IRS Report on

Development of industrial growth in Khyber Pakhtunkha

Institute of Regional Studies
Peshawar, KP, Pakistan

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Preface:

The Institute of regional studies (IRS) is a research-oriented Think Tank focused on social and governance issues of KPK. IRS team understands the gravity of many challenges faced by the people of KP, including Poverty, Human rights violation, Health, Education, Climate change, Terrorism and dilapidated economy. With the new government in Center and KP province, IRS is contemplating to come up a concept that could addresses these major challenges by leveraging existing KP resources. The more the IRS team pondered about the idea of industrialization improvement the more it made sense to pursue it and come up with a white paper highlighting these challenges and potential solutions to share it with government, business and academia to start the discussion and execution of the recommendations provided in this white paper.
IRS team met with the KP Chambers of commerce and Industry to get their feedback about leveraging the industrial growth as a lever to reduce poverty and improve prosperity for the residents of KP province. After encouraging feedback from KPCCI, both teams held a conference to highlight the challenges faced by industry and its potential solutions. In the conference the following personalities participated, and provided educated data and information.

- Senator Noman Wazir (Industrialist /Politician)
- Muhammad Ayub Zakori (President Industrial Association)
- Dr.Muhammad Iqbal Khalil (Chair IRS,Peshawar)
- Mian Anwar said (Hamdard Waqaf Pakistan)
- Farhad Asfandyar (vice President Industrial Association
- Asghar Saleem
- Latif Hussain(Chief Editior Roznama Bayan)
- Waheed Arif Awan.(presidents Small Industry association)

Executive Summary

This is a report compiled by IRS, Institute of Regional Studies, after extensive meetings between the teams of Sarhad Chamber of Commerce and Industry, who are the De Facto experts in trade and Industry of Khyber Pakhtunkhwa, by virtue of their investments, experiences and businesses, and the IRS team which included Chairman of IRS, subject matter experts from industry and academia. These meetings were properly video recorded where all the experts dwelled upon the challenges and opportunities of KPK Industrial growth as such, what could be done to not only counter these challenges but to translate that growth into prosperity for the people of KP at large in terms of quality-of-life improvements. Furthermore, IRS focus is to accomplish quality of life improvements for ordinary KP residents by highlighting challenges faced by the industrial base of the KP province, if properly addressed could potentially uplift a major population from the poverty.

The Province of Khyber Pakhtunkhwa is blessed with diversified natural resources and has tremendous potential to strengthen, grow and make its industrial sector competitive to improve its economy and create employment opportunities for its residents. Due to various reasons in the past that include location disadvantage due to long distance from the port (increasing cost of imports and exports besides major consumer market in the down country), security challenges, lack of requisite infrastructure, energy crisis, financial constraints, and the absence of a systematic mechanism for ease of doing business, the industrial sector could not achieve the expected growth trajectory. However, The Khyber Pakhtunkhwa Government is committed to bringing about fruitful change in the province. Industry plays a pivotal role in the development of a vibrant society.

Keeping in view the crucial role of industrialization, the Government has devised a multipronged strategy in which Industry is one of the sectors that rank high on the priority list. Due to its wide-ranging economic impact, Industrialization is vital as a source of poverty reduction, and employment generation. Moreover, the Province of Khyber Pakhtunkhwa has huge untapped potential, which after being fully utilized, will usher into an era of prosperity and well-being for the people of the province. Khyber Pakhtunkhwa is blessed with immense minerals and other raw materials, necessary for the promotion of Industries. A targeted investment strategy, coupled with a coherent industrial policy of Khyber Pakhtunkhwa would greatly assist the prospective investors.

Key to all this is the continued focus on addressing challenges faced by the investors and streamlining the process to accomplish expected goals. The Industries, Commerce & Technical Education Department is one of the significant Government Institutions striving to promote industrial development, trade, and investment in the province. IRS realizes the rising labor costs in China and India, and Pakistan with abundant labor market could benefit due to proximity which may offset in part the heightened competition, but Pakistan and KP governments must determine how and where its economy best compete in the marketplace.

The challenge now is, how to create an enabling environment and have a policy framework that encompasses and addresses the negative trends, rationalizes the disproportionate economic growth, address environmental concerns, ensures revival of sick industries and equitably spread of economic dividends resulting in an inclusive and sustainable industrialization across the province simultaneously uplifting the lives of poor communities across KP and in Pakistan. Above all, focus on the safety and security of the ordinary people and business communities to be able to live a life free of worries regarding safety to life and property.

The Institute of Regional Studies vision and mission matches with the goals of UN sustainable development goals to drive economic prosperity and social wellbeing while protecting the environment. This writes up will focus mainly on, SDG-8 – Sustainable Industrialization drives sustained economic growth, the creation of decent jobs and income, with overall goal of driving down poverty, while promoting industrial development and its sustainability.

Figure 1: UNDP Sustainable Development Goals (2015)

Sustainable Development Goals

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts*

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

* Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change.

Source: IMF world economic outlook, Pakistan GDP and Economic Data (gfmag.com)

Chapter 1

Introduction to Khyber Pakhtunkhwa geography, population and administrative setup

Introduction to Khyber Pakhtunkhwa, administration, geography, history and population:

Khyber Pakhtunkhwa which was formerly known as North West Frontier Province, is the Northern most province of Pakistan. The total geographical area of KP is 74,521 square kilometers. The total population according to the latest digital population census of 2023 is 35.5 million. The name Khyber is taken from the famous Khyber Pass located in KP Pakistan close to the Afghanistan border, while Pakhtunkhwa means land of the Pakhtuns or Pathans. To the West and North, it is bordering Afghanistan. Azad Kashmir and Northern Areas to the east and northwest. Punjab is located to the southeast and Baluchistan province to the southwest.

Variety of languages are spoken in KP, mainly Pushto, Gujari and Hindko makes about 95% of the population speak and about 99% population understand and speak Urdu in addition, since it is the national language.

Administratively the Khyber Pakhtunkhwa is divided into 7 divisions, each of which has anywhere between two and nine districts.

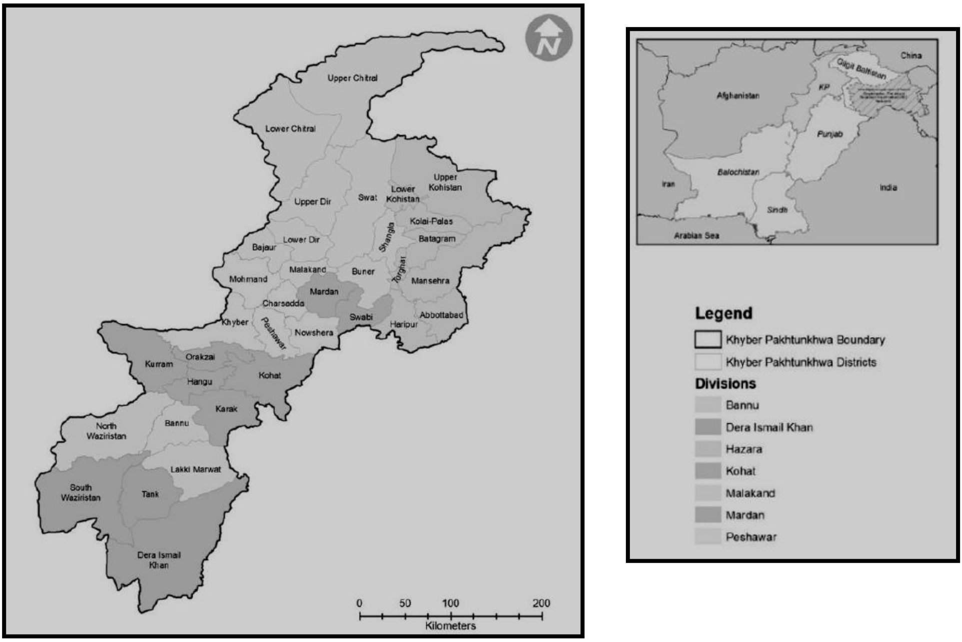


Figure 2 – Administrative breakdown of KP province
Source: Google Images

Administrative Breakdown of Khyber Pakhtunkhwa Province:

Division	Districts[1][2][3]	Population (2023)[1]	Total Area[1]	Population Density (2023)[1]	Map
Bannu Division	• Bannu District • Lakki Marwat District • North Waziristan District	3,092,078	9,975 km^2 (3,851 sq mi)	309.98/km^2	
Dera Ismail Khan Division	• Dera Ismail Khan District • Upper South Waziristan District • Lower South Waziristan District • Tank District	3,188,779	18,854 km^2 (7,280 sq mi)	169.13/km^2	
Hazara Division	• Abbottabad District • Allai District • Batagram District • Haripur District • Kolai-Palas District • Lower Kohistan District • Mansehra District • Tor Ghar District • Upper Kohistan District	6,188,736	17,064 km^2 (6,588 sq mi)	362.68/km^2	
Kohat Division	• Hangu District • Karak District • Kohat District • Kurram District • Orakzai District	3,752,436	12,377 km^2 (4,779 sq mi)	303.18/km^2	
Malakand Division	• Bajaur District • Buner District • Central Dir District • Lower Chitral District • Lower Dir District • Malakand District • Shangla District • Swat District • Upper Chitral District • Upper Dir District	9,959,399	31,162 km^2 (12,032 sq mi)	319.6/km^2	
Mardan Division	• Mardan District • Swabi District	4,639,498	3,175 km^2 (1,226 sq mi)	1461.26/km^2	
Peshawar Division	• Charsadda District • Khyber District • Mohmand District • Nowshera District • Peshawar District	10,035,171	9,134 km^2 (3,527 sq mi)	1098.66/km^2	

Figure 3 – Table showing KP Divisions & District breakdown: Source: Wikipedia

The province economy is mainly agriculture based, even though the mountainous terrain is not favorable to extensive cultivation, as a result irrigation is carried out on about 1/3rd of the cultivated land. Major crops of KP province are wheat, sugarcane, tobacco. Therefore, the principal industries are sugar & flour mills, the canning and preservation of fruits/vegetables, manufacturing of small arms and accessories. Other lower quantities of other products are produced, and they are cotton textiles, cement, ghee (clarified butter) furniture and milled grains.

The province has a wide range of physical and climatic conditions, which is considered temperate zone, depending upon the terrain it is located at, since high geographical region is occupied by mountains. The average annual rainfall of KP varies immensely from region to region, which is 25 to 58 inches per year. Heavy snowfall occurs in Chitral, Kaghan valley and northern areas of KP. In other words, it is intermixed with high mountainous terrain and lush green valleys of, Mardan, Charsadda, Swabi and DI Khan districts.

Khyber Pakhtunkhwa also has the lowest level of urbanization in the country at only 16.5% compared to the national level of 36.4% 178 compares KP's urban-rural population split with other provinces. At the same time, KP is second only to Baluchistan in terms of population growth rate, both urban and rural

It is critical to note that although only 16.5% of the population is considered urban, over 67% 179 of the population lives within a 1-hour drive of a significant urban center. This is indicative of the high levels of urban sprawl in which residents are still officially considered rural.

Climate (Wiki):

The climate of Khyber Pakhtunkhwa varies immensely for a region of its size, encompassing most of the many climate types found in Pakistan. The province stretching southwards from the Baroghil Pass in the Hindu Kush covers almost six degrees of latitude; it is mainly a mountainous region. Dera Ismail Khan is one of the hottest places in South Asia while in the mountains to the north the weather is mild in the summer and intensely cold in the winter. The air is generally very dry; consequently, the daily and annual range of temperature is quite large.

Rainfall also varies widely. Although large parts of Khyber Pakhtunkhwa are typically dry, the province also contains the wettest parts of Pakistan in its eastern fringe especially in monsoon season from mid-June to mid-September.

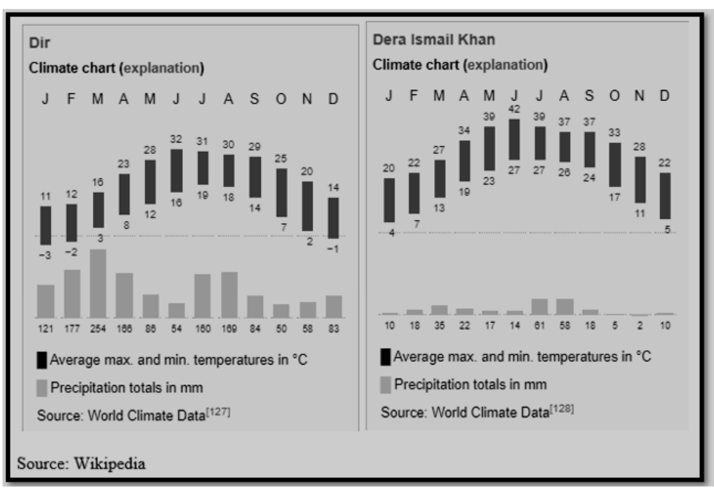
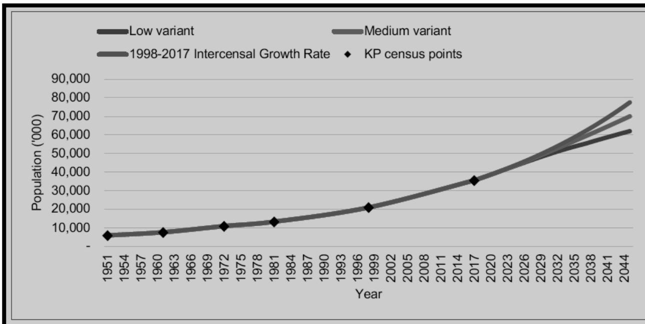


Figure 4: Showing weather pattern mid-June to mid-September between KP mountainous and flat terrains



Sources: Computed from 1998 and 2017 census data of the Pakistan Bureau of Statistics.
United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, Online Edition. Rev. 1. (See text)

Khyber Pakhtunkhwa population growth projections
Figure 5: Showing KP population growth projections

Urban population growth in Pakistan's major cities is, on average, attributed to 70% natural growth and 20% rural-urban migration. This compared to Bangladesh, for example, where 40% of urban growth is due to rural-urban migration. However, the relatively low rural urban migration contribution may again be the result of how "urban" is defined and measured in Pakistan where it is limited to populations within official urban boundaries rather than by actual settlement characteristics. Satellite image analysis illustrates how more than half of the "urbanized" area of Peshawar city, as an example, is counted as rural with the result.

that statistics can be misleading. This situation places undue stress on the local government as unofficial "urban" residences draw upon official urban services, impact the environment, utilize the transport infrastructure, but do not necessarily pay their share of taxes and user Industrial units per province (2017-18).

TABLE 1 : AREA, POPULATION BY SEX, SEX RATIO, POPULATION DENSITY, URBAN POPULATION, HOUSEHOLD SIZE AND ANNUAL GROWTH RATE, CENSUS-2023

NAME OF ADMINISTRATIVE UNIT	AREA IN SQ.KM	POPULATION-2023								POPULATION 2017	2017-2023 AVG. ANNUAL G.RATE
		ALL SEXES	MALE	FEMALE	TRANS GENDER	SEX RATIO	DENSITY PER SQ.KM	URBAN PROPORTION	AVG. H.HOLD SIZE		
PAKISTAN	796,096	241,499,431	124,324,406	117,154,694	20,331	106.12	303.35	38.88	6.3	207,684,626	2.55
RURAL		147,614,729	75,592,790	72,017,097	4,842	104.97			6.3	132,013,789	1.88
URBAN		93884702	48,731,616	45,137,597	15,489	107.96			6.2	75,670,837	3.67
KHYBER PAKHTUNKHWA	101,741	40,856,097	20,845,747	20,009,233	1,117	104.18	401.57	15.01	6.9	35,501,964	2.38
RURAL		34,724,801	17,685,692	17,038,648	461	103.80			6.9	29,626,670	2.69
URBAN		6131296	3,160,055	2,970,585	656	106.38			6.7	5,875,294	0.72
PUNJAB	205,345	127,688,922	65,448,376	62,226,589	13,957	105.18	621.83	40.71	6.4	109,989,655	2.53
RURAL		75,712,955	38,625,841	37,083,868	3,246	104.16			6.4	69,442,450	1.46
URBAN		51975967	26,822,535	25,142,721	10,711	106.68			6.3	40,547,205	4.24
SINDH	140,914	55,696,147	29,014,424	26,677,501	4,222	108.76	395.25	53.97	5.6	47,854,510	2.57
RURAL		25,639,408	13,245,373	12,393,405	630	106.87			5.4	23,021,876	1.82
URBAN		30056739	15,769,051	14,284,096	3,592	110.40			5.8	24,832,634	3.24
BALOCHISTAN	347,190	14,894,402	7,768,166	7,125,471	765	109.02	42.90	30.96	6.4	12,335,129	3.20
RURAL		10,282,574	5,379,780	4,902,339	455	109.74			6.1	8,928,428	2.39
URBAN		4611828	2,388,386	2,223,132	310	107.43			7.0	3,406,701	5.19
ISLAMABAD	906	2,363,863	1,247,693	1,115,900	270	111.81	2,609.12	46.91	5.7	2,003,368	2.80
RURAL		1,254,991	656,104	598,837	50	109.56			5.5	994,365	3.97
URBAN		1108872	591,589	517,063	220	114.41			5.9	1,009,003	1.59

* The numbers in table 1 based on all population of Pakistan including the headcount information received mainly restricted areas, where no demographic& housing information received. However from table 4 onwards details of all population where all detailed information is received . Table 4 will be basis for matching the population for detailed characteristics.

2023 Digital Census of Pakistan higlighting the KP updated population

Figure 6 – Table showing Pakistan Digital census report 2023

Source: Pakistan Bureau of Statistics

According to population survey of 2023, figure 15, KP population is 35,501,964 with the average national growth rate of 2.6% the KP projected population will be close to 45 million in next ten years, meaning the challenges that is currently faced by KP province will be exacerbated with the increase of 10 million, it would behoove the government and public to come up with strategies on how to be able to address existing hardships and proactively come up with resources to be able to address future challenges.

Chapter 2

Khyber Pakhtunkhwa's existing Industrial Base – Current Status

Existing KP Industrial Base:

KP has the third-largest economy in Pakistan and, in the past, has constituted around 10% of the national GDP.319 With national GDP at USD 314.6 billion in 2018 (World Bank Open Data), GDP in KP in 2018 would roughly be USD 31.4 billion. The economy of KP has not yet developed to a complex, high-value structure, however. Agriculture currently creates 21% of GDP in KP and, together with livestock, contributes to the livelihoods of 83% of the rural population. As was shown earlier, the manufacturing sector is small compared to Punjab or Sindh.

It is also focused on processing local inputs from agriculture and mining. A few industrial units for chemicals, rubber, plastics, and electronic goods are active primarily in Peshawar. The PBS Labor Force Survey 2017-18 showed that the informal sector in KP is very significant. Informally employed persons in KP amount to 52% of the labor force. The largest sectors with informal employment are construction (25.4%) and wholesale, retail trade, and vehicle services (28.2%). These are also the largest informal employing sectors at the national level. The same survey shows that underemployment, i.e., those working fewer than 35 hours per week although they are (actively) available for more work, is also high. Of the underemployed persons in KP, 41.7% report to be self-employed. A further 25.9% are contributing family members, and 32.1 % are employees.

Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) – KPEZDMC is the crown jewel of the KP Industry and commerce. It is a major platform in KP that could drive the promotion and investment in the province, advocate for the implementation of federal and provincial polices related to the industrial growth and play a role in the research for the promotion of industrial development, systemic problems and its countermeasures faced by the industry.

It has been established, as non-profit organization, within the meaning of section 42 of the of the repealed Companies Ordinance, 1984(now the Companies Act 2017) and is wholly owned by government of Khyber Pakhtunkhwa. The company aims to develop and manage world class industrial estates in the Khyber Pakhtunkhwa to help organizing and establishing planned and rapid industrialization in Khyber Pakhtunkhwa. Rehabilitation of the existing industrial estates is also part of the objectives of this company. To facilitate focused industrial growth, by developing modern industrial estates, leading to mass job creation, skill enhancement, increased productivity, contributing to the GDP, aiming to reduce poverty and gearing towards a prosperous Khyber Pakhtunkhwa Province.

A quick overview of KP Industries

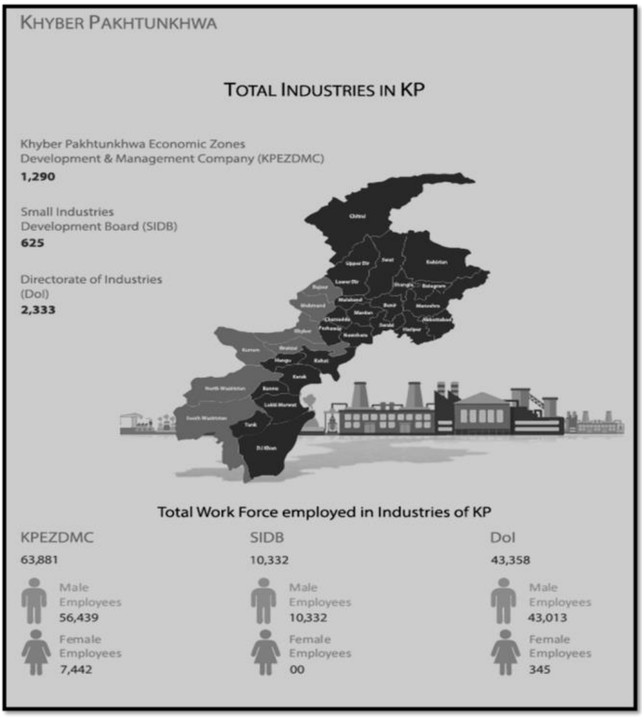


Figure 7 – Showing breakdown of the existing industrial units and employment capacity. Source: KPEZDMC website

DISTRICT WISE TOTAL NO. OF REGISTERED INDUSTRIAL UNITS
RUNNING & CLOSED IN KHYBER PAKHTUNKHWA

Tabel No. 153 Number

District	2017-18			2018-19			2019-20		
	Total	Running Unit	Closed Unit	Total	Running Unit	Closed Unit	Total	Running Unit	Closed Unit
Khyber Pakhtunkhwa	2584	2222	362	2800	2391	409	3621	3,094	527
Abbottabad	91	78	13	78	66	12	46	36	10

Figure 8 – Table showing running and closed KP Industrial units.
Source: KP Development Statistics 2019

Summary of Table:

KP Industrial Base (Total units Vs Units Closed)						
	2017/18	%	2018/19	%	2019/20	%
Units Closed	362/2222	16	409/2391	17	527/3094	17

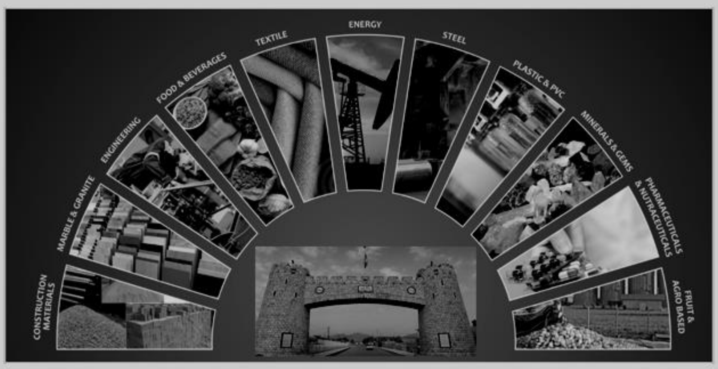
	KPEZDMC	SIDB	DOL	Total
Employed work force	63,881	10,332	43,358	117,571
Male	56,439	10,332	43,013	109,784
Female	7,442	-	345	7,787
M:F Ratio	7:01	0	124:1	14:01

Additional Information of industrial units' breakdown at the District Level

Figure 9 – Table showing comparison of total KP industrial units closed vs units running. Source: KP Development Statistics.

Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) has been established, as non-profit organization, within the meaning of section 42 of the of the repealed Companies Ordinance, 1984(now the Companies Act 2017) and is wholly owned by government of Khyber Pakhtunkhwa. The company aims to develop and manage world class industrial estates in the Khyber Pakhtunkhwa to help organizing and establishing planned and rapid industrialization in Khyber Pakhtunkhwa.

Industrial Sectors of Khyber Pakhtunkhwa



Source: KPEZDMC

Home Page (kpezdmc.org.pk)

Figure 10 – Sectors of KP Industry

The major industrial sectors of Khyber Pakhtunkhwa, Pakistan include:

Textile, leather, and apparel
This sector has a major share of the registered industrial units in the province.

Forestry
Khyber Pakhtunkhwa's share of Pakistan's forestry has historically averaged 61.6%.

Mining
Khyber Pakhtunkhwa produces more than 20% of Pakistan's mining output and 78% of its marble.

Agriculture
The agriculture sector employs almost 31.8% of the provincial labor force. The Hazara and Malakand divisions are known for their transhumant livestock production.
The Industries, Commerce & Technical Education Department promotes industrial development, trade, and investment in Khyber Pakhtunkhwa.

Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) - The company aims to develop and manage world class industrial estates in the Khyber Pakhtunkhwa to help organizing and establishing planned and rapid industrialization in Khyber Pakhtunkhwa.

Chapter 3

What is Poverty Rate, why is it an important indicator to track and how it could be improved?

The OECD definition of poverty is “Poverty rate is the ratio of the population whose income falls below the poverty line. The poverty line is taken as half the median household income of the total population.”

The poverty rate is a crucial indicator because it provides insight into the overall well-being of a society, revealing the proportion of people struggling to meet basic needs, and thus highlighting areas where economic policies and social programs need to be focused to address issues like access to healthcare, education, and nutrition, ultimately impacting a nation's development and economic progress; it also serves as a key metric for monitoring progress towards reducing poverty over time and evaluating the effectiveness of poverty reduction initiatives.

World Bank tracks poverty rates across the world, according to them:

“As with poverty, there are many ways to measure inequality. The World Development Indicators (WDI) databases present a wide range of inequality indicators such as the Gini index and the share of consumption or income held by each quintile. The measures offer different ways to capture and communicate aspects of the income distribution. To monitor progress against its goal of boosting shared prosperity, the World Bank tracks growth in the consumption or income of the poorest 40 percent of the population in each country—the bottom 40 percent. Similarly, SDG target 10.1 aims for the income of the bottom 40 percent to be growing faster than the national average by 2030. Progress is measured by the difference between growth in the consumption or income of the bottom 40 percent and growth in the consumption or income of the mean of the population."

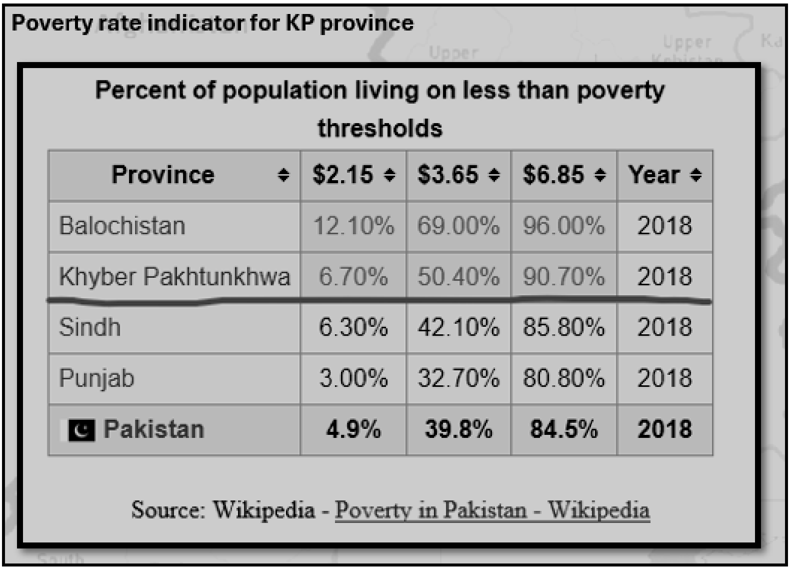
In addition, World Bank defines poverty rates and its reduction, "how poverty is defined and measured varies across the world. The national poverty line for a country is typically a monetary threshold below which a person's minimum basic needs cannot be met, considering the country's economic and social circumstances. Poverty lines not only vary widely by country, but they are also often revised as countries develop richer countries typically have higher poverty lines than poorer ones. Governments track how many people are living on less than the national poverty line so that they can monitor their development progress. The national poverty line is also a central indicator for SDG 1, ending poverty "in all its forms."

To aggregate and compare poverty rates across countries, poverty thresholds that reflect the same real standard of living in each country are used. The $2.15 a day poverty line, which reflects the value of national poverty lines in some of the poorest countries, is often referred to as the extreme poverty line. For added perspective, the World Bank also track poverty at $3.65 a day, the typical line for lower-middle-income countries, and $6.85 a day, typical for upper-middle-income countries.

Poverty measured at the international poverty line of $2.15 a day is used to track progress toward meeting the World Bank target of reducing the share of people living in extreme poverty to less than 3 percent by 2030. SDG target 1.1 is even more ambitious: by 2030, it wants all countries, regions, and groups within countries to achieve zero poverty at the same international poverty line.

That is the reason the IRS wants to look at the KP Industrial Development with the framework of UN Sustainable Development Goals, which will not only improve the lives of communities across the KP province, simultaneously improving infrastructure and its industrial capacities.

Source: WDI - Poverty and Inequality


Poverty rate indicator for KP province

Percent of population living on less than poverty thresholds

Province	$2.15	$3.65	$6.85	Year
Balochistan	12.10%	69.00%	96.00%	2018
Khyber Pakhtunkhwa	6.70%	50.40%	90.70%	2018
Sindh	6.30%	42.10%	85.80%	2018
Punjab	3.00%	32.70%	80.80%	2018
Pakistan	**4.9%**	**39.8%**	**84.5%**	**2018**

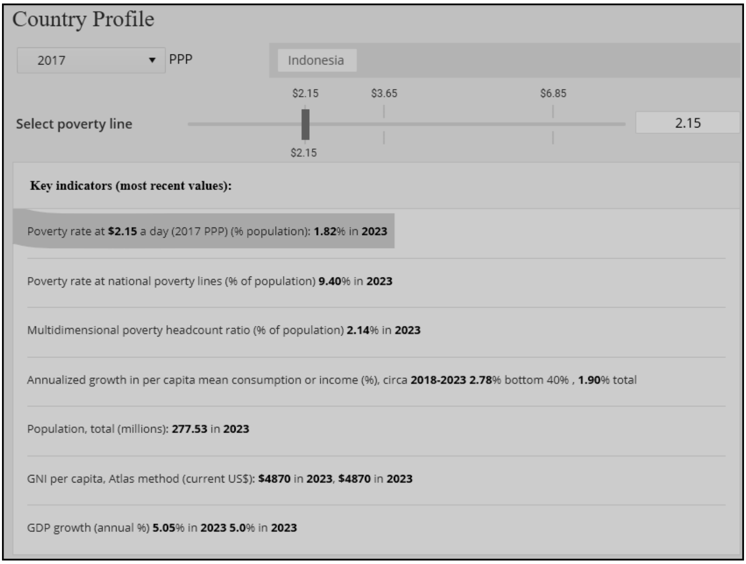
Source: Wikipedia - Poverty in Pakistan - Wikipedia

Figure 11: Showing Percent of Population living on less than poverty threshold.

Based on the table above the KP province is 6.7% or population lived below the threshold of 2 dollars and 15 cents which is equivalent of approx. 600 rupees at the time of this write up exchange rate. 50.4 % of the population lived 3 dollars and 65 cents which is the equivalent of approx. 1020 rupees daily. Comparing it with Indonesia, whose 1.82% population is living daily under $2.15 and KP has 6.7%, there is a huge gap, which could be reduced by industrial development like Indonesia did. Their poverty rate was worst in the 80s then what KP has now, however, after three decades of hard work and continuous investment in trade and industry, they were able to bring it down and kept it under 2%.

See the comparative charts below.

Source: pip.worldbank.org/country-profiles/PAK
Figure 12 – Country Profile (Pakistan)


Country Profile
2017
PPP
Indonesia
$2.15
$3.65
$6.85
Select poverty line
2.15
$2.15
Key indicators (most recent values):
Poverty rate at $2.15 a day (2017 PPP) (% population): 1.82% in 2023
Poverty rate at national poverty lines (% of population) 9.40% in 2023
Multidimensional poverty headcount ratio (% of population) 2.14% in 2023
Annualized growth in per capita mean consumption or income (%), circa 2018-2023 2.78% bottom 40% , 1.90% total
Population, total (millions): 277.53 in 2023
GNI per capita, Atlas method (current US$): $4870 in 2023, $4870 in 2023
GDP growth (annual %) 5.05% in 2023 5.0% in 2023

Chapter 4

What is UN Sustainable goals, why is it important for the KP poverty reduction?

Basically, it is the UN agenda to transform the world for better, according to UN:

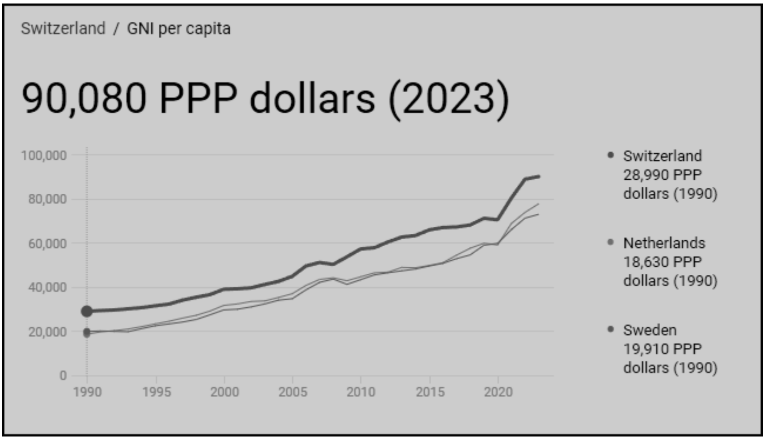
“Transforming our world: the 2030 Agenda for Sustainable Development

This Agenda is a plan of action for people, planet and prosperity. It also seeks
to strengthen universal peace in larger freedom. We recognize that eradicating
poverty in all its forms and dimensions, including extreme poverty, is the greatest
global challenge and an indispensable requirement for sustainable development.

All countries and all stakeholders, acting in collaborative partnership, will
implement this plan. We are resolved to free humans from the tyranny of
poverty and want and to heal and secure our planet. We are determined to take the
bold and transformative steps which are urgently needed to shift the world on to a
sustainable and resilient path. As we embark on this collective journey, we pledge
that no one will be left behind.

In case of KP, the IRS vision is to leverage Industrial Development to reduce poverty because there are 6.7% population of KP, see figure 10 which means 20,450,000 lives life with less than $2.15 dollar a day. In a develop country that sum it, which comes out to $246.7 per day. It shows that the KP administration and its leadership needs to join and team up with the IRS to focus on the industrial development and sustainability plans, so these communities can be brought up and hence poverty is reduced.

The Graph below shows the Switzerland/ GNI per capita



Source: pip.worldbank.org/country-profiles/Switzerland
Figure 14 – Country Profile (Switzerland GNI per capita)

Why Switzerland? Switzerland's GNI per capita is the best in the world and if we use Switzerland as the Matric to follow in the GNI category, comparatively it will give us an idea how KP is performing comparatively.

What Is Gross National Income (GNI)?

Gross National Income (GNI) is the total amount of money earned by a nation's people and businesses. It is used to measure and track a nation's wealth from year to year. The number includes the nation's gross domestic product (GDP) plus the income it receives from overseas sources.

Chapter 5

Institute of Regional Studies Rationale of poverty reduction through Khyber Pakhtunkhwa Industrial growth, sustainability and addressing its challenges.
IRS approach has multiple reasons as to why it wants to tie KP Industrial Growth and its sustainability to Poverty reduction are:
1: Poverty is a widely observed Indicator internationally:
Poverty alleviation is such an important goal that it was front and center of the 2024 SCO summit in Islamabad, “At the 2024 SCO Summit, a range of critical agendas were discussed, all aimed at enhancing regional economic integration. The member states pledged to improve trade connectivity and promote sustainable development, addressing issues such as poverty alleviation and economic disparities.”
Source: 2024 SCO Summit in Pakistan: Key Takeaways for Regional Cooperation and Economic Development - The Pakistan Gazette
Ending poverty in all forms and dimensions by 2030 is the first goal of the UN’s sustainable development goals (SDGs). Therefore, the identification of the poor and the evaluation of the extent of poverty have received considerable attention in the design of cost-effective poverty reduction programs and safety nets. Poverty is one of the indicators used to determine the respective share of each province in the divisible pool of federal transfers to the provinces, through the National Finance Commission (NFC) Award. Poverty is a multidimensional phenomenon and is correlated with various set of social and economic variables including education level, gender, number of assets owned, household size and employment status of household head.
2: Poverty reduction has multifaceted benefits, and they are:

A: Poverty reduction **B:** Jobs creation
C: Increased wages
D: Increased consumer spending
E: Increased goods and services
F: Increased production
G: Increased revenue and capital
H: Business growth
I: Improved quality of life
J: Reduced crime
K: Increased tax revenue

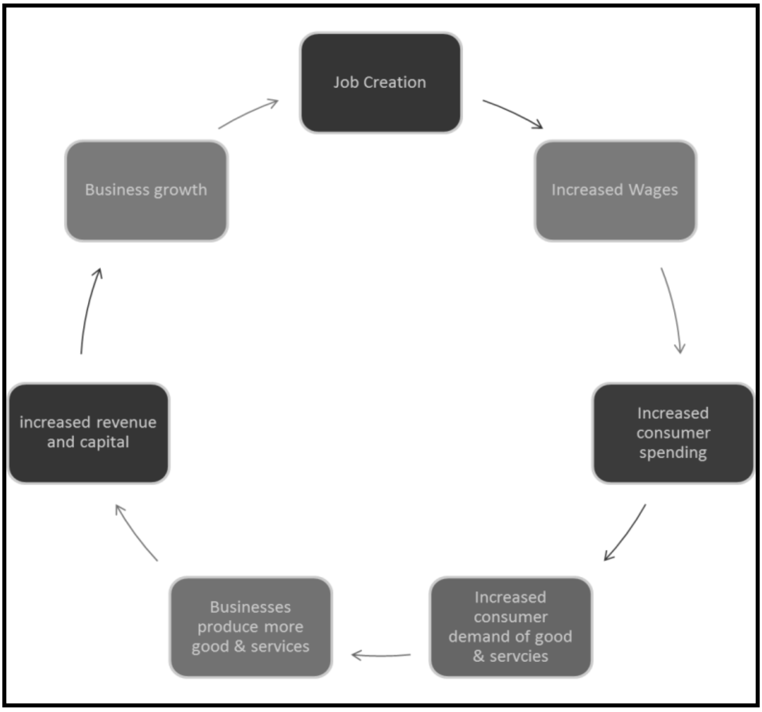


Figure 15 – Benefit cycle of Poverty reduction
Source: How Job Creation Helps the Local Economy – linked-in article

3: Success stories of poverty reduction from other developing countries:
IRS thinks that poverty reduction is a holistic approach in fixing multitudes of social problems by addressing and tracking one matrix and that is poverty reduction because there are countries in the world that has gotten it done, so there is proven method if followed diligently KP will be able to achieve success. See chapter 7 for details of success stories.
4: IRS strongly believes if KPEZDMC is sincere in the accomplishment of its own industrial growth goals to double the industrial base in next 10 years' time frame that will bring up 25% of KP population out of poverty alone, simultaneously meeting the UN sustainability goals of 2030. Meaning, take doable actions to pick low hanging fruits.

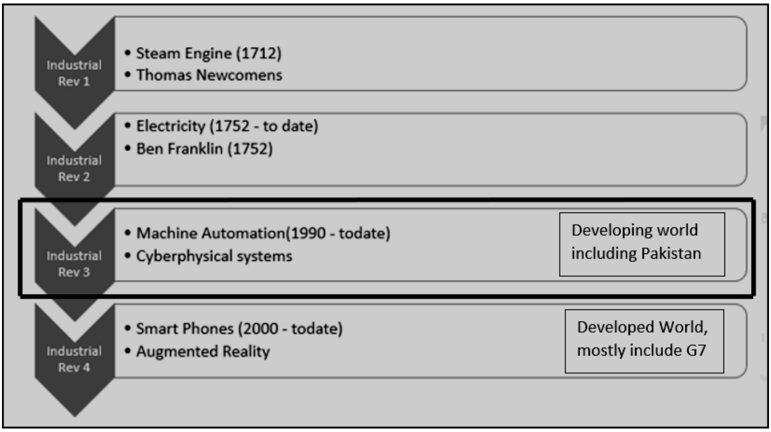
Chapter 6

Introduction to Industrialization and its benefits

What is Industrialization?

Industrialization is the process of transitioning from an agrarian, or agricultural, economy to the one that focused on industry specifically manufacturing or processing. Features like assembly lines and the use of machinery to complete duties aim to increase productivity, particularly in manufacturing and production facilities. Increases in technology have further industrialized many fields, even agriculture. Other sectors that are positively impacted by industrial development are,

Transportation and logistics, Construction, Wholesale trade, Health care, Utilities, Warehousing. So far, the world is the in fourth stage of the industrial revolution, which is augmented reality. Augmented Reality is a reality in the developed world and Pakistan in general and KP in particular has barely scratched the surface on industrial revelation.



stage 3, which means there is a lot of work needed to be done to catch up with the developed world and bring out our communities out of poverty.

Figure 16 – Showing Industrial revolution stages

What are the benefits of industrialization?

Here are some common benefits industrializations may offer:

Industrialization helps the country's economy maintain a balance of imported and exported goods. The ability to manufacture certain products on a large scale based on domestic resources made it possible to provide goods as exports to other countries. In return, the U.S. accepts imported goods from countries that produce an abundance of them. This trade balance allows for more access to a range of products and can contribute to lower market prices.

Industrialization means an outfit is making some of what it needs to exist as well as expand or improve. There's not only a sizable margin in making stuff, but there's also ripple effects like not having to pay for its transportation to you, additional middlemen's markup, the local taxbase and good jobs it creates (especially compared to subsistence agriculture), and the many things it directly subsidizes or builds like new road systems, workforce housing, water and wastewater treatment plants, extending electrical and Internet infrastructure, providing a place where an education is essential to work there…

Not industrializing means you'll always be at severe economic disadvantage in what you earn vs. what you need to buy even if you live in an easy paradise and have unusually high value wild plants to export (marijuana, opium, coca (cocaine), cocoa, coffee, tea leaves, rubber, orchids, teak, mahogany, rosewood, etc.).

Availability of goods because of industrial development

Industrialization makes it easier for companies to manufacture products in bulk. Before the use of machinery in the manufacturing process, employees made products by hand. Besides the potential health and safety hazards involved in manual production processes, they also took a significant amount of time. Industrialization continues to make these processes more efficient, particularly by emerging technologies like automated equipment.

Industrialization helps the country's economy maintain a balance of imported and exported goods. The ability to manufacture certain products on a large scale based on domestic resources made it possible to provide goods as exports to other countries. Industrialization means your place is making some of what it needs to exist as well as expand or improve.

By making goods more readily available, industrialization also makes them more affordable. When the demand for a product is high, companies have the responsibility of keeping up with it by producing an adequate supply. Before industrialization, this was more challenging, as it took longer to make products. With fewer products on the market, companies charged more so they could earn a profit. When companies can meet demand, consumers typically pay less because there are more goods available in the market. Much lower costs for building materials, i.e. cement, dimensional lumber, structural and roofing steel, pipes, wire, windows, doors, flooring, furniture, etc. Lower costs for preserved foods (canned goods, frozen goods, refrigerated until eaten, dairy products, brewing, distilling, dehydrated, meat packing, fish freezing, etc.) that improve agriculture and everyone’s health (including how well children and babies thrive.)

The cost of acquiring goods declines when more goods can be produced more quickly. Declining real costs make it easier for individuals and families to purchase these goods. This increases the standard of living. Most families would be priced out of owning refrigerators, automobiles, computers, TVs, electricity, running water, or a myriad of other goods without increases in productivity.

Increased jobs due to Industrial development, especially high-income jobs

The increased use of machinery in manufacturing facilities creates an increased demand for labor. When companies can make more products, they typically hire more employees to help them meet their goals and their customers' expectations. This can lead to a higher profit, which may also allow them to open multiple facilities, all of which require employees to run them. Besides manufacturing professionals, companies hire professionals in other fields, such as business, administration, sales and marketing to maintain operations.

Industrialization has led to the development of many technologies used in the health care field. As technology advances, it allows to produce medical equipment like imaging machines, monitors and robot-assisted surgeries. Manufacturing facilities that rely on industrial machinery to produce goods make it easier for health care providers to access machinery that can help them diagnose and treat their patients, such scanning and imaging machines (Xray, MRI, CT scan).

What are the disadvantages of Industrialization?

Here are some potential disadvantages of industrialization and how organizations can resolve:

Global warming and climate change

One of the primary concerns about industrialization is its effect on global warming. As climate change continues to impact the health of the planet, many people are hesitant to support organizations that contribute to pollution. Global warming can also have a negative impact on the health of workers and consumers. Companies can minimize their negative contributions to climate change by adopting green initiatives, such as eco-friendly packaging and paperless facilities.

Increased income disparity

Industrialization has led to many jobs, but it can also contribute to the significant gap between socioeconomic groups. Wealthier populations typically own or manage large corporations, and those who work in the facilities often earn a significantly lower income. This can make the disparity between the groups.

larger, but companies can reduce these disparities by offering higher wages and complete benefits packages that make it easier for employees to succeed financially.

Potentially hazardous working conditions

Just as working conditions before the current legal and industrial regulations existed were sometimes dangerous, those in today's factories can also present a hazard to employees. Advanced machinery has made it easier for companies to produce large quantities of products and hire more employees, but if used incorrectly, it can also cause injuries. Companies can prevent these potential dangers by ensuring they keep working areas and safe, providing safety equipment to employees and providing comprehensive training to all team members.

Decreased professional autonomy

Manufacturing professionals often complete many of the same duties as their colleagues, and automated processes rarely allow for creative problem-solving in the workplace. The lack of autonomy and ability to work independently can lead to employee burnout, which can make it challenging for companies to retain employees and for employees to experience job satisfaction. Companies can help minimize burnout by encouraging employees to share their ideas for process improvements and asking them for their feedback before making major changes.

Rapid urbanization

When industrialization began in the U.S., cities grew larger quickly as employees moved closer to the facilities where they worked. This led to the fast urbanization of certain

areas, and the sudden increase in population caused issues with food inaccessibility, high levels of stress and poor health among employees. Although some of these issues persist today in industrial areas, companies can help by
creating policies that ensure overtime work is optional, and employees receive benefits for themselves and their families. By caring for their employees, companies can maintain qualified, dedicated workers who care about their jobs and the company's goals.

Chapter 7

Role of industrialization in poverty reduction: Success stories of countries that have used industrialization as a lever to eradicate poverty.

Role of industrial development in poverty reduction: Success Stories:

Industrial development has always played an important role in the economic growth of countries like China, the Republic of Korea (Korea), Taiwan Province of China (Taiwan), and Indonesia. Along with accelerated growth, poverty rates have declined in many countries. Some countries have managed to achieve growth with equity, whereas in others inequality has remained high. Industrialization is proving to be a potent force for economic growth and is proven to be an important contributor in their poverty reduction (M Kniivila - Industrial Development for the 21st Century P295, 2007). These countries are called emerging economies, with the associated demand for imports of raw materials and semi processed goods to feed their factories to satisfy the changing needs associated with the rising incomes and local demands and demands across the border in Afghanistan and central Asian republics. In addition, it is the time to capitalize on the competitive advantage of Chinese expensive labor and encourage them to relocate their factories to Pakistan, specifically to KP to benefit from the cheap labor protecting environment.

When industrialization began in the U.S., cities grew larger quickly as employees moved closer to the facilities where they worked. This led to the fast urbanization of certain areas, and the sudden increase in population caused issues with food inaccessibility, high levels of stress and poor health among employees. Although some of these issues persist today in industrial areas, companies can help by creating policies that ensure overtime work is optional, and employees receive benefits for themselves and their families. By caring for their employees, companies can maintain qualified, dedicated workers who care about their jobs and the company's goals.

Countries that leveraged industrial development towards poverty reduction

China

Eight years of hard work and dedication has expedited economic development in China’s 832 impoverished counties, refer to graph below. At the end of 2020, all these counties had been lifted out of poverty, guaranteed compulsory education, basic medical care, and housing for their populations, despite the adverse and devastating impact of the coronavirus pandemic.

The success of China’s fight against poverty can be attributed to the decisiveness and strong political will of the CPC and its leadership. It can also be attributed to the unified and cohesive coordination between the central government, provinces, cities, and counties. Party chiefs at all levels assumed responsibility of local poverty eradication work with officials from 22 central and western provinces by signing responsibility statements for the central government.

Another key factor that made China’s anti-poverty project a success, was its approach of addressing poverty at its roots in all 832 counties. Each of the impoverished counties came up with clear-cut, custom fit, and contextualized poverty alleviation strategic measures, unique to their needs. China’s success in its eradication of poverty should serve as inspiration and motivation for developing countries in their respective fights against poverty.

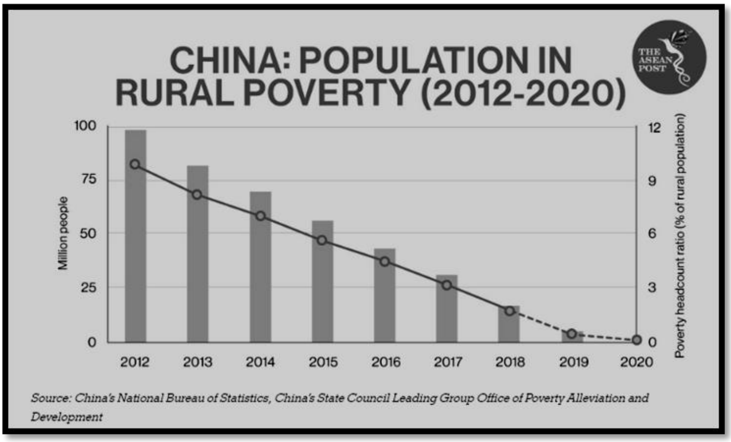


Figure 17: Graph showing the poverty downward trend
Source: Learning From China's Poverty Alleviation Program | The ASEAN Post

Vietnam

Vietnam belongs to the group of rapidly developing economies. Vietnam's economic growth per capita since the early 1990saveraged 5.5% a year and has been among the fastest in the world. Its pace of poverty reduction is almost unprecedented as can be seen in the graph below.

(1) (PDF) Factors Affecting Financial Literacy of Vietnamese Adults: A Case Study for Hanoi and Nghe An. Available from: https://www.researchgate.net/publication/319124975_Factors_Affecting_Financial_Literacy_of_Vietnamese_Adults_A_Case_Study_for_Hanoi_and_Nghe_An#fullTextFileContent [accessed Oct 09, 2024].

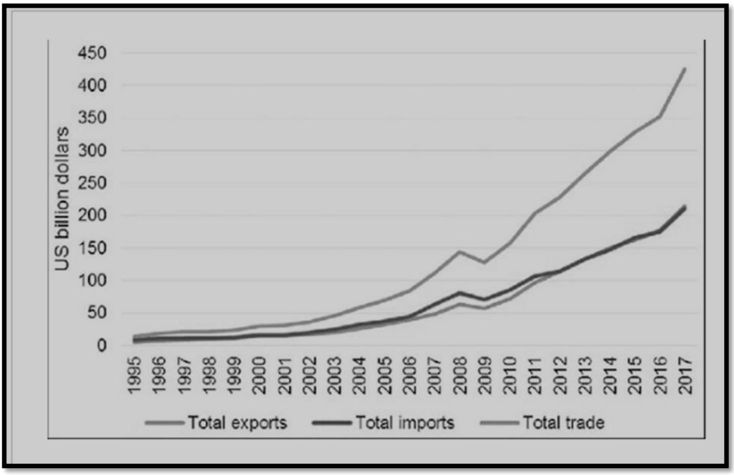
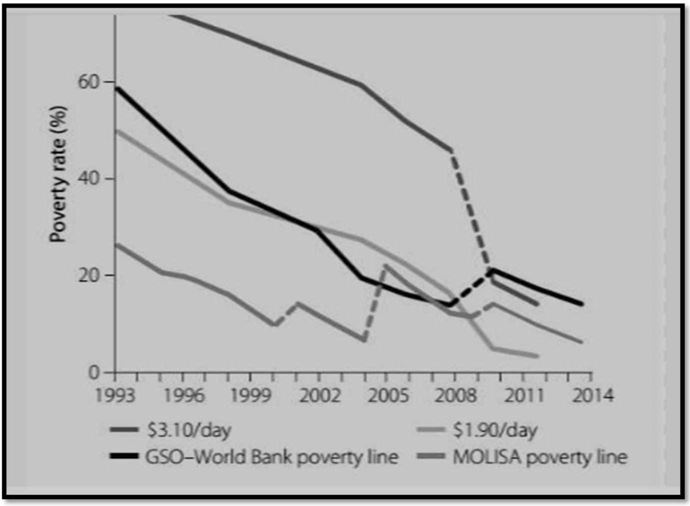


Figure 18 – Graph showing Vietnam trade (industrial development) improvement over the years



Source: The Poverty and Welfare Effects of the 2008 Food Price Crisis in Vietnam: A Decomposition Analysis

Figure 19 – Graph showing poverty rate reduction from 1970 – 2005 from 60% in 1970 down to single digit in 2005. “The economy of Vietnam is another clear success story, following the Doi Moi (“renovation” or “rejuvenation”) reforms that were launched in 1986 after several decades of war and stagnation. The economy grew quickly, and agriculture’s share of GDP halved between 1986 and 2009. Poverty declined rapidly; Klump (2007, p. 119) cites a poverty rate of 58.1 per cent in the early 1990s, falling to under 25 per cent by the end of 2004. The growth of the 1990s was pro-poor and rural poverty fell quickly, so living standards improved even in the areas where most of the poor Vietnamese live (Klump, 2007, p. 128). However, poverty rates remain higher for ethnic minorities and those in remote areas, where some people faced difficulties accessing clean water and power. Klump (2007, p. 122) writes of stark differences in development levels and speeds between the urban southeast and the more remote and sparsely populated northwest. Vietnam is one of the stronger examples of a coherent and successful pro poor growth strategy, with a long track record of reform that combined pragmatism and caution. However, based on interviews with key figures, Rama (2008) describes how its policies were not primarily designed to maximize the well-being of the least well-off; instead, policymakers wanted to avoid making any group worse off, which might lead to political opposition or threaten stability.” (Carter, Davies, Dziadula, Segal& Kaboski et el 2024 Insight)

Figure 19: Total foreign direct investment inflows to Vietnam, 1990-2017 (US$ billion)

Source: Effects of Trade Agreements and Foreign Direct Investment on Trade: Evidence from Vietnam

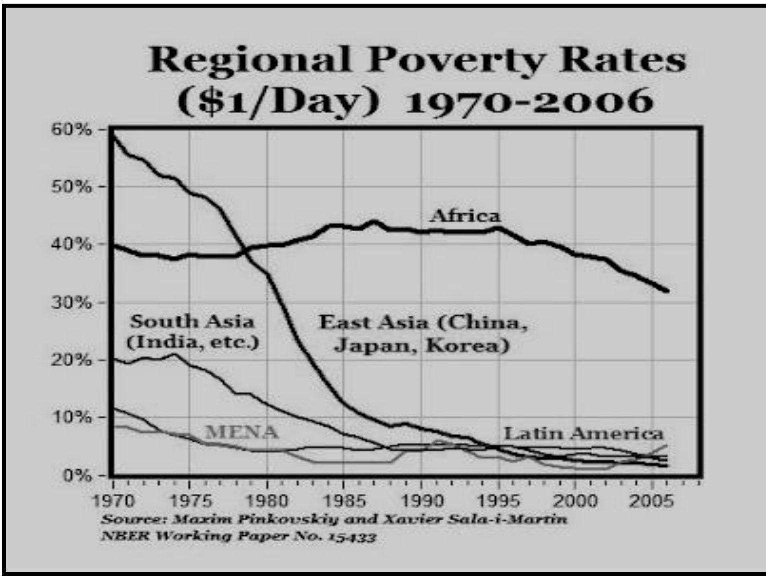


Figure 20 – Graph showing countries that have leverage trade and industrial development in poverty reduction

Source: May 2019 - International Journal of Economics and Financial Issues 9(3):116-126

Republic of South Korea:

The country is famed for successful state-led industrial policy. It was predominantly an agricultural economy until President Park Chung Hee took power in 1961 and introduced his first Five Year Economic Plan. An important part of this strategy involved encouraging the growth of large family-controlled firms with close connections to politics, known as Chaebols; some are now global corporations such as Samsung and Hyundai. Choi, et al., (2023) show that firm concentration rose during the growth miracle period (meaning there were fewer, larger firms) to the benefit of South Korean society, because these large firms delivered underlying productivity improvements. In 1973, South Korea’s Heavy and Chemical Industries (HCI) program prioritized six sectors: steel, nonferrous metals, shipbuilding, machinery, electronics, and petrochemicals, aligning with military modernization aims and avoiding competition with the nation's existing strengths. Prior to the HCI drive, the country pursued an export-centered industrial strategy with strong incentives for exporters. With the introduction of HCI, industries under its umbrella, along with exporters, were shielded from certain governmental regulations and taxes. These industries were also beneficiaries of subsidized loans and credits. Lane (2022) writes that "this temporary drive shifted Korean manufacturing into more advanced markets, creating durable industrial change".

The program started by improving rural and agricultural infrastructure, including village path networks, upgrading streams for irrigation, forestation program to improve water supply and building community facilities. It followed by building farm roads and encouraging mechanization of agricultural production. Public investment in the development of high yielding rice varieties led to the introduction in 1971 of "unification rice". Its promulgation increased average rice yields from 3.34 tons per hectare in 1972 to 4.94 tons per hectare in 1977. Given the dominance of rice production in rural household income generation, this implied a large increase in rural incomes.

Indonesia

Over the past four decades, the number of poor in Indonesia has experienced a significant decline, from 40.10 percent in 1976 to 9.82 percent in March 2018. Nevertheless, the dispa rity of poverty rates between provinces is still quite high. Th e poverty rate in several provinces in Java Island, for exampl e, is already at the single-digit level, while in Eastern Indonesia, is still more than double-digit level. As it is known, public spending and economic gr owth are two crucial instruments on poverty reduction progr ams.

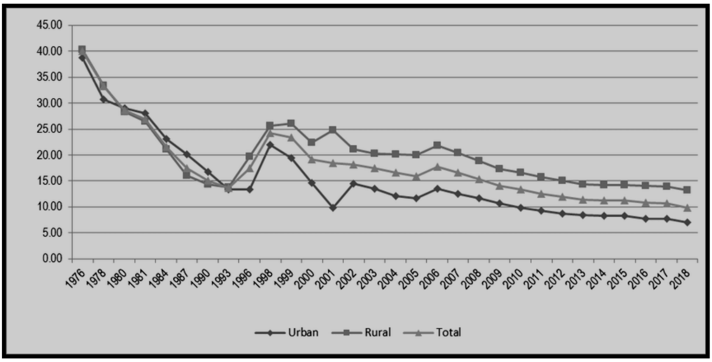
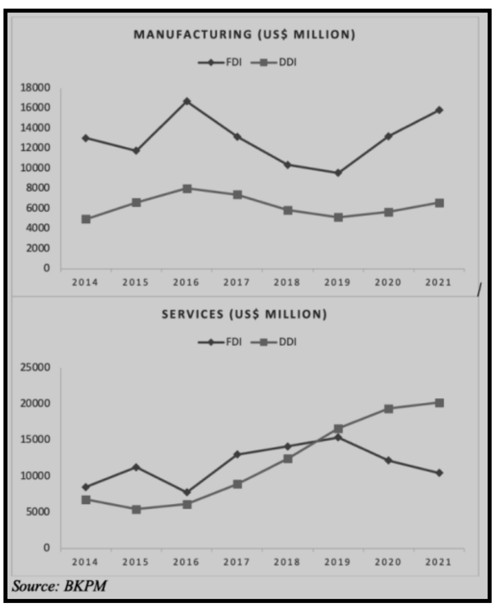


Figure 21: Graph showing Indonesian Poverty downward trajectory, axis of % population vs year
Source: Public Spending and Poverty Reduction in Indonesia: The Effects of Economic Growth and Public Spending on Poverty Reduction in Indonesia (July 2020 - the Indonesian Journal of Planning and Development)



Source: BKPM

Figure: 22 – Graph showing investment trends in Manufacturing and Services industry of Indonesia

Source: Investment Trends and Industrial Prospects in Indonesia | FULCRUM

With the new administration, investment has been driven by a rapid increase in domestic direct investment (DDI) (Figure 1). Foreign direct investment (FDI), however, seems relatively stagnant. From 2014 to 2021, DDI grew by 16.4 per cent annually on average, while FDI grew by only 1.4 per cent annually. Indonesia's relative unattractiveness is partly to blame for causing the slow growth in FDI, compared with other investment destinations, especially Vietnam. The DDI share in total investment increased from around 35 per cent in 2015 to 50 per cent in 2021, which is the reflection of extra ordinary efforts made by the new administration.

Basically, it shows correlation between (DDI/FDI) investments has multiplier effect on poverty reduction in terms of employment opportunities creation all driven by strong investment confidence in economic prospects of the country.

Excerpt from article" When Growth does – and does not reduce poverty" reported by a British Magazine INSIGHT Report authors Paddy Carter, Michele Davies, Eva Dziadula, Joseph Kaboski, Paul Segal.

Translating growth into poverty reduction requires investments that directly touch the lives of poor people, where they live today. But it also requires investments in parts of the economy that are quite distant from the lives of the poorest, which drive urbanization and structural change, without which sustained poverty eradication is impossible. It would be overstating the case to say that we can infer a single prescription from the experiences of countries that have translated growth into poverty reduction, but it seems reasonable to suppose that, if the purpose of FDI and DDI –

is to support KP in eradicating its poverty, then the investors should tie the investment to profits and simultaneously to poverty reduction accomplishment, which will result, in the uplift of communities. It will be even better to give them technology transfer so R&D opportunities are created, and investments are utilized as a vehicle for further development of industrial base that can cater to local and international needs. A more balanced approach would be is to tie FDI, DDI and other investments to the industrial output and indicators that has a direct impact on life improvement of ordinary populations such as employee productivity, job creation, education, healthcare and infrastructure uplift.

Chapter 8

Challenges to the KP Industrial Development and how to overcome them?

Based on the available data the, KP industrial development has the following challenges that KPEZDMC could or play a role to address, in realization of its mission, of job creation, skill enhancement, increased productivity, contributing to the country's GDP, poverty reduction and making the Khyber Pakhtunkhwa province prosperous and those challenges are:

1: Lack of infrastructure and support from the government
2: Lack of financial resources and equipment
3: Waste disposal problem
4: Lack of research and development (R&D)
5: Lack of skilled/trained manpower
6: Socio-political problems
7: Lack of Safety and Security
8: Stringent regulations
9: Political influence and corruption

Chapter 9

KP Industrial growth outlook, once challenges are met (10 Year Plan)

Following are the mission goals of KPEZDMC, which are inline with the goals of IRS that are highlighted and pointed out in this white paper, and they are:

The Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) has several goals, including:

Industrialization: KPEZDMC aims to develop and manage industrial estates, and to create a network of economic zones to promote industrial growth.

Job creation: KPEZDMC aims to create jobs for the local workforce, both skilled and unskilled.

Poverty reduction: KPEZDMC aims to reduce poverty in the province.

GDP growth: KPEZDMC aims to contribute to the province's GDP growth.

Sustainable development: KPEZDMC aims to ensure that projects and deliverables sustain the industrial ecosystem.

Long-term relationships: KPEZDMC aims to build long-term relationships with investors and industrialists.

The Government of KP and KPEZDMC has the following challenges to address to be able to accomplish their 10-year industrial growth plan, see chapter 8 for details:

1: Lack of infrastructure and support from the government
2: Lack of financial resources and equipment
3: Waste disposal problem
4: Lack of research and development (R&D)
5: Lack of skilled/trained manpower
6: Socio-political problems
7: Safety and Security problems
8: Stringent regulations
9: Political influence and corruption

The KPEZDMC and other stakeholders could sit back and analyze sectors that are very productive such as Marble, oil & gas. The major industries in Khyber Pakhtunkhwa, Pakistan are agriculture, forestry, and mining:

Agriculture

The province's economy is primarily agricultural, with wheat, corn, sugarcane, and tobacco as the main crops. Agriculture employs 40% of the province's workforce. The KP government can come up with plans to bump up the agricultural employment from 40% to 50% by teaming up with the SMEs of the province to implement plans that are viable and capable of showing of results. In addition, a culture of water harvesting should be developed and implemented across the KP communities it will pay dividends in the long run, with food sustainability, since the commodity prices are already through the roof.

Forestry

Khyber Pakhtunkhwa's share of Pakistan's forestry industry has historically ranged from 34.9% to 81%, with an average of 61.6%. Due to the floods destruction in the past decade has been fatal to lives, land and livestock therefore plans should be made to increase forest and encourage businesses that focus on the increase of the forests not the other way around. Deforestation on the other hand has negative consequences such as soil erosion, loss of habitat (species extinction), impact on water cycle, droughts and higher temperatures, depleted medicine and medical supplies.

Mining

Khyber Pakhtunkhwa produces more than 20% of Pakistan's mining output and 78% of its marble. The province also has deposits of gemstones like aquamarine, moonstone, and ruby, as well as phosphate, soapstone, and coal. If the KP government comes true with its own plans, which are:

Government plans

The KP government has announced plans to modernize the mining industry, including:

● Establishing a mining police force to curb illegal mining

● Mandating mining companies to set up processing plants in the province

● Installing CCTV cameras in mineral lease areas

● Establishing a Gems and Jewelry City in Peshawar

●Establishing an international standard Mineral Development and Management Company

Pakistan currently shares 0.5% of the world's dimension stones, which KP has 2900 million tons of reserves. If the share to the world market is bumped up to 5%, Pakistan will have to increase mining and production plants to accomplish that as result it will be a big job growth for the local economy. Streamlining and regulating the mining industry could alone add 100,000s of jobs in the province.

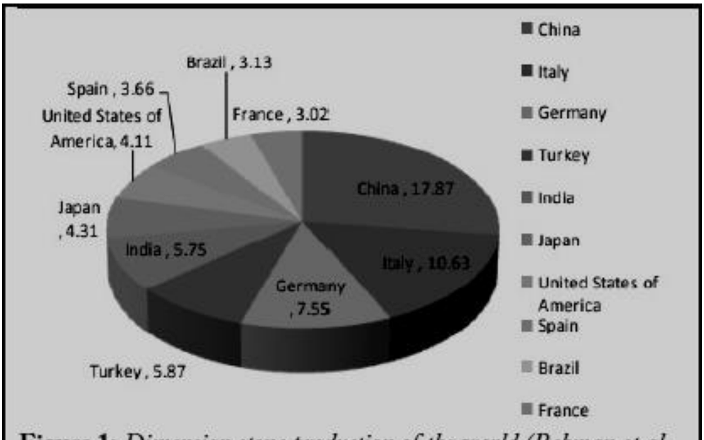


Figure 1: *Dimension stone production of the world (Rehman et al., 2018).*

Figure 23 – Showing share of countries to the world market of dimension stones

Source: Mitigation Plan for Identified Problems Faced by the Marble Industry

in Khyber Pakhtunkhwa, Journal of Engineering and

Applied Sciences

As discussed earlier, the province of Khyber Pakhtunkhwa hosts major marble reserves of the country i.e., 2,900 million tons which is about 99% of the country's reserves Khan (2017), GSP (2017) and DGMM NWFP and SDA (2004). The total marble bearing areas of KP are divided into four belts (Table 2). Major marble mining areas include Buner, Mardan, Swabi, Nowshera, Mansehra, Malakand and Chitral districts. Among these, one of the best quality marble reserves in the country is located near Bampokha village in district Buner (SDA, 2017). Besides above localities, substantial reserves of good quality marble are found in the ex-FATA areas Khyber Pakhtunkhwa i.e, Khyber, Mohmand and Bajaur districts (SDA, 2017).

Other industries in Khyber Pakhtunkhwa include:

● Oil & Gas:

Khyber Pakhtunkhwa (KP) is a province in Pakistan that is rich in oil and gas resources:

Production

KP produces around 45% of the country's crude oil, 13% of its gas, and 42% of its LPG.

Exploration

KP has large deposits of oil and gas in the southern belt and Merged Districts, including Kohat, Karak, Hangu, Waziristan, and DI Khan.

Companies

Ten companies are currently involved in oil and gas exploration in KP.

KPOGCL

The Khyber Pakhtunkhwa Oil & Gas Company Limited (KPOGCL) is the provincial oil and gas holding company. KPOGCL was established in 2013 and owns exploration and production rights for about 10 trillion cubic feet of natural gas and 600 million barrels of petroleum resources.

Potential

KP has potential for unconventional resources such as tight gas, shale gas, and coalbed methane.

Government support

The KP government supports domestic and international companies that invest in the oil and gas sector.

Regulation

The Oil and Gas Regulatory Authority (OGRA) and the Ministry of Energy regulate and promote exploration and production activities in the province.

The Government of Pakistan and KPK can encourage international Oil & Gas exploration companies to participates in the exploration and extraction of oil and gas reserves that are available in the province on competitive rates & conditions. This way when reserves are found and extracted it helps the local economy and also national economy at large for not importing it from other countries thus saving the export capital which could be spent on the infrastructure development business expansion.

- Cotton textiles
- Cement
- Ghee
- Furniture
- Milled grains
- Refined sugar
- Flour Mills
- Canning and preserving fruits and vegetables
- Tobacco processing
- Small arms and accessories

Future - Jobs Projection in the KP Industrial Sector							
Gender	Employed Current (2019/2020)	KPEZDMC Goal	2030 Goal	2035 Goal	Employed Workforce - Total	KP Household size 6.9	% Pop of KPK
Male	109,784	Double every 5 years	219,568	439,136	768,488		
Female	7,787	Bump up to 25% of the total workforce	58,500	117,000	183,287		
Total			278,068	556,136	951,775	6,567,248	0.18

Figure 24 – Table showing KP job projections, future state Source: KP Development Statistics.

Chapter 10
CONCLUSION:

The purpose of this report is to emphasize the fact that it is very much possible to alleviate poverty by leveraging Industrial Growth and its sustainability. This has been done by countries such as China, Korea, Vietnam and Indonesia. Only by employing two strategies for instance:

1: Revitalize and rejuvenate the closed industrial units which are about 3000 in last 5 years. It will approximately double the jobs that are existence currently.

2: In addition, increase the number of industrial units of the highly productive sectors such as mining, oil & gas, Sugar and Flour Mills, from 5,500 to 15,000 units in the next 10 years that will again double the number of industrial jobs. 15,000 industrial units is just 30% of the Punjab province.

3:The data suggests that the gender workforce gap is extremely wide between male & female industry workers currently 14:1. If, KPEZDMC focus on narrowing the gap down to 3.5:1 by employing regulations, such as safe and secure work environment & safer public transport to work locations for starters, which will encourage women to seek employment in such environment.

4:According to figure 24 highlights, if the number of the industrial units doubled in the next 10 years, so will the jobs double. In other words, over 6 million people of KP will be gainfully employed which is 18% of the total KP population according to the 2023 digital population survey.

5:18% population of KP will be lifted from poverty, which means that the Pakistan SDG 1 will be either met or meeting the goal, which will show to the world that Pakistan is a serious country that meets its responsibilities to the people.

6:18% population gainful employment will also sprout other sectors as derivatives of the main industry for instance added educational institutions, healthcare centers, shopping malls, sports and recreational activities, meaning added jobs and business opportunities.

Lastly Industrial development and its sustainability is a win-win scenario for the people of KP if focused on in a holistic manner.

RECOMMENDATIONS

●To constitute a committee comprising of subject matter experts including successful businessmen, entrepreneurs, industrial engineers and academicians to identify root causes as to why these industrial units are sick or went out of business? Identify root causes. What could be done to bring them back to life or being replaced

●Come up with a plan how to rehabilitate sick units by identifying resources to be leveraged to come up with funding be it public private partnership or FDI or DDI.

●Rehabilitation of sick industrial units, according to the KP development Statistics 1298 units have been closed between 2017 – 2022, meaning 1298 units plus those units that closed after 2022 to date. Approximately 2100 units shall need rehabilitation or replacement..

●Address underlying conditions that resulted in the closure of these units, such as high taxation, power supply, natural gas supply, safety & security and other administrative bottlenecks such as unwarranted extortion by government officials.

● Another goal of the committee would be to identify industrial sectors to double the existing number of industrial units from 3000 to 6000 in next 10 years.

●Also create safe work environment for female workers to raise their number up to 25% of the total workforce. So, if the existing count of male workers in industry is 109,784, it should be 52,892 compared what it is now 7,787 only.