



Press Release
Planning Commission
Government of Pakistan

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Planning Commission of Pakistan
TASK FORCE ON PRIVATE SECTOR DEVELOPMENT REPORT

Planning Commission of Pakistan has launched a report of Task Force on Private Sector Development. The Task Force was formed on the direction of Deputy Chairman Planning Commission, as a forum of Public–Private dialogue consisting of 29 leaders from government, business, civil society and academia. Mr. Shahid Javed Burki and Mr. Razak Dawood were designated as co-chairmen of the task force. A series of five brain storming sessions from both public and privates sector representatives took place to frame a set of economic reforms to bring growth spurt. During these sessions co-chairmen along with representative also met Mr.Asif Ali Zardari, the President of Pakistan on 28th February 2009, where pressing economic problems of Pakistan and role of private sector to pull the economy of Pakistan out of crisis was taken into consideration.

Reputed leaders from private sector attended the meetings and highlighted the issues being faced by the private sector. Top most challenges were identified as the security crisis and extremism in the country, domestic resource mobilization, realistic exchange rate constraints inflation and narrow industry base. On macro side challenges like saving –investment gap, external shocks like security situation, inadequate public policy changes in the current scenario were underlined. In addition to the private sector high level offices from Ministry of Commerce, Finance, Privatization Commission, Federal Board of Revenue, and World Bank, renowned economists from private institutions and professionals from State Bank and other line Ministries attended the discussions and great pain was taken to outline a framework of solution to economic problems. A total of 5 meetings took place in this connection under the umbrella of the Private Sector Task Force Development. The Task Force report identifies the key binding constraints to private sector led growth which include:

- Low domestic savings and vulnerability to external shocks
- Low skills and absence of a competitive human resource base
- Inward orientation of firms and low technology content
- Poor quality of infrastructure (power, transport, etc.)
- Poor governance, deteriorating institutions, opaque legal and regulatory frameworks

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Proceedings of the Task Force were concluded during 5Th meeting on 28th-29th October 2010; where in findings of Task Force in seven areas were finalized:

- Rationalization and expansion of the fiscal base with the goal to increase tax to GDP ratio from the current 9 percent to 17 percent over a period of 5 years.
- Developing an institutional and analytic framework to guide the process of fiscal decentralization
- Removing the anti export bias in the management of the economy and move towards export led growth
- Developing the Pakistani firm by (a) rationalizing the regulatory system (by providing it with better access to institutional finances and (c) improving technological base
- Implementing a well financed program to improve and develop the infrastructure base of the economy
- Improving educational and skill base for the economy
- Setting up institutional mechanism for the implementing the recommendation of the Task Force in overseeing the process of implementation

The report emphasizes that in order to take action based on the agenda developed by the Task Force the government with the help of the donor community should undertake the following initiatives as next steps;

- 1) Review of the trade policy with a view to placing greater focus on export-led growth
- 2) Inventory of subsidies granted to the private sector with a view to their rationalization
- 3) Inventory of available physical infrastructure, determining development priorities and mechanisms for financing them
- 4) Review of economic laws on the books with a view to rationalize them
- 5) The government to develop an implementation mechanism for the Task Force recommendations
- 6) Improving the functioning of the government by reforming the civil service structure
- 7) Launch of a public awareness program to create a constituency for reforms leading to a new social compact for the country.

Dr. Nadeem-ul-Haq, Deputy Chairman, Planning Commission stressed on transformation of economy from state managed to private sector driven growth strategy , with market reforms, privatization and institutional

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restructuring in order to re-direct economy toward a fast growing economy during the Task Force deliberations. He also emphasized the role of state, in future, to be a facilitator rather than a regulator. Fact remains that private sector without right set of public policies human capital and improved governance, can not bring efficiency and growth in the era of global competitiveness, he said as well. Hence, Deputy Chairman expressed that a paradigm shift is required from project based approach in the bureaucratic and political circles to reform based approach so as to enhance productivity and accelerate GDP. Likewise he observed that an intellectual movement led by forward looking think thank is essential to develop consensus for reforms among all stake holders in order to put Pakistan economy on sustained growth trajectory.

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