

**REPORT OF THE PRIME MINISTER'S TASK FORCE ON POVERTY
ALLEVIATION AND EMPLOYMENT GENERATION**

Accelerating investment and growth, generating employment, enhancing labour skills and alleviating poverty requires improvements in the regulatory environment that raises the cost of private investment and of doing business. The constraints to private investment in sectors with high employment elasticities and large direct and indirect employment and income generating impacts, the policy and procedural reforms to remove these blockages, the nature of supporting public investment that will be required and the type of public private partnerships that the government should foster are encapsulated in the attached policy matrix.

There is also a need to augment the human capital of the poor households by making schooling free upto secondary level and by improving the delivery and quality of publicly provided education through (a) provision of free text books upto elementary level; (b) giving stipends to girls in elementary and secondary grades to enhance their enrollment and retention rates; and (c) involving communities in managing schools by funding and adequately empowering community based organizations.

**RECOMMENDATIONS OF SUB-COMMITTEE NO. 2 OF THE PRIME MINISTER'S TASK FORCE
ON POVERTY ALLEVIATION AND EMPLOYMENT GENERATION**

POLICY MATRIX

Sector & Constraint	Policy Framework	Public Investment	Public / Private Partnership	Responsible Agencies
<p>A. SMEs</p> <p>Government raising cost of investment and of doing business.</p>	<p>A.1 Short-Term</p> <p>A.1.1 Reduce multiplicity of taxes levied on investment and production by different levels of government. Same income base is being taxed in multiple ways by more than one level of government (e.g. GST at federal level, professional tax by provincial governments on a wide array of business and professional fees by local governments).</p>			<p>Ministry of Finance / Provincial Excise Departments / Local Governments.</p>
	<p>A.1.2 Reduce business costs through:</p> <ul style="list-style-type: none"> a. Flat rate levies for EOBI and social security with collection by one body instead of the present case of collection by two and sometime three agencies. Exporters to have option for deduction of tax at source, i.e., from their foreign exchange earnings. b. Expedite the process of consolidation of 72 labour laws into 6 laws and simplification of labour and factory laws, reduction of inspections and adoption of one definition of SME's for all laws; 			<p>Ministry of Labour / Provincial Labour Departments.</p> <p>Ministry of Finance / Ministry of Labour and Provincial Labour and Excise Departments</p>

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Discriminatory regulations.	<p>A.2 Medium Term: A.2.1 CBR should ensure that all commercial establishments with turnover in excess of the threshold are registered for GST. Private businesses should not be required to pay additional GST for purchasing their inputs from un-registered enterprises.</p>			Ministry of Finance
Poor availability of labour with skills demanded by market.			<p>Medium Term: Review models of PVTC and TEVTA set up by the Punjab Government to manage technical and vocational training institutes through public/private partnership for replication in other parts of the country.</p>	Ministries of Labour/ Industries and Zakat and Provincial Governments.
<p>B. CONSTRUCTION: High cost of construction and of managing property for rent.</p>	<p>B.1 Short-Term B.1.1 Improve incentives for construction and investment in property for rental purposes through (a) reduction in stamp duties on property related transactions; (b) by narrowing the differential in property taxes paid by rented and owner-occupied properties; and (c) Appropriately amending the Rent Control Legislation. The proposed measures will encourage construction activities, improve utilization of land, generate resources for utility companies from sunk investments in housing and other schemes not fully colonized and augment resources for provincial and local governments.</p>			Provincial Finance/ Board of Revenue / Excise Department/Local Governments.

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	B.1.2 Eliminate property commercialization and related charges.			Provincial Finance Departments and Local Governments.
Lack of available land for construction and productive use:	B.1.3 Abolish Benami holding of property and impose vacant or idle land tax to create a disincentive against speculation in real estate, thereby releasing land for construction and bringing down price of property			Federal and Provincial Law Departments and Local Governments.
Prime commercial land not available for stimulating private activity.	B.2 Short to Medium Term: B.2.1 Dispose land owned by government in prime commercial locations. This move will facilitate mobilization of revenues and encourage private investment.			Federal and Provincial Governments
High cost of construction.	B.2.2 Phase out excise duty on cement in two years. Cement is used for multiple purposes and reduction in price will encourage construction and lower the investment cost of the PSDP.			Ministry of Finance.
C. AGRICULTURE, LIVESTOCK AND FISHERIES: Inconsistent policies and application of ad-hoc restrictions on the exports of vegetables, fruits, poultry and meat that affect farmers ability to increase their incomes and production	C.1 Short-Term: C.1.1 Commit to dispense with ad-hoc restrictions on exports of vegetable, fruits, poultry and meat.			MINFAL/Provincial Governments.
Government policies raising cost of production inputs.	C.1.2 Withdraw GST on agricultural inputs, e.g. fertilizer and pesticides. Since agriculture is an exempted sector under GST regime farmers cannot claim input tax			Ministry of Finance/ Provincial Finance Departments

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	adjustment. The revenue loss can be recouped through extension of GST in the services sector and by withdrawing other GST and income tax exemptions.			
Lack of good quality seed.			Lease out agriculture lands for seed production by private sector at rates paid by Provincial Seed Corporations.	MINFAL / Provincial Agriculture Departments
Weak institutional arrangements for disseminating information aimed at enhancement of production and yields.		Improve access to information by establishing a help-line/toll-free number at district level.	Facilitate setting up of local radio stations. Government can facilitate process by providing space for setting up radio stations and by providing material for dissemination. Training in collaboration with RSPs and NGOs in animal health and provide kits on completion of training for initiating a self sustained service programme	Ministry of Information/ MINFAL/Provincial Agriculture Departments/ Local Governments
Higher costs and irregular supply of energy for cold chains and refrigeration.		Short-term: Provide fiscal incentives for setting up generation facilities. For chilling plants and refrigeration facilities. All regulatory requirements to be amended accordingly.		Ministry of Finance and Provincial Fisheries Departments.

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Inadequate levels of investment to exploit potential of sector.			Public-private partnership required for building fish harbors on BOT basis, training and development centers of fish feed and fish farms.	
Poor access to credit.	C.2 Short-Term: C.2.1 A committee on livestock to be set up by NCCC			State Bank of Pakistan.
The sector is poorly serviced and managed.			Medium Term: Livestock Estates to be developed as a major public-private initiative. Lease out government owned livestock farms to the private sector.	MINFAL / Provincial Finance / Livestock Departments.
Poorly managed infrastructure in livestock markets.		Short Term: All levies collected from livestock markets to be reinvested in these markets to improve infrastructural facilities.		Provincial Finance and Livestock Departments
Volatility of incomes due to loss of Crops and Animals	C.3 Medium-Term: C.2.1 Introduce Insurance scheme Government to bear a part of the insurance premium or provide limited counter guarantee on a pilot basis through a specific separate endowment fund.			Ministry of Finance/ MINFAL / Provincial Agriculture Departments.
Potential of the livestock sector has not been adequately assessed	C.2.2 Set up a commission on Livestock on the pattern of the National Commission on Agriculture.			MINFAL
Poor allocations for non-salary items.		Medium Term: Provide adequate funding for non-salary inputs		Provincial Finance and Livestock Departments.

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<p>D. EDUCATION: Lack of access of low income households to elementary education, wide gender disparities and poor environment for schooling.</p>	<p>D.1 Short-Term D.1.1 Improve access to elementary education and reduce gender disparity by universalizing a) provision of free text-books up to elementary level; b) funds for schools to be spent through School Management Committees (SMC's) by empowering them to prioritize needs, and c) stipends to girls in elementary and secondary grades to incentivize their retention in the education mainstream. These funds to be in the form of additional grants, over and above the shares of local governments under the PFC Awards.</p>			<p>Ministry of Education/ Provincial Finance and Education Departments / Local Governments.</p>
	<p>D.1.2 Introduce a scheme of education vouchers for poor households, and especially targeted to girls.</p>		<p>This can be implemented through public/private partnership involving NGOs and community level groups.</p>	<p>Ministry of Education/ National and Provincial Education Foundations.</p>
<p>Political interference in staff recruitment and transfers.</p>	<p>D.1.3 Improve service delivery and matters of governance by allowing recruitment of teachers on contract and institution specific basis with preference to locals and females at the primary level, with process of hiring to be verified through third party validation exercises.</p>			<p>Provincial and District Government Education Departments</p>
	<p>D.2 Short to Medium Term: D.2.1 Move towards recruitment of teachers by SMCs from data base of teachers certified by an independent authority or system based on merit-based entry tests.</p>			<p>Provincial Education Departments and Local Government</p>
<p>Inefficient use of resources.</p>			<p>Operationalize viable closed schools by contracting out service sites to NGO's.</p>	<p>Provincial / District Education Departments</p>

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<p>E. PRO-POOR MEASURES</p> <p>High cost of living for the poor.</p>	<p>E.1 Short Term:</p> <p>E.1.1 Raise lifeline slab of electricity tariff from 50 to 100 units. The subsidy can be recovered by phasing out other less effective safety net interventions.</p> <p>As a result, WAPDA will suffer an annual revenue loss of about Rs 1.2 billion, which it can recover by improving efficiency in operations and by reducing technical losses.</p>			<p>Ministry of Finance and WAPDA</p>
	<p>E.1.2 To reduce cost of Atta treat flour-mills as zero rated for GST to enable them to adjust the cost of GST paid on inputs.</p>			<p>MINFAL</p>
<p>Lack of skilled labour</p>			<p>Training through public-private partnerships in the mix of skills required in the markets of Middle East, Korea, Malaysia and Japan.</p>	<p>Ministry of Labour/ Provincial Departments of Labour/TEVTA/PVTCs</p>