

In This Issue:

- Message from the Chairman
- Message of the Month

Areas of Focus

- Research and Consultancy Wing
- Education and Learning Wing

- Knowledge Management Wing
- Finance and Administrative Wing
 - Recent Publications

NEWSLETTER

Editor in Chief: Shahid Najam

Editor: Kainat Shakil

Design: Samra Naz



From the Desk of the Chairman

Looking Towards the Middle East

There are several reasons why change is coming to the Middle East, a region of great importance and interest for Pakistan. Islamabad, under the care of Prime Minister Imran Khan, is engaged in redefining Pakistan's position in the world. In which direction should it look? Under Donald Trump, the United States has distanced itself from Pakistan preferring, instead, to work with India. Washington, given India's geographic and economic size, believes it could be built into a counterpoint for China. Nervous about China's growing influence in the Asian mainland it needs a balancing force.

Thomas Friedman who writes a regular column for *The New York Times* and has authored several important books, some on the Middle East, believes that this region, after having looked remarkably stable in the second half of the 20th century, faces an uncertain future. The old system was supported by five pillars all of which were either crumbling or are being pulled down. They included the United States interest in the region, high oil prices after the hike in the mid-1970s, the ability and commitment to provide reasonably well-paying employment to the young people, the promise of finding a durable solution for the Palestinians, and the male domination of Middle East.

Previous Publications



Contact Us

Tel: +92-42-35913304, Fax: +92-4235913303
Web: www.sjbipp.org, Address: 138
Abubakar Block, New Garden Town, Lahore

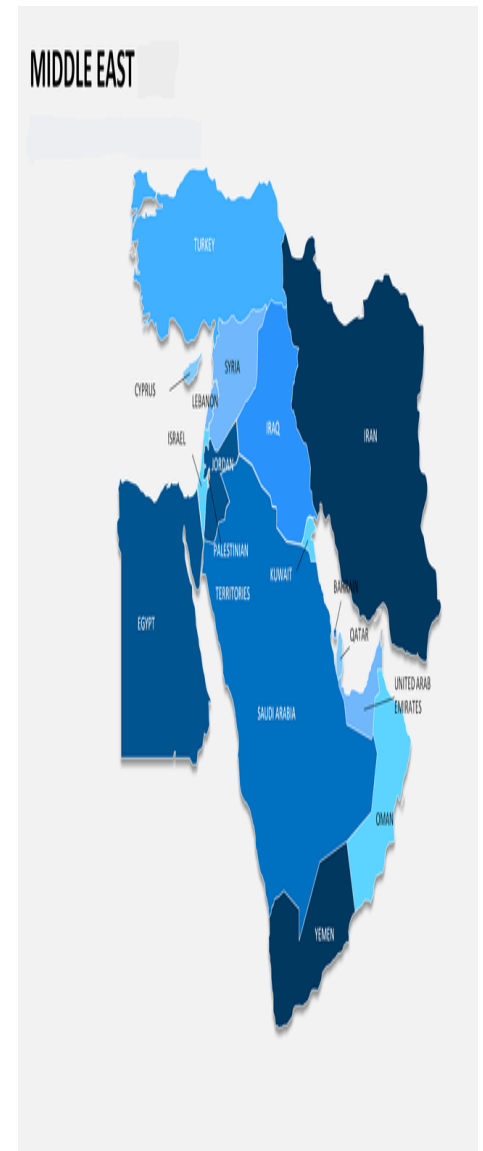
The United States is less dependent on the Middle Eastern oil; in fact, it is now self-sufficient in energy from domestic resources. Trump has only personal economic interests which have resulted in close relations with Saudi Arabia and the United Arab Emirates. Both are managed by Jared Kushner, Trump's Jewish son-in-law. The role of the United States diplomats has been reduced. Washington does not have ambassadors in Egypt, Turkey, Iraq, the UAE, Jordan and Saudi Arabia.

The decline in oil earnings is constraining oil exporters' ability to employ the increasingly restless youth. Jordan's King Abdullah told a group of U.S. military advisers that what keeps him up at night is just one thing -- and it is not ISIS or Al Qaeda. It's the fact that 300,000 Jordanians who are unemployed and 87 percent of them are between the ages of 18 and 39. The old escape route for employment in the oil-rich countries is not working since they are under economic stress themselves. Women have become assertive even in Saudi Arabia where about a dozen are being tried in the kingdom's courts on unspecified charges.

Of these crumbling pillars, the one that matters the most is resentment among the youth. The young are unhappy not only with their economic prospects but also with the fact that they have no say in the way they are governed. With these aspirations not being satisfied they are prepared to take to the street. They did that in spring of 2011 when they were behind the fall of four authoritarian rulers -- in Libya, Tunisia, Egypt and Yemen. But the revolutions they started were incomplete. Two of the four countries have had to go through civil wars that grew out of the youth's restlessness. The deposed leaders were mostly replaced by the members of the old establishment. In fact, by all accounts, General Abdel Fattah el-Sisi presides over a regime that is more authoritarian than that of Hosni Mubarak.

The most recent upheaval to occur is in Algeria, when the youth rebelled against the idea that the country's ailing president, Abdelaziz Bouteflika, was planning to seek another term. He had been ill for a number of years and had not appeared in public for several months. The youths took to the streets and demanded that the president should give up his office. After resisting for weeks, the president's office issued a statement that he would resign before April 28.

If he does, he would be the fifth leader to be pushed out of office by populist pressure since the Arab Spring uprising of 2011.



Shahid Javed Burki

The Shahid Javed Burki Institute of Public Policy at NetSol, Pakistan



Message of the Month

A Message of Hope and Action

Pakistan is at a crossroad again. The new PTI government came into power last summer with tall promises and high expectations, particularly those of the youth voter bank which facilitated its victory. There was a general euphoria in the country then. The new Prime Minister did well to take the public in confidence about challenges at hand. Nine months down the line, things are looking much more difficult and public support is weakening. Khan's government has done well on

several fronts, e.g. general foreign policy framework and handling of the crisis with India. But things are not that good on the economic front. The public is feeling the pinch; the confidence level of the investors is down, and the bureaucracy is fearful of making tough decisions because of the lingering accountability process.

Last week, I attended a conference on Pakistan's economic challenges at a major economic institute in Lahore. The presentations were excellent with good analysis and critique. Speaker after speaker demonstrated how Pakistan's economy after doing so well in the first 30 odd years is on a constant slide since the last three decades.

There was no dearth of recommendations on "what to do" about these challenges. It was the "how to do" and "who to do" parts that were weak. A clear plan of action was missing.

The only way out of this quagmire for Pakistan is to make a sustained start with full national commitments on a few doable things enhancing exports with focus on value-adding the broader agriculture field (including livestock, horticulture, and fisheries, etc.) is one area where Pakistan has the potential for gains in the foreseeable future.

The CPEC program offers a huge potential and must promote exports while integrating social sectors and poverty alleviation programs. A meaningful review and analysis of the development plans and import needs of the Western China Region, is a critical pre-requisite for the success of CPEC in enhancing exports. This is a subject to which BIPP's report for 2019 will be devoted.

Dr. Daud Ahmad
Member, BOD

The Shahid Javed Burki Institute
of Public Policy at NetSol, Pakistan



The Role of Private Sector in Development

The active engagement of the private sector by the government in its development effort is absolutely imperative for sustainable, inclusive and equitable development and for

poverty reduction. The role of business in creating jobs and employment, providing goods and services and generating tax revenues to finance essential social and economic infrastructure for development needs to be fully harnessed by allowing private sector the necessary financial and development space.

For the purpose, the government must establish a conducive business environment for the private sector growth and

expansion based on, inter alia, the four factors i.e., policy and political stability; facilitative regulatory and legal framework; robust and functional institutions; and a more strategic use of public-private sector partnership for private sector flow of resources and investment. It may be underscored that in the past two decades, the private sector has phenomenally expanded and now account for 90% of the financial flows into the developing countries compared to a meager

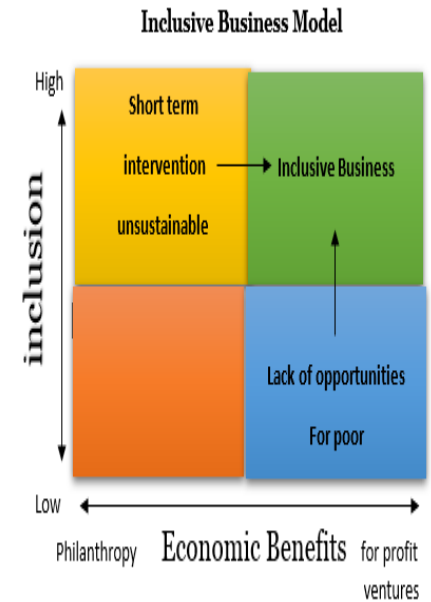
contribution of 10% by the Overseas Development Assistance (ODA). There is also a growing realization that the very attainment of Sustainable Development Goals by 2030 is contingent upon the full engagement of both the domestic and international private sector.

While the government is obligated to facilitate private sector growth, it is simultaneously incumbent upon the businesses to go beyond rent seeking and wealth generation and adopt a more responsive and socially responsible business models leading to a win-win-win situation for the trio of private sector, public

sector and the poor. The inclusive business models enable business to earn profits; generate revenues through taxation for the government to undertake socio economic development; and create employment and income generating opportunities for the poor.

Pakistan has all the essential ingredients in terms of potential human and demographic capital, natural resource and physical endowments, and social and financial assets to become a sustainably high middle-income country. However, the lack of policy stability to fully harness the private sector potential, weak institutions incapable of functioning on a sustainable paradigm and the gross public sector governance dysfunction

continue to remain the major impediments which the government must rectify as a matter of priority.



**Shahid Najam,
Vice Chairman**

The Shahid Javed Burki Institute of Public Policy at NetSol, Pakistan



The Social Dimension of Pakistan's Poverty Trap

Pakistan is a country that suffers inflated rates of poverty, with 39% of the population living in multidimensional poverty, according to UNDP. It is not only a country's economic condition that is a measure of poverty, the social elements also go hand-in-hand with the issue of impoverishment in a society. Social Progress Index (SPI), is a holistic measure, that takes

various socio-economic elements into account, when ranking countries. SPI 2018 shows Pakistan is suffering in its Socio-Economic Development Sector (see Figure 1); it ranks Pakistan at 115 out of 146 countries. The Human Development Index (HDI) is a summary measure of a long and healthy life, being knowledgeable and have a decent standard of living. The HDI ranks of Pakistan also position the country at 150 out of 189 countries. Pakistan's HDI and SPI rankings are indicative of the deep-rooted socio-economic inequities in the country. An overview of Pakistan's social issues can be

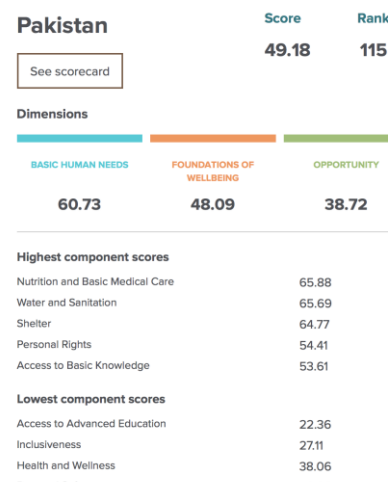
synthesized manifesting in the form of gender inequality, poverty, corruption, weak governance, and general disregard for law and order by its citizenry. Pakistan has the 25th largest economy, globally, in terms of purchasing power parity (PPP). The World Bank prognosticates that with sustained reforms, Pakistan could become a \$2 trillion economy, in the next 28 years. It is, however, not possible if the current paradigm of development remains unchanged. Excessive focus on economic development while ignoring the human dimension is not a suitable approach for poverty alleviation.

A step in the right direction would be to increase budgetary spending in the social sector. The ever-increasing income inequality that resides in Pakistan has left the poor with no power and means to live a decent life. The richest 20% spend 7 times more than the poorest 20% indicating the widespread nature of inequality in society (The Express Tribune, 2017). In view of this, growing gulf between the rich and poor, there is a need to address regressive taxation regimes and move towards a more distribute

income model through progressive taxation that can lift the impoverished out of dire socio-economic conditions.

In summary, Pakistan cannot make substantial progress, until it takes a rights and endowment-based approach, to improve both the social and economic conditions of its citizens, on an emergency basis.

Figure 1: Social Progress Index for Pakistan 2018



Mahnur Ali
Research Internee

The Shahid Javed Burki Institute of Public Policy at NetSol, Pakistan



Research and Consultancy Wing

Training Future Bureaucrats

BIPP had been involved with one of the nation's most prestigious training programme for young probationers/bureaucrats in the Central Superior Services (CSS) of Pakistan. The research training program, at the Civil Service Academy Lahore, lasted for four months ending in March 2019. The team of fourteen probationary officers worked under the leadership of Syndicate Advisor, Mr. Shahid Najam; who was assisted by a research team from BIPP. The goal of the program was to inculcate the spirit of research amongst

the aspiring officers. As an outcome of their training, the probationers produced an academic research paper titled 'CPEC: Sustainable Development and Potential for Poverty Alleviation'. The paper emphasized that all CPEC related projects should have a poverty alleviation component to benefit bulk of the population living below the poverty line. The paper also argued and provided recommendations to link CPEC and its projects with Sustainable Development Goals (SDGs), 2030.



One of the core components of the research emphasized on western route of CPEC which covers the most poverty inflicted areas of Pakistan. Together, BIPP's 2018 Annual Report (Pakistan's New Political Paradigm- An Opportunity to Make the Most of CPEC) and the research paper provides a potent combination of academic and development practitioners work to propose pragmatic solutions for policy makers to fully harness CPEC potential for poverty alleviation and sustainable development.



It is Bigger than Christchurch

"I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin, but by content of their character." Martin Luther King

The March attacks on mosques in Christchurch, New Zealand, were one of the most sorrowful events of this year. The event sent global shockwaves as New Zealanders are known to be one of the most peaceful and tolerant nations. The general public's support in the form of thousands of condolence messages, received within few hours of the attack, along with substantial practical support provided to victims and their relatives is evidence of their peace-loving national identity. During this event, the country's Prime Minister, Jacinda Ardern, had truly played a role of a true statesperson, from the very beginning of the episode.

The alarming side to the horrible incident marks the rise of white supremacists. This term in modern history originated in Europe and the United States. The supremacists propagate fallacious conspiracy theories

(including "The Great Replacement") that non-whites, especially Muslims, are planning for global invasion through massive immigration influx.

According to *The Washington Post*, in the United States, there were 263 domestic terrorism related incidents during the period of 2010-2017. The single biggest community responsible for these attacks was extreme rightwing groups who carried out 92 attacks. The global trend of intolerance is assuming appalling proportions.

The left in the West is also under constant threat from these groups as there have been attempts on the life of left-oriented French President Emmanuel Macron.

To make matters worse, the US President Mr. Donald Trump's anti-immigration stance is adding fuel to the fire.

The internet platforms, in recent years, have become a tool for the spread of all forms of extremism. There is a need to closely monitor activities of extreme rightwing groups especially the online platforms to check and curb their nefarious designs. Before concluding, indeed the commendable leadership style of the Prime Minister Ardern in uniting the country and effectively addressing the tragic incident and its aftermaths needs to be recognized and should serve as a role model for the world leaders to emulate.



Ammar Hayat
Research Assistant

The Shahid Javed Burki Institute of
Public Policy at NetSol, Pakistan



Research and Consultancy Wing

Foreign Investment: The Solution to Pakistan's Economic Crises?

Pakistan's economy is going through a rough patch. The spiral fall of the economy began when the Pakistani Rupee crashed against US Dollar in the domestic market in 2018. To cushion the impact Imran Khan's government through sustained efforts has managed to bring a significant amount of international investment in the country.

The investments are amongst the largest to have landed in Pakistan. The country is currently expecting \$21 billion worth of investment sponsored by Saudi Arabia. The funds will be transferred, as per the seven memoranda of understanding signed between the two countries, in three phases over the next six years.

In the long-term, the Saudi Government is going to invest

\$12 billion in two major projects which include a \$10 billion oil refinery, to be set up by ARAMCO, and a \$2 billion investment toward mineral development. Further, the funds will cover Pakistan's small petrochemical, food, and agriculture-related sectors; these areas will be a part of the midterm-plan with \$2 billion worth of investment that will be made during a period of two to three years.

China has also welcomed this Saudi initiative in Pakistan. In fact, the involvement of international players in CPEC is mutually beneficial for all the parties involved. The Saudi investment is likely to encourage other international players, to invest as a third party, in various aspects of the CPEC project. The steady flow of foreign direct investment will have a positive and significant impact on Pakistan's economy, both in the long and short term. The investment inflow is likely to bring not only money but opportunities for trade linkages, industry specific expertise, and technology and knowledge transfer.

This opportunity can help Pakistan learn and adapt to the demands of global value chains by exporting value-added goods to regions connected through CPEC and the One Belt One Road Initiative.

The government needs to provide a conducive business environment, security, and good governance, to attract local and international business.

Ali Gill
Research Assistant

The Shahid Javed Burki Institute of
Public Policy at NetSol, Pakistan



From Education and Learning Wing

The Future of Pakistan's National Water Policy 2018

Pakistan, since the 1970s, has been sleep walking into a water availability crisis. From water surplus it became water stressed and now is on a road towards water scarcity. Estimates suggest by 2040, owing to the coupled factors of climate change and population growth, Pakistan will be one of the most water strained country across the globe. In 2018 the water availability stood at 1,017 cubic meters per capita. The National Water Policy 2018 (NWP) is a step in the right direction. The policy looks at pertinent issues of agriculture water wastage and management, taxation industrial use, contamination, provincial water distribution, climate change, water storage and conservation needs.

However, there is an urgent

need to martialize the policy. Pakistan has a history of acting as a frustrated state: a state that passes laws and policies without having or developing the capacity of implementing them. The looming water crises cannot be ignored as it is a matter of survival for a largely semi-arid to arid country like Pakistan. NWP can consider incorporating the following elements to give the comprehensive policy some teeth;

1. The policy resonates a lack blueprint for implementation. Models from countries, which were successful in water conservation and storage practices, such as Israel and Australia can be indigenized in the sectors of agriculture, industry and domestic water usage.
2. There is a need to formulate Legal Acts to reinforce NWP, at federal and provincial level, laws can enhance the implementation capacity through legally reinforcing and binding provinces to perform on the matter with due diligence and urgently.
3. To materialize the NWP there is need to synergize the private sector with the national water agenda. With a public-private partnership and a conducive policy environment the needs of a diverse and enormous demographic of Pakistan can be met.

Operationalizing the MOU between GCU Lahore and BIPP

February 2019 at BIPP started with the efforts to conclude and consolidate the MOU between GCU and BIPP. Dr. Khalid Manzoor Butt, Head Political Science Department at GCU, Lahore visited the organization. The main objective of the meeting was to develop an implementation framework and operational plan on four specific areas of cooperation namely joint research and publication, organizing seminars and conferences, holding policy dialogues and collaboration for joint education and learning programs. After thorough discussion, a plan was agreed upon to implement specific activities during 2019.

This included joint development of a week-long program for senior executives and policy makers on Pakistan's development challenges and opportunities for harnessing agri-culture potential and leveraging China Pakistan Economic Corridor (CPEC) to boost exports.



The allies also agreed to synergizing efforts to build intellectual capacity, expertise and convening power to engage senior public and private sector executives. It was agreed that GCU will join BIPP in carrying out research for BIPP's Annual Report 2019, through contributing a chapter. BIPP will also host internship opportunities for students from the university. It was finalized that both the institutions will co-organize an international conference to be held by the Political Science Department at GCU along with holding joint policy dialogues during 2019. The topics will be mutually agreed. The possibility of developing a psephology course, at the Political Science Depart of GCU, as a discipline was also discussed.



Kainat Shakil
Research Associate
The Shahid Javed Burki Institute of
Public Policy at NetSol, Pakistan



Research

The Economy in FY2019- Some Concerns

Pakistan's economy faced multiple shocks during the fiscal year 2018; practically all the economic indicators declined. The economy continues to face daunting challenges, during 2019.

In 2017, the Gross Domestic Product (GDP) was proclaimed to have achieved a decade-high growth of 5.4% followed by thirteen-year high economic growth of 5.8% in 2018. However, the economic estimates for 2019 predict an annual growth rate of 3.9%.

This roller-coaster performance of the country's GDP is a result of macro-economic mis-management, lack of viable economic strategy, and myopic political

vision of successive regimes. The "historical boom" in 2017 and 2018 was crafted by artificially sustained exchange rate and massive borrowing. In 2019, the illusion of economic prosperity has crumbled under pressures of deep current account deficit, balance of payment crises, weak domestic resource mobilization, inadequate fiscal and development space for the private sector development. The recent currency devaluation is

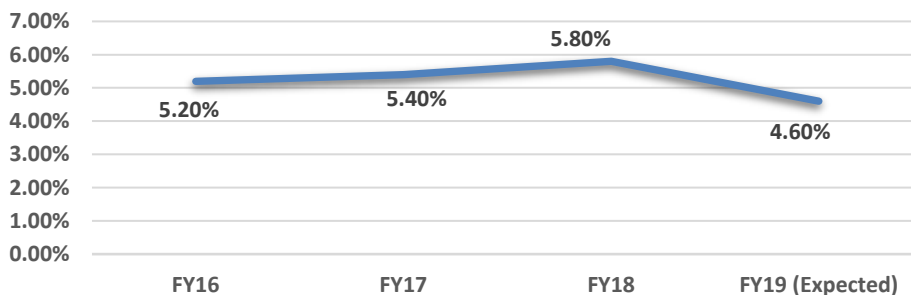
further expected to stoop 11% in 2019. This will be accompanied by high inflation rates that are estimated to be around 8.5%. This economic condition is particularly straining the low-income strata in Pakistan.

The Finance Supplementary (Amendment) Act, 2018, the interest rate adjustments made by the State Bank of Pakistan (SBP), and levy of regulatory duties on unimportant and luxury imports to curb the imports bill seem to step in the right direction.

Despite the substantial flow of resources from friendly countries, to help stabilize the economy, it is obvious that Pakistan will opt for International Monetary Fund's (IMF) program.

For long-term sustained development there is a need for major structural changes in the economic development trajectory of Pakistan to ensure that the poor and marginalized segments are not excluded nor adversely impacted in terms of sustainability of their livelihood assets.

GDP Annual Growth (%)



Tabeer Riaz

Research Associate

The Shahid Javed Burki Institute of Public Policy at NetSol, Pakistan



**From
Finance and
Operations
Wing**

New Hiring

We are pleased to announce the recent hiring of Ms. Samra Naz as Assistant Manager Knowledge Management. She has earned BS (Hons) Business and Information Technology, from the University of Punjab, in 2018. Ms. Naz is well versed in the field of IT and business development. We are optimistic that her presence will enhance our institutional capacity in the digital realm.



**BIPP
Welcomes
Ms. Samra**

Increase in Interest Rate

The State Bank of Pakistan announced a new monetary policy on March 29, 2019. There is an increase in the interest rate by 50 basis points to 10.75%. Considering this development, BIPP's Investment Policy has been revised, during the previous month, to get maximum return on investments.

Extension in the date of filing Annual Return 2018

The Federal Board of Revenue has extended the due date, to the end

of April 2019, for Income Tax Returns/Statement filing for the year 2018. BIPP has been already submitted its annual returns for 2018.

BIPP's Procurement Committee

With reference to BIPP's document "Operating Procedure for Control of Externally Provided Processes, Products & Services" (BIPP-SOP-08), in compliance with ISO 9001:2015; the procurement committee has been re-constituted to ensure consistent and strict application of procurement rules and procedures.

**Awais Khalid
Manger Finance**

The Shahid Javed Burki Institute of Public Policy at NetSol, Pakistan



Knowledge Management Wing

During this period BIPP members have attended and carried out numerous inhouse and external

workshops. Notably, Dr. Mahmood Ahmad conducted a workshop titled "Exploring Agriculture in China Pakistan Economic Corridor (CPEC)" at The Centre for Public Policy and Governance (CPPG), Dr. Daud Ahmad presented "Pakistan Energy Sector Overview and Challenges" at Lahore School

of Economics (LSE), and Kainat Shakil attended the seminar "The Urban Housing Crisis" at Consortium for Development Policy Research (CDPR). Internal training and knowledge session were organized at BIPP in which Mahnur Ali presented on the global and regional poverty trends and Ammar Hayat explored the federal and provincial governance structures of Pakistan. In addition, a research team at BIPP has been working with the division of Public Policy at the Hong Kong University of Science and Technology to explore of Pakistan's future in the realm of science, technology and innovation.



Mission Statement

IPP's mission is to improve welfare of the citizenry with particular emphasis on identifying policy measures that will lead to inclusive growth, socio-economic stability and sustainable development, besides fully harnessing the potential for regional and global integration.

Partners

