

## NEC to consider increase in CDWP limit today

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ISLAMABAD: The National Economic Council (NEC), in its meeting on Thursday under the chairmanship of Prime Minister Nawaz Sharif, will consider increase in the limit of the Central Development Working Party (CDWP) for development projects of up to Rs10 billion from the existing ceiling of Rs1 billion, official sources said.

“Yes, the NEC will consider increasing the limit of CDWP by 900 percent, empowering this forum to approve projects having cost of Rs10 billion against the existing limit of Rs1 billion,” the officials confirmed to The News on Wednesday.

When asked about the rationale behind this move for proposing increase in the limit through official summary in an unprecedented manner, the official said that the Provincial Development Working Party (PDWP) possessed powers of approving projects having cost of Rs10 billion.

“In order to bring it at par with the provinces, the Planning Commission has forwarded the summary to the NEC for increasing the limit of CDWP for approving projects worth Rs10 billion,” the official said.

However, sources in the Planning Commission have opposed this move, saying that it would eliminate mechanism for seeking approval of the Executive Committee of the National Economic Council (ECNEC). Instead of increasing the limit up to Rs10 billion, the CDWP should be empowered to increase this limit up to Rs2 billion, the sources said.

They said that currently more than 80 percent projects required the approval of ECNEC but if this limit increased up to Rs10 billion then more than 80 percent projects would not go before the ECNEC of the existing Rs4,400 billion throw forward of all projects in the existing PSDP list.

The NEC will take up the size of Rs1,310 billion as the overall development outlay for 2014-15 with the PSDP size of Rs525 billion, provincial ADPs Rs650 billion and Rs135 billion for self-financing of the projects by Wapda and Pepco, the sources said.

“There is no possibility of increasing the share of the federal PSDP from Rs525 billion at the NEC level,” the sources said.

On the recommendations of the APCC, minor changes have been made without changing the overall size of the PSDP at Rs525 billion for the next financial year, the sources said.

The NEC will also consider approval for the annual plan, framework for five-year plan and the Vision 2025 in the meeting, the sources said.

When contacted, Deputy Executive Director of SDPI and renowned economist Dr Vaqar said that the new development projects included in the PSDP list did not have cash flows, which would result in creation of debt burden.

The government might issue bonds to finance mega projects and cited examples that the infrastructure projects started repaying after eight to 10 years but the bond maturity would commence after two to three years.

“There is a need to analyse duplications in the federal PSDP and annual development plans of provinces,” he said and referred to the study conducted by the Planning Commission in 2011, which showed that there were 476 such projects of the total 1,900 projects financed through the PSDP and the same nature of projects were financed by the provinces, as well.

He also said that of Rs100 spent on the development project, Rs38 is being wasted on account of leakages. —Mehtab Haider

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