

National Economic Agenda

WE, the representatives of the people of Pakistan, after mutual consultations, have agreed to come together to develop a National Economic Agenda (NEA) designed to promote economic welfare of all the citizens of Pakistan. WE believe that the adoption and implementation of this national economic agenda would lay the foundation for:

- Sustained annual GDP growth rate in excess of 6% accelerating to 8% as reforms take hold and a virtuous cycle of increased savings and investments is put into place.
- Reduction of inflation to a single digit level.
- Reduction in unemployment / underemployment rates.
- Substantive reduction in poverty through a combination of reduced inflation , higher job creation, significantly increased targeted social protection programs and skill development of the people
- Elimination of load shedding and gas shortages
- Elimination of crowding out of private sector from the credit markets and enhancing the ability of the private sector to increase investment
- A 50% increase in the next five years in the percentage of children in this Country who enroll in, and stay in schools.
- Significant new economic opportunities because of greater integration of Pakistan's economy in the larger regional economy
- An improvement in the underlying conditions which create both an internal and external security threat to the nation

To achieve the above WE, the Signatories, have identified the following Five Reform Areas that need to be urgently addressed:

1. Regional Trade as a Growth Driver:

- Revisit the national security paradigm especially with respect to regional trade.
- Develop a strategy for trade policy to use it to strengthen linkages with our neighbors and beyond, the strategy to also include a policy to promote transit trade.
- Invest in supporting infrastructure.
- Grant India MFN status
- Use the SAFTA framework to address non tariff barriers on both sides
- Creating an environment which fosters cross border investments

2. Better Macroeconomic Management of the Economy:

- Reduction in the fiscal deficit to 3 – 4% of the GDP in the next three years through:
 - Increase in the Tax-to-GDP ratio to 15 % in the next 5 years through better collection of existing taxes and a reform of the tax system by adopting the principle of taxation regardless of source of income
 - Bringing all sectors into a uniform documented tax net
 - Setting a target of 10% Reduction in public sector waste both at the federal as well as the provincial level through implementation of the recommendations of the National Commission on Government Reforms.
- Eliminating Public Sector Enterprise (PSE) losses by empowering professional boards and management to reform and restructure these institutions without political interference.
- Eliminating non targeted subsidies and phasing out the role of government in commodity operations

- Once the fiscal situation stabilizes, gradually bringing down corporate tax rates to make them competitive with other emerging economies

3. Energy for Growth:

- Take urgent decisions to fast track the import of LNG
- Carry out an urgently needed revamp program for the existing assets in the power generation and distribution system.
- Rationalize price distortions between different fuel sources and different consumption segments
- Revisit the gas prices being offered to E&P companies to encourage accelerated exploration and development of indigenous gas resources.
- Carry out focused development work on other indigenous fuel sources particularly hydel and Thar coal.
- Put in place a structured program to deregulate the energy sector in the next 3-5 years.
- Have an integrated energy ministry which, with the help of the best professionals available in the field, should oversee the implementation of an integrated energy plan.

4. Protecting the Poor:

- Ensure government spending on social protection is increased from under 1% of GDP to close to 3% of GDP which is close to the regional average.
- Subsidies intended for the poor should be targeted and monitored to ensure that the poor are the actual beneficiaries. All non targeted subsidies must be eliminated
- Fully leverage the capacity created in the public-private partnerships as delivery vehicles for targeted programs for the poor.
- New social protection programs in the areas of nutrition , employment and health insurance need to be designed and implemented
- Rationalize and consolidate the existing social protection instruments to eliminate duplication and overlap.

5. Educating for the Future:

The current system of education will not be able to take the Country to the next level of development; a major shakeup is required before we are able to become a knowledge economy or are able to put our young population to productive use. The major areas requiring immediate consensus are:

- The starting point is political will. Demonstrate at federal and provincial level that education is priority one
- Implementing legislation already in place to ensure that the government increases the education budget by at least 0.5% of GDP per annum so that it reaches 5% of the GDP
- Liaise with the provinces so that after the 18th Amendment provinces have a common curriculum
- Retain HEC and modify its role in consonance with the provisions of the 18th amendment
- Substantially increase scope of technical and vocational education
- Incentivize private / not-for-profit sector participation
- Mainstream madrassah education
- Revamp Exam boards and Text book boards

This consensus document has been signed with the People of Pakistan as witness that WE, the Signatories, and the political parties that WE represent are committed to the objectives of this National Economic Agenda and that WE will work to ensure that it is implemented for the greater good of Pakistan and its Citizens.