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Madeeha Gohar  
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## Planning without analysis

A recent conference held by PIDE on Public Sector Development Program (PSDP) brought forth a lot of worrying statistics. The most worrisome was the weak relationship of public investment with both employment and GDP growth in Pakistan. So why have public investments not led to continuous growth in Pakistan? One of the same about the analysis from the conference 'Doing Development Better – Analysing the PSDP' was that there has been too much emphasis on brick and mortar. No doubt, infrastructure building is essential, yet as per empirical evidence this has had minimal positive growth impacts.

So how does Pakistan get on the track of public investments leading to significant growth and social welfare? Through discussion among technocrats from government and non-government organizations and representatives of donors and of contracting institutions dealing with mega public projects, many important points came out.

The most crucial point in this context, raised by Dr Nadeem ul Haque, was that public investment in Pakistan for the last many decades had become project-based with no focus on sectoral and overall planning. Further, the over politicization of public projects has made Cost-Benefit Analysis (CBA) redundant in planning practices within Pakistan.

Evidence of international best practices shows that not only within the planning process is CBA taken extremely seriously, but every project that is undertaken has to create a new public asset. In Pakistan, though, an effective system of PC is in place, but an urge for short fixes has not only taken CBA out of planning, but there is also no focus on how to create assets out of such investments.

Hence the revival of CBA in the planning and mechanism of asset registry is the need of the day to give Pakistan national assets that may have a positive growth impact. Further, planning vision should have a process both of record-keeping of new assets that will be generated from public projects and how such assets will be fully utilized to become revenue-generating public entities. So far, this aspect is missing from Pakistan's planning processes. For example, stadiums and public universities are built with no plan of how to use them at their full capacity.

A key point that was raised was that human capacity building in and out of the public sector is critical. Merely having technological transfers and correcting institutional systems will not bring positive changes unless an efficient and skilled workforce runs public institutions. Hence to bring in

efficiency within public-sector performances, corrective measures need to be taken to incentivize competent people to join government services.

The conference concluded with a consensus for a move from an input-based system to a result management system (RMS) within the planning process in Pakistan. The input-based system that is being followed since the 1950s under the influence of Mahbubul Haq's economic vision, though, has served Pakistan well for developing the infrastructure needed for growth. Yet, it was agreed by all participants that it does not fit our current requirements since the previous planning model has been more focused on investments in infrastructure and hence on getting aid, not on how such investment will create growth.

Therefore, to strengthen the link of public investments with economic growth, a paradigm shift towards planning for outcomes must take place.

The writer is a research economist at the Pakistan Institute of Development Economics.

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