science". ("Food Insecurity Is the Real Problem of Pakistan."). Reducing the food insecure population from 60% to 30% with no national policy seems to be nearly impossible.

Recommendations

1. Energy infrastructure should be improved. Strict policies and a proper mechanism against power theft should also be put in place.
2. Realising that energy shortage has become a major issue in Pakistan, Government should facilitate the projects of Diamer, Basha and Dasu Dams. Direct investment should be done to generate adequate financial resources that could pace up the development of these dams.
3. The Government should focus on mechanisms through which transmission and distribution losses should be monitored.
4. There is a need to make a team that can come up with a sound National Water Management Policy.
5. National Policy on Food should be formulated.
6. To ensure the reduction in food insecure population, the number of health care units for spreading nutritional education, specifically for pregnant women and young children should be increased. It should be kept in mind that the most under developed areas such as villages are in the dire need of this.
7. Modern agricultural techniques and crop improvement schemes should also be introduced in farms of under developed areas, which would enhance the agricultural produce aimed at reducing the food insecure population.

Private Sector Led Growth

Developing a Competitive Knowledge Economy through Value Addition

WEF Global Competitiveness Report

According to the 2013-14 report Pakistan is ranked at 133 out of a total of 148 countries. According to Vision 2025 Pakistan aims to be ranked in the top 75 countries. This means increasing rank by more than 6 every year, which is a very hard target especially given the situation of Pakistan. From 2006-2007 Pakistan has continuously dropped in terms of rank as well as in terms of score. Continuously increasing rank by more than 6 for 11 years for a country that has a decreasing trend for the last 9 years is overambitious. The progress has been such that in 2013-2014 rank had only increased in one pillar compared to last year for Pakistan namely financial market development; even there the score remained unchanged.

Total Factor Productivity

Another goal in this category is to triple total factor productivity of Pakistan till 2025. According to a research Pakistan experienced a total of 27% productivity growth during the period 1985-2005. To triple Total Factor Productivity a growth rate of 300% would have to be achieved in 11-year period, which is too ambitious given the historical records. According to the research 40% growth was derived from labor increases, according to forecasts of the Planning Commission of Pakistan workforce would decrease by 3.42 million by 2025 as more people would reach retirement age than those entering the workforce, hence increase in labor is unlikely to bring about increases in TFP. According to another study Pakistan has one of the lowest investment ratios in Asian countries implying low capital accumulation. As regards to increases in productivity, according to the 2014-2015 initial budget Pakistan plans to devote only 2.1% of its total expenditure to health and education combined. The major expenditures i.e. debt servicing, defense and development are unlikely to decrease in share due to political reasons. Hence no miracle seems likely that would change the historic trend.

World Bank Institute Knowledge Economy Index

The official statement of the Planning Commission of Pakistan is to increase Pakistan's score from 2.2 to 4.0 till 2025. Firstly, according to the latest Index which was published in 2012, Pakistan's score is 2.45 not 2.2, which was the score in 2008. Historically, Pakistan's rank has fallen slightly from 116 in 2008 to 115 in 2012, education is the weakest sector followed by economic incentive regime. Internet penetration has specifically been mentioned as a sub-goal that is targeted at 50%.

The growth in internet usage has been extraordinary yet electricity penetration is more important goal as well as a prerequisite to this goal.

Annual Number of Tourists

The fourth goal in this pillar is to increase the annual number of tourists to Pakistan to 2 million. The last available figure was 0.85 million in 2009 which had increased from 0.55 million in 2000, meaning a 0.3 million increase in 9 years. To increase this number by 1.15 million in 11 years is an overambitious target. This number has actually increased from the 2006 figure of 0.9 million. The problems of terrorism, inadequate infrastructure & amenities, lack of quality accommodation, risky road routes and poor marketing efforts are reasons why such a big jump is unlikely.

Modernizing Transportation Infrastructure and Greater Regional Connectivity

Road Density

In developing countries like Pakistan road and infrastructure is considered to be the fundamental and most important aspect to increase the overall growth. Vision 2025 aims to increase the local road density from 32 Km / 100 Km² to 64 km/ 100 Km², and share of rail from 4% to 20% of freight handling in the country. This will help to connect remote and untapped areas of Pakistan to rest of the cities. With the help of better road density communication and reach of all the products and services to those areas will be increased. This will provide better opportunities to the residents of the areas and better facilities will be provided to them. It also aims to reduce the overall transport costs. This will help to increase the mobility of the masses and will result in more activity of the potential consumers.

Hub of Regional Trade and Commerce

The Vision 2025 aims to enhance the global reliance on Pakistan in terms of its geopolitical location. Government has already announced the project of Lahore to Karachi motorway. After the completion of Gwadar port this will help to transit and transport all the shipments through this road network. Central Asian states and china will become completely dependent upon Pakistan and this will help Pakistan to become the hub of regional and international trade and commerce. This also aims to enhance the rail structure of Pakistan which will efficiently transit the trade goods.

Although most of the goals look like over-optimistic and non-achievable still these goal give the overall direction of the future development projects of Pakistan and will be able to become the guidelines for the smooth revival of the country.

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