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NEWSLETTER

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From the Desk of the Vice Chairman

Development of Agriculture Through Agripreneurs

Entrepreneurship has invariably been one of the key drivers for economic development. It amplifies economic growth, leads to increased creation of wealth and at the same time augments the livelihood and quality of life of the citizens for poverty alleviation.

Entrepreneurial development, as a policy choice, involves a methodical and systematic development of a person into an entrepreneur by inculcating entrepreneurial skills and capabilities through acquisition of desirable level of knowledge-technical, financial, marketing, and managerial

- necessary for playing his entrepreneurial role effectively.

In the agriculture-based economies like Pakistan, the entrepreneurship development for the rural industries and agricultural firms across the entire spectrum - from input traders to producers to processors - is essential and holds the best potential alternative for employment and income generation and raising the living standard of the vast majority of the backward regions.

Over the years, agriculture landscape has changed drastically ever since the phenomenal growth witnessed during the green revolution of 1960s. Economic liberalization, population bulge, urbanization, a fast-changing society, vagaries of

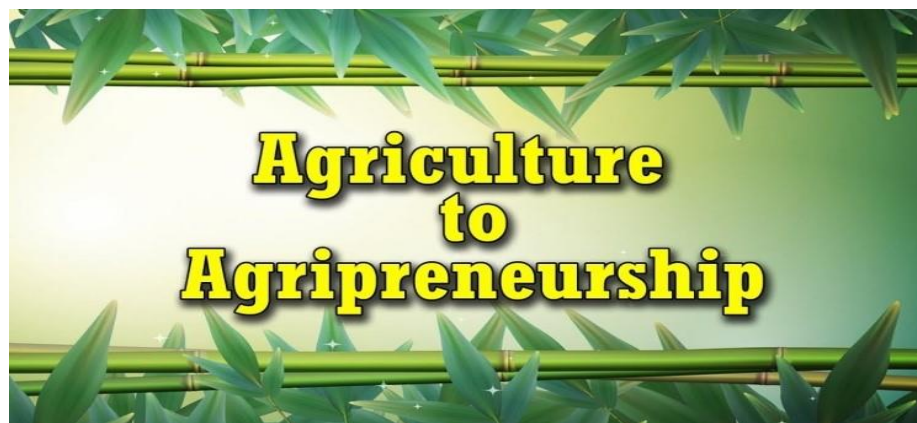
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the market, varying consumer lifestyle, climate change and enhanced ecological regulations, rapidly increasing demand for food, fiber and agriculture produce, emphasis on product quality, value chain management, food security, sustainability, and so on have cleared the way for new participants, innovations, and portfolio entrepreneurship. The time is ripe for a second green revolution.



Entirely new set of innovative approaches and technologies are needed to drive this second revolution. Entrepreneurial development in agriculture and agri-entrepreneurship

should be the major drivers and as an innovative approach should be an integral part of the new revolution to achieve a sustainable and thriving agricultural economy.

Shahid Najam

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Message of the Month

The Pakistan Council of Research in Water Resources has issued a dire warning regarding the progressive depletion of water resources to the extent that the country may run dry by 2025. The water availability per person has declined from 5,260m³ in 1951 to around 1,000m³ in 2016, and is highly likely to further drop down to about 860m³ by 2025. This in itself speaks of the urgency and the gravity of the problem in the wake of burgeoning

population, rapidity and severity of the climate change impact and the dictates of sustainable human development. The National Water Policy of April 24, 2018 while identifies the major water challenges and priorities, fails to address in a scientific manner environmental and water quality issues; impact of different water uses on people's welfare e.g., life expectancy, food security, health, etc.; and to provide clear quantitative or qualitative targets to be achieved.

A comprehensive set of integrated measures are urgently needed to enrich the Water Policy including trans-boundary aquifers and watershed management. A policy shift in agriculture, which

consumes around 95% of water, from 'yield optimization per unit of land' to 'yield optimization per unit of water' is also sine qua non for achieving water efficiency gains.

Dr. Mahmood Ahmad
Member BOD

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Major Challenges in Higher Education

Since the establishment of the Higher Education Commission of Pakistan (HEC), as an autonomous statutory body in 2002, there have been some gains in the management of higher education in Pakistan in terms of primary funding, oversight function, regulatory mechanism, and accreditation of the higher education institutions. There is however colossal room for improvement. HEC, in fact, has not been able to fully realize its potential nor objectives envisaged under the Higher Education Commission Ordinance 2002.

Higher education is viewed today as of paramount importance in human capital formation, necessary for social and economic development of a society. Its core objective is to create a critical mass of well-educated and highly trained expert work force and stimulate creative and innovation culture through research and enquiry in a country which constitutes kernel of the national science, technology and innovation system.

The major problems in Pakistan

fundamentally relate to lack of skills-competence mix and qualified manpower, governance dysfunction, excessive bureaucratic control, dearth of finance and pervasive political interference. In a country of 220 million population with preponderant number of youths, the total number of enrolled HEC students in 2016-17 was reported 1,463,279, while accordingly the total financial outlay was merely Rs 9188.651 which speaks of the low priority accorded to this vitally important sector. The management inefficiency has led to mushroom growth in the substandard private universities which charge exorbitant fees, non-accountability of institutions, absence of research and scientific endeavor, general low quality of the faculty, inadequate infrastructure and poor quality of education.

The structural, institutional and organizational reforms are needed to ensure that:

- higher education truly becomes a device to signal knowledge, innovation, creativity, intelligence, discipline, ethics, ambition and integrity;
- HEC responds to the labor market demands;
- technology and ICT tools are deployed for effective and cost efficient of delivery of education;
- internal management and accountability processes are improved to deliver quality education and promote research

characterized by ethics, objectivity and responsibility;

- new educational model is developed and adopted that enable creative and critical thinking, inter and trans-disciplinarily;
- adequate budgetary provision is made for higher education; and policy environment is established for the universities and colleges to enter into twinning and collaborative arrangements with universities of international repute.

Pakistan cannot progress until its higher education system is qualitatively strong. Its inability to overcome governance malfunctions and responsiveness to market's demands have resulted in poor quality education that continues to result in low employability, low performance of the specialized individuals, and lack of innovative and creative ideas.

Mahnur Ali
Research Internee

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Research and Consultancy Wing

Sino American Relations

"What made war inevitable was the growth of Athenian power and the fear which this caused in Sparta."—Thucydides (Greek philosopher)

According to Thucydides, a clash is inevitable when a fear is generated in an established power (United States) about the rise of another power (China). Historical trends show that in the last five centuries, almost sixteen times, emerging rising powers have clashed with the established powers. Out of these incidents, on twelve occasions, the world witnessed brutal bloodshed in form of wars. In the contemporary world, however, a military clash between two powers armed with nuclear arsenal is inconceivable and can potentially bring destruction to the entire planet.

USA has increasingly become a polarized society. At the same time, China is also experiencing domestic dissensions. The 'Chinese House' is not as united as it outwardly appears to be. The ruling Communist Party of China is currently buttressing its legitimacy on economic growth to

dilute the impact of dissenting forces. The economic and trading relations with USA constitute a substantial segment of the Chinese economic growth. The government is, therefore, endeavoring to maintain a working rapport and relationship with the United States. However, this is domestically being perceived by some as weakness and subservience. If USA tariffs are further increased or some sort of sanctions are imposed on Chinese companies (like Huawei), it would slow down its economic growth and foment social tensions domestically.

Besides the Huawei episode, the US has accused China of stealing technology and since April 2019 started a "zero-trust" attitude on matters related to cyberspace. The business lobbies in Washington DC are advocating for a more confrontational attitude towards China in total contrast to last century's when China served as a "factory" of American consumers. The Trump administration, to worsen the things, is stirring up Sinophobia.

The past interdependence between the two countries previously led to phrases like "Chimerica" or "the G2". Unlike the previous cold war between Soviet Union and the United States, the commerce and trade between the two countries provides altogether a new dimension and dynamics to the rivalry. Both the countries need to pursue a shared dream of working together in a win-win situation rather than entrapped by zero sum strategic competition.

Workshop on Punjab Spatial Strategy

Vice Chairman, Mr. Shahid Najam, participated as a guest Speaker, in the workshop organized by the Urban Unit on the Spatial Strategy of Punjab. He made a presentation on "Special Economic Zones for the Future" as integral part of the spatial strategy to fully harness the socio-economic and development potential of Punjab.

He elaborated how SEZs, based on the local comparative and competitive advantage of agriculture and SMEs sectors, could be synergized with CPEC to access the Western China markets for food, fiber and agriculture products and to even become a part of the regional value chain and global production networks. He proposed a local endowment-based intervention model for establishment of the future SEZs to not only stimulate economic development and wealth creation but also achieve inclusive development, employment generation, poverty alleviation and regional disparity reduction.



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From Think Tank Wing

Water Use Efficiency in Agriculture Sector

Pakistan's agriculture sector plays a vital role in the economy as it contributes 18.9 percent to GDP and absorbs 42.3 percent of labor force. During 2017-18, agriculture sector recorded a substantial growth of 3.81 percent and surpassed both its targeted growth of 3.5 percent and last year's growth of 2.07 percent (Pakistan Economic Survey 2017-18).

More than 60% of Pakistan's population is directly involved in agriculture and livestock. Agriculture sector consumes more than 91% of water resources in a country which is confronted with a water crisis. Recently, the Pakistan Council of Research in Water Resources (PCRWR) cautioned the government to take notice of the water situation or else the country will run out of water by 2025.

Despite having one of the world's largest glaciers, Pakistan is among the world's 36 most water-stressed countries.

According to the sixth Population and Housing Census of Pakistan 2017, the country's population is growing at the rate of 2.4 percent per annum.

This rapid increase in population is further raising demand of water in from of agricultural products as well as domestic consumption. Figure 1 identifies various sectors and their respective share in the consumption of water resources. The inefficient use of water in agriculture sector is a major challenge that requires urgent attention.

It is estimated that approximately between 1 to 3 tons of water is used to grow 1kg of cereal. In addition, the impact of climate change is further aggravating the situation and exerting huge pressure on water resources.

Goal six of the Sustainable Development Goals (SDGs) calls for ensuring availability and sustainable management of water and sanitation for all, water use efficiency, and integrated water resources management. Pakistan has adopted this goal and enshrined it in the Vision 2025 to achieve water security, manage its demand, increase water storage capacity improves agricultural efficiency by 20 percent and ensure the availability of clean drinking water to all Pakistanis.

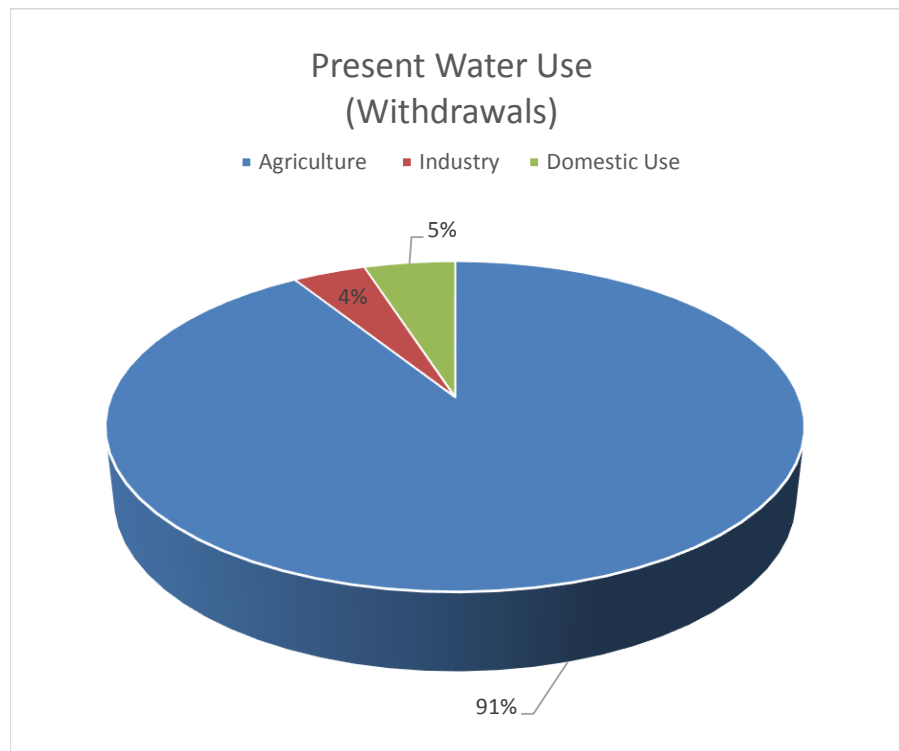


Figure 1.

There is also a dire need to earnestly pursue a shift from the classic paradigm used in water resource management (supply enhancement, command and control water allocation) to a more adaptive new paradigm (based on demand management and economic incentives). Water demand management options are far more cost effective to save or reallocate water (see Figure 2).

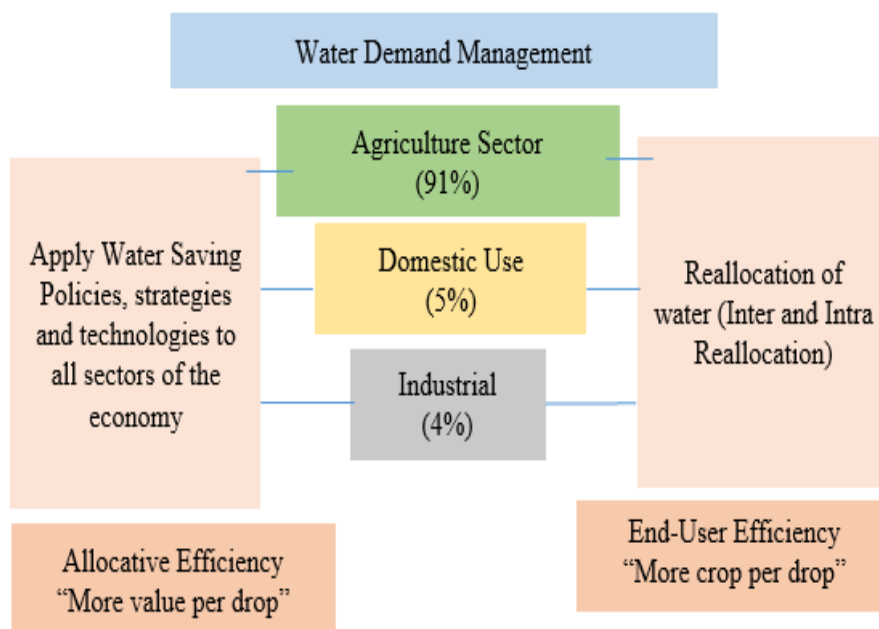


Figure 2

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From Education and Learning

Caution with Indices Driven Data

In today's world we see a huge surge in the use and popularity of indices as tools to synthesize and interpret various elements of politics, social and economic indicators. These data packed

catalogues are handy apparatuses introduced by the empiricists. The large sampling scale, ease of visualization, comfort of use, and capability with statistical models have almost elevated these tools to the status of "holy book" in the development field. An overwhelming number of research reports and articles derive their hypotheses and prescriptive analyses from data driven by various social, economic and developmental indices. However, the use of indices, must be subject to

some fundamental cautions such as:

- Indices have wide samples sizes, but they are not all encompassing in their coverage of the population. Thus, the reliability and validity are questionable.
- Each index gives varying weightage to certain factors/measures over others. For instance, while using the scores for education, the user

The Challenge of Job Generation for Pakistan's Youth Dividend

- needs to be well informed regarding the definition of the measure of education.
- There is always a room of statistical inaccuracy in the data set.
- Most indices survey different samples for each year which means comparability of data from varying years is not possible.
- Global indices tend to gather data using a universal template which does not account for elements of cultural variations.
- Large indices tend to source government gathered data which has its own set of limitations and drawbacks while making global comparison.

To cushion the shortcomings of statistically driven data form indices, qualitative measures can be used. Especially, when exploring the paradigm of development, a qualitative inquiry is insightful.

In short, index driven data is a necessity of the future with the pervasive onset of Big Data regime. However, the phenomenological elements of human society cannot be reduced to numbers alone.

The Urban Sector Planning and Management Services Unit (Pvt) Limited (Urban Unit) organized a multi-stakeholder consultative session on strategizing the goal of ten million job generation. A team from BIPP along with government departments, research institutes, academic hubs and development practitioners actively took part in the consultative session. During the discussion major themes such as labor force data's reliability, issues of child labor, low female participation in the labor force, precarious nature of informal jobs, and growth in population were the focus of attention. It was

unanimously agreed that Pakistan requires a long-term sustainable job generation strategy which is based on the principals of equity and localized endowment.

Agriculture, small and medium sized industries and housing were identified as key sectors for job generation. It was agreed that interdepartmental coordination, skills development, and use of technology are key players in socio-economic dimensions involved in employment generation.



Kainat Shakil
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From Knowledge management Wing

During the period April- May 2019, BIPP staff participated in several events, meetings and presentations both in-house and external, to gain, exchange and share knowledge on major social and economic issues. An internal training and knowledge session was also organized for the BIPP's staff to acquaint them with the "Assets Declaration Ordinance 2019". Kainat Shakil made a comprehensive presentation highlighting the core features of the Ordinance, including its general ambit, legal scope, financial element and socio-economic dimension.



the country. The perennially procrastinated judicial process in deciding the pending cases of corruption and money laundering and that blatant abuse by the influential accused of the judicial process were ostensibly reflective of the differential application of law and hence a huge disincentive for the people to whiten or declare their assets.



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From Think Tank Wing

Institutional Activism in Pakistan and the Doctrine of Non-Interference

The historical and contemporary political crisis in Pakistan manifests the consistent failure of the polity which lacks the practical ability to materialize and adapt to the idea of division of labor and

functional specialization. The reluctance and lack of will to reconcile with these ideas has descended the state into an avenue characterized by gross rationality-maturity deficit and politics of self-interest. The result of this void and deficit finds pervasive expression in the institutional activism, dysfunction in balance of power, pursuit of myopic and narrow institutional interests and chronic political instability. Plato's attempt to rationalize and

stabilize politics through the principle of 'Justice' serves as a benchmark to bring rationality and stability in any political arena. Brian R. Nelson argues that by Justice, he means performing one's duty and not meddling into the affairs of other structures of the state. The *principle of non-interference* implies that each person or institution has its specific placement, role and jurisdiction, according to their skill and mandate sets.

Building on this concept further, Montesquieu, a renowned French philosopher, introduced the idea of *separation of power* in which he divides the state apparatus into: legislative, executive and judicial blocks. Each block has to operate within its own sphere and area of influence. The problem with Pakistan has been that most of the time one institution thrives to the subservience or

marginalization of the other and blatant intrusion of the spheres outside their own ambit is common practice. For instance, the consecutive waves of judicial activism, praetorians and spells of vice regal tendencies by executives have hurt the sanctity of political system in the country. The politicians, at the same time, cannot be absolved of their responsibility and fragility for having allowed them to be manipulated by and be susceptible to the intrusion of other institutions.

If political stability and sustainability have to be achieved, the institutions in Pakistan need to limit themselves to their respective areas of jurisdiction and pave the way for establishing mature democratic order which is indeed a precondition for sustainable human development.

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From Finance and Operations Wing

Increase in Interest Rate

The State Bank of Pakistan announced its new monetary policy on May 20, 2019. It announced an increase in the key interest rate by 1.5% basis points which now stands at 12.25%. BIPP's Investment Policy has been revised, to get maximum return on its investments.

Stock Market Review Regarding BIPP' Investment

Extending its losses from the last two months, the stock market continued a downward trend whereby the KMI-30 declined 6.48% to close at 59,213 pts while KSE-100 declined 4.83% to close at

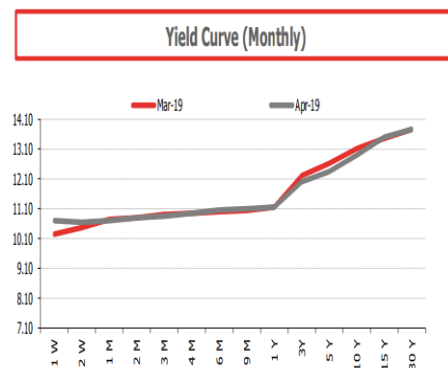
36,784 pts during the last month. BIPP's Finance committee is reviewing the investment portfolio on weekly basis to minimize the market risk and is taking 22% exposure of the total portfolio in stock market.



Money Market Review Regarding BIPP' Investment

Activity remained strong in the bonds market as marketplace players are finally anticipating better conditions. During the month of April, the KIBOR rates were up in the ranges of 12bps to

15bps and interest rates have reached up to 12.25%. Therefore, BIPP's management has decided to take 32% exposure of total portfolio in Money Market and 20% in TDR's of AA+ credit rating commercial banks.



Awais Khalid
Manger Finance
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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

District Delivery



THE URBAN UNIT
Urban Policy Planning & Management Services Ltd (Pvt) Ltd
A Public Sector Company



CENTRO STUDI
INTERNAZIONALI

