



INSIDE THIS ISSUE:

OPINION
‘The New Kabul’ 2021
Page 01

ANALYSIS
Parliament and
Legislatures as
Custodians of Child Rights
Page 08

ANALYSIS
K-Electric Limited:
Introduction of Shares and
Financial Position
Page 13

CONCEPT
Primary Education in
Rural Pakistan:
Challenges and Way
Forward
Page 20

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Editorial

Honourable Members and Dear Readers,

The Nation celebrated Independence Day on 14th August, 2021 with traditional fervor and festivity. In addition, analysts, decision makers and public at large world over closely witnessed the historic rise of the New Kabul 2021 in wake of newly setup Taliban led Government and promised withdrawal US led NATO troops as per the Qatar Agreement by the extended deadline of 31st August, 2021.

As per the vision of the PIPS Board of Governors, the Institute continued its international recognition with the high-powered delegations comprising Hon Speakers and Members of Parliament from the Arab Parliament and the Parliament of Niger met the PIPS leadership on 2nd and 11th August, 2021 showing keen interest in academic cooperation with PIPS. On 14th August, 2021, Team PIPS also crossed the figure of 1300 parliamentary research and technical papers furnished for individual MPs and committees; and 65 books published on various parliamentary topics since its inception in 2009-10. Last but not the least, on 23rd August, the newly setup Capacity Building and Development Wing commenced its flagship first government officials' course on Parliamentary Working with the newly inducted grade 17 officers at the Election Commission of Pakistan.

We take the opportunity to humbly dedicate the 13 years of services by Team PIPS to the Father of the Nation, the Quaid e Azam Muhammad Ali Jinnah for his unwavering and tireless achievement in setting up the largest Muslim Majority Parliamentary democracy of the contemporary world. This Issue of the PIPS Parliamentary Research Digest includes analytical articles on “The New Kabul,” 2021, Primary Education in Rural Pakistan and Child Protection. We take the opportunity to thank the Members of Parliament from all Houses for the ever-increasing trust they repose in our research, legislative and capacity building initiatives. We welcome feedback of our invaluable readers. Please Do not hesitate to send your feedback or contact for any of our services at research@pips.gov.pk

Happy reading and profound regards,

Muhammad Rashid Mafzool Zaka
Director General (Research)



Honourable Chairman Senate of Pakistan / President PIPS Board of Governors, Senator Muhammad Sadiq Sanjrani presents souvenir to the Head of Arab Parliament delegation, H. E. Adel Abdulrahman Al-Asoumi during their visit of the Institute on Monday, August 02, 2021

OPINION

‘The New Kabul’ 2021**Fakiha Mahmood**

Deputy Director (Research), PIPS

Abstract

The agreement between Taliban and US, signed on 29 February 2020, accelerated the withdrawal of foreign forces from Afghanistan expected to be completed by September 2021. However, even prior to the exit of foreign troops, the Afghan government fell as Taliban captured Kabul in mid-August 2021. Following the US invasion of Afghanistan in the wake of 9/11 attacks, the International Security Assistance Force (ISAF) led by NATO had been present on the Afghan soil, representing 50 countries and numbering 130,000 troops at its height. With war over in Afghanistan talks are under way for the political setup to be established in Kabul. Subsequently, Taliban has established the Islamic Emirate of Afghanistan and invited all to play due role in the development and progress of Afghanistan. The situation has quickly been changing within Afghanistan as well as the wider region. The influence of regional countries has been growing in Afghanistan which was earlier reduced under the US occupation. New actors and alliances have been taking shape. However, the foremost question now is the recognition of Islamic Emirate of Afghanistan besides the inclusion of other political factions within the Taliban setup. In the backdrop of the power transition in Afghanistan, this paper presents an overview of interests and policies of five major players in the Afghanistan situation i.e. Taliban, former Afghan government, Pakistan, India, and US.

1. ‘The Fall of Kabul’

The front page of 16 August 2021 edition of The Guardian printed with bold letters “*The fall of Kabul*” depicting the watershed moment of Afghan history. The almost twenty years of war ended as Taliban took control of Afghanistan’s capital city. President of the Afghanistan government, Ashraf Ghani, fled with four cars full of money according to the Russian embassy in Kabul. The agreement between Taliban and US, signed on 29 February 2020, accelerated the withdrawal of foreign forces from Afghanistan expected to be completed by September 2021. However, even prior to the exit of foreign troops, the Afghan government fell as Taliban captured Kabul in mid-August 2021. Following the US invasion of Afghanistan in the wake of 9/11 attacks, the International Security Assistance Force (ISAF) led by NATO had been present on the Afghan soil since August 2003 to December 2014, representing 50 countries and numbering 130,000 troops at its height. On 01 January 2015, the Resolute Support Mission (RSM) replaced the ISAF. Almost 9,592 troops from 36 contributing countries constituted the RSM as of February 2021. Its mandate included the training and assistance of the Afghan security forces and institutions.¹

With war over in Afghanistan talks are under way for the political setup to be established in Kabul. Subsequently, Taliban have declared the formation of Islamic Emirate of Afghanistan. Besides the return of top leader Mullah Abdul Ghani Baradar to Afghanistan, the nomination of acting head of the Afghanistan central bank has emerged, as the world looks forward to see the leading figures in the Islamic Emirate. Haji Muhammad Idris has been given the mandate to organize the emirate’s economic institutions. The first Loya Jirga of Afghanistan chaired by Taliban leader Molvi Amir Khan Mutaqqi, was held on 23 August 2021. More than 800 participants including Afghan political leaders

¹ David G. Lewis and Aniseh Bassiri Tabrizi, “Regional powers and post-NATO Afghanistan,” *NDC Research Paper no. 20*, (June 2021), <https://www.ndc.nato.int/research/research.php?icode=6>.

were present in the Jirga, which ensured peace for everyone and invited all segments of society to stay in Afghanistan and play due role in the development and progress of this country.²

Moreover, in order to allay the concerns of regional countries with regard to the use of Afghanistan for carrying out terrorist activities in other countries, the Supreme leader of Taliban, Mullah Haibatullah Akhundzada, has appointed a high level commission which has been mandated to ensure that Afghan soil does not become breeding ground for terrorist activities.³ The situation has quickly been changing within Afghanistan as well as the wider region. The influence of regional countries has been growing in Afghanistan which was earlier reduced under the US occupation. New actors and alliances have been taking shape in Afghanistan as well as the wider region. However, the foremost question now is the recognition of Islamic Emirate of Afghanistan besides the inclusion of other political factions within the Taliban setup. In the backdrop of the power transition in Afghanistan, this paper presents an overview of interests and policies of five major players in the Afghanistan situation i.e. Taliban, former Afghan government, Pakistan, India, and US.

2. Afghan Taliban

Over the course of past decade, the Afghan Taliban has not only resisted the foreign occupation with armed struggle, simultaneously the faction has also strengthened its diplomatic foothold gradually. Since January 2021, capitals in the major powers at regional as well as global levels have received high-level Taliban delegations including Tehran, Moscow, and Beijing among others. Taliban emerged as a movement in 1994 post-Soviet Afghanistan fraught with unstable government and captured Kabul in September 1996.⁴

However, despite soliciting recognition from individual states as well as the United Nations, the Taliban led Afghan government did not get international legitimacy except from Pakistan, Saudi Arabia and the United Arab Emirates (UAE). In the absence of well established diplomatic infrastructure the Taliban government faced difficulties in communicating with their counterparts in other states. These challenges became more pronounced when the United Nations Security Council imposed sanctions on the Taliban led Islamic Emirate of Afghanistan in 1999. The alleged involvement of Al-Qaeda hosted by the Taliban government in the 9/11 attacks, culminated into the global war on terrorism which began with the toppling of Taliban government.⁵

Taliban began developing out of that lowest point around the year 2007 when international diplomats established secret contacts with their leadership. The US took even more time to soften its approach, however, dialogue continued with UN and some states like Germany and Norway. Taliban opened its Political Commission in Doha, Qatar, which evolved into a political office in 2013 with a flag representing the Islamic Emirate of Afghanistan. Pakistan hosted the first intra-Afghan talks held in Murree in 2015, however, the Taliban pulled out of the talks due to the controversy around the news of Mullah Omer death. US-Taliban overt dialogue began in winter 2018, led by Zalmay Khalilzad as a Special Representative for Afghanistan Reconciliation, which resulted in the successful deal between both parties.⁶

The bilateral dialogue continued despite criticism from Afghan government for excluding them from the peace process, though Pakistan provided back-channel support and Doha hosted the dialogue.

² Radio Pakistan, "Taliban hold first Loya Jirga after capturing Kabul," 23 August 2021, <http://www.radio.gov.pk/23-08-2021/taliban-holds-first-loya-jirga-after-capturing-kabul>.

³ Radio Pakistan, "Taliban set up commission to address concerns regarding terrorist activities against other countries," 24 August 2021, <http://www.radio.gov.pk/24-08-2021/akhundzada-sets-up-commission-to-address-concerns-regarding-terrorist-activities-against-other-countries>.

⁴ Kristian Berg Harpviken, "The foreign policy of the Afghan Taliban," *PRIO Policy Brief* 02, (2021), <https://www.prio.org/Publications/Publication/?x=12644>.

⁵ Harpviken, "The foreign policy of the Afghan Taliban."

⁶ Harpviken, "The foreign policy of the Afghan Taliban."

Under the terms of the Doha Agreement, the US committed complete withdrawal of troops by May 2021 and Taliban agreed to ensure that Afghanistan's territory will not be used against the security of US and its partners. The Agreement also paved the way for intra-Afghan negotiations. Analysts highlight 'neutrality and non-interference' among the key foreign policy tenets of Afghan Taliban demonstrated through their practice over the past more than a decade.⁷

Contrary to common perceptions, Taliban have engaged leadership in Russia as well as China. And in this process, Taliban have ignored the issues like that of Uighurs in China. Alongside this international outreach, Taliban have reduced their over-dependence on regional countries, especially Pakistan. Taliban has not only developed cordial relations with various countries beyond traditional partners, the faction has also "diversified its funding."⁸ With recent high-level engagement in Tehran, Taliban has also dispelled its earlier antagonistic image towards Iran. They were at the brink of war in 1998. These diplomatic ventures of Taliban point towards a perspective shared between Taliban and other political factions about the recognition of the existing state system as well as the commitment to guard Afghanistan's sovereignty and integrity.⁹

3. Former Afghan Government

Since September 2014, the National Unity Government of President Ashraf Ghani had made several attempts to engage Taliban in negotiation process. Efforts focused not only on various ethnic and political groups within Afghanistan, the Afghan government also reached out to neighboring countries like China and Pakistan as well as Arab states for intra-Afghan talks. These initiatives included Doha talks held during 2011-2013, the Murree Peace Process of July 2015, Heart of Asia Ministerial Conference held in December 2015 and the Quadrilateral Coordination Group (QCG) of 2016. However, these efforts remained short of the desired outcome, the refusal of Taliban to engage in the process being one of the major reasons.¹⁰

Some of the major points of departure between Taliban and Afghan government included Taliban's insistence on the exit of foreign troops. Afghan government also offered to open Taliban representative office in Kabul which was closed in reaction to the opening of Taliban political office in Doha, resultantly the provision of political legitimacy. Nevertheless, Taliban refused to compromise on the issue of foreign forces' withdrawal. On the Afghan government side, pressing issues were the recognition of Afghan constitution, breaking ties with terrorist organizations and women empowerment. The holding of new elections and constitutional review were also included in the intra-Afghan dialogue along-side the issue of release of prisoners.¹¹

The Afghan government was largely marginalized in the Doha agreement which the Taliban concluded with the US in February 2020. In the post Doha agreement scenario, the first round of intra-Afghan talks began in September 2020. Talks resumed in January 2021, after a recess. In August 2021, the Afghan government released more than 5,000 Taliban prisoners including 400 sanctioned by specially convened Loya Jirga by President Ashraf Ghani due to the gravity of their alleged offenses. However, subsequent efforts did not move beyond temporary ceasefire.¹²

While the Taliban continued to claim more Afghan territory, the capacity of the Afghan forces was seriously challenged in the wake of foreign troops' withdrawal. Afghan forces depended on foreign technical support and financial assistance to carry out their operations. The NATO's Army Trust Fund

⁷ Harpviken, "The foreign policy of the Afghan Taliban."

⁸ Lewis and Tabrizi, "Regional powers and post-NATO Afghanistan."

⁹ Harpviken, "The foreign policy of the Afghan Taliban."

¹⁰ Amina Khan, "Afghan peace process: future prospects," *Islamabad Papers* no.47 (2020).

¹¹ Khan, "Afghan peace process: future prospects."

¹² United Nations Security Council, "Twelfth report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to resolution 2557 (2020) concerning the Taliban and other associated individuals and entities constituting a threat to the peace stability and security of Afghanistan," 01 June 2021.

was among three core funding channels of the international community to provide assistance to the Afghan government. From the time of its inception i.e. 2007 till the end of 2020 the fund channeled more than USD 3.2 billion to Afghanistan. These funds were utilized to provide professional military education and capacity-building support to the Afghan government in developing its security institutions. The fund had been committed up to 2024.¹³ As per the US Congressional Research Service report, with regard to the Afghan National Defense and Security Force (ANDSF) 2014 onwards the “United States ... has provided around 75% of the estimated \$5 billion to \$6 billion a year required to fund the ANDSF, with the balance coming from US partners and the Afghan government.” Moreover, the Congressional appropriations with regard to ANDSF for FY2021 include almost \$3 billion, i.e. lowest since FY2008. As of January 2021, the ANDSF troops numbered around 307,000.¹⁴

4. Pakistan

Pakistan shares nearly 2,611km long border with Afghanistan. After the 2,912km long border with India, this is the second largest border Pakistan shares with its neighbors. Out of the thirty-four provinces or *wilayats* of Afghanistan eleven (11) are geographically contiguous to Pakistan’s erstwhile Federally Administered Tribal Areas (FATA). The Pak-Afghan border area includes twenty-three villages, 17 in Balochistan and six in ex-FATA, inhabited by Pashtun ethnic groups closely tied with socio-cultural bonds developed over the course of several centuries.¹⁵ Pakistan has remained a key player in Afghanistan since ages. More recently, during the Soviet occupation, the subsequent civil war, as well as during the US invasion Pakistan’s role in the affairs of Afghanistan has been indispensable. Again Pakistan played important role in the successful culmination of Doha agreement of February 2020.

Pakistan seeks to establish an interim government with Taliban at the center stage and significant inclusion of other power brokers as well as pro-Pakistan groups. The recognition of Durand Line as international border is one of key irritant in Pak-Afghan relations. This issue will remain among the top agendas of Pakistan’s engagement with upcoming Afghan government. The Indian influence in Afghan affairs is another major concern for policy makers in Islamabad. Interlocutors in Islamabad will seek to ensure that India does not succeed in using Afghanistan’s territory to destabilize Pakistan. Pakistan has also approached the Taliban seeking to break its connections with Tehreek-e-Taliban Pakistan (TTP) in the backdrop of potential threats of attacks in Pakistan with support from India. Moreover, as Pakistan loosens its influence over Afghan Taliban over the years, the South Asian regional power has made inroads into non-Pashtun factions in Afghanistan in order to diversify its leverage in its neighboring country.¹⁶

The influx of millions of Afghan refugees into Pakistan is a nightmare which continues to haunt policy makers in Islamabad. Over the decades of conflict, each wave of instability in Afghanistan resulted into influx of refugees into the Pakistani side. While the actual figure has dwindled over the years, as of 31 August 2020, total number of registered Afghan refugees in Pakistan numbered 1,422,588 as per UNHCR statistics.¹⁷ The waves of refugees were accompanied with foreign aid on one hand and criminal cum terrorist activities on the other hand. Therefore, Pakistan’s approach towards the upcoming political dispensation in Afghanistan will certainly be guided by the issue of refugees.

¹³ NATO, “The Secretary General Annual Report” (2020), 77, https://www.nato.int/nato_static_fl2014/assets/pdf/2021/3/pdf/sgar20-en.pdf.

¹⁴ Clayton Thomas, “Afghanistan: Background and US Policy: in brief,” *Congressional Research Service* (11 June 2021), <https://fas.org/sgp/crs/row/R45122.pdf>.

¹⁵ Sarwat Rauf and Shakeel Ahmad, “Pak-Afghan border management: developments and controversies,” *Journal of Contemporary Studies* 8, no. 1, (Summer 2019), 36.

¹⁶ Lewis and Tabrizi, “Regional powers and post-NATO Afghanistan.”

¹⁷ UNHCR, “Pakistan: Afghan Refugee Update, 01 January – 31 August 2020,” <https://www.unhcr.org/pk/wp-content/uploads/sites/103/2021/05/Pakistan-Afghan-Refugee-Situation-Info-graphic-as-of-31-August-2020.pdf>.

However, in the overall peaceful mood which has transpired in Afghanistan with the coming of Taliban into power, one can hope for the best.



Map Source: “Afghanistan Pakistan border crossings,”

<https://asiafoundation.org/2020/01/22/afghanistans-borderlands-unruly-unruled-and-central-to-peace/>.

5. United States

The United States and its allies had begun evacuating its forces from Afghanistan even prior to the Doha agreement signed in February 2020. The process was further accelerated in the aftermath of the agreement. In January 2021, US troops level reached its lowest since 2001 at 2,500. President Joe Biden proclaimed on April 14, 2021 that the US troops withdrawal will be completed by September 11, 2021, on the anniversary of 9/11 attacks. Resultantly, Taliban denounced the announcement on the basis of the agreement in which US had committed troops’ withdrawal till May 2021.¹⁸

US invaded Afghanistan in 2001 for the alleged role of Al-Qaeda in carrying out the 9/11 attacks, and toppled the government of Taliban on the pretext of providing sanctuary to the alleged culprits. Over the course of nearly two decades, 22,000 US soldiers lost their lives in Afghanistan and the US Congress earmarked almost \$144 billion for rebuilding Afghanistan and developing its security institutions. While an elected government took reins of power in Kabul, record of human development paints a grim picture.

The marginalization of Afghan government from the process which culminated into Doha agreement, demonstrated that US was more interested in leaving Afghanistan and less committed to ensuring a

¹⁸ Thomas, “Afghanistan: Background and US Policy: in brief.”

viable political dispensation in Kabul. The intra-Afghan talks supposed to have begun immediately subsequent to US-Taliban agreement, took several months to activate.

US sought to break the logjam by putting forth draft peace agreement including the creation of an interim government. However, Afghan President rejected the proposal. Subsequently, the plans to hold an Afghan conference in Turkey in April 2021 were shattered after Taliban refusal. Moreover, the issues for deeper deliberation in US included the US economic and military assistance to Afghanistan in post withdrawal scenario. The challenges remained the justified appropriation of funds and their utilization in an efficient, transparent and effective manner. US had also offered some foreign assistance to Taliban in return for acceptance of Afghanistan's constitution legitimization of Afghan government ruling since 2001. However, it did not materialize as Taliban was already in a strong position to capture much of Afghanistan without US assistance.

6. India

During the British rule (1857-1947) in the then sub-continent, the Durand Line separated the British India from Afghanistan. The creation of Pakistan as an independent country made it perpetual neighbour with Afghanistan where it became front line state hosting no less than 4 million Afghan refugees in wake of Soviet invasion in 1979. With US/NATO invasion of Afghanistan in aftermath of 9/11 and the setup of US backed Afghan government in Kabul, India benefitted the most in the region to setup its foothold in Afghanistan. While Pakistan became a front line state facing more than 70,000 deaths and millions in cost by destruction caused in cross border non state terrorism; India, once favored partner of former Soviet Union exploited the mistrust between US and Pakistan to become the largest regional and fifth-largest bilateral donor in Afghanistan prior to the Taliban takeover in 2021. It had pledged almost \$3 billion for civil reconstruction and development in Afghanistan since 2001. The funds had been utilized for building development infrastructure like road and power projects, besides engaging Afghans in human resource development. Thanks to the security cover provided by US and NATO forces, India had been able to make deep inroads in all 34 provinces of Afghanistan. India sent 500,000 doses of home-grown COVID-19 vaccines to Afghanistan in February 2021. Almost at the same time, India constructed Shahtoot Dam in Kabul river basin with the objective of water supply to residents of Kabul.¹⁹

With fall of Afghan government, India is in a state of uncertainty with regard to the future of its investments in Afghanistan in the emerging geopolitical scenario. While other regional countries adopted the wait and see policy, India rushed to evacuate its diplomatic staff from Kabul, duly facilitated by Taliban. India had already reduced its activities in Afghanistan, closed its consulates in Jalalabad and Herat and withdrew its personnel from these diplomatic facilities in April 2020. These consulates were located close to Pakistan and Iran borders, respectively. India is a notable exception that has labeled Taliban a terrorist group and refused to negotiate with its leadership, thereby isolated itself in the international diplomatic scenario with regard to the Afghan peace process.²⁰ India was a major spoiler of the Afghan peace process.

In the emerging geo-political situation, Indian's worries emerge out of the fact that two of its neighbors with whom it has adversarial relations, i.e. China and Pakistan, have cordial relations with Taliban. While Pakistan has close ties with Taliban due to the shared history and culture, China has also expressed its desire to work with Taliban during the recent high-level visits of Taliban leadership to China. With Taliban holding the reins of power in Kabul, China has got the opportunity to include Afghanistan in its Belt and Road Initiative that the Afghan government was resisting earlier. Such an eventuality will also benefit Pakistan which seeks to increase its geo-economic outreach to Central Asian states. A trilateral Afghanistan-China-Pakistan partnership will serve to diminish Indian

¹⁹ Lewis and Tabrizi, "Regional powers and post-NATO Afghanistan."

²⁰ Lewis and Tabrizi, "Regional powers and post-NATO Afghanistan."

influence in Afghanistan which was earlier setup unnaturally with US support. The Indian influence in Afghanistan was a cause of concern for the entire region and especially both China and Pakistan due to the terrorist activities carried out by Indian networks operating with collusion of Afghan government. Chinese workers employed on CPEC projects within Pakistan were repeatedly targeted; similarly, the insurgency in Balochistan province of Pakistan was sponsored from neighboring provinces of Afghanistan.²¹

7. Conclusion

Despite sporadic incidents of violence, overall the fall of Kabul has materialized without major bloodshed. Taliban has not only demonstrated its strength in quelling all the militant groups even those who emerged in the Panjshir Valley, those at the helm of the Emirate have also expressed desire for peace and development including all segments of society. The overall smooth power transition as well as the pronounced commitment to uphold the respect for law and human rights must be lauded. Even the diplomatic staff of India, a country which had declared Taliban a terrorist group, was provided safe escort to the airport. No foreign mission has been harmed. General amnesty for all foreign missions was declared by a faction whose own ambassador was humiliated, with utmost disregard to international conventions and treaties, and handed over to the US soon after toppling of Taliban government in 2001.

At the same time the international community must also come up with the justification for the devastation caused within Afghanistan as well as the waves of terrorism which swept across the region in the aftermath of US invasion of Afghanistan. After almost twenty years of presence in Afghanistan, 11 September 2021 is a time of reflection for US led coalition of 50 countries equipped with world class equipment and technology as to what good has been achieved with the death and destruction caused in the world's most impoverished country. Rather than stigmatizing Taliban with violation of women rights and curbing of freedoms, the international community must acknowledge its miserable failure in building a reasonable governance model in Afghanistan over the course of almost twenty years. Moreover, the abrupt collapse of heavily funded and trained Afghan military in front of barefooted and underfunded militias is certainly nothing else than a complete fiasco.

At the same time one ponders as to what made Taliban gain such an astounding victory in face of immense challenges faced from all sides. Alongside the gains in military field, Taliban have also made significant strides in international diplomacy. The Islamic Emirate of Afghanistan is now a reality. How much time world takes to accept this fact remains to be seen. While Taliban have proved their resilience and strength in the military domain, challenge lies ahead for establishing peace and order in a country devastated with conflict and war over several decades. The expressions of peace and development emerging from the Islamic Emirate provide great opportunity for major stakeholders especially the regional countries. Peace must be given a chance in Afghanistan, which if materializes will certainly benefit the entire region and the world at large.

²¹ Ershad Mahmood, "India's Options," *The News*, 22 August 2021.

ANALYSIS

Parliament and Legislatures as Custodians of Child Rights

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Director (Research), PIPS

Introduction

Child protection is a broad term and in simplest words “*child protection addresses every child’s right not to be subjected to harm. It complements other rights that inter alia, ensure that children receive that which they need to survive, develop and thrive.*”¹ The primary goal of child protection is for all people who are responsible for the protection of children to recognize and fulfill that responsibility. Child protection encompasses a wide range of issues such as violence, abuse, exploitation, child labour, trafficking, harmful customary practices etc. These issues are intertwined with other societal issues such as poverty, a lack of access to basic social services, a weak governance system, a lack of accountability, a weak social justice system, and so on. Child protection is especially important during humanitarian crises and emergencies, when a large number of children are separated from their families, orphaned or displaced, internally displaced, abducted or forced to work for armed groups, sexually exploited, or trafficked for military purposes. Protecting children is the responsibility of the state, and failure to do so not only undermines national development but also has a cost and negative impact on the child's life as an adult.²

“A world fit for children is one in which all children are protected”¹

The world recognized that children have rights in 1924. Human rights were later recognized in the “Universal Declaration of Human Rights” in 1948. These rights applied to everyone, including children. In 1989, The United Nations General Assembly adopted the Convention on the Rights of the Child (CRC), which focused primarily on children’s rights. This convention was widely ratified around the world. Since then, the Committee on the Rights of the Child is the primary international mechanism for child protection. Its mandate is to review the reports that all state parties are required to submit on the laws and measures taken by the states to give effect to the rights recognized in the convention. Pakistan ratified CRC in 1990.³

Pakistan has a population of approximately 207 million people. The country has to fulfill the needs of approximately 88 million population under the age of 16, 67.3 % of whom live in rural areas and 32.6 % in urban areas.⁴ Given the country's socioeconomic conditions, the population residing in urban areas has better access to basic facilities such as education, health, sanitation etc., while there is a sharp disparity in the available facilities in rural areas, with some rural areas being very well developed while others lacking basic facilities making children more vulnerable to societal challenges. Approximately 24.3 % of the population lives in poverty. The Covid-19 pandemic has exacerbated the situation, with an estimated 56.6 % of the population becoming vulnerable as a result of the outbreak.⁵ This shows

¹ O'Donnell, Dan, and Dan Seymour. "Child protection." *A handbook for parliamentarians, Inter-Parliamentary Union and UNICEF*, (Switzerland: SRO-Kundig, 2004).

² Donnell, “Child Protection”.

³ Humanium, “Realizing children’s rights in Pakistan,” humanium.org, <https://www.humanium.org/en/children-rights/>

⁴ PBS, “Final results census-2017,” <https://www.pbs.gov.pk/content/final-results-census-2017>

⁵ *Economic Survey 2020-21*

that various segments of society, including children, are at greater risk of being affected by the pandemic. In terms of child rights, Pakistan is ranked 148th out of 182 in the world.⁶

In its concluding observations on Pakistan's fifth Periodic Report on UNCRC, the UN committee identified numerous delinquencies in CRC implementation including i) delays in the adoption of bills in the area of child rights as well as poor implementation of existing laws; ii) devolution of power and weak coordination among federal, provincial and territorial entities; iii) lack of systematic budget tracking mechanism from child rights perspective; iv) low allocation of budget especially in education and health sector and v) weak cooperation and insufficient financial support to civil society organizations. The committee also made its specific observations on family environment and alternative care; definition of a child, widespread discrimination, violence against children; education; disability, basic health and welfare; and special protection measures for stateless children, internally displaced children and children in armed groups, child labour, sales trafficking and abduction. All the observations by this committee are accompanied by a set of recommendations.

The ground realities support the number of observations made in this report. It is evident from the fact that child right violations are widespread, unrecognized, and underreported in our society, posing not only barriers to child survival and development but also a long-term impediment to serving as a useful citizen of the state.

- i. **Birth Registration:** The trend of birth registration is very low in Pakistan. Around 9% of the world's 166 unregistered children live in Pakistan.⁷ According to Pakistan Demographic Health Survey 2017-18, around 57.8 % children are unregistered in Pakistan.⁸ There are around 2.5 million people of Afghanis, Bengalis, Burmese descendants who are facing difficulties in their right to register as citizen.
- ii. **Child Labour:** Pakistan has the world's ninth largest labour force.⁹ Children are subjected to the most heinous forms of child labour, such as domestic work, sexual exploitation and in some cases, human trafficking. Furthermore, they are forced to work in agriculture sector and brick kilns. Around 9.8 % (2,261,704) of children are involved in child labour in Pakistan, with 69.4 % working in agriculture, 19.7 % in services, and 10.9 % working in industry.¹⁰ In Pakistan, it is estimated that children account for more than 70% of bonded labour.¹¹
- iii. **Sexual Abuse:** In 2020, around 08 children were sexually abused on a daily basis, with 985, 787, 80, and 89 reported cases of sodomy, rape, murder after sexual abuse, pornography, and child sexual abuse, respectively, out of a total of 2960 reported cases.¹²
- iv. **Child marriages** are also on the rise. In 2020, there were 119 child marriages, up from 104 in 2019.¹³
- v. **Trafficking:** The government has not been able to fully achieve the minimum requirements for the elimination of human trafficking from the country. Pakistan is still positioned on tier 2 watch list for the second consecutive year in a row in 2021. According to the 2021 TIP Report, out of 32,022 victims, the provincial police identified 6937 children as trafficking victims in 2020. The report reveals that organized criminal groups in Sindh and Balochistan

⁶ Kidsrights, "Kidsrights index 2021," <https://kidsrights.org/research/kidsrights-index/>

⁷ UNICEF (2019). Birth Registration for Every Child by 2030: Are we on track? United Nations Children's Fund. <https://data.unicef.org/resources/birth-registration-for-every-child-by-2030/>

⁸ Pakistan Demographic Health Survey 2017-18

⁹ *Economic Survey 2020-21*

¹⁰ "2019 Findings on worst forms of child labour,"

https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2019/Pakistan.pdf

¹¹ U.S. Department of State, *2021 Trafficking in Persons Report* (U.S. Department of State, 2021), https://www.state.gov/wp-content/uploads/2021/07/TIP_Report_Final_20210701.pdf

¹² Sahil, *Cruel numbers 2020* (Islamabad, Al-saif Printers, 2020).

¹³ Sahir, *Cruel Numbers 2020*

force children into drug trafficking. Around hotels, bus terminals, truck stops, and shrines, boys are subjected to sex trafficking. They are even maimed by begging ringmasters to make money.¹⁴

- vi. **Health and Education:** The state of health and education is also deplorable. At the national level, approximately 32% of children aged 5 to 16 are out of school, with Balochistan Province having the highest percentage.¹⁵ Malnutrition is also a problem in Pakistan. Around 40% of children under the age of five are stunted, 18% are wasted, and 29% are underweight.¹⁶ The mortality rate for children under the age of five is 67 per 1,000 live births.¹⁷

The facts and figures presented above show that the country is facing enormous challenges in terms of child-sensitive social protection. Despite the fact that many laws and policies are in place to protect children, they are still insufficient to meet their needs. This situation necessitates a review of Parliament's role in child protection in order to realize child rights governance.

Parliament and Legislatures as custodians of child rights

Parliament, as custodian of the fundamental human rights of the masses have arduous responsibility to represent the plight of children in addition to undertaking all essential legislation as well as close oversight over government efforts to respect, protect and fulfill child rights. Legislation is the most important role of MPs in the legislature. It is high time that Human Rights Committees in both the Houses must review the legislative framework viz a viz child protection with immediate effect to study each and every law related to the matter followed by scrutiny of what government ministry has done to implement the same. Post legislative scrutiny is “the practice used to monitor and evaluate the implementation of legislation, ensuring laws benefit constituents in the way originally intended by lawmakers.”¹⁸ Adoption of PLS in our legislatures will undoubtedly improve its performance, as it serves a dual purpose:¹⁹

- i. “determining whether the legislation fulfilled its intended purpose; and
- ii. examining the application of legislation and the adoption of the necessary secondary legislation to give effect to it.”

The Committee system at the provincial legislature must be given wider authority to undertake comprehensive and immediate post legislative scrutiny of every law related to child protection. It can help legislators of all federating units in providing tangible guidance to respective governments for the best possible child protection against violence, abuse, and exploitation. Furthermore, the legislators will be able to assess whether the respective governments have provided adequate funding for the effective implementation of all child-related laws. Legislation that is in accordance with international commitments but impossible to implement does not survive. Parliaments can work on law reform, which can result from the collaborative efforts of various stakeholders such as relevant government departments, NGOs, INGOs, professional associations, ethnic groups, child groups, parents and children. The reform process should be a collaborative endeavor of lawmakers, with broad representation from diverse political parties, so that it survives changes in government.²⁰

¹⁴ 2021 *Trafficking in Persons Report*

¹⁵ *Economic Survey 2020-21*

¹⁶ Ministry of National Health Services, Regulations and Coordination, Government of Pakistan and UNICEF, *National Nutrition Survey 2018* (GoP & UNICEF, 2019).

¹⁷ Pakistan Bureau of Statistics, *Pakistan Social and Living Standards Measurement Survey 2018-19* (Islamabad, PBS, 2020).


¹⁸ WFD, “Post-legislative scrutiny,” <https://www.wfd.org/approach/post-legislative-scrutiny/>

¹⁹ Franklin De Vrieze and Philip Norton, eds. *Parliaments and Post-Legislative Scrutiny*. Routledge, 2020.

²⁰ Donnell, “Child Protection”.

Legislature can ensure that the government goes well beyond signing and ratifying international conventions and treaties as well as all regional child protection instruments. Pakistan has signed and ratified various child protection conventions and treaties such as UNCRC, optional protocol; Optional Protocol to the UNCRC on Sale of Children, Child Prostitution & Child Pornography; SAARC Convention on Preventing & Combating Trafficking in Women and Children for Prostitution, 2002; SAARC Convention on Regional Arrangements for the Promotion of Child Welfare in South Asia; Stockholm Declaration and Agenda for Action, 1996 against Commercial Sexual Exploitation of Children; South to South Cooperation on Child Rights 2010; The Yokohama Global Commitment, 2001 against Commercial Sexual Exploitation of Children and South Asia Initiative to End Violence Against Children (SAIEVAC).²¹

It should be made binding and the Parliament and provincial assemblies must ensure that reports on the status of implementation of these conventions are submitted on time. Pakistan recently submitted a report “under article 12(1) of the optional protocol to the Convention on the Rights of the Child on the Sales of Children, Child Prostitution, and Child Pornography due in 2013,” in November 2020. According to the UN Treaty database, Pakistan has 04 reports overdue of which Pakistan’s next combined sixth and seventh periodic report on UNCRC was due by June 11, 2021.²² The figure below depicts the overall reporting status of Pakistan on the various conventions ratified by it.

COUNTRY	Summary			BreakDown		
	Number of Initial reports overdue	Number of Periodic reports overdue	Total number of overdue reports (initial and periodic)	Number of reports which are overdue for less than 5 years	Number of reports which are overdue between 5 and 10 years	Number of reports which are overdue for more than 10 years
 Pakistan	0	4	4	3	0	1

Source: UN Treaty Database

Members of Parliament individually and as members of cross party caucuses may use a variety of non-legislative tools such as oral and written questions to determine whether the government has ratified or acceded to a particular convention, and most importantly the country's reporting/compliance status. Parliament, through its standing committees, must be involved in the review of reports, by ensuring that the report is presented to them by the Ministry concerned well before it is submitted to the relevant international body/office. The legislature can also ensure that the Committee on the Rights of the Child's concluding observation report is presented to and debated by the Parliament.²³

Several parliaments have established permanent standing committees on child protection, such as the “Commission to Safeguard the Interests of Children” in the German Bundestag, which is a subcommittee of the Committee for Family Affairs, Senior Citizens, Women, and Youth. North South Wales, Australia, has established a parliamentary committee on “Children and Young People”. Parliament of Western Australia has established a “Committee on the Commissioner for Children and Young People”. However, the majority of parliaments deal with this issue under the umbrella of human rights. In Pakistan, the “Standing Committee on Human Rights” deals with child protection issues. Given the recent grave

²¹ Ministry of Human Rights, “National Commission for Child Welfare and Development,” Ministry of Human rights, <http://www.mohr.gov.pk/Detail/MzFjMTM5ODctODkwYS00NTUyLTk2NjQtMmNjZjEwNzJlN2Fk>, accessed on August 20, 2021.

²² OHCHR, “Late and non-reporting states,”

https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/LateReporting.aspx, accessed on August 20, 2021.

²³ Donnell, “Child Protection” 31.

situation of child protection issues in the country, the Parliament must establish a standing committee to ensure child protection through proactive parliamentary oversight. Parliament may also establish a special committee on children's rights, with representation from all political parties, to address the issue of child protection on a regular basis. The parliamentary taskforce on Sustainable Development Goals (SDGs) has a specific Committee on Child Rights, that can pro-actively take up challenges of child protection.

During post-budget debates, the Members of Parliament must initiate debates by raising questions about the allocation of resources for child protection and demanding reallocation or enhanced allocation in a certain child protection area. Pakistan, for example, spends 2.3 % of its GDP on education, the lowest in the region. Honourable Members of Parliament can specifically address this issue throughout the budget planning and approval process at both the federal and, more significantly, provincial levels. It is always a sad sight to witness mid-year budget revisions in December, with cuts to already meagre education and health budgets that plainly affect the current child protection crisis in the country.

In order to avoid gaps in the implementation of legislation and government policy, the Honourable Members of Parliament may continue their proactive oversight by questions viz a viz specific data with a view to monitor performance of government departments with relation to existing legislation or failing to use funds for a specific child rights or protection issue.

The formation of caucuses, forums and informal groups can be an effective strategy for parliaments because they can work in two ways: on the one hand, they can raise child protection issues and advocate for changes in policies that benefit children, and on the other hand, they can provide a platform to bridge the gap between parliament and citizens. In 2015, The Albanian Parliament established a “Parliamentary Group Friends of Children (PGFC),” which was “a voluntary union of deputies of the Assembly, without distinction of conviction and political affiliation, with the mission to promote initiatives and state actions in support and protection of children's rights in Albania.”²⁴ The Zambian Parliament established parliamentary caucus in 2008 as a voluntary group in the national assembly. Bangladesh has also established a parliamentary caucus on child rights. Similarly since its inception in 2015, “Parliamentarians Without Borders for Children's Rights (PWB)” has been a group of approximately 100 MPs from 30 countries.

MPs are role models and public figures and leaders of community who perpetually can help to strengthen child protection programs by offering public support for such initiatives. They can use their voices to highlight protection issues that are concealed behind stigma, shame, or corruption, as well as to reinforce national efforts aimed at protecting children's rights. Child protection is a critical issue in Pakistan that must be addressed on a priority basis. The country's 88 million under-16 population is struggling for basic rights. Such circumstances reflect the failure of the government and society at large to fulfill their responsibilities. Parliament, as a key pillar of the state, can play an active role in providing a safe and healthy environment for children by making timely decisions and intervening. This could include introducing and reviewing existing legislation, law reforms, putting in place mechanisms for post-legislative scrutiny of each law passed by parliament, ensuring appropriate resource allocation to top priority national child protection concerns, effective parliamentary oversight through various non-legislative tools, and lastly advocacy to gather support on child protection issues. Parliament should also ensure that the state fully complies with its reporting obligations as a party to international conventions. Parliaments can use parliamentary procedures to ensure that they are involved in the review of all such reports so as to provide input during the process, and that the UN Committee on the Rights of the Child's concluding observations are presented to and debated in both the Houses of the Parliament.

²⁴ UNICEF, “Open letter to the future Member of the Albanian Parliament,” April 22, 2021, <https://www.unicef.org/albania/press-releases/open-letter-future-member-albanian-parliament>

ANALYSIS

K-Electric Limited: Introduction of Shares and Financial Position

Muhammad Faisal Israr, Vice President,
Saudi Pak Industrial and Agricultural Investment Company Limited

1. Introduction

K-Electric Limited "KEL or the Company" formerly known as Karachi Electric Supply Company/ Karachi Electric Supply Corporation Limited (KESC) was incorporated as a limited liability company on September 13, 1913 under the repealed Indian Companies Act, 1882 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange (PSX).

The Company is principally engaged in the generation, transmission and distribution of electric energy to industrial and other consumers under the Electricity Act, 1910 and the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 to its licensed areas. KES Power Limited (the Holding Company) incorporated in Cayman Island, holds 66.40% shares in the Company.

This is a Pakistani electric supply company, based in Karachi, Sindh, Pakistan. K-Electric is a privately owned and vertically-integrated electricity distribution company, which means the organization manages all three key areas – Generation, Transmission and Distribution – of producing and delivering energy to consumers.

K-Electric is the only vertically integrated power utility in Pakistan. It produces electricity from its own generation units with installed capacity of 1875 MW and in addition, has arrangements with external power producers for around 1,818 MW which includes 1250 MW from the National Grid wherein 150 MW is being received from Wind Power Generation.

K-Electric (KE) has powered Karachi for over one hundred years. Through a network spanning across 6,500 square kilometres, KE supplies power to all residential, commercial, industrial and agricultural areas that fall under the city's ambit and beyond, serving over 2.5 million customers across Karachi, Dhabeji and Gharo in Sindh, and Uthal, Vinder and Bela in Balochistan.

Shareholder Pattern (as of June 30, 2020)

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
KES Power Limited (Holding Company)	1	18,335,542,678	66.40
President of the Islamic Republic of Pakistan (GOP)	1	6,726,912,278	24.36
Mutual Funds	66	389,731,984	1.37
Directors, CEO & their Spouse and Minor Children	2	650,500	-
Executives	4	35,100	-
Public Sector Companies and corporations	15	56,151,612	0.20
Banks, Financial Institutions	29	246,049,041	0.89
Investment Companies	5	203,912	-
Insurance Companies	21	28,873,240	0.10

Joint Stock Companies	228	367,167,475	1.33
Modarabah Management Companies	3	20,001	-
Modarabas	14	3,140,335	0.01
Charitable Trusts	19	1,292,881	-
Leasing Companies	1	50,000	-
General Public - Local	25,793	1,389,537,049	5.03
Foreign Shareholders	82	45,162,263	0.16
Others	49	23,705,544	0.09
Total	26,333	27,615,194,246	100.00

2. Financial highlights

Financial analysis or financial statement analysis or accounting analysis refers to viability, stability, financial performance of a business. Financial Analysis on historical data can be broadly divided in to two broad categories for the sake of simplicity.

First is the Trend Analysis and other is the Ratio Analysis. Horizontal Trend Analysis is the comparative analysis between the figures of two accounting periods. Vertical Trend Analysis is the percentage composition of Net Revenue in Profit and Loss Account and Total Asset in the Balance Sheet. Ratio analysis is the quantitative analysis to judge the profitability and efficiency of the company on yearly basis in order to predict the financial health of the company.

K-Electric is a for profit organization which should generate an income/ profit for its shareholders. Every organization performs within a given accounting year and for KEL the accounting year is from July 01 to June 30 of every year. Financials of the company are available till March 31, 2021 (31-03-2021), which is the third financial quarter of KEL

2.1. Financial Statement Analysis

a. Profit and Loss Account

Profit and Loss Statement contains the summary of the financial performance of the company in a given time period (monthly, quarterly, yearly). It basically charges all the costs (such as cost of service/ sales, administrative, marketing, finance and taxation) associated with the business to the revenue/ sales and presents profits at different levels (Gross profit, Operating profit, Pretax Profit and Net Profit). It provides the shareholders profitability information on their investment.

		(Rs. in billion)								
	<u>31-09-2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Sales	227.02	288.81	289.12	217.13	183.85	189.63	190.36	194.71	188.99	162.82
Gross Profit	46.13	43.89	50.71	44.91	39.53	58.18	43.26	32.42	28.82	16.26
Operating Profit	4.96	(8.15)	1.32	5.25	(687)	1.92	8.74	3.41	(1.19)	(4.57)
Profit after Tax	9.44	2.96	17.27	12.32	10.42	32.76	34.34	12.89	6.73	2.62

KEL revenue stream has been in a given range of Rs. 200 billion for the last ten years. As compared to the base year of 2012, revenue stream improved to 77% in the last two years FY2020 and FY2019. On annualized basis for the FY2021 sales have approved to 85%.

Gross Profit has increased to 245% in FY2021 on annualized basis as compared to base year 2012. This is indicative of the efficient use of resources with respect to the direct cost related to sales.

After charging the company to administrative, marketing and finance expenses the company has reported operating profit in six years out of the last ten years and nine months. As compared to the base year 2012 The Company has posted 245% operating profit on annualized basis for FY2021.

KEL has posted net profit in the last ten years. The highest in FY2015 recorded at Rs. 34.34 billion. On annualized basis for the FY2021 it has increased by 380%. Though, Sales have gradually increased in the last ten years, profitability increased till FY2016. Thereafter the Company's administrative, marketing and other expenses increased, effecting the net profitability.

b. Balance Sheet

Balance Sheet is another summarized accounting statement which provides a snap-shot of the company's financial position at any given point and time. Basically it comprises on the basic accounting equation which is Assets = Equity + Liabilities. This statement exhibits how the assets of a company are funded i.e. by equity (shareholder's capital) or liabilities (lenders and creditors) or by a proportional mix of the two.

	(Rs. in billion)									
	<u>31-09-2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Non-Current Assets	406.72	364.40	329.90	280.78	240.98	223.57	-	-	-	-
Current Assets	382.34	339.04	268.96	192.92	154.96	118.36	138.87	133.17	115.57	103.36
Total Assets	789.06	703.41	598.86	473.69	395.94	341.94	367.56	306.31	279.23	272.57
Current Liabilities	461.12	379.46	295.34	205.95	157.80	120.51	15.51	175.23	160.66	146.33
Non-Current Liabilities	107.84	113.28	89.02	60.45	53.82	60.53	-	-	-	-
Total Liabilities	568.96	492.75	384.37	266.40	211.62	181.05	239.34	235.35	225.11	230.12
Paid-up Capital	96.26	96.26	96.26	96.26	96.26	96.26	96.26	96.26	96.26	96.26
Reserves	68.35	55.16	52.34	56.55	40.45	14.66	(22.18)	(52.72)	(67.37)	(77.59)
Surplus on Revaluation of Assets	55.48	59.23	65.88	54.08	47.60	49.96	54.14	27.42	25.23	27.09
Shareholder's Equity	220.10	210.65	214.48	207.29	184.31	160.89	128.21	70.96	54.12	42.46

Assets comprise of two categories, Current Assets and Non-Current Assets. Current assets comprise of stores & spares, trade debts, advances, trade deposit, receivables, short-term investments and cash & bank balances. The Non-Current assets comprise of fixed assets (property, plant and equipment) long-term investments, advances and deposits and pre-payments.

Current assets as of March 31, 2021 are recorded at Rs. 382 billion and have increased by 270% from the base year of 2012. Non-current assets stand at Rs. 407 billion as of March 31, 2021 increased by 1% since 2012 and by 12% from last year.

Non-Current Liabilities over a period of 5 years & 9 months have increased by 78% to Rs. 107 billion as of March 31, 2021. Current liabilities too have considerably increased to Rs. 461 billion from base year 2012 i.e. an increase of 78%.

As of March 31, 2021, the Current Liabilities are 21% higher than the Current Assets, and non-current assets are 277% more than the non-current liabilities. As per accounting conventions the Company is funding liabilities from their respective assets.

Ordinary Paid-up capital was last increased in 2013 by 3.55% due to conversion of Redeemable Preference Shares into Ordinary Shares. These preference shares were under subscribed by minority shareholder; hence, KES Power under SPA was required to subscribe the same. Company reserves have increased many folds from being negative Rs. 78 million in 2012 to positive Rs. 68 million i.e. an increase of 188%.

Shareholder Equity increased by 418% to Rs. 220 million as on March 31, 2021 from Rs. 54 million in FY2012. KEL as of March 31, 2021 has a net asset value of Rs. 8/share against par value of Rs. 3.50/share.

2.2. Ratio Analysis

a. Liquidity Measurement Ratios

The foremost ratios to consider are the Liquidity ratios. Using these ratios one measures a company's ability to pay off short-term debt obligations. This is analyzed by comparing the current assets with current liabilities. The most popular is the current ratio which is derived by proportion of current assets available to cover current liabilities. In theory, the higher the better.

Acid test ratio is one step more to the current ratio, as it further refines the current ratio by taking only the most liquid assets, such as cash & bank balances, receivables, marketable securities. Acid test ratio is more conservative as it defers the inventory and provides a more realistic picture as inventory is difficult to turn into immediate cash.

Short-term Liquidity Ratios	31-09-2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Current Ratio (times)	0.83	0.89	0.91	0.94	0.98	0.98	0.88	0.76	0.72	0.71
Acid Test Ratio (times)	0.79	0.86	0.87	0.88	0.92	0.92	0.83	0.73	0.72	0.66

KEL current and quick ratios are almost 1 time which is comfortable situation.

	<u>31-09-2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Average Collection Period (No. of days)	114.01	126.17	126.15	193.94	205.31	179.46	159.70	141.91	121.37	110.70
Days sales Inventory (No. of days)	33.69	19.32	18.49	24.34	23.87	22.06	16.86	13.42	0.72	15.20

KEL being in services industry converts its inventory into sales within 30 days period in the last ten years, however, its Average Collection period is almost four months in the three years of review. Prior to that it was more than 6 months. With respect to converting sales into cash the Company is not liquid. It is taking almost four times to convert sales in to cash.

Investment Valuation Ratios	<u>31-09-2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Asset Turnover (times)	0.38	0.41	0.48	0.46	0.46	0.55	0.52	0.64	0.68	0.60
Sales Revenue per Employee Rs. in mn	-	27.08	27.98	20.86	16.99	17.62	18.23	19.01	17.84	14.37

Total Assets Turnover measures the productivity of company's total assets with respect to generating sales. This ratio indicates the efficiency in measuring these significant assets. The higher the turnover ratio the better, in case of KEL turnover has reduced in the last ten years.

Sales Revenue per Employee is the gauge of human personnel productivity and it measures the value in terms of currency generated by every employee. In case of KEL there are too many employees with an average of 10,837 employees in ten years.

b. Profitability Indicator Ratios

Profitability Ratios measure the profitability and financial performance of the company. These specific ratios help the investor and analyst to understand how well resources were utilized by the company in generating profit and increasing the shareholder value.

Profitability Ratios	<u>31-09-2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Gross Profit Margin (%)	15.24	15.20	17.54	20.69	21.50	30.68	22.73	16.65	15.25	9.99
Net Profit/(Loss) Margin (%)	3.12	(1.02)	5.97	5.67	5.67	17.27	18.04	6.62	3.56	1.61

In the Profit and Loss Statement or Income Statement there are four levels of profit margins i.e. Gross Profit Margin, Operating Profit Margin, Pretax Profit Margin and the Net Profit Margin. All these margins are calculated for a given level of profit as a percentage of Net Revenue/ Sales. These profit margin calculations are helpful in comparative analysis of the same company for different accounting periods or with other companies for the same period. These margins specifically depict the consistency of the trend in the company of earnings at different profit levels. KEL has positive margins on whole which depicts that resources are efficiently utilized to generate profit.

Profitability Ratios	31-09-2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Return on Equity (%)	4.29	(1.40)	8.05	5.94	5.65	20.36	26.78	18.16	12.43	6.17
Return on Assets (%)	1.20	(0.42)	2.88	2.60	2.63	9.58	9.34	4.21	2.41	0.96
Return on Capital Employed (%)	6.22	5.28	5.00	6.33	5.29	14.00	11.88	15.91	15.07	8.14

The return on equity ratio (ROE) measures how much the shareholders earned for their investment in the company. The higher the ratio percentage, the more efficient management is in utilizing its equity base and the better return is to investors. KEL ROE was in double digits till FY2016 thereafter it reduced and was negative in FY2021. However, for the last years it is positive again.

Same as ROE, the Return on Assets, how well management is employing the company's total assets to make a profit. The higher the return, the more efficient management is in utilizing its asset base. It is a comparison between the net profit with total assets. ROA trend has been the same as ROE.

Return on Capital Employed (ROCE) is used to assess a company's profitability and capital efficiency. This ratio can help to understand how well a company is generating profits from its capital i.e equity and non-current liabilities. Higher the number the more efficient a Company, however, Company should be utilizing its Cash included in the total assets. Idle cash can also skew the ratio but that is not the case with KEL.

c. Debt Ratios

Debt ratios explain the overall debt load of the company. The greater the debt held by company greater the financial risk of bankruptcy.

Investment Valuation Ratios	31-09-2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt to Equity	0.82	0.74	0.60	0.35	0.25	0.34	0.53	1.01	1.43	1.90
Total Debt Ratio	0.23	0.22	0.22	0.15	0.12	0.16	0.18	0.23	0.28	0.30
Times Interest Earned	2.45	1.02	2.41	5.24	3.24	6.08	2.54	1.85	1.28	1.33

Debt to equity ratio measures a company's total liabilities to total equity. This measurement is similar to the Debt ratio with difference of comparison with equity rather than assets. Therefore, the lower the percentage the less leveraged the company is. However, in case of KEL the value for past 6 years and nine months is below 1 which is safe.

Debt Ratio is the comparison of Total debt with Total Assets. It is to see that the company is leveraged to what extent i.e. how much money it has borrowed to finance its assets. A low ratio percentage indicates that the company is dependent on its own sources i.e. the equity. KEL is less dependent on debt and is low leverage Company.

Times Interest Earned ratio is the company's ability to meet its debt obligations based on its current income. If ratio is less than 1.5 or lower, its ability to meet finance cost expense may be doubtful. KEL is well above the ratio except for last year.

d. Investment Valuation Ratios

Investment Valuation Ratios	<u>31-09-2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Earnings/ (Loss) per Share (Rs.)	0.34	(0.11)	0.63	0.45	0.38	1.19	1.03	0.47	0.26	0.11
Breakup Value per Share (Rs.)	8.00	7.66	7.80	7.51	6.67	5.83	4.64	2.57	1.96	1.70

Earnings/ (Loss) per Share is the earning/ loss amount allocated to each share of the company. KEL has been in profit except for last year. KEL has not paid any dividends in the last 10 years and nine months under review. This also means that it is reinvesting.

Breakup value is the equity value of the company on per share basis. Breakup value is a company's net equity. It is adjusted for any dividends and stock buybacks. KEL has breakup value of Rs. 7 and above for last three years and nine months. The par value of KEL is Rs. 3.50 per share. KEL has a positive shareholder value of Rs. 8.0 per share as on March 31, 2021.

CONCEPT

Primary Education in Rural Pakistan: Challenges and Way Forward

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1. Background

Primary education, also sometimes referred to as elementary education in some countries, is the first stage of formal education. It begins from the age of approximately 5-7 years to the age of 11-13 years. In the United States, primary education comprises grades 1, 2, and 3, which is generally preceded by some form of preschool e.g., kindergarten, and is followed by secondary education². In Pakistan, primary education consists of five grades for children of nearly five to nine years of age, which is followed by middle and secondary school³.

The basic aim of primary education is to impart reading, writing, and arithmetic skills to the citizens along with the provision of basic knowledge of social and general sciences. In addition, primary education aims to provide basic and well-balanced education so that the individual can perform well in all the spheres of life including social, physical, emotional, and intellectual spheres⁴. This prepares the nationals to serve their country and be responsible citizens, which is the ultimate goal of nations in terms of providing primary education to their citizens⁵.

All Pakistanis have the right to free and compulsory education from primary level till matriculation according to Article 25A of the constitution of Pakistan. Despite the law, primary education is not yet universal due to various socioeconomic disparities prevailing in the country. Pakistan has performed poorly in providing a uniform and quality education to its children as compared to other South Asian countries with nearly the same per capita incomes⁶. It is also one of the E9 countries with the world's highest out-of-school population. Pakistan had the largest amount (5.4 million) of dropouts from school in the year 2012. According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), the overall Net Enrollment Rates (NER) in elementary schools was only 68% in 2018 in Pakistan⁷. Not only the enrollment rates are unsatisfactory, the quality of education being provided at the primary level is also disappointing especially in the rural areas of Pakistan. According to a sample national assessment survey conducted in 2014, Pakistani children perform far less than the required national standards in all the four

¹ Ms Atiqa Rehman is an independent research associate working by the Pakistan-US Alumni Network PUAN in mentorship of PIPS DG Research.

² *Britannica*, s.v. "elementary education," accessed July 27, 2021, <https://www.britannica.com/topic/elementary-education>.

³ Amir Hussain, "Primary Education in Pakistan," PIDE blog, July 27, 2021, <https://pide.org.pk/blog/primary-education-in-pakistan/>

⁴ "Teaching and Learning in Primary Education," Education, Audiovisual and Culture Executive Agency (EACEA), accessed July 27, 2021. https://eacea.ec.europa.eu/national-policies/eurydice/content/teaching-and-learning-primary-education-1_en

⁵ *Britannica*, s.v. "elementary education," accessed July 27, 2021, <https://www.britannica.com/topic/elementary-education>.

⁶ UNESCO, *EFA Global Monitoring Report- Education for All 2000-2015: Achievements and Challenges* (Paris: UNESCO, 2015), 1, <https://unesdoc.unesco.org/ark:/48223/pf0000232580>.

⁷ Robert Hunter, "Education in Pakistan," World Education News and Reviews, February 25, 2020, <https://wenr.wes.org/2020/02/education-in-pakistan>

provinces and do not show even a minimum of mastery level in arithmetic, reading, or language as indicated by the national government of Pakistan. This is mainly attributed to the substandard quality of instruction being delivered in the classrooms⁸.

According to the EFA Global Monitoring Report 2015, school retention till the last grade of primary school was also the lowest for Pakistan among the other countries of South and West Asia⁹. The situation is deteriorating in the rural regions of Pakistan. According to ASER, only 27% of 5th graders in the province of Sindh (rural) can read English sentences of class 2 level whereas the ratio is 71% in rural regions of Punjab. The percentage is 40% in Balochistan, 64% in rural Islamabad, and 55% in Khyber Pakhtunkhwa (KPK). The situation is quite similar for the arithmetic skills of grade 5 students in the rural areas of Pakistan. Only 31% of Sindhi students of grade 5 can perform a two-digit division. The percentage is highest for the province of Punjab i.e., 82% followed by Islamabad (57%), KPK (53%), and Balochistan (35%)¹⁰.

This research paper aims to assess the quality of primary education in Pakistan, particularly in the rural regions of the country. Educational quality can be described in terms of different parameters, for example learning outcomes in the form of literacy and numeracy skills can be measured to analyze the quality of education. Teaching standards and school environments also play an important role in determining educational quality in primary institutions. The quality of interactive teaching and the presence of essential infrastructure in primary schools are the main target points of this research paper.

Teaching quality has been researched many times and linked with learning outcomes and quality of education. Students' learning and thinking are directly influenced by the method of teaching and hence the quality of education can be analyzed by inspecting the teaching practices¹¹. It is also important to create a comfortable learning environment for children in school that provides them with the basic amenities of life. These may include safe and clean drinking water, electricity, sanitation facilities, and playgrounds for the children. Research has shown that better school facilities and teaching aids can lead to higher test scores. Students studying in separate classrooms were found to have an improved ability to read an Urdu sentence¹². Hence, the school's infrastructure and facilities can impact the quality of education being delivered in that school.

To assess the quality of primary education in rural Pakistan, the following key research questions will be tackled in this paper.

- Do we have teachers adequately trained for interactive teaching where they inspire students for learning?
- Are the primary students being provided with comfortable learning environments with basic facilities (water, sanitation, electricity, play areas) in the rural primary schools?

⁸ Pakistan, Ministry of Federal Education and Professional Training, *National Education Policy Framework 2018* (Islamabad: Ministry of Health, 2018), 3, <http://www.mofept.gov.pk/SiteImage/Policy/National%20Educaion%20Policy%20Framework%202018%20Final.pdf>

⁹ UNESCO, *EFA Global Monitoring Report- Education for All 2000-2015: Achievements and Challenges*, 3.

¹⁰ ASER-Pakistan, *Annual Status of Education Report 2019* (ASER- Pakistan, 2019), 9, http://aserpakistan.org/document/aser/2019/reports/national/ASER_National_2019.pdf.

¹¹ Chen et al., "Assessing the Quality of Teachers' Teaching Practices," *Educational Assessment, Evaluation and Accountability* 24 (2012): 25-26, <https://link.springer.com/content/pdf/10.1007/s11092-011-9134-2.pdf>.

¹² Bushra Rahim, "Improving Primary Education in Pakistan: An Examination of the Association between School Autonomy and Children's Learning Outcomes," *Forum for International Research in Education* 4, no. 1 (2017): 104-107, <https://eric.ed.gov/?id=EJ1158219>.

2. Key challenges and analysis

a. Adequate Quality Teachers

Teachers' presence is of utmost importance to impart quality education in primary schools. The results have been very encouraging for the past three years where teachers' attendance was maintained at 89% in both public and private primary schools. The attendance was monitored through biometric methods to ensure a transparent evaluation method. For the record of teachers' qualifications, according to the Annual Status of Education Report (ASER) 2019, 40% of teachers in government schools have completed their graduate degrees. The percentage was found to be less in the private schools where 33% of teachers have done graduation. Also, 45% of government teachers at the school level had done bachelor's in education whereas the percentage was 50% in private schools¹³.

The numbers are not very promising as more than half of the teaching staff of primary levels has not graduated or studied Education as a professional degree. In addition, the educational qualification of primary school teachers is not a strong measure to evaluate the teacher's ability to teach primary school children. Special skills are required to make primary students learn their curriculum in a way that is more enjoyable for the children. Hence, a more precise and unique evaluation system should be devised to assess the caliber of teachers teaching in the primary schools of rural Pakistan. Similarly, the mere presence of a primary school teacher does not guarantee quality learning by the children. Their teaching abilities and learning outcomes need to be monitored systematically to ensure quality education.

Although statistics have shown an increase of 26% in primary school teachers from 1999 to 2012 in the region of South and West Asia, the ratio of primary school students and teachers has remained almost the same over these years, mainly because of the increase in primary school enrollments. Some South and West Asian countries like Nepal and Bhutan were successful in decreasing their PTR (Primary school pupil to Teacher Ratio) from 42:1 to 24:1, mainly by increasing the provision of health, sanitation, and other facilities to attract teaching staff¹⁴. But unfortunately, Pakistan failed to improve its PTR. Instead, the PTR increased in Pakistan by more than 25%¹⁵. This calls for the need to employ more primary school teachers to make sure that children in primary schools get sufficient attention from their teachers and learn better.

b. Learning Environments

Along with the physical infrastructure and facilities, the interaction between children and the teacher is also very important in creating a comfortable learning environment for the students. According to an experiment conducted in rural India, child-friendly and interactive activities positively influenced the test scores of students of 2nd and 4th grade. Another survey conducted in the Lahore district of Pakistan in 2002/2003 depicted the significance of lesson planning and interactive teaching practices in classrooms where they helped students achieve better language and mathematical skills, particularly in private schools¹⁶.

This is hard to achieve in all the primary schools of Pakistan if the student-to-teacher ratio remains high. The relationship between the teacher and the students can be built more effectively in small classrooms with fewer students and Pupil-to-Teacher Ratio (PTR). Also, special training and skills are required by the primary teachers to conduct such fun and interactive activities that not only make the children enjoy their time at school but also make them learn their curriculum efficiently.

The physical infrastructure of the primary schools and the provision of facilities is an important parameter that works towards the quality of education being delivered in those institutions. According to ASER National Report 2019 on the rural areas of Pakistan, only 59% of the government primary schools have

¹³ ASER-Pakistan, *Annual Status of Education Report 2019*

¹⁴ NIRT, *Nepal Education Sector Analysis* (Kathmandu: NIRT, 2016), 94, <https://www.globalpartnership.org/sites/default/files/2019-05-nepal-education-sector-analysis.pdf>

¹⁵ UNESCO, *EFA Global Monitoring Report- Education for All 2000-2015: Achievements and Challenges*, 7.

¹⁶ UNESCO, *EFA Global Monitoring Report- Education for All 2000-2015: Achievements and Challenges*, 9.

toilet facilities for the children whereas the percentage is 89% in the private schools of primary level. Usable drinking water was available in 61% of government schools and 93% of private schools. Out of the surveyed government primary schools, 75% had boundary walls, 37% had playgrounds, and 56% had access to electricity. The conditions were a little better for the private primary schools where 87% of primary schools had complete boundary walls, 52% had playgrounds, and 81% had an electricity connection¹⁷.

The data depicts that a significant percentage of primary schools operate in meager conditions without access to basic facilities like water and electricity. The lack of boundary walls can raise safety concerns for the parents sending their children to the school. These uncomfortable environments make the parents reluctant to send their children to school. In addition, such unfriendly environments make it very difficult for the child to enjoy his time in school and eventually retain him in school to continue his education.

3. Conclusion and way forward

Over the past years, Pakistan has worked to improve its education standards. For example, an improvement of 4% has been registered in the learning levels from 2014 to 2019 for the grade 5 students. An increase in all the learning parameters was also observed in the rural population of Pakistan over these years¹⁸. But more can be achieved to meet international standards by working on the teaching quality and infrastructural standards. Following are some of the steps that can be taken to improve the primary education status in the rural areas of Pakistan.

- i. **Induct capable individuals into the education sector:** According to a McKinsey report, high-performing education systems induct their teachers from the top third of each graduating batch. For example, in South Korea, the top 5 percent are recruited for teaching jobs. The ratio is top 10% in Finland, and top 30% in Singapore and Hong Kong. Graduates of top universities are also targeted in the United States of America by different teachers training programs such as the Boston Teacher Residency, the Chicago Teaching Fellows, and the New York Teaching Fellows.¹⁹ The level of a teachers' literacy measured in terms of vocabulary and standardized tests defines the students' achievements in the future²⁰. Therefore, those individuals should be inducted into the teaching profession who possess high levels of literacy and numeracy skills, along with good communication and interpersonal skills, are eager to learn and grow and have a passion for teaching²¹. To do that effective selection mechanisms should be installed in the educational systems to recruit able individuals for teaching, as has been accomplished by Finland through national screening, assessment tests, interviews, and group work.
- ii. **Pay good starting compensation to primary school teachers:** Another way of increasing the interest of people in the teaching profession and increasing the quality of teaching is to pay a good starting salary. All the top-performing education systems have been found to pay their teachers a starting salary that was more than the Organization for Economic Co-operation and Development (OECD) average in comparison to their GDP per capita²². For example, Finland has been able to attract strong candidates by offering a good starting salary, although the

¹⁷ ASER-Pakistan, *Annual Status of Education Report 2019*, 75.

¹⁸ ASER-Pakistan, *Annual Status of Education Report 2019*, 9.

¹⁹ McKinsey & Company, *How the World's Best Performing School System Come Out on Top* (New York: McKinsey, 2007), 16,

https://www.mckinsey.com/~media/mckinsey/industries/public%20and%20social%20sector/our%20insights/how%20the%20worlds%20best%20performing%20school%20systems%20come%20out%20on%20top/how_the_world_s_best-performing_school_systems_come_out_on_top.pdf

²⁰ NCTQ, *Increasing the Odds: How good policies can yield better teachers* (2004)

²¹ Allington, Johnston, *What do we know about effective fourth grade teachers and their classrooms* (2000)

²² McKinsey & Company, *How the World's Best Performing School System Come Out on Top*, 20.

subsequent increase in salary compensation is only 18%²³. This has helped Finland retain individuals who are really interested in teaching and not just the money. For our government to provide good starting salaries, it needs to either spend more on the teaching sector or front-load salary compensation. For example, in the Netherlands, one of the top-performing educational systems has been able to front-load compensation. It increased its starting salary from € 1,480 to € 2,006 for the teaching staff within seven years and decreased the time duration to reach the top of salary to 18 years instead of 26 years²⁴.

- iii. **Raise the status of primary school teachers:** To boost people's interest in the teaching field at primary levels, it is important to elevate the status of primary teachers in our society. More talented people will be attracted to this profession if it is established as a high-status profession, which will eventually further lift the status of the teaching profession itself. This can be achieved by making policies to enhance the status of the teaching profession, particularly in primary schools. In the United States, separate branding has also fostered the teaching profession. Teach First was able to lift the status of teaching by publicizing it as an elite profession²⁵. Governments, such as Singapore and Finland, have also been able to increase teaching status by employing different marketing strategies in the recruitment programs. The same can be achieved in Pakistan if the government makes policies that associate primary teaching with good starting conditions like salaries.
- iv. **Provide primary schools with infrastructural facilities such as water and electricity:** Every primary school should be provided with basic life necessities such as the water and sanitation system. This has been shown to encourage primary school enrollments along with creating a comfortable environment for the students to be in. But unfortunately, only 68% of primary schools have access to electricity in Pakistan²⁶. According to internationally set standards, countries should spend 4% of their GDPs and 15-20% of their total budgets on education. But the amount being spent by Pakistan on its education is only 2.4% of its GDP²⁷. The government needs to allocate more funds to the education sector to make infrastructural transitions in schools practically possible.
- v. **Create child-friendly environments at school:** To enhance learning in primary students, teachers should build friendly relationships with the students, boosting their interest and morale. The primary school teachers should be well trained to develop interactive and fun learning activities throughout their educational curriculum. The key to achieve this is to work on the professional development of primary teachers. This has been emphasized by a Bostonian policymaker who rendered professional development as the sole pillar of educational reform²⁸. Singapore also believes in the professional development of teachers to inspire them. An interview conducted in Singapore said, "If you do not have inspired teachers, how can you have inspired students?" signifying the importance of inspirational teachers in schools²⁹. Hence, such training and workshops should be organized from time to time that helps primary teachers make professional progress.

²³ OECD, *Education at a Glance* (2005)

²⁴ OECD, *Attracting, Developing and Retaining Teachers: Country Background Report for Netherlands* (2003), 36-37.

²⁵ IPSE, *An Evaluation of Innovative Approaches to Teacher Training on The Teach First Programme* (2006)

²⁶ Government of Pakistan, *Pakistan Education Statistics 2017-18* (Islamabad: MOFEPT, 2021), 31, <http://library.aepam.edu.pk/Books/Pakistan%20Education%20Statistics%202017-18.pdf>

²⁷ Government of Pakistan, *Pakistan Economic Survey 2018-19* (Islamabad: Finance Division Government of Pakistan, 2019)

²⁸ McKinsey Interview: Boston, January 2007

²⁹ McKinsey Interview: Singapore, April 2007



A six member parliamentary delegation of Republic of Niger, led by H.E. Elhj Seini Oumarou, the President of the National Assembly of Republic of Niger visited Pakistan Institute for Parliamentary Services (PIPS) on Wednesday, August 11, 2021



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