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NEWSLETTER

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From the Desk of the Chairman

Handling of COVID-19 by Large Countries

The way the COVID-19 pandemic has affected the world tells us a lot about political systems and also about those who occupy positions of power and exercise their authority. Today I will use two leaders and two systems as illustrations of the very different approaches adopted by the United States and India to handle the COVID-19 disease, perhaps the most severe health crisis of the 21st century. There are major differences in the way Donald Trump, the American President, and Narendra Modi, the India Prime Minister, have handled the pandemic. Let me begin with some numbers.

At the time of this writing (July 30, 2020), the world population was estimated at 7.8 billion while that of the United States was 331 million. The American share of the world population, therefore, was 4.2 percent. There were 17.13 million cases of people infected with COVID-19 worldwide with the United States accounting for 4.4 million. In other words, the Americans accounted for 26 percent of the world total. Their share of the total COVID-19 cases was six times their share of the world population. The number of deaths in the world from coronavirus attacks was estimated by Johns Hopkins University that was following the progress of the disease at 669,000. According to it the Americans have 4.48

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million corona virus cases and account for 152,000 or 23 percent of the world total who died from the disease.

On July 25, India had 1.58 million detected cases, 9.42 percent of the world total of 17.1 million. At 16.8 percent of the world population - 1.3 billion out of 7.8 billion of the world total - the incident of the disease was considerably less than its share in population. This was also true of the number of recorded deaths from the disease, estimated at just short of 35,000. Of the total world loss of life from COVID-19, India accounted for 5.3 percent. The American share of deaths at 152,000 was 22.6 percent of the world total, four times as much as that of India. As of July 30, 2020, the total number of deaths from COVID-19 was 663,000. These numbers lead to the obvious question: what went wrong in the United States and what went right in India?

There are a number of similarities between the United States and India that suggest that the two countries should not have differed as much as they did in the way they handled the pandemic. Both are large countries in terms of their geographic spans. Both are established democracies in which a fair amount of governance has been devolved to the systems'

components - states in both cases. There are, however, some differences. The United States has friendly relations with its two neighbors.

India has six neighbors but has difficult relations with three of them - Pakistan, Nepal and Sri Lanka. Both spend significant amounts of their public finance on defense.

But the leaders of the two countries are motivated by very different compulsions. Donald Trump is so consumed with himself that he could not think big in the way he should handle the pandemic. Experts agree that there are three things that need to be done to contain the spread of the disease: use of facial masks in public, social distancing, and testing and tracing the prevalence of the disease. Trump has ridiculed all three and also the notion that he needs a national policy to address the situation. Modi, on the other hand having learnt the value of strong leadership when he functioned full time as paracharak (apostle) in the RSS, he had no hesitation in locking down all of India. Accordingly, he kept low both the caseload and death toll of the disease. I believe that a total lockdown and that included suspending the operations of all public transport resulted in heavy cost for the economy and great misery for the poor. The short-term results were good, but the term cost will be high.

Shahid Javed Burki

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



Message of the Month

COVID-19 Challenges for Higher Education in Pakistan

The socio-economic situation of Pakistan under COVID-19 would suggest that the pandemic is no longer a short-term crisis for Higher Education Institutes rather it is a long-term setback. In Pakistan, all universities and degree awarding Institutes were closed during spring 2020 and later on resumed online classes. A huge hurdle in delivering the online classes became the non-availability of computers and unreliable broadband internet

connections for students from smaller cities, towns and villages. For many students and faculty members tackling digital or e-learning tools was a new experience and a challenge they had to overcome. With Fall Semester 2020, almost at the doorsteps, there is still anxiety regarding what the new norms for universities will be like. The graduates from 2020 and onwards are facing a daunting task to seek employment due to adverse socio-economic conditions and a number of parents are constrained to fund their children's education. However, there is a hope for the higher education institutes of Pakistan.

Firstly, most students that are enrolled are domestic which means that border closure would not significantly affect future enrollment in this regard. In Pakistan, nearly 60 per cent of

the population is under 35 years of age- eager to hone their skills with a tertiary degree for entering jobs sectors in fields such as business, industry, governance, etc. Lastly, the adaptability of higher education in transferring to online learning and their commitment means that the system is improving and robust and with technology education's outreach is bound to improve. There is no certainty when the pandemic might end but Pakistani universities and degree awarding institutes are committed to overcome hurdles and continue to serve as beacons of knowledge for future generations. Punjab University has seen marvelous progress in research and academic administration during lockdown and has greatly utilized its resources for improvement.

Prof. Dr. Niaz Ahmad Akhtar,
Vice Chancellor
University of the Punjab



Khalid Sherdil Urban Policy Development Chair: The Shahid Javed Burki Institute of Public Policy at NetSol

The Chairman, Mr. Shahid Javed Burki been pleased to approve, on 16 July 2020, the proposal for establishment of Khalid Sherdil Research Chair in Urban Policy Development at BIPP to honor late

Khalid Sherdil, the founding member of BIPP, and to recognize his outstanding contribution in promoting and implementing BIPP mandate i.e., rational and evidence-based policy making in Pakistan. As Chief Executive Officer, the Urban Sector Planning and Management Services Unit (Pvt.) Ltd., his last assignment, he fervently advocated and advanced the need to adopt urban development paradigm as engine of economic growth in Pakistan. The Chair is intended to create and mobilize urban policy work through research studies; and institute annual scholarship to

deserving undergraduate student in the development related disciplines (social, economic and environment) to achieve academic goals.

Pakistan has one of the highest rate of urbanization in South Asia. As per the 2017 Population Census, 36.4 percent of population resides in urban areas compared to 32.5 percent in 1998. It is, however, estimated that the ratio of urban to rural population could be 40.5 percent and even higher. By 2025, nearly half the country's population will be

living in cities (The United Nations Population Division).

Urbanization and economic growth are generally considered to be co-related and often occur in tandem. Cities generate around 80 percent of the global Gross Domestic Product (GDP). Cities in Pakistan contribute approximately 55 percent of the GDP. Its 10 major cities account

for 95 percent of the federal tax revenue. Cities are also hubs of technological innovation, entrepreneurship, increased productivity and economic progress.

However, the relationship between urbanization and growth is not automatic, as suggested by recent research in many developing countries. The benefits of urbanization can only be realized by sound public policies, robust institutional mechanism and planned and well-managed urbanization.

This, a priori, entails conceptualizing urbanization within the overall ecosystem approach closely integrated within a larger environmental, social, natural, economic, agricultural and industrial context.

As catalyst and driver, therefore, the Chair will foster research excellence in urban policy development and help harness the full potential of urbanization for sustainable development. It will also contribute to the education and training pursuits of the deserving student(s).

**Shahid Najam,
Vice Chairman**

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



Research and Consultancy Wing

Climate Change and Tax on Carbon Policy Options for Pakistan

‘The current pace of human caused carbon emissions is likely to trigger irreversible damage to Planet Earth’, warns a recent study sponsored by the World Climate Research Program. Scientists project that at current rate of burning fossil fuels carbon dioxide will double in the atmosphere and Earth’s global average temperature will increase to between 2.3 to 4.5 degrees Celsius by 2070. Under the 2015 Paris Accord the target is 2.00 degree Celsius which is the threshold temperature beyond which Earth will experience catastrophic sea-level rise and

irreversible damage to the planet’s ecosystem. Humanity can put a price on carbon pollution by either a tax or a cap and trade program. The latter is logistically difficult to manage and is also less efficient. The most effective strategy is to put a tax on carbon; this is politically difficult. This Note discusses how to estimate the carbon tax.

Scientists estimate damage from increases in atmospheric carbon by *Integrated Assessment* computer models which capture feedbacks between the economy and the climate. The models are used to estimate the tax rate, but three challenges are involved. The first step is to assess how to compare cost and benefits across generations. That requires the determination of the *Social Discount Rate*; the second challenge is to estimate the damages from the carbon emissions; and the third issues

pertains to estimate the cost of low probability but high cost catastrophes.

Social Discount Rate estimation requires intergenerational ethical judgements. There is no mathematical process that can do it. In 2006 Sir Nicholas Stern, in the globally influential “the Stern Review” recommended the Social Discount Rate to be 1.4 percent. Nobel Laureate William D. Nordhaus estimated the cost of carbon by using his Integrated Model as 30 dollars per ton of carbon dioxide. Burning one ton of carbon produces two tons of carbon dioxide.

Catastrophes are “unknown for unknowns”. For example, the planned gradual warming may thaw all permafrost on Earth and create runaway warming; that is the accelerated melting of permafrost in the Arctic sea leading to the melting of ice

sheets in Greenland and Antarctica.

That process would increase sea levels by many meters more than currently assumed in the Paris Accord of 2015. The resultant cost to humanity will be catastrophic. The recent (July 22, 2020) Climate Study recommends a tax rate of US\$ 40-which is not far from the US\$ 30 recommended by Sir Nordhaus.

If a government can get the political courage to enact a carbon tax, the resultant revenue will be very large. Since the objective of the carbon tax is to slow down carbon pollution, not increasing revenue; all or part of the tax revenue could be returned to the public. That promise may make the taxation policy politically acceptable, or the tax may be to finance the infrastructure of a “Green Economy”. In Pakistan the green Infrastructure would include initiatives such as Diamer-

Bhasha dam and extensive investments in solar and wind energy.

Tariq Husain
Member, BOD

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



Education and Learning wing

Women Economic Development Initiative Punjab (WEDIP) 2020-2030

Shahid Javed Burki institute of Public Policy at NetSol (BIPP) in collaboration of Community Development Foundation (CDF) launched Women Economic Development Initiative Punjab (WEDIP), in May 2020, with a vision to create gainful employment that empowers women in all aspects of life such as civil, political, economic, legal, social and cultural, so that they become self-sustaining, recognized, respected for their contributions, and truly empowered. To attain these objectives the project aims to

build women’s capacities so they become of social change. WEDIP focuses on promoting the social, educational, economical, and businesses development of women and girls, including Information and Communication Technologies (ICTs) focused opportunities by advancing women’s capacities and leadership skills, promoting their participation in the decisions that affect their lives, and amplifying their voices for peace and security at the national and global level. The initiative has been launched in all 36 districts of Punjab and in each district a team of volunteers include district heads, IT specialists, social mobilisers, media representative and one representative from union council. Over three hundred team members are part of WEDIP program across the province. The first stage of the program

focuses on six sectors:

1. Business & Entrepreneurship
2. ICT/Hi-Tech
3. Skills & livelihood
4. Food and Agriculture
5. Environment & Climate Action
6. Safe Energy.

Training programs for the trainers have been launched in July 2020, with the long-term goal of training 500,000 women across Punjab by 2030. The purpose of training program is to empower women economically, so a trickle-down effect is present in the welfare of the participants, their families, and communities at large. One skill and one product from each village is basic motive of the program. Women will be trained to produce quality

products as per international standards as skilled in packaging and marketing of the product(s) through social media platforms. The produce will be sold directly to consumers locally and internationally, so that producer can gain maximum benefit out of it. The supply chain will be managed by partner organizations locally and

internationally and blockchain technology will be also used to create trust amongst the consumers.

WEDIP will be executed by Regional Head and Deputy Regional Heads in line with the Sustainable Development Goals (SDGs) for education, women empowerment, decent work for all, climate action, health and wellbeing, food and agriculture along with networking and partnerships. We are highly

grateful partners like CDF, ONTRAK, Superior University, UMT University, Women Development Directorate Govt of Punjab (WDD), Nontournament of Punjab, Dukhtaran-e-Pakistan, and CWE Punjab who have dedicated their expertise and resources to make this venture a successful business opportunity for local women entrepreneurs in the region.

Dr. Muhammad Ejaz Sandhu
Director Operations, Education & Learning

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



Education and Learning wing

Historical Narrative, Ertugrul Ghazi and Pakistan

In Pakistan, Turkish drama have risen to immense popularity. It can be argued that admiration for this content stems from cultural similarities and dramatic plots which most Western content lacks. Post-9/11 Western media productions have isolated Muslim audiences by portraying Middle Eastern characters in the binary of either terrorists or the severely oppressed individuals who are the 'White man's burden' to either slay or salvage. The narratives presented in Turkish dramas with Muslim protagonists are refreshing for wide segments of the Muslim audience.

Dubbed in Urdu and televised on the state-run channel, Ertugrul Ghazi has amassed the highest viewership outside of Turkey in Pakistan. The fictional plot pins around Ertugrul (the father of real-life Osman I, founder of the Ottoman Empire) and his quest for justice envisioned in a caliphate fashioned land of his dreams. In his expedition, the upright Muslim hero is challenged by a variety of antagonists such as warring Turkic tribal leaders, Mongols, Catholic Crusaders and the holy Christian Byzantine army.

While cinematography, plot twists and historic garb are attractive features of the show, the fundamental problem remains that a huge proportion of viewers absorbing the show's narrative in Pakistan consider it historically accurate; for instance, the Prime Minister of Pakistan

urged citizens, during one of his press conferences, to watch the show to debunk islamophobia and to re-learn about the 'true Muslim civilization'.

Sadly, Pakistan is a country where state narrative in school history curriculum has glorified warriors as 'ghazis' e.g. Mahmud of Ghazni, who have 'conquered' with the might of the sword. We willfully turn our backs to the rich and peaceful cultural heritage dating to pre-Vedic times- failing to marvel and learn from the urban planning of the Indus Valley civilization; omitting female leadership of Noor Jahan, Rani of Jhansi, Razia Sultana, Hazrat Mahal and countless other women in South Asia; portraying Raja Porus as a frail ruler contrary to the fact that he honorably protected this land against Alexander the Great and his armies; disowning the likes of Ashoka the Great who changed

the ethical-political parameters of pre-medieval India; rejecting Amir Khusrau- labelling him as a heretic- who in reality acted as the incubator of the Ganga-Jamuni Tezheeb and the father of Urdu.

In the absence of ownership of our own cultural roots, fictional

shows such as Ertugrul Ghazi when to absorbed literally become dangerous. Their narrative promotes a culture of violence and bigotry towards non-Muslims such as the 'blood thirsty' Mongols and 'barbaric' Crusaders. In an atmosphere where the rights of minorities are so frequently quashed, feeding young minds with anti-non-Muslim sentiments is not healthy. Lahore for instance has seen the statues of Ertugrul being erected while synonymously

the monument of Ranjit Singh was beheaded; petitions are circulating to rename roads after this fictional demigod like character while voices echo to strike off names of real heroes such as Bhagat Singh from roads- all in the name of religion. Clearly our fascination with Ertugrul has gone beyond entertainment into the realm of molding social attitudes, and behaviors.

Kainat Shakil

Research Associate

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



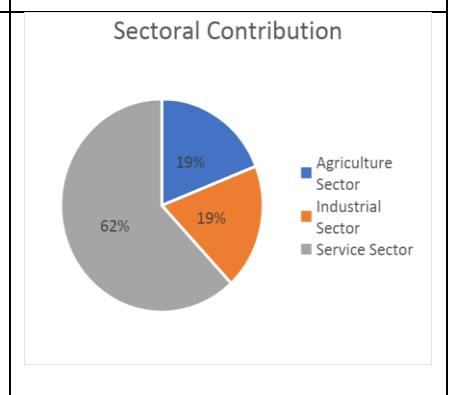
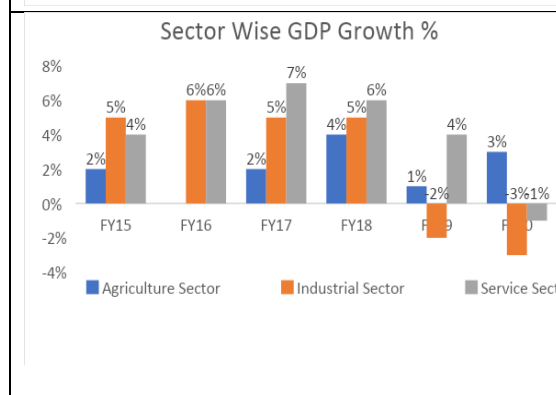
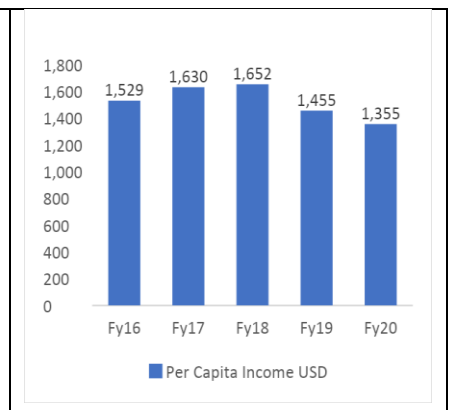
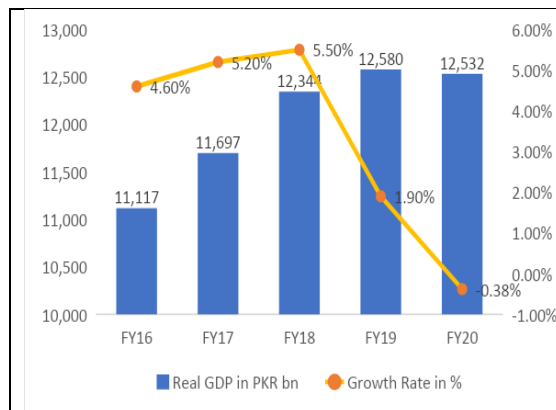
Education and Learning wing

reduction in the Saving-Investment Gap was possible due to reduction of trade deficit and increase in workers

remittances. The positive growth in agriculture was overshadowed by negative growth in industrial and services sectors.

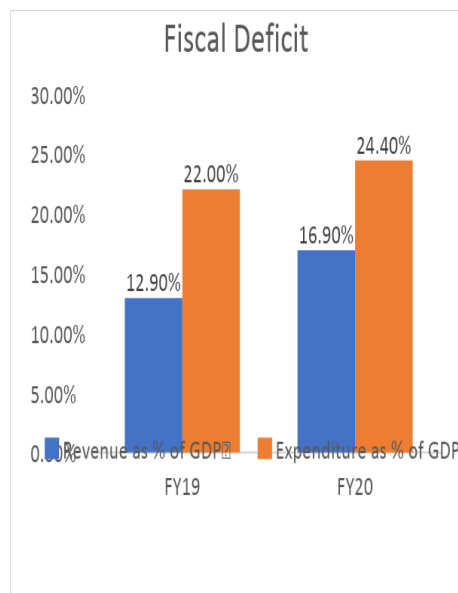
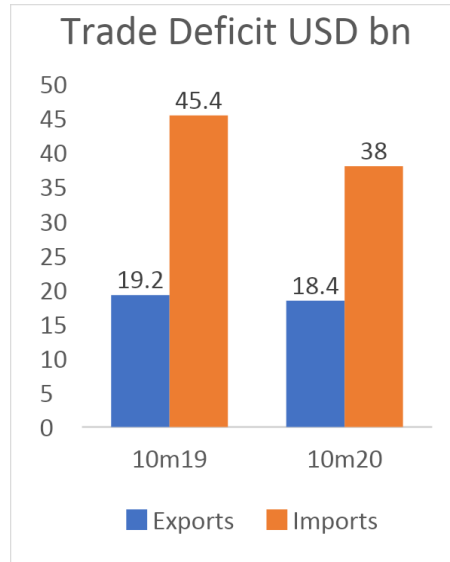
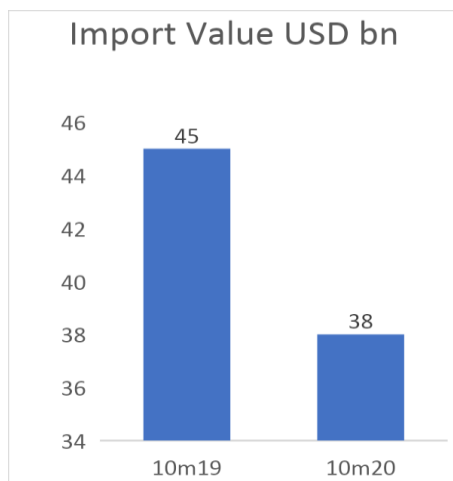
Snapshot Pakistan's Economy

The Pakistan's economy has received a severe hit from the coronavirus pandemic and subsequent lockdown measures in the final quarter of Fiscal Year (FY) 2020 (April-June). The GDP is estimated at negative 0.38 percent, for FY 2020. The economy has contracted for the first time since 1952 and has missed almost all key targets. Investment to GDP ratio was 15.4% during Jul-Mar FY20 versus 15.6% for the same period last year. National Savings to GDP was 13.9% during Jul-Mar FY20 compared to 10.8% for the same period last year. The



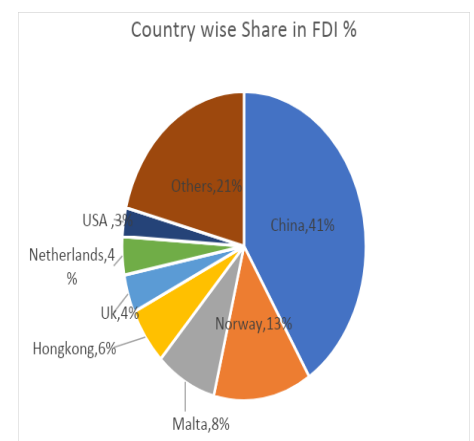
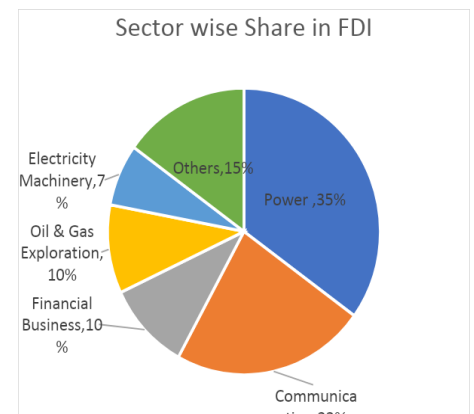
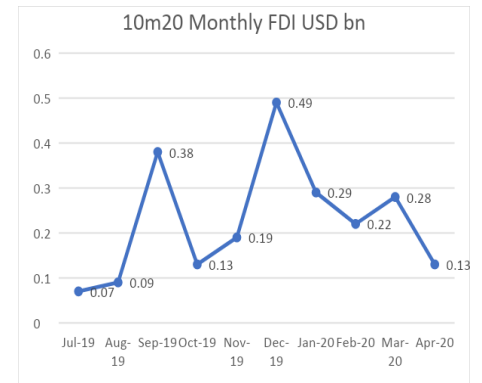
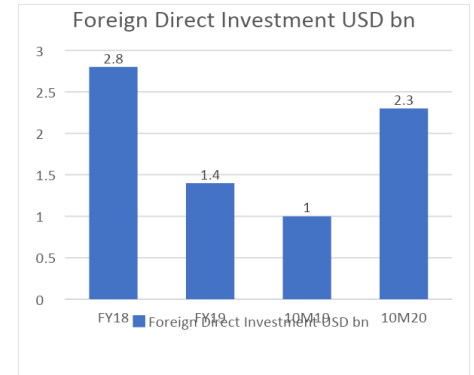
Current and Fiscal Account

Pakistan's current account deficit contracted to USD 3.3 bn in Jul-April FY20, as compared to USD 11.5 bn in the same period last year, registering a decline of 71%. During Jul-April FY20, exports reached USD 18.4 bn as compared to USD 19.2 bn during same time last year, showing a decline of 4% primarily due to the impact of COVID-19 for the month of April, as Pakistan's exporters are facing declining demand in overseas markets. The total imports in Jul-April FY20 decreased to USD 38 bn as compared to USD 45.4 bn in the same period last year registering a decline of 16%, the lowest level in four years. The fiscal position significantly improved during FY20 of current fiscal year. Fiscal deficit was recorded at 7.5% of GDP, against 9.1% during the same period last year.



Foreign Direct Investment

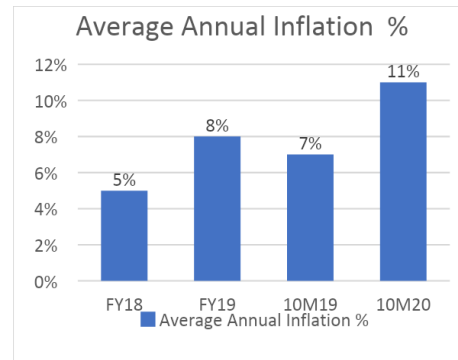
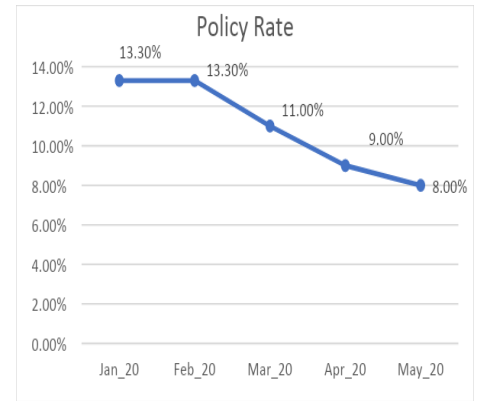
Net Foreign Direct Investment stood at 2.3 bn during Jul- April FY20, compared to USD 1 bn during last year reflecting 127% growth. In the month of April, net FDI witnessed a growth of 32% compared to the FY19 in this month. This, however, represents a fall of 52% from March 20.



Average inflation rate in Pakistan stood at approximately 11% during Jul-May FY20. The inflation

peaked to 14.6% in January 20 which was a result of energy tariff adjustments and adoption of market-based exchange rate. A downward trend was observed in inflation after January, whereby, it contracted to 8.2% in May 20 registering a drop of 6% in last four months due to declining oil prices and falling demand due to pandemic.

The declining inflation rate has given room to SBP which has aggressively slashed the policy rate to 8%. Policy rate was kept on the higher side at 13.25% since July 19 until March 20 to contain inflation.



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Education and Learning wing

A Bizarre Suggestion

With the US 2020 election just a few months away, President Trump has come up with one of the strangest suggestions – delay the election. Constitutionally, this can only be done by the Congress which is at present partially controlled by the Democrats and the US President does not possess any authority to postpone it.

Trump's far-out idea comes in the wake of the American states' desire to make postal voting easier due to the COVID-19 pandemic and the associated public health concerns. A record

number of Americans are expected to participate in November's vote through mail-in voting to avoid the risk of getting infected with coronavirus. Without any solid or reasonable evidence, Trump has shown his concern that the postal or universal mail-in voting will make the upcoming election "the most inaccurate and fraudulent" election in the US history and, therefore, "a great embarrassment to the USA." Undeniably a conjectural statement and a highly misleading claim on his part about the reliability of the mail balloting. He wants to delay the voting till the people of the US feel safe and secure to cast their ballot. If asked when will that happen, Trump may not be able to give an answer himself given the current COVID-19 infection and fatality rates in the US and

his government's extremely poor show against controlling the spread of the disease in America. As of end of July 2020, more than 4.6 million were infected by coronavirus and almost 155,000 have died in the US. These numbers are way ahead of Brazil; the second position holder with 2.6 million infections and 91,000 deaths.

As bizarre as it may seem, this queer suggestion by Mr. Trump is a clear signal of his lack of confidence, in the not so far away battle for the White House, against Joe Biden. A glance over the national polls makes things clear and Mr. Trump's nervousness can be justified by the predictions on who is expected to occupy one of the most powerful public offices in the world. The state-by-state polling data of 30th July shows

308 electoral college votes out of a total of 538 for Joe Biden and only 128 for Donald Trump with only seven toss-up states having the rest of the 102 votes. In the toss-up states the difference between the two rivals is less than five percentage points. Even if all these

tilt in favor of Trump, he may not win the election. A clear lead by Biden who requires 270 electoral college votes to win the elections seems to have made Trump shaky and recommend a postponement of the elections. It is not only a dismal performance against controlling the pandemic that has increased Trump's fear of losing, if the elections are held on time. The release of the second quarter's economic data has

added to his woes. He had been relying on the financial turnaround theme to strengthen his campaign to get re-elected. However, the economic indicators of the second quarter, published recently, portray a dark picture. It would not be unrealistic to expect more desperate moves from a frustrated Trump in the days to come and as the election gets closer.

Athar Mansoor
Research Fellow

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**Research &
Consultancy
Wing**

China In, India Out

*"Let her sleep, for when she wakes
she will shake the world."*

-Napoleon Bonaparte's quip about China

The 'Chinese century' began in 2017 when Chinese Premier held the Belt and Road Initiative (BRI) summit, inviting leadership of 68 countries representing two-thirds of the world's population and half of its GDP. The cancellation of Iranian railway contract with Indians and resulting Chabahar Port transfer to Chinese is the manifestation of that order.

Initially, in 2016, India aimed to influence Afghanistan and further encircle Pakistan through its commercial investments in Iran. That would have made Pakistan's western flank very insecure in addition to perpetual insecurity on its eastern front. India was to

construct a railway line linking Chabahar to Zahedan and eventually going into Afghanistan. India cannot afford to play both sides of gallery anymore. Despite American sanctions, India was able to get exemption for Chabahar Port but kept delaying its funding of projects under various pretexts due to US pressure. Iran, already under heavy US sanctions, signed agreements with China worth US\$400 billion to be invested in the country over a period of next 25 years. India's exit from railway projects means it is automatically excluded from project.

Implications for Pakistan: It would provide an opportunity for Pakistan and Iran to further enhance their ties. Pakistan should feel more confident with Chinese presence and the absence on India on the front. Otherwise, like in Afghanistan, India would not only have created trouble for Gwadar Port in terms of commercial competition but also threatened peace and security of the region. Tehran has shown resolve to Islamabad for establishing a

symbiotic relationship between Gwadar Port to Chabahar Port in terms of commercial activities. It shall be an ideal situation for Islamabad if two ports complement each other creating a win-win situation for all parties involved.

US Elections: Gross mismanagement of COVID-19 by Trump administration has given Presidential rival, Joe Biden, two digits lead in the elections. Biden has hinted that he would restart negotiations with Iran and revisit Joint Comprehensive Plan of Action (JCOPA) which had been abandoned by Trump administration. In case of easing of US sanctions on Iran, it would give Pakistan more confidence to engage with Iran in various spheres including commercial field. It would be wise for Islamabad to wait and see the results of US elections, which are three months away, before strongly embracing Tehran without agonizing too much of its external relations.

Ammar Hayat
Research Associate

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



Knowledge Management Wing

BIPP held a special Zoom session on Wednesday 3 June 2020 for Mr. Khalid Sherdil to pay him tributes, recognize his enormous contribution to BIPP and express our sentiments of respect, love and affection for him. The session was moderated by Mr. Shahid Najam (Vice Chairman BIPP) and remarks and tributes were given by Mr. Shamshad Ahmed Khan (former Ambassador, Pakistan), Mr. Hamid Yaqoob Sheikh (Chairman, P&D), Dr. Iftikhar Ahmad Chaudhary (Former Minister for Foreign Affairs, Bangladesh), Mr. Ayub Ghauri (NetSol), Mr. Mujahid Sherdil (Mr. Sherdil's brother), Mr. Khurram Javed (Mr. Sherdil's personal friend), BIPP's team, Punjab Urban Unit's team, friends and family.



You can access the video of event from the following link:
<https://www.youtube.com/watch?v=yRUaY-TA7H8&feature=youtu.be>
 The biography of Mr. Sherdil and tributes given by colleagues and friends can be accessed from at:
http://www.sjbipp.org/Khalid_Sherdil/Tributes.pdf

The Women Economic Development Initiative Punjab (WEDIP) held a press conference at BIPP office on 21 July and presented Action Plan 2020-2030 with the consortium of 15 partners in 10 active sectors. The BIPP is a partner of WEDIP along with fifteen NGOs that aim to provide endowment-based skills training to 500,000 women in the province.



The WEDIP has initiated a life skills-based program for women that focuses on following five

components of Sustainable Development Goals (SDGs) related to education, gender equality, economic growth, climate action and partnership.

Goal 4- Quality Education
 Goal 5- Good Health & Well being
 Goal 8- Decent Work & Economic Growth
 Goal 13- Climate Action
 Goal 17- Partnership for the Goals

BIPP team members Mr. Ammar Hayat, Ms. Kainat Shakil and Ms. Atr-u-Nissa attended an e-launch of the book entitled "Policy Response During Challenging Times: Insights From The Budget 2020-21 And The Way Forward" on 24th July organized by the Department of Economics, Institute Business Administration Karachi. The publication provides an analysis of the federal budget, fiscal outlook, and policy response during these challenging times.



The full book from the following link:
<https://www.iba.edu.pk/policy-response-during-challenging-times.pdf>

Samra Naz
 Assistant Manager IT/KM
 The Shahid Javed Burki Institute of Public Policy at NetSol, Pakistan



Education & Learning Wing

COVID-19 and Power of the State

Since the onset of the COVID-19 pandemic, states around the world have exerted their powers by imposing emergencies and curfews to limit the spread of the virus. These measures have meant that people's freedom of movement and other civil liberties are temporally suspended for the great communal good. However, some governments have exploited these measures to strengthen their control thus the very social distancing measures used to fight the virus are the ones being exploited by authoritarian governments to police their citizens.

Governments around the world are increasingly centralizing their decisions, amidst the pandemic and in some cases, this has resulted in silencing dissidents and the opposition. For instance, media freedom curbed under the guise of preventing the spread of 'misinformation'; in Turkey journalists have been jailed. At

the same times the state's control of media has meant that the "real misinformation" is being propagated by governments itself or their own benefit. Under the guise of the virus leaders are using emergency powers to further their own agendas. For example, Victor Orban of Hungary has passed a law banning transgenders from altering their birth records, which can hardly be called a public health priority. In Brazil, government officials tried to de-regulate the Amazon, using COVID-19 as a cover to prevent press scrutiny. States have increased surveillance measures, using location tracking and other technologies. While this has been deemed necessary to prevent the spread of the virus, there is no guarantee that these measures will be abandoned after the pandemic ends, compromising the right to privacy of billions. Due to the emergency-like nature the military has assumed an important role in many countries as it aided in imposing lockdowns. There are fears that this may lead to an imbalance of civil-military relations with civil society becoming subservient to the military, leading to human rights abuses in the long run, especially in counties with weak institutions. Protests are essential in order to encourage discourse and the development of a healthy civil society. However, their ban has allowed governments to pass unpopular laws for example, in India, the Citizenship

Amendment Act was passed without much difficulty after protests died down due to COVID-19.

Conclusively, COVID-19 has led to the curtailing of civil liberties and rise of authoritarianism in many regions. Regulatory measures need to be in place to ensure that this does not become the new normal of governance.

Zumer Zia
Research Internee

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



From Finance & Administrative Wing

Macro-Environment Review

In the first half of FY20 the fiscal deficit stood at 2.3 percent of the GDP, compared to 2.7 percent in the first six months of FY19. The fiscal adjustment was achieved through increases in domestic revenue collections and slower growth in non-interest recurrent expenditures. However, the COVID-19 pandemic is likely to put significant pressure on expenditures because revenue collections are expected to be negatively impacted. Pakistan's public debt, which stood at 87.5 percent of GDP at the end of FY19, may rise as a result.

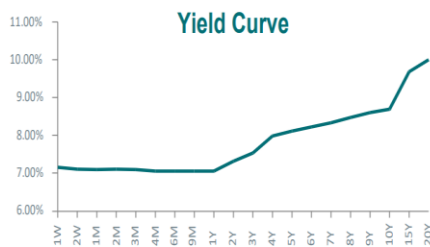
The fiscal deficit is expected to remain elevated in FY20 and FY21. Revenue mobilization efforts will be negatively impacted by subdued domestic activity, while expenditures will increase to contain the spread of COVID-19 and support the economy. The fiscal deficit is expected to fall gradually by FY22 as the impact of the crisis tapers-off. However, the public debt to

GDP ratio is expected to increase and remain elevated over the medium-term, with Pakistan's exposure to debt related shocks remaining high.

There are considerable downside risks to the outlook. The immediate challenge for the government is to contain the spread of the COVID-19 pandemic, while minimizing economic losses and protecting the poorest. In the medium to long-term, the government should remain focused on implementing structural reforms to boost private investment sustainably.

Securities Market

State bank of Pakistan has further reduced policy rate to 7.0% to provide monetary stimulus to declining economic growth. Pakistan total domestic debt stands at PKR 25trn (61% of GDP) vs. PKR 20trn in March 2019 with TTM fiscal deficit of PKR 3trn. The total debt to GDP currently stands at more than 90% vs. 87% in same period last year.

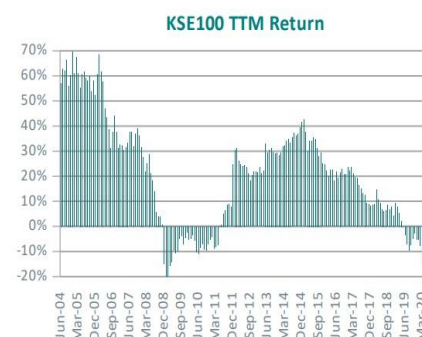


Going forward, we expect yields to improve further as some clarity is emerging over inflation and economic outlook. Recently,

Ministry of Finance also auctioned floating rate instruments in an attempt to further lengthen the maturity profile of sovereign debt by converting some short-term treasury bills to floating rate papers.

Equity Market

As of Jun 2020, KSE100 has gained 1.4% MOM & -1.7% YOY to close at 34,421. The index touched the highest level of 35,128 on 11th June as Paris Club of creditors nations agreed to suspend debt service payments of Pakistan and its lowest level of 33,434 on 19th June. During TTM foreign investors have sold equities worth USD 45mn while individuals and mutual funds have bought equities worth USD 17mn & USD 10mn respectively.



Given the global health epidemic is tackled with and defeated, over medium term, Pakistan equity market is geared to show upward momentum as business cycles is expected to improve, inflation will normalize, domestic consumption will improve, technology transfer will take place, demographics will pay dividend, 6 public spending will expand, and credit cycle will recover.

Awais Khalid
Manager Finance

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

The Shahid Javed Burki Institute of Public Policy at NetSol

Who we are?

The Shahid Javed Burki Institute of Public Policy at NetSol (BIPP) is an independent, not for profit institution which aims at: promoting rights and evidence based inclusive policy making; filling institutional void and professionalizing the key public policy areas; serving as a knowledge hub for policy analysis, development and implementation. BIPP's aim is to minimize this rationality deficit and produce leaders to bring tangible welfare gains for the citizens. Integrity and Commitment, pursuit of excellence, expanding horizons of competence and knowledge, working as a highly motivated and dedicated team constitute our core values.

12th Annual Report:

The State of the Economy: Pakistan's Development Strategy in a Rapidly Changing Environment

Introduction:

The report provides an overview of the economic

situation during 2018-19 and, inter alia, highlights the need for a paradigm shift to resuscitate the economy and put it on a sustainable path. It also comprehensively looks at the implementation status of various projects under the China Pakistan Economic Corridor (CPEC) framework and recommends specific measures to fully harness CPEC potential within the overall Road and Belt Initiative as a game changer for the country. The report, in particular, dwells on the evolving demand of China for agricultural and food products and scope for Pakistan to tap and access the rapidly expanding Chinese markets especially in the Western region. There is indeed a huge opportunity for Pakistan through CPEC connectivity to become a part of the regional value chains and global production networks. The report also strongly advocates transparency in CPEC management and the need to address the information deficit issues regarding CPEC activities. Excessive confidentiality and secrecy with regards to the dealings, negotiations and contracting CPEC projects besides belittling accountability, leads to poor investor participation in the program.

Contents:

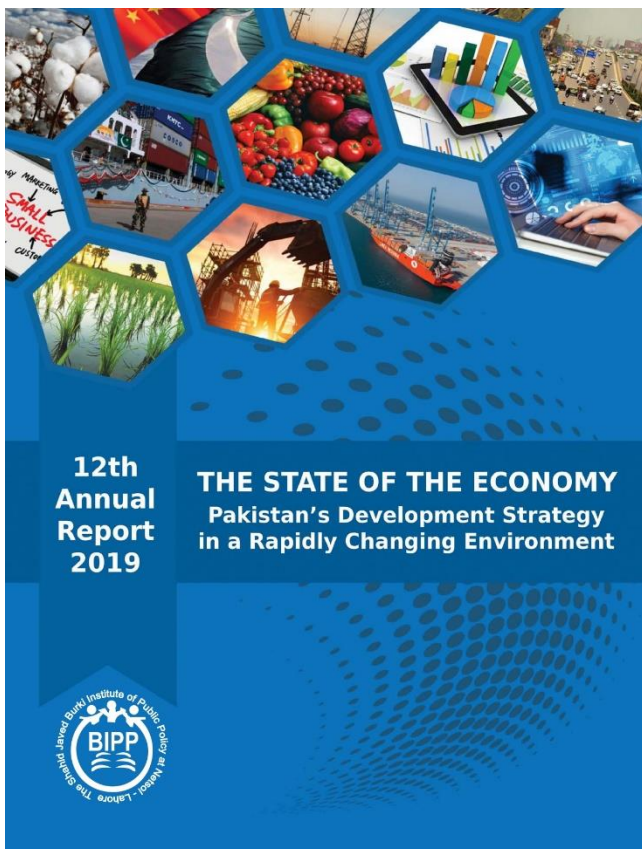
This report comprises the following nine chapters

1. Pakistan's Favorable Fortune: Turning the Vision into Reality
2. The World in 2019: A Year of Despondency
3. Economic Developments in 2019 A Perilous Year
4. The Road and Belt Initiative Viewed from a Wider Context
5. CPEC: Progress Update
6. China's Changing Demand for Food and Agricultural Products
7. CPEC Agriculture and Trade: Looking Beyond Borders
8. Untold Stories and Unsaid Truths: Where can CPEC go wrong?
9. The World We Live In

Authenticity:

The data/material is taken from the following authentic sources:

- Pakistan Bureau of Statistics
- Ministry of Finance Pakistan
- State Bank of Pakistan
- Pakistan's Economic Survey
- World Economic Outlook
- World Development Indicator; World Bank Databank
- Government of Pakistan CPEC Website
- FAOSTAT
- OECD-FAO Agricultural Outlook 2019-2028
- Trade MAP-Trade competitiveness Map 2018
- ITC calculations based on UN COMTRADE
- China Statistical Book 2009-18
- World Economic Forum
- World Integrated Trade Solutions database



Editorial Board & Authors

Mr. Shahid Javed Burki

Mr. Burki is a prominent Pakistani economist and the Chairman of the Shahid Javed Burki Institute of Public Policy at NetSol (BIPP). He held prestigious positions during his professional career with Pakistan (1996-1997) including Chief Economist, Planning and Development Department Government of Punjab and the Finance Minister. With World Bank, he served as the first Director for the China Department (1987-1994) and the Regional Vice President for Latin America and the Caribbean during 1994-1999. He has also been a member of the faculty at Harvard University, USA. He has authored many books besides regularly contributing articles to the renowned newspapers on issues of vital national and global interest.

Mr. Shahid Najam

Mr. Najam is the Vice Chairman of BIPP. He has four Masters including LLM and MSc. Public Policy from London School of Economics, UK and MSc. Rural Development from Wye College London. He has more than 40 years of experience with Government of Pakistan and the UN System in policy and strategy formulation; and development planning and programming. He held important assignments as civil servant including Commissioner Lahore Division (1999- 2001) and the first Chief Operating Officer, of the Punjab Board of Investment and Trade (2009). With UN system, Mr. Najam served as FAO Representative, Iran (2007-2009) and the UN Resident Coordinator/Resident Representative Turkey (2009-2013).

Dr. Daud Ahmed

Dr. Daud Ahmad has to his credit PhD in Civil Engineering (Hydraulics) from Colorado State University, USA. He is a senior development professional and practitioner who worked for nearly 35 years with the World Bank on large scale infrastructure development projects in different countries, mostly in Asia.

Dr. Farrukh Iqbal

Dr. Iqbal has more than thirty years of research and management experience in the World Bank across a diverse range of countries and sectors including Korea, Philippines, Indonesia, China, Iran, Egypt, and the Gulf Cooperation Council (GCC) involving various aspects of economic development e.g., poverty, small and medium

enterprises, trade and foreign investment, local government development etc. He also served as the Executive Director of the Institute of Business Administration, Karachi (August 2016-2019). He holds a Bachelor's degree from Harvard University and a Ph.D. in Economics from Yale University, USA.

Dr. Mahmood Ahmed

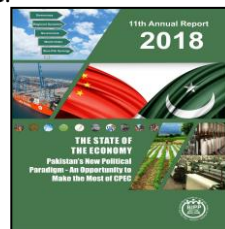
Dr. Ahmad is internationally renowned expert on agriculture, value-chain and water policy. He did his PhD from the University of Massachusetts in Resource Economics (1979). He carries an experience of around 40 years, including 24 years with the Food and Agriculture Organization of the United Nations, working in more than 15 countries. He, in particular spearheaded the World Bank assisted Regional Initiative on Water Scarcity of the FAO Regional Office in Cairo; and assisted in formulating the ECO national and regional food security policies and strategies.

Mr. Asad Ejaz Butt

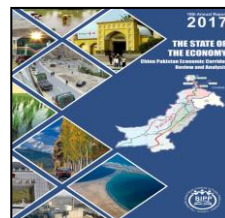
Asad Ejaz Butt holds a Masters degree with double majors in Economics and International Development Studies from University of Guelph, Canada prior to which he completed his undergraduate studies in Economics at York University, Canada. He has worked with ICF International especially on modelling the energy efficiency products and demand-side management. He has also done consultancy and advisory assignments with several multilateral and bilateral donors including the UN, USAID, GTZ and state-owned utilities in the US. In BIPP, he served as Director, Research and Coordination for around two years from 2016 to 2018. He currently works for the Federal Government in Islamabad.

Back Issues

11th Annual Report:
The State of the Economy:
Pakistan's New Political
Paradigm- An Opportunity
to make most of the CPEC



10th Annual Report:
The State of the Economy:
China Pakistan Economic
Corridor- Review & Analysis



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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

