

# REBUILDING PAKISTAN

By

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The devastating floods of 2010 have affected over 20 million people and more than 20% area of Pakistan including rich agricultural areas. It is a major set back to already weak economy. However, it is an opportunity for the Govt. as well as for the people of Pakistan to turn this catastrophe into an opportunity. It is also an opportunity for the Government to improve its image by undertaking massive restoration and new development works, through proper planning, transparent and equitable utilization of funds and resources. The nation should also plan to generate its own resources for economic development and reduce its dependence on external assistance all the time. Target of 4.5% GDP growth alongwith restoration works can still possibly be achieved this year.

This short paper is intended to suggest formulation of policy and methods to rebuild Pakistan. The paper is divided into three sections, viz., (a) Major causes of 2010 Floods, (b) Master Plan for Development and Rebuilding of Infrastructure and (c) Mobilization and Generation of Resources.

## **(a) Major Causes of 2010 Floods**

- (1) There has been practically no work on strengthening of the existing flood protection bunds (embankments) and building new bunds (wherever required) almost for the past 20 years or so. Had the work on strengthening and maintenance of existing bunds and building new bunds, where required, continued, major losses would have been averted. It was presumed that there would be no major floods whereas experts have been warning that Pakistan would face very dry years and very high floods from time to time due to global warming and rapid melting of glaciers.
- (2) Most of the barrages in the country do not have the capacity to withstand the floods of this intensity. We have not remodeled the barrages during the past 63 years to pass floods of this magnitude. To save barrages, bunds have to be breached at different places resulting in losses to population, crops, cattle, wildlife, infrastructure, houses, schools, hospitals, industries and other important installations.
- (3) It is estimated that over 45 MAF of water would have flown to the Sea during this monsoon season. Pakistan has natural sites (in addition to run of the river sites) which can store about 20-25 MAF of water. Had at least 2-3 storage dams been built, specially in the upper reaches, most likely the present floods would have been controlled within the present water ways.
- (4) Pakistan's meteorological and flood warning systems are poorly organized. Meteorology Department had forecast normal monsoon rains for this season. Flood Commission at the Federal level and Flood dealing agencies at provincial levels are either non-functional or highly inefficient due to bureaucratic controls.
- (5) Capacity of the National Disaster Management Authority (NDMA) is again very limited ; it is headed by non-professionals, not trained and equipped to deal with such disasters. NDMAs have not yet been properly established at the provincial and district levels. A highly centralized NDMA cannot be expected to cope with disasters of this magnitude.
- (6) Pakistan's area under forests which is only about 3.55 of the total area, is further declining rapidly. We are among the least forested countries in the world. (USA over

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35% and Malaysia over 65%). This has seriously affected our eco-system. In addition glaciers are melting at a faster pace due to global warming.

- (7) In the absence of elected local governments, at the district and tehsil levels, the support infrastructure at local levels was either non-existent or very weak. The district administrations failed to take adequate precautionary and relief measures required for the occasion.

If these issues are not addressed properly and at a fast pace such catastrophes can keep on recurring at regular intervals of 5-10 years.

**(b) Master Plan for Development and Rebuilding of Infrastructure**

The havoc caused by the unprecedented floods has provided us an opportunity to rebuild Pakistan by re-determining our priorities and plans. We need to develop a Master Plan for the country, spread say over 10 years with the determination to build educated and modern Pakistan, offering equal opportunities to all citizens of the country for honourable living. It is an opportunity to rebuild the infrastructure and to give a jump start to otherwise struggling economy.

Major sectors around which the Master Plan for Rehabilitation and Infrastructure Development should be prepared, include ;

- (1) Based on highest floods, protection bunds (embankments) should be built all along the rivers to create adequate water ways for the rivers. Existing bunds should be immediately strengthened and maintenance standards should be improved. Strengthening and building of bunds to control river flows within the water ways would cost about Rs. 70-80 billion.
- (2) All barrages should be remodeled and rehabilitated to accommodate higher floods so that bunds do not have to be breached to save barrages. Had this been done during the last 63 years, this catastrophe could have been substantially averted. All the barrages can be remodeled within next 10 years. The estimated cost is about Rs. 100 billion.
- (3) There is a dire need to build storage dams, wherever possible, including Basha, Munda, Kalabagh and number of other dams. These dams will have the capacity to hold over 20-25 MAF of water. To develop support for these dams, all provinces should have joint control on the operation of the storage dams with the assurance that dams will be filled - up only when surplus water is available. Every province will have to be assured to receive its share of water according to the 1991 Water Accord. An acceptable mechanism should be created to oversee these assurances.
- (4) A well researched Master Plan for Water Resources Development and Flood Control, titled as "Water Sector Strategy" was prepared sometime ago. This is available with the Ministry of Water and Power, the Planning Commission and Flood Commission. This should be updated and adopted for execution. IFIs (International Finance Institutions) would be willing to provide bulk of finances for this plan.
- (5) Possibility of a joint Pakistan-India Flood Control and Management Plan should be seriously considered. Both countries will benefit from such a joint effort.
- (6) Rebuilding the damaged infrastructure provides an opportunity to properly plan houses and infrastructure even at the village levels. Local authorities should standardize design of houses of all sizes, according to the local conditions and settlers should be motivated to adopt the standard designs at least for the exteriors. Suitability of pre-fabricated houses, wherever possible, should also be considered. It is also an opportunity to provide a planned infrastructure even at village levels.

- (7) Other important components of the Rehabilitation Plan should include rebuilding of all roads, houses, canals, industries, buildings, bridges, communication systems and other infrastructural works, both public and private. The new works should be based on improved specifications and quality.
- (8) There is an urgent need to improve and extend Meteorological services throughout the country. This should include provision of modern equipment with much wider ranges, expansion of services to the entire country, training to the staff, improved cooperation with regional and international bodies etc. This can be achieved within a period of about 2 years at an estimated cost of about Rs. 15-20 billion. Similarly flood warning systems at all provincial and district levels should be modernized and automated.
- (9) The Disaster Management Institutions at the national, provincial and local levels are extremely ill-equipped to tackle disasters of the present scale. Although it may not be possible to equip these bodies to fully cater to disasters of all magnitude, these should at least be equipped for rapid mobilization and for providing maximum possible early rescue operations so that, by the time other organizations, civil and military, mobilize, they are able to take care of initial impacts. NDMAs should also have much close coordination with other flood warning and management agencies such as Flood Commission, WAPDA, IRSA, Irrigation Departments, Communications and Works Departments, Health Authorities, Hospitals, NGOs Aviation Authorities, all Defence Forces and all other concerned Civilian Institutions including District Administrations and police. NDMAs should have a minimum pool of helicopters, transport vehicles, boats and other rescue equipment.
- (10) Among other development works, power generation (including hydropower) development of roads, highways, railways, communications and all other infrastructural works can be undertaken at fast speed. IFIs would be willing to provide funding for these development works. Investments on minerals, (such as Reko Diq) Oil and Gas development need to be stepped up. With investment friendly policies, it is possible to attract major investments from the private sector, both foreign and local. Some major run of the river hydropower projects such as Bunji, Dasu and quite few others plus hydropower from multipurpose projects including Basha, Munda, Kalabagh, Kohala etc. can possibly generate over 35,000 MW of hydropower. This development can be spread over say a period of 15-20 years if Pakistan can attract enough foreign and local financing including private sectors.
- (11) For proper planning and quality based execution of works, very substantial intuitional upgradation at the Federal, Provincial and Local levels is required. Planning Commission, must transform itself into a modern planning and overseeing institution. Similarly Provincial Planning & Development Departments and other nation building Departments require, not bureaucratic but professional strengthening. Sectoral Committees consisting of Professionals at the Planning Commission and P & D (Planning & Development) Departments levels can substantially promote development activities. Local elected Governments need to be in place urgently as in their absence people's participation in governance is completely missing. Total reliance on bureaucrats will continue the present state of misgovernance.

Major step towards functional improvement and induction of transparency in public sector institutions can be achieved by induction of capable and credible professionals as heads of all major development institutions.

**(c) Mobilization and Generation of Resources**

No doubt the country is short of resources both financial and institutional to address rapid development and restoration works at the same time but enough resources can certainly be generated with proper forward planning, by adopting growth oriented

policies and by creating an equitable resource distribution and social system based on justice for all. Pakistan is not making serious efforts to mobilize its own resources. World is slowly responding to Pakistan's request for help but apparently, Donor fatigue is creeping up. Donors are of the opinion that Pakistan, instead of putting its own house in order and generating own resources, has become habitual of requesting for aid. Pakistan must decide that this is the last time the country has asked for external help. Pakistan needs to fully exploit and develop its resources of manpower, water, oil, gas, coal, minerals, agriculture, services sector, science and technical skills to become self sufficient in resources required for rapid economic growth.

Instead of slowing down development works, which will further retard economic growth, aim should be to rebuild and accelerate development works simultaneously. Huge resources will be required for these efforts but these can be generated with proper planning, good governance and redetermining priorities.

Some of the suggested steps are :

- (1) All flood damaged restoration and rebuilding works should be financed from available foreign and private sectors funding while Govt.'s own resources should be utilized for development works. As suggested above this should be last call for external help.
- (2) Pakistan's external debt is about \$ 53.0 billion including about \$ 11.0 billion owed to IMF. We should try to get bilateral loans written-off and to obtain a complete moratorium (without interest), for at least 5 years for other loans including that of IMF. This is estimated to spare over Rs. 250 billion per annum at least for the next 5 years. This money can be utilized towards development and restoration works.
- (3) Reduce non-development and overhead expenditures to absolute minimum. Non-productive schemes such as Benazir Income support Programme and other such programmes should be abandoned. Poverty cannot be reduced by distributing alms. This can be reduced by creating jobs through industrialization, new development projects, facilitating investments and encouraging self employment. Funds saved from non-productive schemes and expenses can be utilized towards development and restoration works. These steps can possibly provide over Rs. 125 billion per annum.
- (4) Quite a few large public sector entities such as PIA, Steel Mill, Railways, HMC etc. are incurring about Rs. 250.0 billion losses every year putting very heavy burden on the national budget. There is no way that with any restructuring or change of Boards these entities will overcome their losses as long these remain in the public sector. Either these entities should be privatized or at least the management should be given to private sector with free hand to manage these entities and with the mandate of turning these into profitable organizations within a specified period. However, privatization would generate financial resources as well. To create support for privatization, Govt. must follow the declared policy of utilization of privatization proceeds i.e., 90% towards debt retirement and 10% for poverty alleviation. Details of utilization of privatization proceeds should be presented in the Parliament every six months. A separate Poverty Alleviation Fund should be created where 10% proceeds should be deposited.
- (5) Deep rooted perception of corruption and misuse of public funds in the Government Institutions at all levels has to be addressed immediately to restore confidence of the public, national and international institutions. This will certainly result in increased generation of resources. Whether Govt. agrees or not, even UN., Britain and many other countries including international press have openly expressed their reservations over credibility of Govt. institutions of the country. This is a serious impediment in the way of getting foreign assistance and foreign investments even by Ex-pat Pakistanis who can

play a major role in economic development of Pakistan. If Donors or Investors want to directly execute projects, they should be encouraged to do so.

- (6) Apart from write-off and moratorium on foreign loans, Pakistan can now attract foreign investment on very soft terms. Pakistan will have to properly and convincingly market its plans for development and restoration works, not only to IFIs but to other friendly countries, such as USA, Saudi Arabia, UAE, Japan, China, E. U., U. K., South Korea, Australia and Ex-pat Pakistanis. U. S. A. should accelerate disbursements of aid (or directly execute projects) under Kerry Lugar bill. Contributions by U. S. A. for restoration works should not be adjusted under K. L. allocations.
- (7) It is now time to press for trade concessions specially with U. S. A. and E. U., Finance Minister of E. U. are meeting in mid September. Pakistan should make a strong case in that meeting for trade concessions on all items and (inclusion in GSP) or at least removal of 12% duty on Pakistani textiles. Trade concessions from U. S. A. and E. U. can increase Pakistan's exports by at least \$ 2.5 billion to \$ 3.0 billion per annum.
- (8) People affected by floods specially and Pakistani farmers in general, will require huge amounts of seeds, fertilizers, insecticides, pesticides and other agriculture inputs. Pakistan should ask some friendly countries specially U. S. A., Australia, China, Japan, Brazil, South Korea etc. to gift these items to Pakistan in as much quantities, as they can, to help farmers grow and support their crops. This help should be obtained on fast track basis. This will help farmers to immediately grow their next crops as they will have no capacity to grow their crops without such a support. This assistance will certainly contribute towards minimizing losses to GDP (Gross Domestic Product).
- (9) As an incentive, countries like U. S. A., E. U., U. A. E., U. K., Japan, China, South Korea, Turkey etc. can be offered to takeover entire responsibility (in specific areas) for restoration and rehabilitations works including roads, houses, schools, hospitals, industries and all other assets lost in the flood affected areas. This will not only result in rapid rehabilitation but will also ensure better quality services and savings to GOP in terms of hundreds of billions, which it would have to spend otherwise. This approach has already been experimented in earthquake affected areas. This will also take away the question of lack of transparency in Govt. organizations. Govt. can provide lists of projects to all these countries and institutions for directly executing these works if they want to do so. FODP (Friends of Democratic Pakistan) meeting is scheduled for mid October. A strong case for such an approach may be presented in that meeting.
- (10) Pakistan should ask U. N. to appoint a high level and respected international personality to mobilize and oversee use of international funds for rehabilitation and restoration works in the country. This step can create very substantial confidence to motivate donations and contributions towards restoration works. Former U. S. President, George Bush (Senior) was appointed Coordinator for Earthquake Damaged Restoration in Pakistan.
- (11) Govt. must ensure equitable distribution of resources and funds between all provinces, regions and areas so that there is no feeling of deprivation.
- (12) A serious exercise is required to review and improve policies to encourage private investment in power generation, highways, motorways, minerals development (Reko Diq is one example) communications, I. T., education and health services apart from investment in industrial activities. Billions can be earned through privatization of public sector entities not only attracting capital investments but also through elimination of heavy losses in public sector entities.