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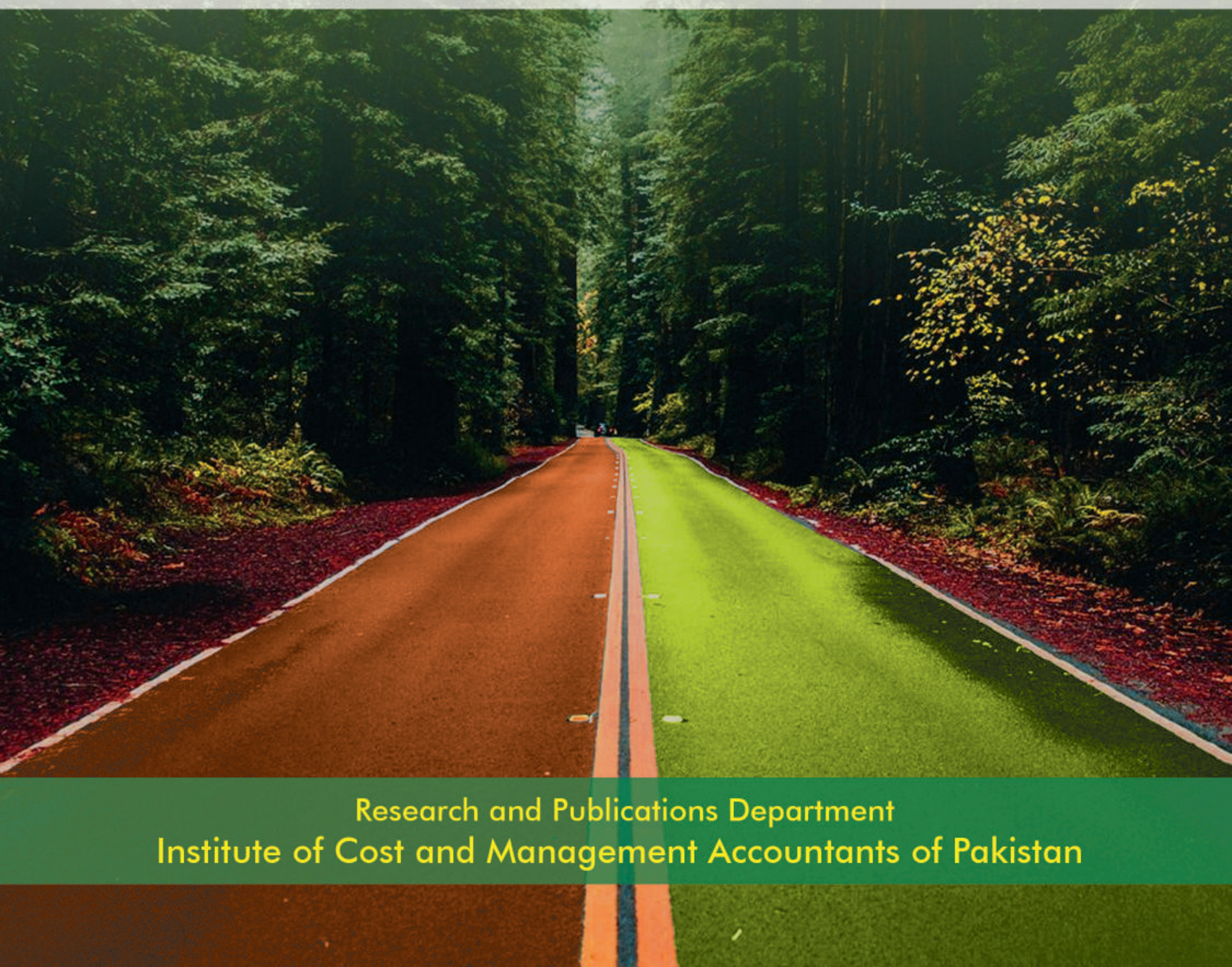
ICMA's Economic Vision and Strategy: Building a Brighter Future for Pakistan

Submitted to:
Ministry of Planning, Development and Special Initiatives, Government of Pakistan



Research and Publications Department
Institute of Cost and Management Accountants of Pakistan

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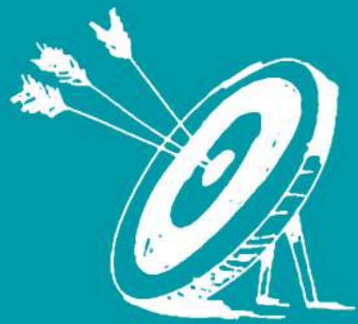

VISION

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CORE VALUES

- Competence
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- Ethics
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Foreword

I am delighted to introduce this valuable booklet "ICMA's Economic Vision and Strategy: Building a Brighter Future for Pakistan", developed by the ICMA Research and Publication Department. This precisely written economic plan is our proposal to the Ministry of Planning Commission, Government of Pakistan, embodying our steadfast commitment to develop sustainable growth and equitable development in our beloved nation.

Pakistan faces a range of economic challenges, from fiscal deficits to unemployment and inadequate infrastructure. Yet, within these challenges lie opportunities for transformation and progress.

Our proposal outlines a comprehensive framework, driven by a vision of inclusive prosperity. It prioritizes human resource development as the foundation of sustainable growth, advocating for investments in education and skills development to unleash the potential of our workforce.

Policy recommendations span various sectors, addressing challenges and leveraging opportunities for economic advancement. From reducing import reliance in agriculture to enhancing industrial growth through export promotion and R&D incentives, each recommendation is designed to nurture economic resilience and growth.

Infrastructure development is paramount in our economic transformation agenda. We emphasize cost-effective energy reforms, investments in renewable energy, and enhancements in transportation and digital infrastructure to enhance efficiency and sustainability.

Moreover, our proposal encompasses monitoring and evaluation mechanisms, international engagement, fiscal consolidation, and measures to promote gender equality and curb corruption. These recommendations aim to drive sustainable development and create pathways for long-term prosperity.

I commend the dedication and efforts of all involved in making this economic vision. I urge you to embrace its recommendations fully and work collaboratively towards its realization. Together, let us build a brighter future for Pakistan, unlocking our nation's vast potential for growth and progress.

Shehzad Ahmed Malik, FCMA
President, ICMA International

Chairman's Message

It is with great pleasure and a profound sense of purpose that I introduce to you "ICMA's Economic Vision and Strategy: Building a Brighter Future for Pakistan." This comprehensive economic plan, developed by the Research and Publications Department of ICMA International reflects our dedication to fostering sustainable growth and equitable development in our nation.

Pakistan stands at an intersection, dealing with a numerous economic challenges ranging from fiscal deficits to unemployment and inadequate infrastructure. Yet, within these challenges lie opportunities for transformation and progress. We expect that the new Government at the helm of affairs would consider the ICMA recommendations favourably for implementation.

Our proposed framework outlines a holistic approach, driven by a vision of inclusive prosperity. It encompasses comprehensive reforms in fiscal management, debt sustainability, and tax administration, alongside targeted investments in education, skills development, and infrastructure.

Key components of our framework include prioritizing human resource development, enhancing regulatory environments, and institutional reforms to drive sustainable and inclusive growth. We advocate for a stage-wise scaling of economic sectors, focusing on infrastructure development, agricultural revitalization, industrial growth, and services sector expansion.

Furthermore, our policy recommendations focus various sectors, addressing challenges and leveraging opportunities for economic advancement. From infrastructure development to international engagement and risk management, each recommendation can support to drive sustainable development and create pathways for long-term prosperity.

I extend my heartfelt gratitude to my esteemed colleagues in the Research and Publications Committee for their firm dedication and hard work in bringing this vision to fruition. Together, we remain committed to advancing our nation's economic interests and empowering its citizens.

Insha Allah, we will continue to produce such sectoral publications in the future, ensuring that our collective efforts contribute to a brighter and more prosperous future for Pakistan.

Muhammad Yasin, FCMA
Vice President ICMA and
Chairman, Research and Publications Committee

Acknowledgment

We wish to acknowledge with deep appreciation the Executive Director and the committed team at the Research and Publication Department (R&P) of ICMA for their invaluable contributions in conducting research to develop these policy recommendations.

Executive Director - ICMA

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Preface

This study serves as a proposed economic plan to the Ministry of Planning Development & Special Initiatives (Government of Pakistan), developed by the Institute of Cost and Management Accountants of Pakistan (ICMA), titled " ICMA's Economic Vision and Strategy: Building a Brighter Future for Pakistan." As a strong supporter of sustainable growth and fair development, ICMA has laid out a comprehensive plan/framework to address Pakistan's economic challenges. Grounded in essential analysis and guided by a vision of inclusive prosperity, ICMA plan endeavors to chart a course towards economic renaissance, unleashing Pakistan's full potential.

Chapter 1, **"Identification of Key Challenges,"** describes the critical hurdles hindering our progress, including fiscal deficits, external debt burdens, unemployment, inflation, and the entangled issues of food security and climate change, among others. Through this thorough assessment, we aim to develop the foundations upon which our economic issues are based.

Chapter 2, "**Proposed Economic Framework Development,"** presents a blueprint for transformative change. This chapter outlines strategies for policy refinement, sectoral prioritization, institutional reform, and human resource development, all aimed at promoting resilience and unlocking growth opportunities across various sectors.

Chapter 3, **"Policy Recommendations"** highlights a multi-layer approach to implement our economic vision. From stage-wise scaling of economic sectors to infrastructure development, monitoring and evaluation mechanisms, international engagement, fiscal consolidation, stakeholder engagement, risk management, and the enhancement of social capital, our plan encompasses a spectrum of initiatives designed to catalyze progress.

ICMA believes that by embracing these proposals and working collaboratively with stakeholders across sectors, we can navigate Pakistan's path to prosperity, ensuring sustainable growth that leaves no one behind. As we present this plan, we extend our hand in partnership and commitment to realizing a future of shared prosperity for all Pakistanis.

CHAPTER 1

Navigating Pakistan's Economic Landscape: Identifying Key Challenges

Highlights

- Pakistan’s enduring fiscal and current account deficits challenge economic stability, requiring strategic reforms for sustainable growth.
- It has been struggling with a concerning external debt burden, necessitating strategic reforms to ensure fiscal sustainability and economic stability.
- The system is in need for comprehensive tax reforms to sustain fiscal stability and promote economic growth.
- The economy is facing hike in energy prices, supply chain disruptions, and currency depreciation, necessitating comprehensive fiscal and monetary reforms for stability.
- Pakistan faces persistent unemployment worsened by population growth and limited job creation, necessitating comprehensive policies for economic growth and skills development.
- The economy is having severe food insecurity intensified by climate change-induced disruptions and natural disasters. Targeted interventions to ensure food access and agricultural resilience is required.
- Pakistan’s infrastructure gaps encompass various sectors, including transportation, energy and water. Substantial investment and sustainable development initiatives are required.
- The country faces persistent corruption, with a low global corruption perception ranking and challenges in tax collection, necessitating anti-corruption and transparency enhancements measures.

Chapter 1: Navigating Pakistan's Economic Landscape: Identifying Key Challenges

Pakistan's economic landscape presents a myriad of challenges that necessitate careful examination and strategic intervention. From unemployment and inflation to infrastructure deficiencies and climate change impacts, the country grapples with complex obstacles on its path to sustainable development. Understanding these challenges is paramount for policymakers, stakeholders, and citizens alike, as it sets the foundation for informed decision-making and targeted actions aimed at nurturing economic growth, social equity, and environmental sustainability. The following are the key challenges of Pakistan's economy:

a) Twin Deficits [Fiscal Deficit & Current Account Deficit (CAD)]
b) High External Debts
c) Low Revenue Generation
d) High Inflation
e) Unemployment
f) Food Security and Climate Change
g) Infrastructure Gaps
h) Corruption and Governance Issues

Let's discuss each of these key challenges in detail:

a) Twin Deficits

For decades, Pakistan has grappled with a persistent fiscal deficit, posing significant challenges to its economic stability and growth. This imbalance arises from government expenditures consistently surpassing revenues, leading to heightened borrowing and debt accumulation, thereby straining the country's finances. The fiscal deficit has soared to a record high of Rs. 8.54 trillion due to substantial revisions in the budget by the interim government, reducing external loan estimates by over $6 billion. This contrasts sharply with the Rs. 7.5 trillion deficit target approved by the previous National Assembly.

Presently, the fiscal deficit, reaching 2.3% of GDP in the first half of FY24, poses significant challenges, exacerbated by falling revenue collection. In February 2024, FBR's provisional collection of Rs. 681 billion fell short of the Rs. 714 billion target, resulting in a notable deficit of Rs.33 billion. On the other hand, the current account deficit (CAD) for January 2024 stood at $269 million, marking a continued trend of deficit growth. Despite a surplus of $404 million in December 2023, this figure represents an increase from the previous January's deficit of $167 million. The government anticipates a fiscal year-end deficit of up to $6 billion for FY24.

Twin Deficit (% of GDP)

	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23
Fiscal Deficit	5.8%	8.9%	8.1%	6.1%	7.90%	7.70%
Current Account Deficit	5.7%	3.7%	-1.1%	-0.6%	4.6%	1%

Source: Ministry of Finance

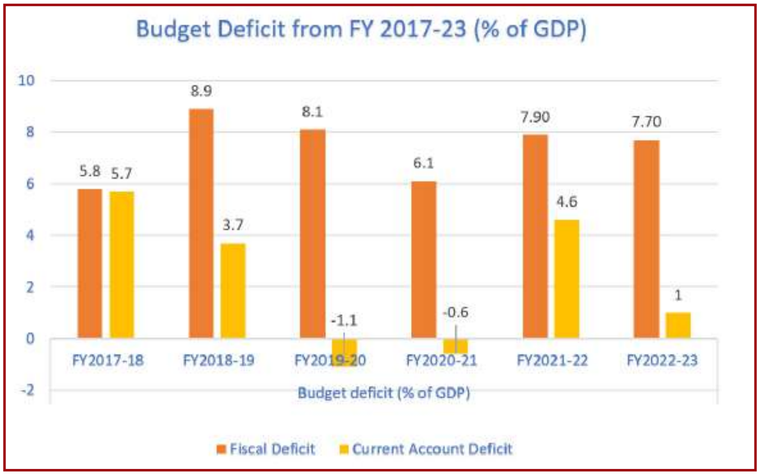


Figure 1: Twin deficit of last 5 years as % of GDP (including fiscal deficit & CAD)

As exhibited in figure 1, fiscal deficit and current account deficit over the last five years have been unstable due to which the economy of Pakistan has not been able to combat the challenges and improve its financial status. Secondly, another major issue of current account deficit issues stems from multiple factors, including the pressing need for debt servicing, amounting to $6.1 billion before the fiscal year's end. The weakening exchange rate, spurred by the rising CAD, is fostering instability and encouraging foreign exchange sales.

Additionally, increased reliance on domestic borrowing, amounting to Rs. 3.7 trillion last year, has fueled inflation and crowded out private sector borrowing due to high-interest rates. Addressing these multifaceted challenges will require comprehensive reforms and strategic planning to stabilize the economy and foster sustainable growth.

b) High External Debts

The present scenario concerning Pakistan's external debt burden is alarming, as interim administrations have turned to extensive domestic borrowing owing to a stagnant credit rating, notwithstanding recent agreements. Between July 2023 and December 2023, the government borrowed Rs. 3.585 trillion. Moreover, Pakistan faces substantial external debt repayments amounting to $73 billion between 2023 and 2025.

Pakistan's per capita debt has surged by 36% from $823 in 2011 to $1,122 in 2023, while its debt-to-GDP ratio already exceeds 70%. Projections by the IMF and credit rating agencies indicate that interest payments on debt could consume between 50% and 60% of government revenues this year.

Despite bonded debt constituting only 8% of the external debt stock and 3.4% of total public debt, a significant portion of Pakistan's debt is owed to China, accounting for nearly 13% of the total debt. The persistent issue lies in domestic debt, which comprises around 60% of the debt stock and 85% of the interest burden.

IMF's Disbursements to Pakistan (Purchases and Loans in SDR billion)						
	2019	2020	2021	2022	2023	2024
Disbursements	19.12	36.96	9.23	27.33	20.77	5.89
Repayments	7.40	4.61	11.09	18.56	22.61	4.03
Charges & Interest Paid	1.88	1.91	2.82	2.94	5.84	1.55

Table 2: IMF's total disbursement to Pakistan in terms of Purchase & Loans (value in SDR Billion)
Source: IMF

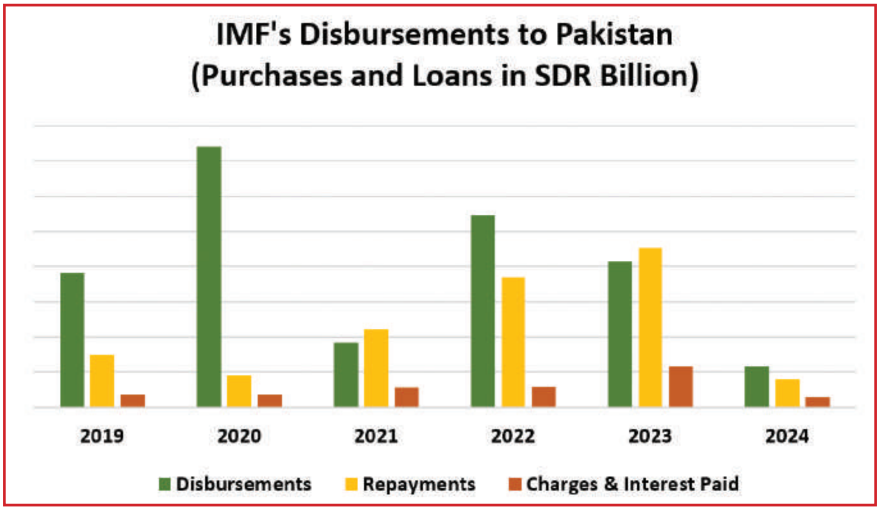


Figure 2: IMF's total disbursement to Pakistan in terms of Purchase & Loans (value in SDR Billion)

The data presented in the table and figure unmistakably shows a rise in the loans disbursed to Pakistan by the IMF over the six-year period, leading to increased repayment responsibilities and interest charges. Currently, Pakistan is not only bound to repay the IMF but also other nations, as previously mentioned. This highlights Pakistan's precarious financial state and its heavy reliance on external funding, resulting in a situation where a substantial portion of revenue generated is directed towards repaying loans to various lenders, rather than being utilized for welfare, education, and infrastructure development.

Moreover, the bulk of Pakistan's external debt, predominantly in dollars, is heavily concentrated among bilateral and multilateral creditors, constituting approximately 85% of the total. The lack of an efficient debt management strategy worsens the situation, compounded by the country's considerable debt servicing commitments that exceed its total tax revenue. Tackling these issues demands extensive reforms in debt management procedures and strategic foresight to guarantee fiscal sustainability and economic steadiness.

c) Low Revenue Generation

Government revenues in Pakistan have seen an increase from Rs. 8,035.40 billion in FY2022 to Rs. 9,633.50 billion in FY2023. However, despite this growth, concerns loom over the country's revenue generation capacity. Direct revenue streams, including income tax, sales tax, customs duty, and Federal Excise Duty (FED), constitute a significant portion of revenue collection. Non-tax revenue sources contribute an additional 12%. Despite being the sixth most populous nation globally, Pakistan's tax-to-GDP ratio plummeted to 8.5% in FY23, highlighting a significant disparity. With a potential revenue of Rs. 32,000 billion, the current collection stands at Rs. 9,400 billion, underscoring the challenges in tax collection efficiency.

Table 3: Summary of Tax Gap Estimates (Rs. Billion)

	Year	Tax Collectable	Tax Collection	Tax Gap	Tax Gap (% of tax collectable)
Sales Tax	FY2020	2,209	1,690	519	24
Income Tax	FY2019/20	2,385	1,655	730	31
Customs Duty	FY2019	358	318	40	11
Total		**4,952**	**3,663**	**1,289**	**26**

Source: Ministry of Finance

Simultaneously, the substantial tax gap cannot be overlooked, with a shortfall of Rs. 1,289 billion in FY22, representing 26% of the collectible tax. Breakdowns include a Rs. 519 billion sales tax gap (24%), a Rs. 730 billion income tax gap (31%), and a Rs. 40 billion customs duty gap (11%).

The summary of six years tax collection is as follows:

FBR Tax Collections (in Billion PKR)						
	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Direct taxes	1,536	1,445	1,523	1,726	2,285	3,271
Sales tax	1,491	1,459	1,597	1,981	2,532	2,591
Federal Excise	206	238	250	280	321	370
Customs Duty	608	685	626	747	1,011	932
Total	**3,841**	**3,827**	**3,996**	**4,734**	**6,149**	**7,164**

Table 4: Summary of FBR Tax Collection of 6 years

Source: Revenue Division Year Books

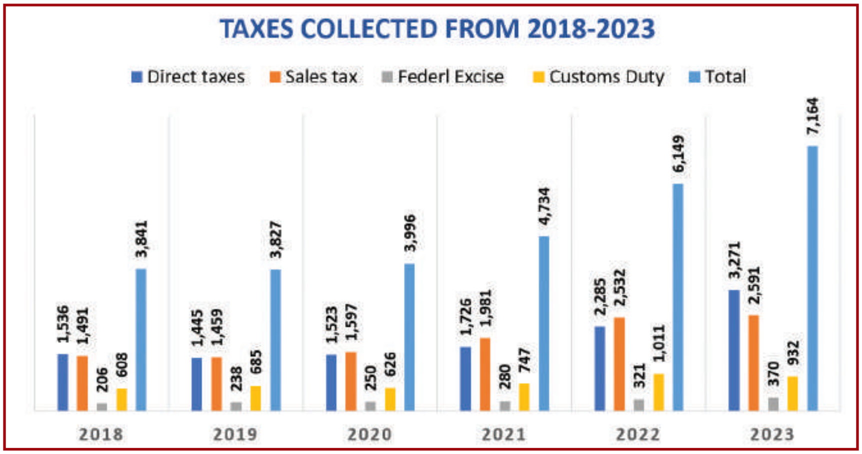


Figure 3: Tax collection of direct and indirect taxes from 2018-2023

Over the last five years, FBR tax collection, including both direct and indirect taxes such as sales tax, federal excise, and customs duty, has shown an upward trend, leading to an overall increase in tax revenue. However, despite this increase, tax collection, encompassing all its components, has proven inadequate to drive economic growth. The inefficiency in maximizing resource utilization for tax collection has resulted in a shortfall in the expected tax revenue, highlighting a gap between the potential and actual tax collection.

Income tax returns (Rs in Millions)										
	TY 2018		TY 2019		TY 2020		TY 2021		TY 2022	
Category	No. of filers	Payment with returns	No. of filers	Payment with returns	No. of filers	Payment with returns	No. of filers	Payment with returns	No. of filers	Payment with returns
Individual	2,872,778	14,368	3,213,971	15,137	3,477,520	26,364	4,055,432	29,413	3,095,475	30,845
AOP	65,931	2,204	71,374	2,729	76,738	4,595	84,631	6,047	84,143	6,199
Companies	46,709	18,875	52,204	17,600	59,353	22,718	68,847	41,259	61,629	50,190
Total	**2,985,418**	**35,447**	**3,337,549**	**35,466**	**3,613,611**	**53,677**	**4,208,910**	**76,720**	**3,241,247**	**87,233**

Table 5: Summary of income tax returns of 5 years

Source: Federal Board of Revenue

Another factor contributing to low revenue generation is the heavy reliance on income tax, primarily targeting the salaried class. Table 5 illustrates the trend of filers and payments with returns over the past five years, showing that the majority of tax filings come from individuals rather than Association of Persons (AOP) and companies, with this trend intensifying over time. Despite individuals being the primary contributors to tax filing and payment, there's a necessity to distribute the tax burden more evenly, or preferably, encourage greater tax compliance among companies. Instead of continuously increasing the tax burden on the salaried class, efforts should be directed towards broadening the tax base.

The low revenue generation poses grave challenges to Pakistan's economy. Losses in tax revenue, accounting for approximately 3.36% of the total GDP in the FY 2021-2022, indicate a significant shortfall in funding essential government functions.

Several factors perpetuate this issue, including a cumbersome taxation system, a large undocumented sector, high reliance on indirect taxes, and widespread tax evasion and avoidance. Moreover, ongoing exemptions and tax amnestization initiatives further strain revenue generation efforts, diverting substantial resources away from developmental objectives. Furthermore, the heavy allocation of government revenue towards debt servicing and foreign loan repayments, constituting 30% and 18% of the budget respectively, exacerbates the fiscal strain. This leaves limited resources for essential developmental and operational expenditures, hindering economic growth and stability.

In summary, the low revenue generation in Pakistan underscores a pressing and threatening issue for the economy, necessitating comprehensive reforms to enhance tax collection efficiency, streamline the taxation system, and reduce reliance on borrowings to sustain fiscal stability and promote economic growth.

d) High Inflation

Pakistan is facing significant inflation due to various factors like higher energy prices, disruptions in the supply chain, and currency depreciation. The country relies heavily on imports, especially for essentials like oil and food, which adds to inflationary pressures during global supply chain disruptions. Additionally, fiscal deficits and increased money supply also contribute to rising prices. High inflation hits low-income families the hardest, worsening poverty. To tackle this, Pakistan needs to implement sensible fiscal and monetary policies, make structural reforms to boost productivity, reduce import dependency, and provide targeted support for vulnerable groups.

Inflation Rate in Pakistan (Year on Year)

Table: INF-1

Year on Year	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
General Inflation	31.5	35.4	36.4	38	29.4	28.3	27.4	31.4	26.8	29.2	29.7	28.3	23.1
Average Food Inflation	45	48.65	49.5	50.25	41.15	40.75	39.7	34.65	28.75	29.5	29.05	26.25	19.6
Average Core Inflation	19.3	20.85	22.2	23.45	21.85	21.5	22.15	24	23	22.25	23	21.2	19

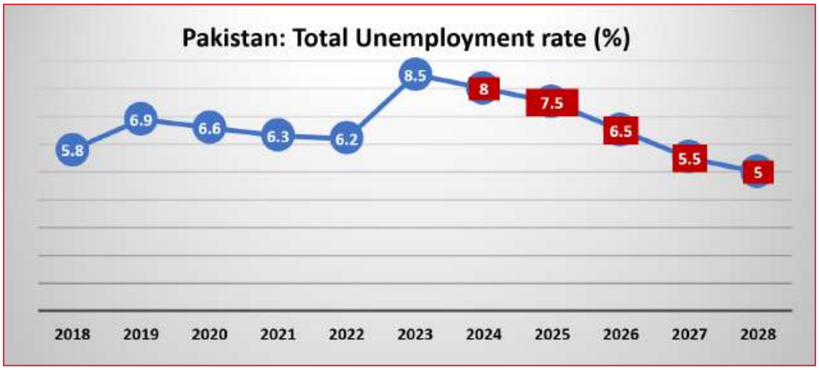
Source: SBP, Average represents the Urban and Rural mean value.

- In Table: INF-1, the general inflation rate in Pakistan experienced fluctuations throughout the period from February 2023 to February 2024, with a peak of 38% in May 2023 and a low of 23.1% in February 2024.
- Average food inflation, representing both urban and rural areas, showed a similar pattern of fluctuations but generally remained higher than general inflation. The highest average food inflation was recorded in March 2023 at 48.65%, while the lowest was in February 2024 at 19.6%.
- Core inflation, which excludes volatile food and energy prices, also demonstrated fluctuations but generally remained lower than general and food inflation rates. The peak core inflation was in May 2023 at 23.45%, and the lowest was in February 2024 at 19%.
- Despite fluctuations, the general trend suggests a gradual decrease in inflation rates from mid-2023 to early 2024, indicating potential stabilization efforts or economic adjustments.
- High food inflation rates indicate challenges in food supply chains or agricultural production, which could contribute to overall inflationary pressures in the economy.
- Core inflation remaining relatively lower signifies some stability in non-food and non-energy sectors, although it’s still influenced by broader economic factors.
- Monitoring and addressing food inflation could be a priority for policymakers to alleviate the burden on consumers and ensure food security in the country.

e) Unemployment

Pakistan has been grappling with persistent unemployment issues intensified by various factors, including rapid population growth, limited economic diversification, and inadequate job creation. The COVID-19 pandemic further worsened the situation by disrupting businesses and causing widespread job losses. Moreover, Pakistan's informal sector, which constitutes a significant portion of the economy, faces challenges in terms of low wages, job insecurity, and lack of social protection. The country's youth rise adds to the pressure, as a large portion of the population enters the workforce each year, intensifying competition for limited job opportunities. Addressing unemployment in Pakistan requires comprehensive policies aimed at promoting economic growth, enhancing skills development, and fostering an environment conducive to entrepreneurship and investment.

Table: U-1



Source: IMF, the Red Dots represent the predicted values by IMF.

- The above Table: U-1 shows unemployment rate in Pakistan which saw a gradual increase from 2018 to 2020, rising from 5.8% to 6.6%.
- In 2021, there was a slight decrease in the unemployment rate to 6.3%.
- From 2022 onwards, there was a notable increase in unemployment, reaching 8.5% in 2023.
- IMF projects a decline in the unemployment rate starting from 2024, with it dropping to 8% and further decreasing to 7.5% in 2025, indicating a positive trend.
- By 2028, IMF projects a significant reduction in unemployment to 5%, which suggests improvements in the labor market conditions over the projection period.
- The overall trend indicates fluctuations in unemployment rates with a notable increase in recent years followed by a projected decline, showcasing potential economic stabilization efforts.

Table: U-2

Unemployment Rate (%)	2016	2018	2019	2021
Total Female (% of female labor force)	2.71	4.55	6.26	9.16
Total Male (% of male labor force)	2.152	3.96	4.41	5.49
Basic Education				
Total Unemployment with basic education (%)	2.45	3.86	4.73	5.15
Unemployed Female with basic education (% of female labor force with basic education)	4.12	4.88	5.26	8.48
Unemployed Male with basic education, (% of male labor force with basic education)	2.24	3.72	4.67	4.67
Intermediate Education				
Total Unemployed with intermediate education (% of total labor force with intermediate education)	3.5	5.61	6.7	9.67
Unemployed Female with intermediate education (% of female labor force with intermediate education)	4.96	9.63	17.17	24.4
Unemployed Male with intermediate education (% of male labor force with intermediate education)	3.35	5.2	5.67	8.07
Advanced Education				
Total Unemployment with advanced education (% of total labor force with advanced education)	3.88	7.15	10.9	16.15
Unemployed Female with advanced education (% of female labor force with advanced education)	3.63	13.35	28.37	33.86
Unemployed Male with advanced education (% of male labor force with advanced education)	3.94	5.59	5.52	8.86

Source: World Bank.

- Overall, the Table: U-2 shows unemployment rate across different educational levels in Pakistan. The unemployment rate has shown an upward trend across various education levels and genders from 2016 to 2021.

- There's a notable gender disparity in unemployment rates, with females consistently experiencing higher unemployment rates compared to males across all education levels.

- Unemployment rates tend to increase with higher education levels, indicating potential challenges in matching skilled labor with available job opportunities.

- Among those with basic education, both male and female unemployment rates increased from 2016 to 2019 before slightly decreasing in 2021. However, the unemployment rate for females with basic education remained higher than that for males throughout the period.

- For individuals with intermediate education, both male and female unemployment rates showed a steady increase from 2016 to 2021, with females consistently experiencing higher unemployment rates compared to males.

- The unemployment rates for those with advanced education exhibited the most significant increase over the period, with both male and female rates rising substantially. Females consistently had higher unemployment rates compared to males across all years and education levels.

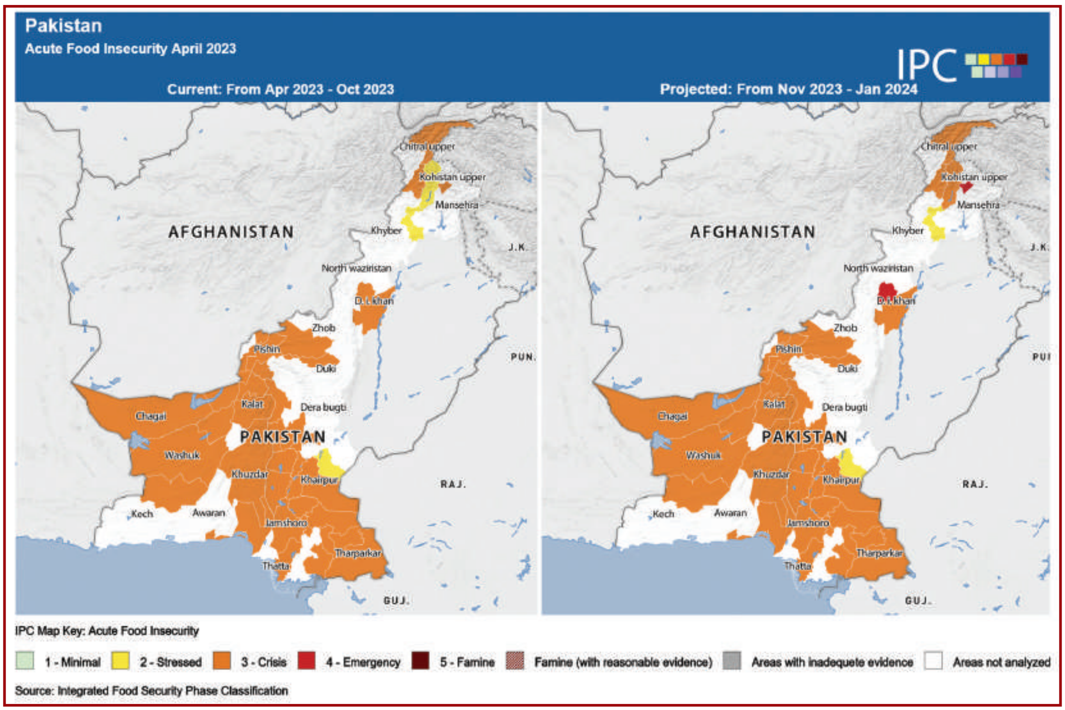
- These trends suggest potential issues in the labor market, particularly regarding the underutilization of educated female labor and the need for targeted policies to address gender disparities in employment opportunities.

f) Food Security and Climate Change

Pakistan is dealing with major challenges regarding food security and climate change. Climate change has caused unpredictable weather patterns, like irregular rainfall, droughts, and extreme temperatures, which harm agricultural productivity. This is a big concern because many people in Pakistan depend on farming for their livelihoods and food. Also, Pakistan relies on water from melting glaciers for irrigation, but as the glaciers melt due to global warming, water scarcity worsens, affecting agriculture and making food insecurity worse.

Acute Food Insecurity in Pakistan

Figure: FC-1



Source: Integrated Food Security Phase Classification (IPC), Report on "PAKISTAN: ACUTE MALNUTRITION SITUATION FOR April - Oct 2023 AND PROJECTION FOR NOV 2023 - JANUARY 2024".

- Figure: FC-1 shows that approximately 10.5 million individuals, constituting 29% of the population studied, are facing severe food insecurity (IPC Phase 3 or higher) from April to October 2023.

- Among them, roughly 2.1 million people (6% of the analyzed population) are projected to be in IPC Phase 4 (Emergency), while around 8.4 million people (23% of the analyzed population) will be in IPC Phase 3 (Crisis) across 43 districts.

- The analysis focused on 43 rural districts in Balochistan (18 districts), Khyber Pakhtunkhwa (9 districts), and Sindh (16 districts), the most vulnerable provinces in Pakistan.

- These areas, heavily affected by the 2022 Monsoon rains and flooding, account for about 16% of Pakistan's total population, with nearly 37 million people.

- Severe monsoon rains and flooding in 2022 significantly impacted food production, consumption, livelihoods, and employment opportunities in Sindh and Balochistan.

- Factors such as high food and fuel prices, repercussions of the Russia-Ukraine crisis, livestock diseases, and extreme weather conditions in early 2023 further affected agricultural production, particularly of wheat, a staple crop.

- Access to food remains a major challenge due to the impact of the 2022 floods on food prices and limited livelihood opportunities.

- The situation is expected to deteriorate between November 2023 and January 2024, with approximately 11.8 million people (32% of the analyzed population) likely experiencing acute food insecurity.

- Urgent action is needed to address food consumption gaps and protect livelihoods.

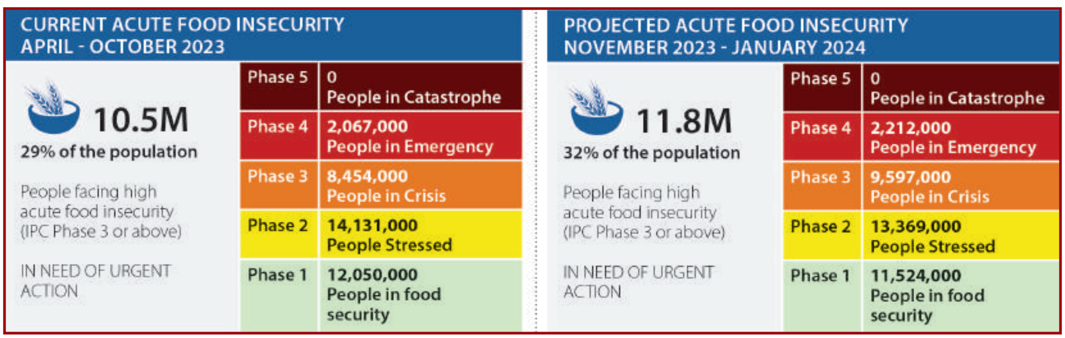
Table: FC-1

Area Name	Total # (Population)	Phase 1		Phase 2		Phase 3		Phase 4		Phase 5	
		People	%	People	%	People	%	People	%	People	%
Total	36,702,048	12,049,928	33%	14,130,868	38%	8,453,784	23%	2,067,468	6%	0	0%
Baluchistan	8,383,510	2,787,067	33%	2,968,847	35%	2,135,888	25%	491,708	6%	0	0%
Khyber Pakhtunkhwa	9,020,114	3,324,404	37%	3,555,530	39%	1,720,982	19%	419,198	5%	0	0%
Sindh	19,298,424	5,938,457	31%	7,606,492	39%	4,596,913	24%	1,156,562	6%	0	0%

Source: Integrated Food Security Phase Classification (IPC), Report on "PAKISTAN: ACUTE MALNUTRITION SITUATION for April - Oct 2023 AND PROJECTION FOR NOV 2023 - JANUARY 2024". Phases represents the Levels of food insecurity, which is align with the above "IPC MAP of Pakistan". The later the Phase, the more the severity of Food insecurity. Punjab Province data is not available in the IPC report.

- The data in Table: FC-1 provides insights into the phase-wise food insecurity situation in different provinces of Pakistan.
- Balochistan shows a relatively higher proportion of its population experiencing severe food insecurity, with 25% in Phase 3 and 6% in Phase 4.
- Khyber Pakhtunkhwa also demonstrates significant food insecurity, particularly in Phase 1 (37%) and Phase 2 (39%).
- Sindh exhibits a similar trend, with substantial portions of its population falling into Phase 1 (31%) and Phase 2 (39%).
- Interestingly, Phase 5, representing the most severe food insecurity, shows no population in any province, indicating a positive aspect in terms of extreme food shortages.
- The data highlights the need for targeted interventions and policies to address food insecurity, particularly in Balochistan, Khyber Pakhtunkhwa, and Sindh, where a significant portion of the population is affected.
- Efforts to improve food production, distribution systems, access to nutritious food, and economic opportunities in these regions could help alleviate food insecurity and improve overall well-being.

Figure:FC-2



Source: Integrated Food Security Phase Classification (IPC), Report on "PAKISTAN: ACUTE MALNUTRITION SITUATION FOR April - Oct 2023 AND PROJECTION FOR NOV 2023 - JANUARY 2024"

Key Factors Driving Acute Food Insecurity

- High food prices became a significant issue in March 2023, with a notable increase in the consumer price index (CPI), affecting the purchasing power of households, particularly low-income groups like farmers and daily wage laborers.

- Various factors such as the 2022 floods, currency depreciation, and the Russia-Ukraine crisis contributed to the rise in prices, exacerbating the challenges of accessing food.

- Reduced employment and income opportunities have been observed due to Pakistan's political and economic uncertainties, leading to increased costs of essential items and limited job prospects, further compounded by the aftermath of the 2022 floods and border closures.

- Climatic shocks, including the 2022 floods and subsequent extreme weather events in 2023, have had prolonged effects on livelihoods, resulting in displacement, crop damage, and loss of livestock.

- Livestock diseases and deaths surged following the 2022 floods, significantly impacting livelihoods reliant on livestock and poultry.

- Food production witnessed a decline, particularly for major crops like rice, maize, sugarcane, cotton, pulses, and orchards, with reduced yields observed in flood-affected areas.

- The production of major Rabi crops, including wheat, also suffered in flood-affected regions, with increased prices of agricultural and livestock inputs further impeding food production, particularly for farmers affected by the floods.

g) Infrastructure Gaps

Pakistan faces significant infrastructure challenges, including inadequate transportation networks, insufficient energy supply, and limited access to clean water and sanitation facilities. Decades of underinvestment and insufficient maintenance have resulted in dilapidated roads, congested urban areas, and unreliable power grids. Inadequate infrastructure not only hinders economic growth and development but also increases social inequalities, as marginalized communities often lack access to basic services. Addressing these infrastructure issues requires substantial investment in both physical infrastructure projects and institutional capacity building. Additionally, adopting sustainable and resilient infrastructure practices is essential to alleviate the impacts of climate change and ensure long-term development benefits.

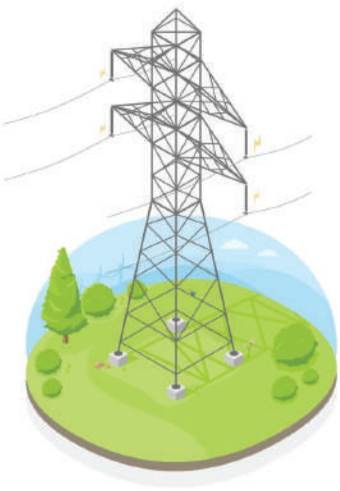


Table: IG-1

Indicators	2017	2018	2019	2020	2021	2022
Information & Communication Technology Infrastructure						
ICT goods exports (% of total goods exports)	0.20	0.16	0.07	0.09	0.08	N/A
ICT goods imports (% total goods imports)	4.69	3.93	4.75	6.50	5.53	N/A
Individuals using the Internet (% of population)	13.78	t15.34	17.07	18.93	21.04	N/A
Secure Internet servers (per 1 million people)	110.56	105.41	60.68	71.71	N/A	N/A
Secure Internet servers	2,3923	2,3161	1,3549	1,6293	N/A	N/A
Fixed broadband subscriptions (per 100 people)	1.07	0.98	0.91	1.08	1.27	1.33
Fixed broadband subscriptions	2,318,001	2,162,339	2,034,543	2,442,938	2,949,027	3,135,367
Fixed telephone subscriptions (per 100 people)	1.36	1.34	1.24	1.27	1.22	1.19
Fixed telephone subscriptions	2,940,243	2,934,735	2,778,241	2,876,794	2,831,852	2,799,360
Mobile cellular subscriptions (per 100 people)	67	70	74	77	82	82
Mobile cellular subscriptions	144,525,637	153,986,607	165,405,847	175,624,364	188,711,452	192,779,544
Transportation Infrastructure						
Container port traffic (TEU: 20 foot equivalent units)	3,284,000	3,249,000	3,150,000	3,161,000	3,548,000	N/A
Liner shipping connectivity index (maximum value in 2004 = 100)	34	34	34	41	34	N/A
Rail lines (total route-km)	7,791	7,791	7,791	N/A	N/A	N/A
Railways, passengers carried (million passenger-km)	22,476	24,903	N/A	N/A	N/A	N/A
Railways, goods transported (million ton-km)	5,031	8,080	N/A	N/A	N/A	N/A
Air transport, passengers carried	7,260,769	6,880,637	7,420,378	3,711,457	4,930,662	N/A
Air transport, freight (million ton-km)	215	218	193	96	76	N/A
Air transport, registered carrier departures worldwide	51,019	48,542	49,749	27,904	36,261	N/A
Intellectual Property Infrastructure						
Trademark applications, resident, by count	30,632	30,543	32,741	36,448	43,233	N/A
Trademark applications, nonresident, by count	7,793	7,438	5,591	4,130	8,079	N/A
Industrial design applications, resident, by count	387	453	453	366	463	N/A
Industrial design applications, nonresident, by count	103	135	128	98	109	N/A

Energy Infrastructure						
Public private partnerships investment in energy (current US$)	6,097,650,000	1,182,200,000	2,976,610,000	1,951,750,000	250,000,000	100,000,000
Investment in energy with private participation (current US$)	6,097,650,000	1,182,200,000	2,976,610,000	1,951,750,000	250,000,000	100,000,000
Renewable internal freshwater resources per capita (cubic meters)	254	250	246	242	N/A	N/A
Renewable internal freshwater resources, total (billion cubic meters)	55	55	55	55	N/A	N/A
Water Infrastructure						
Annual freshwater withdrawals, total (% of internal resources)	364	350	322	345	N/A	N/A
Annual freshwater withdrawals, total (billion cubic meters)	200	193	177	190	N/A	N/A
Annual freshwater withdrawals, industry (% of total freshwater withdrawal)	0.76	0.76	0.76	0.76	N/A	N/A
Annual freshwater withdrawals, domestic (% of total freshwater withdrawal)	5.26	5.26	5.26	5.26	N/A	N/A
Annual freshwater withdrawals, agriculture (% of total freshwater withdrawal)	93.98	93.98	93.98	93.98	N/A	N/A

Source: World Bank

1) Information & Communication Technology (ICT) Infrastructure

- In Table: IG-1, ICT goods exports as a percentage of total goods exports have shown fluctuations over the years, with a decline from 2017 to 2019 and remaining relatively stable afterward.
- The percentage of ICT goods imports compared to total goods imports increased from 2017 to 2020, indicating a growing reliance on imported ICT products.
- The percentage of individuals using the internet has shown a steady increase from 13.78% in 2017 to 21.04% in 2021, indicating a gradual expansion of internet access.
- The number of secure internet servers per 1 million people fluctuated over the years, with a significant decrease in 2019 and then remaining relatively stable afterward.
- Fixed broadband subscriptions per 100 people and total subscriptions have shown an increasing trend over the years, indicating improved access to fixed broadband services.
- Fixed telephone subscriptions per 100 people have shown a slight decrease over the years, while mobile cellular subscriptions per 100 people have consistently increased, reflecting the shift towards mobile communication.

2) Transportation Infrastructure

- Container port traffic has shown fluctuations over the years, with varying levels of activity.

- The Liner Shipping Connectivity Index experienced a notable increase in 2020, indicating improved connectivity in liner shipping.

- Rail lines have remained constant over the years, while railways' passengers carried and goods transported have shown fluctuations.

- Air transport metrics such as passengers carried, freight transported, and registered carrier departures have shown fluctuations over the years, with significant decreases observed in 2020 likely due to the impact of the COVID-19 pandemic.

3) Intellectual Property Infrastructure

- Trademark and industrial design applications, both resident and nonresident, have shown fluctuations over the years, reflecting changes in intellectual property activity.

4) Energy Infrastructure

- Public private partnerships investment and total investment in energy have shown fluctuations over the years, with significant variations in funding levels.

- Renewable internal freshwater resources per capita and total resources have remained relatively stable over the years.

5) Water Infrastructure

- Annual freshwater withdrawals as a percentage of internal resources and total withdrawals have shown fluctuations over the years, indicating varying levels of water usage.

- The distribution of freshwater withdrawals among different sectors (industry, domestic, and agriculture) has remained relatively consistent over the years, with agriculture accounting for the majority of withdrawals.

h) Corruption and Governance Issues

The present situation of corruption and governance issues in Pakistan is alarming, with pervasive bribery, a low global corruption perception ranking of 133 out of 180 countries, and approximately 47% of Pakistanis citing corruption as the primary impediment to the nation's progress.

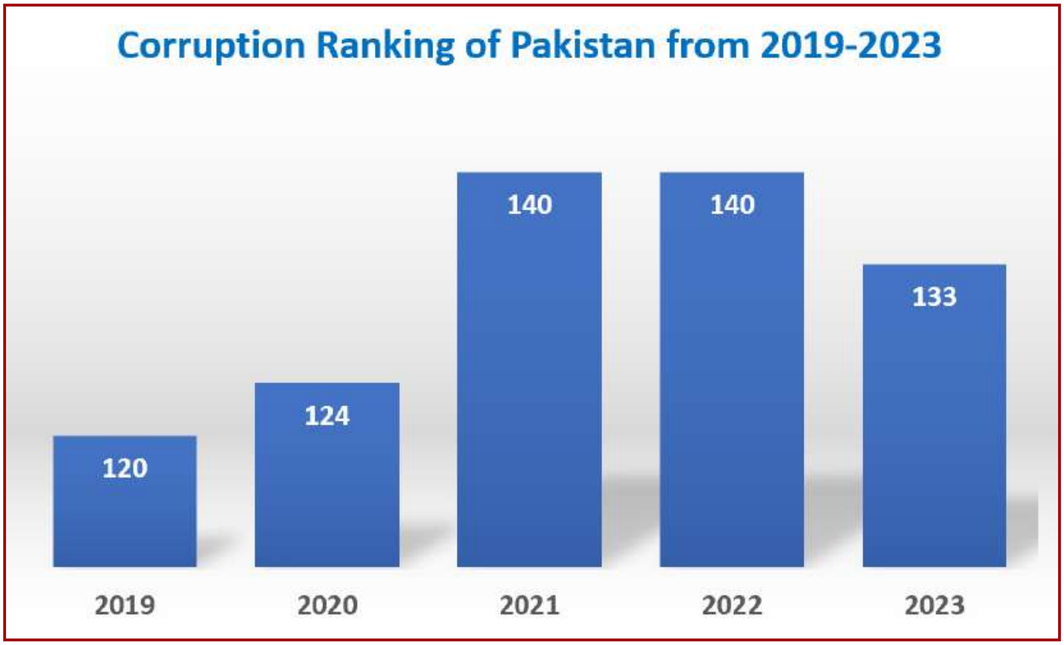


Figure 4: Corruption rank of Pakistan from 2019-2023
Source: Transparency International

Over the past five years, Pakistan's corruption ranking has seen a concerning trend, rising from 120 in 2019 to 140 in 2021, remaining stagnant in 2022. However, there was a slight improvement in 2023, with the corruption rank coming down to 133. Despite this improvement, Pakistan continues to grapple with corruption and governance issues, according to various sources. These persistent challenges have contributed to a fragile internal system within Pakistan.

Corruption in Pakistan lies at the heart of one of its major issues: low tax collection. The Federal Board of Revenue (FBR) faces significant hurdles, including rent-seeking, tax evasion, and corruption, which lead to widespread taxpayer disillusionment and undisclosed wealth. Despite the implementation of various software and systems for tax collection, the absence of effective monitoring mechanisms worsens the growing tax deficit. Pakistan's tax code complexity, numerous exemptions, under-taxation of crucial sectors, and widespread tax evasion compound revenue losses and inefficiencies, further exacerbated by policy loopholes, abuse of power, and insufficient tax filers. Tackling these challenges necessitates comprehensive anti-corruption measures, transparency enhancements, simplification of the tax code, and promotion of a culture of compliance to ensure sustainable economic growth and development.

CHAPTER 2

Proposed Economic Framework Development

Highlights

- ICMA proposes reviewing the economic framework, prioritizes infrastructure, agriculture, industry, and services, advocating for investment, partnerships, innovation, and regulatory reforms. Long-term visions aim for modernization, sustainability, competitiveness, and inclusive growth in each sector, aligning with Pakistan's economic objectives.

- ICMA proposes institutional reforms which require creating independent planning commissions, simplifying regulations, and enhancing financial management. The reforms aim to improve transparency, streamline processes, and combat corruption in public projects through rigorous oversight and cost auditing.

- ICMA emphasizes prioritizing human well-being over mere economic growth, citing the correlation between Human Development Index (HDI) and GDP growth rates across countries. It advocates for policies to enhance HDI for sustainable economic growth. ICMA highlights the importance of knowledge-intensive exports in fostering sustainable development and underscores the need for investment in human resource development to produce value-added products.

Chapter 2: Proposed Economic Framework Development

In response to Pakistan's complex economic landscape and the pressing need for targeted interventions, the formulation of a robust economic framework emerges as a critical imperative. ICMA proposes the following framework to provide a comprehensive roadmap for addressing key challenges, leveraging opportunities, and steering the nation towards sustainable and inclusive growth. Grounded in evidence-based analysis and stakeholder consultations, this proposed framework seeks to harness the country's strengths while reducing vulnerabilities, laying the groundwork for resilient economic development and improved livelihoods for all stakeholders.

ICMA Proposed Economic Framework Development

1a) Priority-wise Scaling of Economic Sectors: Review of Economic Framework

The ICMA proposed economic framework covers four key areas viz. Infrastructure development, Agricultural revitalization, Industrial growth and diversification and Services sector expansion.

Infrastructure Development

Investment Prioritization
Invest in critical infrastructure for productivity, connectivity, and competitiveness, including transportation, energy, and digital networks.

Public-Private Partnerships (PPPs)
Foster private sector partnerships for infrastructure investment, ensuring transparency and accountability.

Efficiency Enhancement
Improve approval processes, project management, and maintenance to optimize infrastructure investments and minimize resource wastage.

Agricultural Revitalization

Technology Adoption
Encourage modern agricultural practices like mechanization, irrigation, and precision farming to boost productivity, reduce losses, and adapt to climate change.

Value Addition
Encourage agro-processing for higher value and rural economic growth.

Market Access
Improve transportation, storage, and market linkages for farmers to access markets efficiently and receive fair prices for their product.

Industrial Growth & Diversification

Sectoral Focus
Identify and prioritize high-growth industries for economic diversification, job creation, and export earnings.

Ease of Doing Business
Reform business environment, streamline regulations, ease SME finance access for entrepreneurship and growth.

Innovation and R&D
Promote innovation through incentives, grants, and collaboration with research institutions to boost industrial competitiveness.

Services Sector Expansion

Skill Development
Invest in education and vocational training for a skilled services workforce, catering to sectors like IT, healthcare, tourism, and finance, to meet domestic and global demand.

Regulatory Reforms
Implement regulatory reforms for competitive, efficient, and consumer-friendly services sector, encouraging investment and growth.

Export Promotion
Promote services exports for diversification and foreign exchange growth.

1b) Priority-wise scaling of economic sectors: Proposed Framework for Long-term Vision development

Infrastructure Development

Vision Statement
Develop modern, resilient infrastructure for economic growth, connectivity, and citizen well-being.

Key Objectives

- Create top-tier transportation networks (roads, railways, ports, airports) to streamline goods and people movement.
- Increase access to reliable, affordable energy, prioritizing renewable sources and efficient distribution.
- Improve digital infrastructure to bridge gap, promote e-governance, and foster innovation.

Agricultural Revitalization

Vision Statement
Modernize Pakistan's agriculture for sustainability, competitiveness, food security, and rural development.

Key Objectives

- Promote sustainable agriculture, water conservation, and soil management to mitigate climate change and boost productivity.
- Encourage diversification for higher agricultural value.
- Improve farmer empowerment and reduce post-harvest losses through better market access and infrastructure.

Industrial Growth and Diversification

Vision Statement
Promote competitive industries for diversification, innovation, and job creation, driving sustainable growth.

Key Objectives

- Promote industrialization with incentives and infrastructure development to attract investment and entrepreneurship.
- Encourage innovation and R&D for increased productivity and competitiveness in key industries.
- Strengthen industry-academia linkages for knowledge transfer and skill development.

Services Sector Expansion

Vision Statement
Develop inclusive services sector as investment hub for growth.

Key Objectives

- Invest in education and training for a skilled services workforce.
- Improve regulations and foster innovation in key service sectors like IT, healthcare, tourism, and finance.
- Boost service exports via trade deals, diversification, and branding for FX earnings and reduced reliance on traditional sectors.

2) Institutional Reforms

INSTITUTIONAL REFORMS

Strengthening Planning and Development Institutions

- Create an independent planning commission for long-term plans, sector coordination, and progress monitoring.
- Ensure transparency and inclusivity by engaging stakeholders.
- Strengthen planning institutions with qualified staff, training, and data access.

Enhancing Regulatory Environment

- Review regulations to identify and remove outdated or ineffective provisions.
- Simplify regulatory processes and compliance requirements to enhance the ease of doing business.
- Establish oversight mechanisms to enforce regulations and hold accountable those involved in corruption.

Improving Public Financial Management/ Cost Auditing

- Strengthen financial management for transparency and efficiency in public fund allocation.
- Conduct rigorous cost audits to detect inefficiencies and corruption in government projects.
- Improve internal controls and risk management to prevent misuse of public resources.

3) Human Resource Development

(a) Sustainable Economic growth through Human Well-Being

Traditionally, underdevelopment has been depicted as a condition where societal and economic progress remain stagnant, often attributed to shortages in natural resources or financial constraints. However, many underdeveloped nations continue to struggle with poverty despite possessing abundant natural resources. Furthermore, significant financial resources are frequently drained from these countries and redirected to more advanced economies, facilitated by market mechanisms. Within the realm of political economy, it is argued that the economic structure of the underdeveloped nations, systematically extracts and transfers the majority of the investable surplus out of the country, rather than reinvesting it for internal economic growth.

While this perspective represents a notable improvement over the "natural resource" theory, it fails to specify a mechanism for initiating rapid growth within the framework of a globalized market system. Both traditional approaches implicitly regard economic growth as an end in itself, viewing human beings merely as resources within the growth process. However, the economic growth is essential but should not be consider an ultimate purpose, but rather as a means to achieving human well-being. Placing human beings at the center of the economic process emphasizes the importance of institutional and organizational structures in developing growth with appropriate pace.

Economic Growth (%) via Human Development Index (HDI) 2021-2022
Table: HD-1

Country	HDI (0 to 1 Value)	Economic Growth (%)
Pakistan	0.54	4.71
Bangladesh	0.67	7.10
India	0.64	7.24
Afghanistan	0.46	-20.74
Bhutan	0.68	4.42
Sri Lanka	0.78	-7.82
Nepal	0.60	5.61
Maldives	0.76	13.91

Source: World Bank & Human development Report.

From the above data in Table: HD-1, there seems to be a general pattern suggesting that countries with higher HDI tend to experience higher GDP growth rates. However, this correlation is not absolute, as seen by some exceptions like Pakistan, Bhutan, and Nepal, which have varying degrees of economic growth despite relatively similar HDI levels.

- Bangladesh, India, and Maldives have relatively higher HDI scores (0.67, 0.64, and 0.76 respectively) and also experienced higher GDP growth rates (7.10%, 7.24%, and 13.91% respectively).

- Afghanistan and Sri Lanka have lower HDI scores (0.46 and 0.78 respectively) and both experienced negative GDP growth rates (-20.74% and -7.82% respectively).

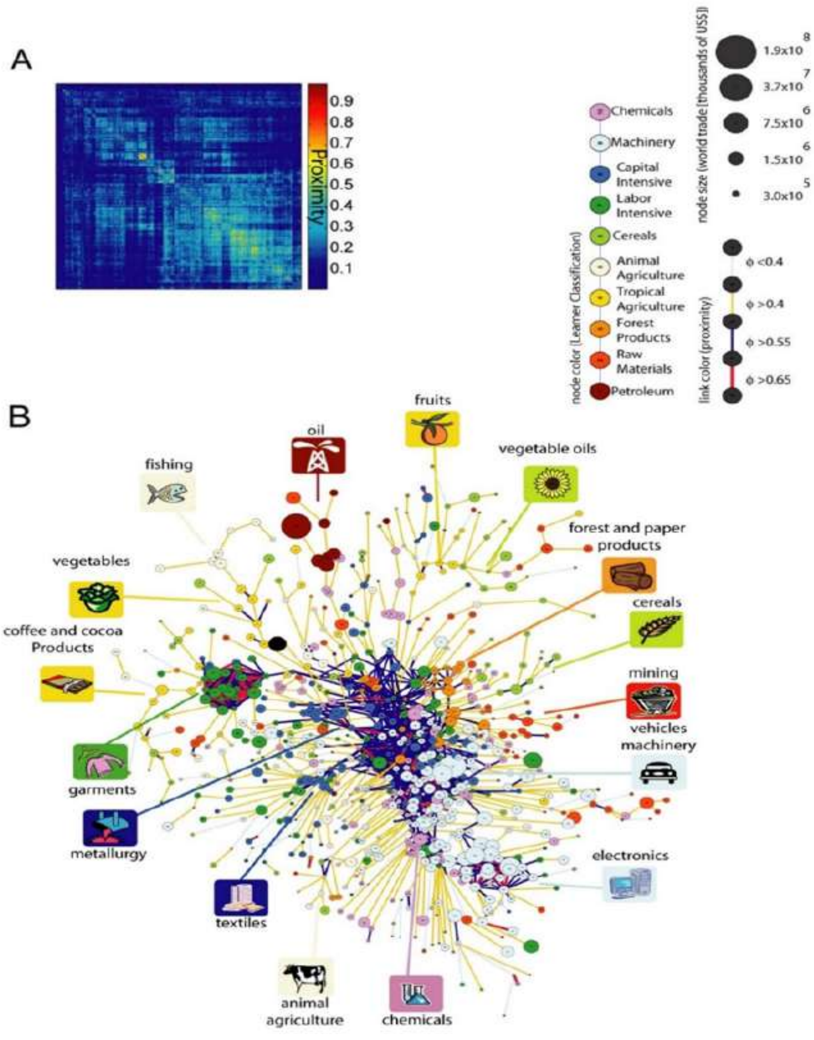
- Pakistan, Bhutan, and Nepal have varying HDI scores and GDP growth rates, showing mixed results.

On the basis of above analyses by ICMA, it is established and proposed that to achieve the sustainable economic growth, policies to improve the Human Development index must be developed, which would help to obtain long term benefits to the economy.

(b) Sustainable Human Development via Knowledge-Intensive Exports

The recent studies indicate that the prevalence of knowledge-intensive goods within a country's export composition significantly influences its long-term economic growth. A study conducted by Dasu and Das (2011) under the support of UNCTAD exemplifies this assertion. Their analysis, based on panel data encompassing 88 developing nations spanning from 1995 to 2007, emphasizes that nations with a larger proportion of export revenue derived from knowledge-intensive products tend to experience higher rates of per capita income growth over the long term.

Figure: HD-2



Source: Hidalgo and Hausmann conducted a study "The Product Space Conditions the Development of Nations (2007)". The proximity represents the degree of Diffusion of the country's product and its connectedness to other internationally traded products.

In addition, Hidalgo and Hausmann conducted a study "The Product Space Conditions the Development of Nations (2007)" introducing another direction of viewing the relationship between knowledge-intensive exports and the development of new productive capabilities through their concept of Product Space. This concept, grounded in Network Theory applied to economics, which is illustrated in the above Figure: HD-1, the interconnectedness of internationally traded products within a network known as Product Space. Beyond simply depicting the composition of traded products by category, the Product Space graph also defines the positioning of countries within this network based on the types of products they manufacture. The Product Space map reveals varying degrees of interconnectedness among different product categories. Products of greater knowledge-intensive tend to cluster in the densely connected core of the Product Space, while less knowledge-intensive products are situated towards the corners of the network.

Following a thorough analysis of the studies mentioned above, ICMA advocates for the development of knowledge-intensive products to ensure sustainability on both domestic and international fronts. However, the realization of such products hinges on investment in human resource development. This strategic investment can enable the production of value-added goods, moving beyond reliance solely on raw materials.

CHAPTER 3

ICMA Policy Recommendations

Highlights

- Revitalize Pakistan's agriculture through tech adoption, infrastructure improvement, and import reduction for sustainable development.
- Enhance broader economic development via infrastructure, industrial growth, and service sector expansion to boost global competitiveness.
- Focus on cost-effective renewable energy investment & provision, transportation, and digital infrastructure advancements.
- Strengthen monitoring with digitization, tax authority restructuring, and online procurement for transparency.
- Address corruption reduction, leveraging improved Corruption Perception Index.
- Enhance bilateral and multilateral partnerships for export promotion and FDI attraction.
- Maximize remittance flows for economic development, leveraging initiatives like CPEC.
- Increase investment, implement tax reforms, and adopt public-private partnerships.
- Restructure subsidies for enhanced social spending and competitiveness development.
- Emphasize public awareness, transparency, and accountability for sustainable economic development.
- Manage economic shocks by reducing external debt through restructuring.
- Convert debt into equity in state-owned enterprises to enhance resilience.
- Enhance female labor force participation through policy enforcement and investment in education. Also address workplace discrimination and promote entrepreneurship for gender equity.

Chapter 3: ICMA Policy Recommendations

Implementing an economic plan is essential for translating strategies and policies into tangible outcomes that benefit the economic development. In case of current economic issues, ICMA presents the policy recommendations, which requires thorough coordination, effective governance, and robust monitoring mechanisms to ensure that these measures are implemented efficiently and effectively. This involves mobilizing resources, engaging stakeholders, and overcoming various challenges to realize the objectives outlined in the economic framework. With a focus on accountability and agility, the execution of the economic plan holds the promise of catalyzing transformative change and to develop sustainable prosperity across the nation.

The ICMA Policy recommendations are divided into eight (8) sections as follows:

Section 1: Stage-wise Scaling and Development of Economic Sectors to achieve long term sustainability

Section 2: Infrastructure Development

Section 3: Monitoring and Evaluation Mechanisms

Section 4: International Engagement

Section 5: Fiscal Consolidation

Section 6: Communication and Stakeholder Engagement

Section 7: Risk Management

Section 8: Enhance female labour force participation

Section 1: Stage-wise Scaling and Development of Economic Sectors

As per data from the Pakistan Bureau of Statistics (PBS), during the fiscal year 2022-23, imports totaled $55,198 million, whereas exports amounted to only $27,724 million. This highlights a significant dependence on imports rather than exports within the economy. Within the $55,198 million worth of imports, agricultural products accounted for 18.23%. Conversely, the agricultural sector contributes approximately 23% to the GDP and employs 37.4% of the national labor force. The surge in imports has led to several challenges in Pakistan, including:

- Declining of forex reserves
- Current account deficit
- Depreciation of currency
- Pressure on government finances

ICMA proposes the following policies aimed at diminishing reliance on imports, particularly within the agricultural sector:

Reduce Imports

- Increase tariffs on raw materials and intermediate goods to develop domestic market.
- Invite more foreign players to enhance competition and attract investment.
- Implement stable localization rates and rebate taxes to promote local industries.
- Incentivize foreign firms to build assembling plants with zero import duties.
- Develop strategies to encourage exports, which will help the manufacturing sector grow and improve agricultural machinery and equipment.
- Integrate high-density planting techniques from China into CPEC to boost crop yields in Pakistan.

Agriculture Sector Revitalization

The agriculture sector needs to be revitalized via technology adoption, this sector i.e. agriculture needs to be revitalized via technology adoption, value addition, and market access. In case of technology adoption, ICMA proposes that modern agriculture practices should be adopted through elevated use of hybrid and improved seeds. For adoption of hybrid and improved seeds, following measure could be considered:

- Develop dynamic seed development plans based on crop-specific area, seed rates, and replacement rates.
- Calculate crop-wise seed requirements considering historical data, new varieties, and the replacement of low-yielding varieties.
- Agricultural Research should be promoted and encouraged to develop climate resilient varieties of crops for the agro-climatic zones of the Pakistan.

The adoption of mechanization in the agricultural sector is crucial, especially as countries such as China, India, and others are implementing intelligent horticultural farming methods. ICMA recommends embracing smart horticultural practices in Pakistan through the following approaches:

- Use of vertical farming (growing low-crops in multiple layers, usually inside buildings) along with urban farming with use of hydroponic will aid to make efficient use of space and reduce distance of farm field.

- Adopting technologies like smart sensors, new-generation breeding and microclimatic control facilities will help to reduce labor input and increase yield as well as quality

- Using high-density plantation which help to shield cultivation and production will be organic

- Working in synergy with numerous agricultural research institutions which promote the use of horticulture practices

Thirdly, ICMA recommends that through improving irrigation system productivity and efficiency could be achieved. In order to attain higher productivity and efficiency through irrigation system, ICMA suggest following measure:

- Coverage of the areas should be increased through micro-irrigation

- Instead of providing subsides on water and power, subsidies on investment for micro-irrigation should be offered

- Promote research on energy friendly irrigation pumps, climate smart technologies, internet of things (IoT) to prepare for challenges in future.

- The use of micro-irrigation would help to reduce the requirement for water, fertilizer and labor

The proposed measures by ICMA would help to increase productivity, minimize loss and improve resilience to climatic variation.

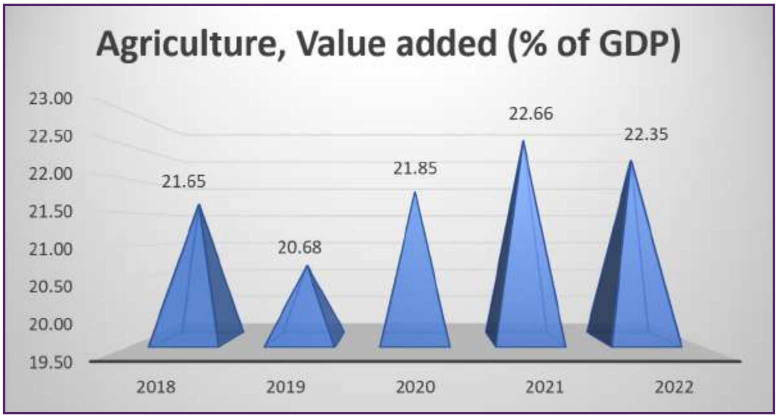


Figure 5: Summary of Agriculture, Value added (% of GDP) from 2018-22

Source: World Bank

Over the past few years, there has been a consistent increase in the value added to the agriculture sector. However, to sustain this trend, it is imperative to further enhance value addition within the agricultural industry. In light of this, ICMA puts forward the following recommendations.

- Adoption of agro-processing, as it extends perishable product shelf life, enhance quality/ safety, diversify range, and add value to by-products.

- Favorable climate and diverse agroecological zones in Pakistan would support horticulture and fruit production.

- Processing fruits into juices, concentrates, jams, and dried fruits adds value and extends shelf life.

- Investments in processing facilities, cold storage, and value chain infrastructure can enhance competitiveness in domestic and international markets for Pakistan's horticultural products.

- Upgrade warehouses by offering financing through negotiable warehouse receipts (NWR) to be popularized as an alternative financing method. There is a need to develop guidelines to promote post-harvest loans and e-NWR trading based on warehouses.

Also, it will help to diversify, boost income of farmers and trade opportunities because the demand and worth of processed products is usually higher in international markets. Secondly, agro-processing will assist Pakistan to diversify its export portfolio, reduce reliance on primary commodities, and tap into lucrative global markets.

Pakistan produces three major crops namely wheat, paddy (rice) and maize worth a total of $12 billion a year. However, it bears post-harvest losses of $1 billion (slightly over 8%) owing to the lack of a suitable storage capacity and supply chain issues. To reduce the post-harvest loss incurred annual, ICMA proposes that:

- Set up government collection centers and warehousing facilities at village/block levels to aid small and marginal farmers. The development of Agricultural Markets through budget announcements will enhance agricultural marketing infrastructure and proximity to farm-gate markets.

- Strengthen railway freight with temperature-controlled containers and facilities to minimize post-harvest losses and link landlocked states to export markets.

Based on the proposed measure, ICMA intends to aid government to build resilience to future challenges, elevate level of export and employment opportunities, which would ensure sustainable development. The use of smart-horticultural practices, adopting agro-processing practices, enhancing irrigation system along with decreasing reliance on import would help government to attain in long-term as well as uplift agricultural sector.

Investment Revitalization

In Pakistan, investment as a percentage of GDP is currently 15.1%, well below the South Asian average of 30.1% and the 28.5% average for lower-middle-income countries. Most of this investment comes from public sector spending. However, economic crises have limited government funding for investment, with over 70% of federal fiscal resources allocated to debt servicing, leaving little for other expenditures. The issues related to infrastructure could be overcome via investment prioritization, public-private partnership and efficiency enhancement. Hence, ICMA proposes the following recommendations:

- Emphasize renewable energy with proper fuel-oil pricing and incentives.
- Improve power and energy sector finances through institutional reforms and pricing policies.
- Promote energy conservation and efficiency with proper operations and management, adoption of energy-efficient technology, and pricing/taxation of energy consumption.
- Use public-private partnership for transport network development with experienced experts to attract private investments.
- Enhancing tourism infrastructure and management via public-private partnership arrangements.

Industrial Growth & Diversification

Pakistan Industrial production rose 6.4 % YoY in Dec 2023, following an increase of 3.1 % YoY in the previous month. But the industrial sector is facing various challenges, such as power shortages, administrative flaws, low productivity of industries, lack of innovation etc. ICMA recommends that these challenges could be overcome through following policies:

- Export promotion agencies can organize events like fairs and linkage programs, along with services like quality certification schemes, to facilitate investments. These measures, known as “soft industrial policy,” are effective in boosting exports, especially when they offer a streamlined approach and clear mandates, involve private sector coordination, and improve product quality or complexity.
- R&D tax incentives and subsidies are often used to encourage research and development due to the positive spillover effects on overall productivity. They can be especially beneficial for export diversification by mitigating risks associated with adopting foreign technologies and creating new export sectors.
- Introduce a “single window” system in all provinces that provides a single point of contact between investor and government and facilitates all required licenses and approvals. It should be based on stakeholder consultation.
- Use Geographic Information System (GIS)-based maps for pre-approved land banks at all levels to streamline geographical planning and environmental clearances for manufacturing facilities.

Services Sector Expansion

Services sector of Pakistan contributes 61.40% to Pakistan's GDP and it is expanding day by day. With 64% of the population younger than 30 years, the services sector has a promising outlook. The services sector is expected to accelerate its growth to 3.6 percent in fiscal year 2023-24, according to the Annual Plan 2023-24. Hence, for the enhancement of this sector, ICMA recommends the following policies which would aid in the process of service sector expansion:

- Set up industrial estates/parks in the region.
- Promote ICT-based entrepreneurship embracing 4th Industrial Revolution (4IR)
- Promote ICT activities by reducing taxes, expanding education/training, and eliminating regulatory barriers.
- Expand training programs through public-private partnerships, on-the-job training, and collaboration with NGOs and development partners.

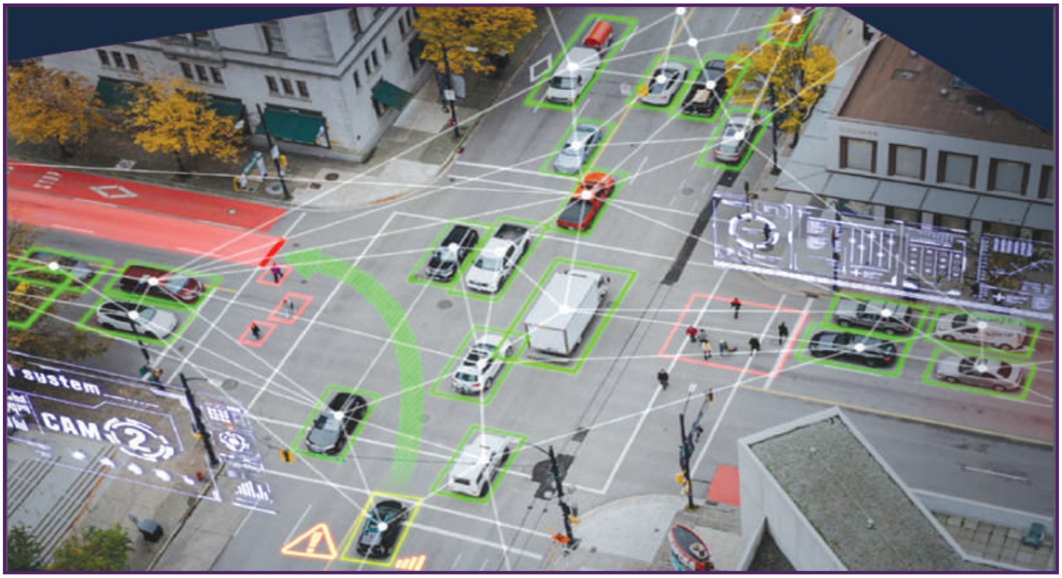
Section 2: Infrastructure Development

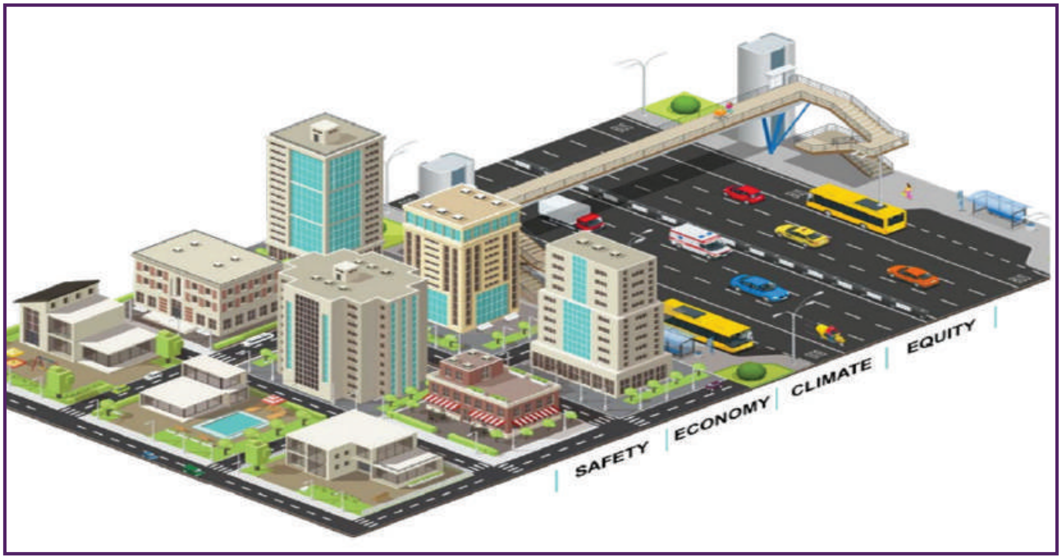
(A) Reforms to provide Cost Effective Energy

- **Investment in Renewable Energy:** Encouraging investment in renewable energy sources such as solar, wind, and hydropower can significantly reduce the cost of electricity generation over time. These sources have the advantage of being abundant and sustainable, thereby reducing dependence on expensive fossil fuels.
- **Energy Efficiency Programs:** Implementing energy efficiency programs and promoting the use of energy-efficient appliances and technologies can help reduce overall electricity demand. This, in turn, can lower the need for additional power generation capacity and decrease electricity costs for consumers.
- **Regional Energy Cooperation:** Exploring regional energy cooperation and integration initiatives can help leverage resources and infrastructure across borders, leading to more cost-effective energy supply solutions.
- **Capacity Building and Training:** Investing in capacity building and training programs for energy sector professionals can enhance technical skills and knowledge, leading to improved efficiency in energy production, distribution, and management.

(B) Improve Transportation, and Digital Infrastructure

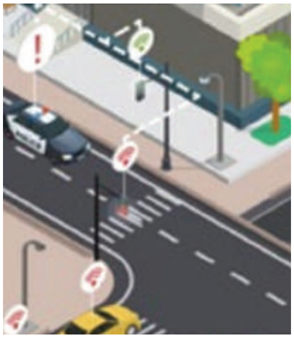
In April 2023, the Digital Infrastructure Working Group of ITS America came together to pinpoint and rank ten crucial digital infrastructure applications aimed at enhancing safety, equity, economic resilience, and environmental sustainability objectives. These selected applications, determined with insights gathered from discussions with USDOT personnel, serve as a foundational framework for showcasing the capabilities of digital infrastructure within our transportation network. While not exhaustive, these identified use cases offer a launching pad for USDOT to gauge the potential and advancement of digital infrastructure implementation, all while delivering tangible benefits to travelers.





Source: Cambridge Consultant "Digital Infrastructure Strategy Report 2023"

The following are the summarized points from the report:

Digital Transport Infrastructure	Benefits	Execution Requirement
2) Traffic Signal Integration 	• Permit authorized emergency, transit, and freight vehicles to preempt traffic signals. • Facilitate safer driving for connected vehicles to prevent accidents (for example, connected autonomous vehicles reduce speed if a traffic signal is about to turn yellow) and to plan more efficient routes. • Enhance pedestrian safety on roads. • Aid in the improvement of emergency response times (for instance, by giving priority to emergency vehicles). • Address challenges in transportation scenarios, such as facilitating smoother transit vehicle drop-offs.	• There is a requirement for a structured adoption of technology standards, interoperable communication, and data systems. • It is essential to educate and enhance the skills of the populace regarding emerging technologies, and secure sustained funding beyond trial initiatives, to effectively modernize infrastructure, foster public involvement, and demonstrate advantages such as decreased traffic incidents.
3) Connected Vehicle Data (Safety)	• Furnish drivers with up-to-the-minute traffic alerts, empowering them to make better-informed route choices and steer clear of potential dangers. • Enhance the speed of emergency responses by delivering precise details on accident locations and severity, as well as other incidents. • Guide infrastructure planning and investment choices, guaranteeing that road networks are crafted and upheld with safety considerations at the forefront.	• A strategic framework is required to harmonize technology with safety goals and endorse comprehensive standards for data interchange. • Encourage cooperation among stakeholders and cultivate a shift in perspective to prioritize the value of data interchange. • Utilize digital twin technologies to assess the potential effects and advantages of data interchange within the ecosystem and refine decision-making processes.

4) Connected Vehicle Data (Economy) 	• Diminish travel durations and expenses, consequently fostering heightened productivity and economic expansion. • The dissemination of connected vehicle data can generate fresh avenues for private enterprises to explore in the business realm. • Enhance safety measures, subsequently diminishing healthcare expenses, insurance premiums, and additional economic burdens linked with accidents. • Guide infrastructure planning and investment choices, guaranteeing the proficient and effective allocation of resources.	• There is a necessity to establish nationwide standards for digital roadway data. • Consensus and implementation of privacy policies are essential to ensure trust between OEMs (Original Equipment Manufacturers) and customers. • Utilize data to cultivate new economic prospects. • Encourage OEMs to share data and sustain ongoing collaboration among stakeholders. • Emphasize infrastructure maintenance and upgrades simultaneously.
5) Cybersecure Systems 	• Mitigating accidents resulting from cyberattacks on vehicle sensors, software, and communication channels. • Enhancing the speed and coordination of cyber emergency responses through threat detection and monitoring. • Instilling confidence among businesses, the public sector, and users by ensuring the protection of their data and identities. • Implementing cyber-secure access and authorization for safety audits, incident analysis, and safety-related monitoring.	• There is a necessity for a comprehensive national cybersecurity strategy along with associated standards. • Incorporate cyber experts from the outset of projects. • Create frameworks for compliance development. • Establish a funding mechanism to encourage adherence to cybersecurity measures. • Tackle issues surrounding liability and accountability.

6) Advanced Air Mobility (AAM) 	• Enhance the movement of people and goods through enhanced data sharing between air and ground systems. • Expedite the transportation of goods compared to conventional methods, resulting in heightened productivity and decreased expenses. • Alleviate congestion and enhance overall mobility. • Construct autonomous systems with safety features and redundancies to prevent accidents and ensure dependable delivery of goods. • Contribute to the reduction of carbon emissions by employing electric or hybrid-electric propulsion systems.	• It is imperative to develop a proficient workforce, strong safety and communication systems, well-defined stakeholder responsibilities, and consistent regulations across different regions for advanced air mobility. • Advanced Air mobility should prioritize objectives such as economic advancement, zero accidents, time efficiency, smooth integration with current infrastructure, fair accessibility, and maintaining a balance between costs and benefits.
7) Interoperability 	• Emerging business models arise from increased access to open data, fostering a competitive marketplace. • Accelerates deployment, resulting in the realization of benefits at an earlier stage. • Prevents the emergence of disparate features and unpredictable behaviors within digital infrastructure systems. • Promotes the uniformity and quality of data, leading to advantages for future application ecosystems.	• Cultivate a unified and interoperable digital infrastructure through a comprehensive system perspective, promoting trust and cooperation among stakeholders while prioritizing thorough testing. • Interoperability is essential to facilitate the implementation of cooperative Intelligent Transportation Systems, resulting in significant reductions in casualties and the establishment of a universally recognized communication protocol.

8) Curb Data 	• Enhance accessibility to parking and liberate space for green areas. Minimize idle time, the necessity for double parking, or the need to circle in search of parking spots. • Expedite delivery times, allowing for the transportation of more packages within the same timeframe. • Decrease emissions, enhance resident safety and fairness, and manage congestion. • Utilize digital twins and real-time data to facilitate smooth coordination and reservation of space among various user groups.	• Establish thorough standards for managing data and create an easily accessible digital inventory. • Enhance understanding and optimization of dynamic curb management. • Success hinges on well-defined strategies and Key Performance Indicators (KPIs) aligned with sustainability objectives, clear design solutions, and business models that generate self-sustaining revenue streams, as well as efficient procurement and funding reform.
9) EV Charging Stations 	• Consistent access to charging stations alleviates range concerns and encourages the transition to electric vehicles. • Utilizing data-driven insights regarding charging station usage will facilitate better infrastructure planning and policymaking. • Interconnected and interoperable charging stations will aid in coordinating renewable energy sources for powering charging infrastructure.	• Guarantee the logging and dissemination of live data for the upkeep of EV charging stations, while enforcing standardization to enhance usability, ensuring grid stability for station expansion, and reconsidering data distribution for cybersecurity. • Success will be evidenced by the expansion of grid capacity, comprehensive mapping of charging stations, and heightened revenue from EV charging, propelled by a larger installation base and enhanced reliability.

10) Digital Policy 	• Advocacy for fairness and justice in transportation across diverse community segments. • Guaranteeing that substantial investments in digital integration and transformation resonate with the requirements and principles of all communities along the travel route. • Ensuring effective communication of the advantages of digital infrastructure investments to different audiences with varying levels of digital proficiency. • Ensuring the inclusion of all neighborhoods within a community in decisions regarding changes to the transportation network.	• Champions or sponsors to carry out the vision and enable the adoption of the strategy and standards that will enable the realization of a digital policy. • There is need for collaboration between stakeholders and definition of roles to realize the vision. • There is need for data-driven objectives to drive accountability. • Incentivizing outcomes through focused funding.
11) Reliable Transit 	• Enhance transportation equity across income levels, age groups, and abilities. • Encourage higher engagement in the workforce. • Enhance health by promoting physical activity during commutes. • Boost commute efficiency by minimizing unforeseen delays between various transit modes. • Boost municipal revenue through heightened ridership. • Facilitate access to essential community services.	• Foster a strong knowledge network by encouraging data sharing with incentives. • Guarantee integration of multimodal trips and accessible dynamic route planning solutions, while diversifying the dissemination of information. • Strive to enhance trip efficiency and safety, measuring success through the establishment of interoperable standards, development of inclusive digital payment methods, tracking Key Performance Indicators (KPIs) for operational efficiency and safety, and augmenting public data accessibility for innovation purposes.

Section 3: Monitoring and Evaluation Mechanism

Pakistan's ranking on the Corruption Perception Index (CPI) has seen an improvement, climbing seven places from 140th out of 180 nations in 2022 to 133rd in 2023, as reported by Transparency International. To further enhance Pakistan's CPI, actionable policies are necessary to bolster the monitoring and evaluation system. Initially, setting Key Performance Indicators (KPIs) as benchmarks to evaluate the performance of individuals and organizations is essential. For example, prioritizing the strengthening of planning and development institutions, followed by enhancing the regulatory environment, and finally, improving public financial management and cost accounting would play crucial roles in fortifying this monitoring and evaluation mechanism.

The following recommendations are proposed by ICMA through which monitoring and evaluation mechanism could be enhanced:

- The Monitoring & Evaluation Division need a series of new tools for transparency of ministers/ division. These tools comprise: i) Ministry Assessment Format ii) Sector Appraisal Format iii) and Sector Strategy Paper. This will help to provide an overview of the resources allocated for development for sectors and projects, reducing corruption and fraudulent practices.

- E-Service centers should be introduced at the district level enabling the districts to share information online.

- Restructuring of FBR and shift to digitization will play a pivotal role in reducing corruption, tax evasion and tackle similar issues.

- The government needs to implement online procurement systems to curb corruption and boost competitiveness in government contracts, thereby fostering increased participation and transparency in the tender process.

- To ensure accountability of the public administration, to improve service and to establish good governance, the government can introduce Grievance Redressal System.

- The tax-to-GDP ratio need to be improved as the Federal Board of Revenue (FBR) can organize regular events to enroll new taxpayers and encourage the existing taxpayers to pay their due share accordingly.

- The link between budget for development and revenue budget is still weak. Efforts are needed to be made to address these issues through greater integration and synchronization of Development Plans and Annual Budgets need to be ensured.

- Financial management reforms in public spending at the national level needs to be improved for better accountability for public spending.

Section 4: International Engagement

Bilateral and Multilateral Partnerships

In case of Bilaterial & Multilateral Partnership, during 1st quarter of FY 2022-23, the Government of Pakistan signed new agreements worth USD 422 million with development partners, being 18% of the commitments of the corresponding period of last year. Out of the total new agreements, USD 213 million worth of financing agreements were signed with multilateral development partners, USD 200 million with foreign commercial banks, and USD 9 million with bilateral partners. For the enhancement of bilateral & multilateral partnership, ICMA recommends following measures:

- Pakistan could seek market access through bilateral agreements, including FTAs/PTAs, as tariff reductions at the multilateral level are the most efficient way to gain market access and reduce inefficiencies.

- Establishing a Negotiation Cell in the Ministry of Commerce to enhance skills and capacity for bilateral and multilateral market access initiatives, and collaborate with the Ministry of Foreign Affairs through special committees.

Trade Agreements and Export Promotion

One of the key bilateral initiatives is the China-Pakistan Economic Corridor (CPEC), aimed at enhancing infrastructure within Pakistan to facilitate improved trade with China and foster greater integration among South Asian nations. The primary objective of CPEC is to revitalize Pakistan's economy by modernizing its road, rail, energy, and air transportation systems. Additionally, it seeks to establish connectivity between the deep-sea ports of Gwadar and Karachi in Pakistan and the Xinjiang Uygur Autonomous Region in China and beyond through overland routes. (Xinjiang shares borders with Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan, and India, and historically served as a significant passage for the Silk Road.) Furthermore, this initiative holds substantial importance in terms of trade agreements and promoting exports.

ICMA recommends the following strategies through which this initiative i.e. CPEC could be used for export promotion and help to enhance balance of payment:

- Successful energy projects under the China-Pakistan Economic Corridor (CPEC) could enable Pakistan to export excess energy to neighboring countries such as Afghanistan and Iran. This could make Pakistan's economy more competitive in the region and bring in more money for the country.

- Pakistan's exports to China have been divided into high-value exports (HVE), medium-value exports (MVE) and low-value exports (LVE). These products can be used to explore the untapped potential in terms of exports. Products identified as LVE may have even higher unrealized export potential.

- Given China's outsourcing, suggesting relocating its textile and leather industries to Pakistan could boost our exports.

- An important component of the CPEC is establishment of Special economic zones (SEZs), which will offer a platform to the Chinese enterprises to transfer some industries to Pakistan; that will increase the number of exports to Europe and other countries.

- CPEC offers Gwadar Port the chance to manage exports of gold and copper from Reko Diq Barrick Gold Company, with a $7 billion investment over the next decade, $4 billion in the first four years and $3 billion in the following six years.

Once Chinese industrial units were set up in Pakistan, instead of merely exporting raw materials, the country could export high-value products to China.

Foreign Direct Investment Promotion

Over the course of 4 years, another issue face by Pakistan is declining foreign direct investment. FDI is an important part of an economy. An increase in Foreign Direct Investment (FDI) helps to stimulate economic growth, create employment opportunities, enhance productivity, foster innovation, and improve infrastructure and technology which helps to increase revenue generation and reduce external debt.

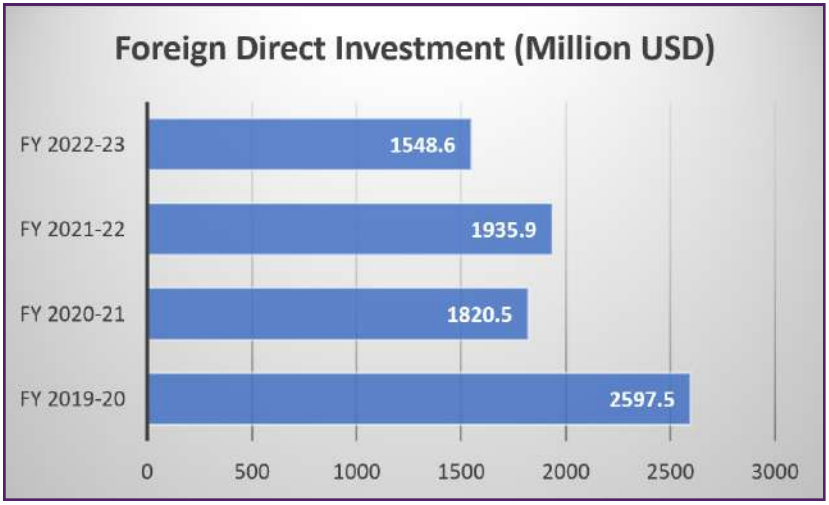


Figure 6: Summary of 4 years FDI (Million USD) from FY 2019-23

Source: SBP

To attract FDI in Pakistan, ICMA recommends following propositions:

- Improving Pakistan's investment climate entails enhancing infrastructure, such as power and ICT, alongside initiatives like Special Economic Zones (SEZs) to attract both local and foreign investment, especially considering its 108th rank in the Ease of Doing Business 2020 report.

- To strengthen the investment climate for attracting domestic and foreign investments all necessary infrastructure connections including electricity, water, and industrial waste disposal facility needs to be addressed

- The Government need to focus on reducing the time it takes to (i) get electricity (ii) register property (iii) obtain credit (iv) trading across borders (v) enforce contracts and (vi) resolve insolvencies. This will improve the country's rank for Ease of Doing Business, this would give a positive signal to potential investors around the world that the climate for investment in Pakistan is improving due to sincere efforts by the government.

- Identify and promote sectors with high potential for integration into GVCs (Global Value Chains), such as manufacturing of parts, components, and assembly operations. Highlight Pakistan's competitive advantages, such as a skilled workforce, strategic location, and cost-effectiveness.

- IPR (intellectual property rights) strengthening should be focus of Pakistan to attract more FDI.

Leveraging from Remittances for Development

Overseas jobs and remittances boost Pakistan's economy, especially for youth. They alleviate poverty and drive rural development. During FY19 to FY22 remittances increased but in FY23 flow of remittances reduced.

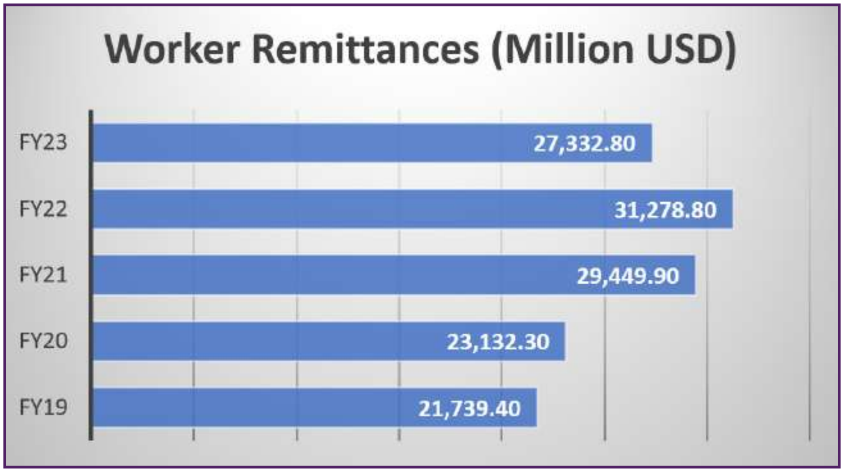


Figure 7: Summary of five years workers remittances flow (Million USD)

Source: SBP

Thus, increasing remittance flows are crucial for Pakistan's economic prosperity. ICMA recommends the following measures to enhance remittance flow:

- By improving banking services, offering special exchange rate incentives, reducing migration costs, protecting against middle-men exploitation, establishing Banks for low-cost loans, and providing better training opportunities will enhance the flow of remittances.

- Introduce attractive national saving certificates or bonds tailored for remittance recipients, offering competitive interest rates, tax incentives, and seamless integration with remittance services to encourage investment of remittance funds, while ensuring transparency and regular assessment for effectiveness.

- Government policies should focus on increasing migrant labor outflow through diplomacy, better district-level information on migration opportunities, training for potential migrants, and special incentives to attract remittances via the banking system.

- Find ways to reduce the cost of out-migration through partnerships with job agencies that provide low-cost services.

- Strengthen government efforts to negotiate with host countries facing existing and new potential labour-shortage to hire Pakistani workers.

- Ensure that the exchange rate for remittance through the banking system is competitive to curb the market rates.

Section 5: Fiscal Consolidation

Rationalization of Subsidies and Expenditures

To reduce fiscal deficit and enhance prosperity of the Pakistan economy, ICMA recommends following propositions:

- To raise the rate of investment (gross fixed capital formation as a share of GDP) from about 14 per cent in 2022 of GDP, it is required to boost both private and public investment.

- Pakistan's tax-GDP ratio is low when compared to other emerging economies like Brazil (34 per cent), South Africa (27 per cent) and China (22 per cent). To enhance public investment, Pakistan should aim to increase its tax-GDP ratio. Demonetization and GST will contribute positively to this critical effort. In addition, efforts need to be made to rationalize direct taxes for both corporate tax and personal income tax. Simultaneously, there is a need to ease the tax compliance burden and eliminate direct interface between taxpayers and tax officials using technology.

- The share of government capital expenditure in total budget expenditure needs to be increased through greater orientation of expenditure towards productive assets, and minimizing the effective revenue deficit.

- Two areas in which higher public investment will easily be absorbed are housing and infrastructure development. Investment in housing, especially in urban areas, will create very large multiplier effects in the economy. Investment in physical infrastructure will address longstanding deficiencies faced by the economy.

- Domestic savings can be complemented by attracting foreign investment in bonds and government securities.

- Private investment needs be encouraged in infrastructure through public-private partnership (PPP) mechanism.

- Policy should be directed to minimize volatility in the nominal exchange rate.

- It is suggested to adopt inflation targeting as it offers a flexible policy framework aligned with global best practices, allowing for appropriate responses to supply shocks.

- The government intends to spend some 2.6 percent of GDP on subsidies, a core fiscal reform is required to convert the SOEs including the PIA, Pakistan Steel Mills, Pakistan Railways and DISCOs to profit-making enterprises. These subsidies will, therefore, be drastically reduced and re-channeled to priority social spending .

- Subsidies for regional development, research and development related to environmental friendly products etc. could be used more extensively for competitiveness development of exportable products.

Section 6: Communication and Stakeholder Engagement

a) Public Awareness Campaigns for sustainable Development

Public awareness campaigns play a crucial role in promoting sustainable development by educating and engaging individuals, communities, and societies on environmental, social, and economic issues. Following are the key areas for public awareness campaigns contributing towards sustainable development:

- **Education and Information:** Public awareness campaigns provide essential education and information on sustainability issues, empowering individuals to make informed choices and take action.
- **Behavior Change:** By promoting sustainable practices, these campaigns encourage individuals to adopt behaviors that reduce environmental impact and promote social responsibility.
- **Community Engagement:** Public awareness campaigns engage communities in sustainable development initiatives, fostering local ownership and participation in decision-making processes.
- **Advocacy and Policy Influence:** These campaigns advocate for policy changes and influence decision-makers to prioritize sustainability in policymaking and resource allocation.
- **Business Engagement:** Public awareness campaigns encourage businesses to adopt sustainable practices and integrate environmental and social considerations into their operations.
- **Social Movements and Grassroots Action:** By mobilizing individuals and communities, these campaigns catalyze social movements and grassroots action for sustainable development.
- **Resilience and Climate Adaptation:** Public awareness campaigns raise awareness about climate change impacts and promote adaptation measures to build resilience in vulnerable communities.

b) Consultative Processes with Civil Society and Private Sector

Consultative processes involving civil society and the private sector are essential for nurturing sustainable development. The following are the processes to lead towards the sustainability:

- **Inclusive Decision-Making:** Consultative processes ensure that a wide range of stakeholders are involved in decision-making, leading to more inclusive and representative outcomes.

- **Partnerships and Collaboration:** Collaboration between civil society, the private sector, and governments fosters partnerships that leverage resources, expertise, and networks to address complex sustainability challenges.

- **Local Knowledge and Expertise:** Civil society organizations often possess valuable local knowledge and insights, making their participation essential for contextually appropriate and effective solutions.

- **Innovation and Creativity:** The private sector brings innovation and entrepreneurship to sustainability efforts, driving the development of new technologies and approaches.

- **Accountability and Transparency:** Consultative processes promote accountability by providing opportunities for stakeholders to monitor progress and hold decision-makers accountable for their actions.

- **Capacity Building and Empowerment:** Engaging stakeholders in decision-making processes builds their capacity and empowers them to contribute meaningfully to sustainable development efforts.

- **Conflict Resolution and Social Cohesion:** Consultative processes help identify and address conflicts of interest, fostering cooperation and consensus-building among stakeholders.

- **Policy Innovation and Advocacy:** Civil society and the private sector advocate for policy reforms that support sustainability goals, influencing government agendas and driving change.

c) Transparency and Accountability Mechanisms

Transparency and accountability mechanisms are essential components of sustainable economic development as they promote good governance, reduce corruption, and ensure that resources are used effectively and responsibly. following are the key mechanisms for enhancing transparency and accountability in economic development:

- **Open Data Initiatives:** Governments and organizations can promote transparency by making relevant data and information publicly available through open data initiatives.

- **Public Disclosure Requirements:** Implementing public disclosure requirements for government agencies, businesses, and financial institutions increases transparency by mandating the disclosure of relevant information on finances, operations, and environmental and social impacts.

- **Whistleblower Protection:** Establishing whistleblower protection mechanisms encourages individuals to report misconduct, fraud, or abuse of power without fear of retaliation. Whistleblower protection laws safeguard whistleblowers from harassment, dismissal, or other forms of retaliation, facilitating the disclosure of wrongdoing and promoting accountability.

- **Conflict of Interest Policies:** Implementing conflict of interest policies and disclosure requirements for public officials, government employees, and corporate executives helps prevent conflicts of interest and corruption. Transparency regarding potential conflicts of interest enables stakeholders to assess the integrity and impartiality of decision-makers and hold them accountable for ethical conduct.

- **International Standards and Agreements:** Adhering to international standards, conventions, and agreements related to transparency, accountability, and anticorruption strengthens governance frameworks and promotes sustainable economic development.

Section 7: Risk Management

Contingency Planning for External Shocks

The external debt and heavy reliance of Pakistan on external borrowing has worsened the situation of economy's finances. Reducing external debt can contribute to risk management by potentially improving a country's debt sustainability and reducing its vulnerability to external shocks. To achieve comprehensive risk management, ICMA suggest following measures:

- The government need to set target for gradual lowering of the government debt-to-GDP ratio. It will help reduce the relatively high interest cost burden on the government budget, bringing the size of Pakistan's government debt closer to that of other emerging market economies, and improve the availability of credit for the private sector in the financial markets.

- By restructuring existing external debt to lower the debt service burden via a combination of capitalization of accrued interest payments, resetting required principal payments, and extending debt maturities, Pakistan can effectively manage the debt risk.

- Multilateral creditors like the IMF, World Bank, and Asian Development Bank would convert current loans to Pakistan into grants.

- Private holders of Pakistani sovereign debt in foreign currencies would exchange this debt for shares in state-owned enterprises set for privatization. Future financing would primarily consist of grants and equity.

- The conversion of Pakistan's existing external sovereign debt held by private creditors into equity in state-owned enterprises can achieve three objectives: Firstly, it can reduce Pakistan's external sovereign debt, thereby advancing the goal of deleveraging. Secondly, it can attract increased foreign corporate and institutional portfolio investment in Pakistani enterprises slated for privatization. Finally, it can alleviate the budgetary strain of supporting state-owned enterprises (SOEs).

Section 8: Enhance Female Labour Force Participation

a) Improve the Gender Parity Index

- **Policy Adjustments:** Enforce policies that guarantee equal access to education for both boys and girls, and ensure that schools provide a safe and inclusive environment for all students.

- **Investment in Infrastructure:** Allocate resources to improve educational infrastructure, such as building schools in remote areas and providing facilities like separate restrooms for girls, to promote attendance and retention.

- **Teacher Capacity Building:** Provide training for educators to recognize and address gender biases in the classroom, and support them in fostering inclusive learning environments.

- **Curriculum Review:** Ensure that educational materials and curricula are showcasing diverse role models and addressing gender equality issues.

- **Data Monitoring and Evaluation:** Establish systems to regularly monitor progress towards gender equality in education, using data to identify disparities and adjust interventions accordingly.

- **Female Empowerment Initiatives:** Implement programs focused on empowering girls, such as mentoring schemes, leadership workshops, and extracurricular activities that promote confidence and self-esteem.

b) Promote Gender Equity

- **Addressing Discrimination:** Take proactive measures to address discrimination and bias in the workplace, including unconscious bias training, diversity initiatives, and zero-tolerance policies for harassment and discrimination.

- **Employment Services and Support:** Offer employment services and support, such as job placement assistance, career counseling, and resume writing workshops, to help individuals overcome barriers to employment and re-enter the workforce.

- **Promotion of Entrepreneurship:** Encourage entrepreneurship and self-employment by providing support for small businesses, startups, and entrepreneurs, including access to financing, mentorship programs, and business development resources.

Conclusion

The Institute of Cost and Management Accountants of Pakistan (ICMA) presents "ICMA's Economic Vision and Strategy: Building a Brighter Future for Pakistan" a proposed economic plan for the Ministry of Planning Commission, Government of Pakistan. With a commitment to sustainable growth and equitable development, ICMA precisely outlines a comprehensive framework to tackle the economic challenges confronting our economy. Incorporated with appropriate analysis and driven by a vision of inclusive prosperity, our proposal aims to steer Pakistan towards an era of economic renaissance, unlocking the country's vast potential for growth and progress.

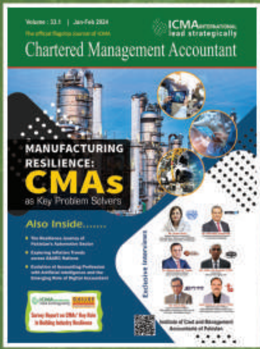
Pakistan faces a series of economic challenges, including fiscal deficits, external debt burdens, and low revenue generation. These challenges necessitate comprehensive reforms in fiscal management, debt sustainability, and tax administration to nurture economic resilience. Socio-economic issues such as unemployment, inflation, food insecurity, and inadequate infrastructure further compound the country's development hurdles. Corruption and governance issues persist, hindering progress and worsening challenges. To address these issues, the ICMA proposes a robust economic framework focusing on policy reform, institutional restructuring, and human resource development to drive sustainable and inclusive growth.

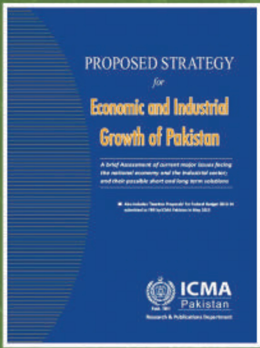
Key components of the framework include human resource development, which prioritizes sustainable growth through investments in education and skills development. Policy recommendations span various sectors, addressing challenges and leveraging opportunities for economic advancement. Strategies involve reducing import reliance in agriculture, promoting infrastructure development through public-private partnerships, and enhancing industrial growth through export promotion and R&D incentives. Additionally, the priority and stage-wise scaling of economic sectors are recommended, aiming to unlock its potential for sustainable economic growth, economic independency, resource and food security availability along with job creation.

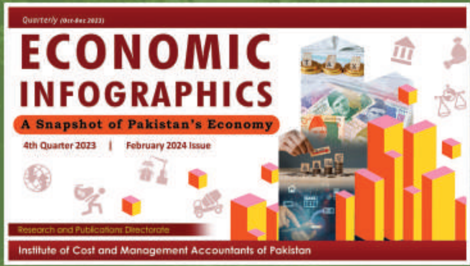
Infrastructure development is highlighted as a crucial aspect of Pakistan's economic transformation, emphasizing cost-effective energy reforms and improvements in transportation and digital infrastructure. Recommendations include investment in renewable energy, energy efficiency programs, and regional energy cooperation to reduce dependence on fossil fuels. The digital infrastructure strategy focuses on enhancing transportation safety, efficiency, and connectivity through technological advancements and collaborative initiatives.

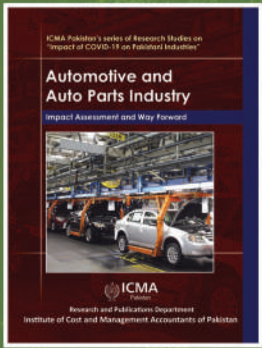
Furthermore, our policy recommendations incorporates monitoring and evaluation mechanisms, international engagement, fiscal consolidation, risk management, and female labor force participation. Measures to improve transparency, curb corruption, attract foreign investment, manage debt risks, and promote gender equality are proposed to drive sustainable development in Pakistan. These comprehensive recommendations aim to address the country's economic challenges and create a way for long-term prosperity.

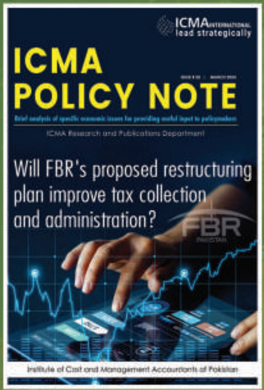
ICMA Publications

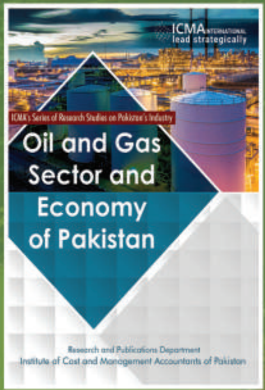












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