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Multiple centers of power can result in wasteful use of resources and division among nations that are counterproductive

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Shahid Javed Burki
Chairman

The Shahid Javed Burki Institute
of Public Policy at NetSol

German Zeitenwende: Turning of the Times

What makes a great power a superpower? Does global governance dominated by a couple of players produce better results for the world as a whole? The answer to the first question is simple: most of its people and most of those who hold the reins of power must pull and push their country in the same direction. The answer to the second

question is not obvious. Multiple centers of power can result in wasteful use of resources and division among nations that are counterproductive. This is the case when those who are competing for global dominance follow different ideologies of governance.

Two recent examples of this phenomenon are the United States and what was once the Union of Soviet Socialist Republics, the USSR. Both became superpowers after they had participated in defeating the authoritarian regimes of Europe in the Second World War. The collapse of the USSR and its breakup into its constituent parts reduced Russia's global presence. The comparatively recently deceased Mikhail Gorbachev didn't want to follow the direction in which the once superpower had gone and was expected to proceed. The new Russian leader did not have a problem playing a secondary role in the global order. In 1991, when Gorbachev's policies led to the breakup of the USSR, the United States was left alone as the world's sole global power. Did Gorbachev intend the outcome his policies of openness and reform produce? This question was debated by historians who reexamined what had become conventional wisdom about the performance of the late Russian leader? Alternate history is enjoying a modest revival, a discipline in which some of the assumptions made in telling the old story were no longer valid. According to Paul Musgrave a professor of history at the University of Massachusetts at Amherst, Gorbachev did not aim to make the Soviet Union more like the West. The Soviet leader "believed communism, suitably modified would ultimately outcompete capitalism. For Gorbachev and others steeped in the Soviet system, the ultimate course of history was no less certain than for Americans - the timeline just needed some tweaking to come out right."

To remain the leader of the world, Americans will have to change the way they deal with their evolving situation. *Zeitenwende* was theme of a recent speech given by German Chancellor Olaf Scholz in Prague. The term in the German language means "turning of the times." He explained that Germany had "undergone a fundamental change." He affirmed German support for a stronger, more integrated Europe - one that would welcome members that aspire to Europe's democratic values and ideal. "On one level, this is indeed a dramatic shift," wrote Fareed Zakaria in his column that appears every Friday in *The Washington Post*. "Yet it is also the continuation of remarkably consistent German attitude toward Europe and the world since 1945. Think how different the world would look if we did not have at the center of Europe its most powerful nation - the country that is largest net contributor to the European Union - totally committed to democratic and liberal values and willing to make sacrifices for them. Germany today is the rock on which a new Europe is being built."



Shahid Najam
Vice Chairman

The Shahid Javed Burki Institute
of Public Policy at NetSol

Sustainable Development- the Quest for a Workable Economic Model

The policy makers and the economists in this extremely diverse world of affluence, affliction, and abject poverty, are perpetually engrossed in the quest for designing a universally accepted development model which while ensuring the prosperity and well-being of all the peoples, will also secure the environmental integrity and the coherence of eco-system of the earth. On one end of the spectrum, there are those who advocate that consumption-driven economic growth will lead to sustainable, equitable and decent living conditions of the currently estimated 8 billion people (the numbers are projected to swell to 9.8 billion by 2050). On the other end, there are those who vociferously contest this proposition and advocate that the very survival and habitability of the planet will be endangered to a possible extent of extinction if consumption driven endless economic growth is pursued without respecting the ecology and environment. They plead for a development paradigm based on “less for more” to resolve the tension between ecology and economy and strike a balance between what the poor countries minimally need to spur sustainable growth and the extent to which the rich countries need to constrain their production and consumption patterns not to overburden or denude the planet earth of its natural resource endowment and its

carrying capacity to sustain food, habitat, water, and other resources for human survival.

The scientific data presented as far back as 2005, in the Millennium Ecosystem Assessment, a collaborative effort involving more than 1,360 experts worldwide, followed by detailed accounts documented in the ecological footprint, interdisciplinary research on planetary boundaries and many more reports and scientific studies on climate change, biodiversity and eco-system services raise serious concerns regarding the irrational use of the biosphere and indiscriminate utilization of natural resources. These assessments and studies, based on solid empirical evidence, forewarned about the likely implications for human life as regards the current rate of use of natural resources in terms of passing beyond “tipping points”.

This undeniable reality calls for a redefinition of standards of prosperity and welfare which at the moments are generally measured by economic growth measured as GDP. If the rate of use of earth's carrying capacity continues by the standards established by the developed world, it is estimated that merely between two to maximally four billion people, could survive. The major challenge is how to ensure human prosperity without pursuing the current model of economic growth? The humanity must collectively, espouse an economic model that harmonizes ecology with economics while securing both people and the planet.



Prof. Dr. Shahid Munir
Chairperson
Punjab Higher Education
Commission Pakistan

A Socio-Economic-Political Landscape of Pakistan

Pakistan is a country located in South Asia and is home to approximately 220 million people. The country has faced numerous challenges throughout its existence, ranging from socio-economic to political. Pakistan's socio-economic scenario is multifaceted, with a large population, limited resources, and a high level of inequality. One of the major socio-economic challenges faced by Pakistan is poverty. Despite being a resource-rich country, a significant percentage of the population lives below the poverty line, which is the root cause of many other issues such as illiteracy, malnutrition, and poor health.

Another socio-economic challenge faced by Pakistan is illiteracy. The literacy rate in Pakistan is around 60%. The 40% people in Pakistan are illiterate, which is a significant hurdle in the development of the country and limits the opportunities available to them. The interaction of demographic, economic, social, and political factors affects a nation's employment profile. Employment is still being negatively impacted by population pressure. The energy crisis is another significant challenge faced by Pakistan. The country has been facing a severe shortage of electricity and gas, which has adversely affected industry and commerce. As a result, there has been a rise in unemployment and a general decline in living standards.

Furthermore, Pakistan is facing numerous environmental challenges, including deforestation, water scarcity, and air pollution. These issues have significant socio-economic

consequences, as they can lead to health problems, reduced agricultural yields, and limited economic growth. Moreover, climate change is exacerbating these environmental challenges, leading to more frequent natural disasters and increased vulnerability to extreme weather events.

The political system's primary duty and responsibility is to meet the fundamental needs of its populace. It is generally accepted that political stability is a prerequisite for economic growth. However, in Pakistan, changing political regimes has proven to be quite difficult, which has led to uncertainty and a temporary slowdown in the rate of economic growth. The uneven and inconsistent results of the government's implementation of policies, programs, and projects affect the country's sustainable development.

Pakistan's great potential has been hindered by various challenges in the socio-economic-political sphere and country's large population, limited resources, and history of political instability have made it difficult to achieve sustainable development. However, the government has taken steps to address these issues, and progress has been made in some areas. The country's economy has shown some signs of improvement, and initiatives to reduce poverty and promote education and healthcare have helped improve the standard of living for many Pakistanis. However, much work remains to be done, the government needs to take concrete steps to address all related issues and create a conducive environment for growth and development. This requires the implementation of policies that promote education, economic growth, and stability by continuing to implement reforms and promoting good governance. Additionally, efforts need to be made to ensure access to basic necessities such as electricity and gas. Only through concerted efforts can Pakistan overcome these challenges and move towards a brighter future. It is a well-known fact that education is essential for any society's long-term

economic growth as well as innovation, institutional development, and social cohesion. It is essential to a country's structural, social, political, and economic growth. Many of the socioeconomic problems in Pakistan can be reduced and effectively handled by improving the educational system. Only with a strong education policy and the implementation of the nation's education system will there be a transition from antiquated methodologies to modern strategies in every area of practical life. The development of a solid social structure, significant advancement, and remarkable growth of the nation are all driven by education. It brings out people's strengths and talents, refocusing these forces.



Tariq Hussain
Member, Board of Directors
 The Shahid Javed Burki Institute
 of Public Policy at NetSol

vast amounts of new electricity from sources that emit little to none of the greenhouse gases causing warming—such as Solar or wind or geothermal. Clean electricity is to power not only the current energy use by the planet but also the increasing demand by the increasing population of the world living at higher standards. Achieving net-zero emissions will not be easy—even though much of the science needed is known. Two challenges are one, converting science to higher efficient technology; and two doing so globally. Both will require co-operative governance. Nations are falling way short of existing pledges to reduce emissions, and global warming remains on track to charge past 1.5 degrees—perhaps by the end of this decade. Yet there is hope because the alternative will be catastrophic.

The International Energy Authority (IEA) produced a Report in 2021 called: - NET ZERO BY 2050: - A Roadmap for the Global Energy Sector/IEA. The summary of that Roadmap is presented in Table A below. This Plan will reduce 34 billion tons of planetwide emissions to net zero.

The Road to Net Zero Carbon Emissions Globally

Planet Earth has warmed about 1.1 degrees Celsius (C) since the 19th century. This resulted from the expanding use of coal and fossil fuels to produce energy for human use. The 2015 PARIS AGREEMENT by 193 nations agreed that drastic actions are globally necessary to decarbonize energy production to keep the planet from crossing 1.5 degrees C of warming—the threshold beyond which irreversible warming trend may be triggered. The goal of the Paris Agreement is to achieve “net-zero emissions”, where any greenhouse gases entering the atmosphere are balanced by those being removed.

The key to a decarbonized future is to produce

Table A
Road Map to Net Zero by 2050

Sector	2025	2030	2035	2040	2045	2050
Electricity and Heating	Solar and wind 20 % of total electricity	No coal plants in advanced countries w/o carbon capture capacity	Overall net zero carbon emissions in advanced economies	No coal or oil plant w/o carbon capture capacity	Nuclear power of 5000 tetra watt-hours per year—double the 2021 level	70% of electricity generation globally by solar and wind
Industry			All industrial motor sales are electric			90% heavy industrial production is electric
Transport		60 % of global car sales are electric	50% of heavy trucks are electric	50% fuel used in aviation is low emissions		
Buildings	End the sale of fossil fuel-based heating systems	100% of lighting sales are LED	Most Appliances and cooling systems are best technology	50% buildings retrofitted to produce net zero emissions	50% of heat demand is met by Heat Pumps	85 %of buildings produce net zero emissions



Shahzad Akhtar
Business Growth Development

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Navigating the Roadblocks: The Uphill Battle of Startups in Pakistan

Recently, quite a few startups in Pakistan have been either downsized or completely shut down. A common trend that emerged is that the startups that are losing/ killing themselves in Pakistan are those with a very weak strategic identity. Some of them are also lacking in the right business model for their industry. The cause of death was either due to lack of funds, poor market research, and insufficient checks and balances at the regulatory level.

Pakistan's startup ecosystem is almost at the stage where it needs to over-achieve in order to survive. In order to improve financial performance, startups need to focus more on unit economics and their line of sight. Overcoming barriers such as a lack of mentors, funding, and mentorship acceptance on the part of startups can help align startups and move toward their Northstar.

The startup ecosystem in Pakistan is going through the same phase that Silicon Valley went through from 1990 to 2010. It is important for Pakistan to have an organic startup ecosystem and not a rented one. The government, investors and incubators have a role to play - but only to the extent of creating the conditions for startups to thrive as independent entities.

Startups in Pakistan are facing a number of challenges:

One of the major challenges faced by startups is the lack of business planning and unit economics. The business model is not clearly defined, which leads to failures in the long run.

Pakistan has been witnessing a lot of churning cycles because startups have failed to convince customers about their products or service and have not been able to build a sustainable customer base.

The other challenge faced by start-ups is the burn rate, which refers to how quickly an organization spends its capital. Start-ups face this issue because they are constantly taking out loans and are unable to generate enough revenue for themselves. Start-ups in Pakistan need more support from local investors who are willing to invest in these businesses.

Startups in Pakistan are also challenged by the lack of a supportive ecosystem and access to funding. In Pakistan, there is a lack of mentors, angels, incubators and VCs. The government has also failed to support startups by providing them with tax relief benefits and other incentives.

The major challenge for startups in Pakistan is that they are not able to generate enough revenue from their customers. This is because there is a mismatch between the unit economics of their business model and the churning cycle.

In order for startups to survive these challenging times, they need to have a sustainable business model that can generate enough revenue at scale. They will also need to make sure that they do not spend more than what they earn on customer acquisition costs or burn rate.



Atr un Nisa
Senior Research Fellow
 The Shahid Javed Burki Institute
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Pakistan's Economic Update (March 2023)

“Pakistan's economy still remains currently below potential, implying a negative output gap. Inflation remains substantially above targets. The global energy crises, which has pushed up global commodity prices, also puts downward pressure on international official reserves.

In the real sector, During Jul-Dec FY2023, the agriculture credit disbursement increased by 31.5 percent, reached to Rs 842.4 billion from Rs 640.8 billion compared to corresponding period last year. During Rabi 2022-23 (December 2022), urea and DAP off-take stood at 833 thousand tonnes (39.2 percent higher than December 2021) and 158 thousand tonnes (35.2 percent higher than December 2021).

Monetary tightening, import compression strategies, and recessionary global pressure continued to suppress the performance of the manufacturing sector since the beginning of the current fiscal year. During Jul-Nov FY2023, the LSM witnessed a contraction of 3.6 percent against the growth of 7.2 percent same period last year. On YoY basis, LSM plunged by 5.5 percent in November 2022, while over the previous month, it grew by 3.5 percent. During the period, 5 out of 22 sectors witnessed positive growth which includes, Wearing apparel, Leather Products, Electrical Equipment, Furniture, and others while it decreased in Food, Beverages, Tobacco,

Textile, Coke & Petroleum Products, Pharmaceuticals, Chemicals, Iron & Steel products, Wood Products, Paper & Paperboard, Rubber Products, Non-Metallic Mineral Products, Fabricated metal, Machinery and Equipment, Automobiles and Other Transport Equipment.

The CPI inflation recorded at 24.5 percent on a YoY basis in December 2022 as compared to 23.8 percent in the previous month. MoM basis, CPI increased to 0.5 percent in December 2022 as compared to an increase of 0.8 percent in the previous month and a decline of 0.02 percent in December 2021. The average CPI in the first Six months of the current fiscal year is recorded at 25.0 percent compared to 9.8 percent during the same period of last year.

The fiscal deficit during Jul-Nov FY2023 has been contained to the same level of 1.4 percent of GDP as it was recorded in the comparable period last year. While the primary balance improved during Jul-Nov FY2023 and posted a surplus of Rs 511 billion (0.6 percent of GDP) against the deficit of Rs 36 billion (-0.1 percent of GDP) last year. The net federal revenues grew by 34.7 percent to reach Rs 1996 billion during Jul-Nov FY2023 against Rs 1482 billion in the comparable period of last year. Due to a considerable collection under the SBP profit and petroleum levy, non-tax revenue saw a remarkable increase of 58 percent. Similarly, tax collection grew by 16.1 percent during the period under review. Thus, both tax and non-tax revenues have contributed to achieving significant growth in revenues. Total expenditure increased by 16.4 percent to Rs 3367 billion during Jul-Nov FY2023 against Rs 2894 billion in the same period of last year. Within the total, current expenditures grew by 22.6 percent owing to an 83.6 percent increase in markup payments. While PSDP expenditures slide down to Rs 130 billion during Jul-Nov FY2023 against Rs 252 billion in the comparable period of last year.

The provisional net tax collection increased by 17.4 percent to Rs 3428.8 billion during Jul-Dec FY2023 against Rs 2919.9 billion in the same period last year. The increase in growth is largely attributed to a 49 percent growth in direct taxes. Domestic tax collection grew by 21.3 percent. Within domestic, sales tax was reduced by 0.2 percent, and FED grew by 12.3 percent.

The Current Account posted a deficit of \$ 3.7 billion for Jul-Dec FY2023 as against a deficit of \$ 9.1 billion last year, mainly due to contraction in imports. However, the current account deficit shrank to \$ 400 million in December 2022 as against \$ 1857 million in same period last year, largely reflecting an improvement in trade balance. Exports on fob declined by 6.8 percent during Jul-Dec FY2023 and reached \$ 14.2 billion (\$ 15.2 billion last year). Imports on fob declined by 18.2 percent during Jul-Dec FY2023 and reached \$ 29.5 billion (\$ 36.1 billion last year). Resultantly the trade deficit (Jul-Dec FY2023) reached \$ 15.3 billion as against \$ 20.8 billion last year. (Economic update, Ministry of Finance)."



Aiman Adnan
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Spillover Effects of Taliban in the Neighborhood

It seems that the attacks at police and minority communities have intensified since the fall of Kabul to Taliban in 2021 after the US withdrawal from the war-torn country.

The end of March 2023 saw the murder of a Sikh and Hindu community members in Peshawar and Karachi, respectively. Diyal Singh, owner of a general store on the outskirts of Peshawar was shot dead by unidentified assailants. In the recent past, many Sikh shopkeepers have been killed in Peshawar, Charsadda, Khyber and other districts of KP by terrorists. In Karachi, a Hindu doctor Birbal Genani — former Karachi Metropolitan Corporation (KMC) senior director of health and eye specialist was also shot dead by unknown men. In both cases the real motive behind the killing has not become clear but the police have also not ruled out the possibility of personal grudge.

Since some time now, the excesses against the minorities and the police force have increased, sending the wave of shock, terror and chaos among people of KP. The terrorists had also taken some police personnel by ambush in Bannu, killing one policeman and injuring many while creating a hostage situation early this year. A similar attack took place at Lakki Marwat.

Such incidents signal an upsurge in violence, threat to life, social chaos and rise in militancy in Pakistan. The country has been paying the

price of being a contiguous neighbor of Afghanistan since the 1980's, in terms of the loss of lives, militarization of youth and intolerance. This time it seems that even the new generation of Pakistanis is also witness to the horrors of the strategic liability that Pakistan's being an immediate neighbor of Afghanistan has brought.

Many international observers and commentators have been pointing towards the eventual spillover effects of Taliban rule in Kabul into Pakistan ranging from the restricted agency enjoyed by women, deepening poverty, and increased militancy/ insurgency. The Afghan women are voicing their discontent, just as is the case in Iran after Mahsa Amini's untimely death at the hands of the moral police. Pakistan's Khyber Pakhtunkhwa province is most affected owing to its proximity to the western border and that is why the new wave of religious intolerance and political violence has taken it in its embrace.



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A Multi-Polar Middle East: A Panacea for Pakistan

The recent announcement of the resumption of normal relations between Saudi Arabia and Iran after a seven-year deep freeze marks a significant breakthrough in Chinese diplomatic efforts to construct a cooperative, peaceful, and multi-polar Middle East. The détente comes at a time when the US needed the most from its former allies against Russia in Ukraine War. This development presents a unique opportunity for Pakistan to capitalize on the shifting geostrategic trends among its neighbors and forge a more balanced foreign policy approach that takes into account China's growing influence in the region.

Chinese diplomacy is based on a geoeconomic strategy that uses soft power-cum-geo-economic paradigm to pursue its geostrategic interests, in contrast to the US belligerent geopolitical games that often pit countries against one another. While the US has created defense alliances in the region to contain communism and later to counter terrorism and support Israel against Arabs; these alliances have often created a security dilemma for countries outside its sphere of influence. In contrast, China's soft power diplomacy has made it a more viable and profitable option for the Middle Eastern countries to engage with, given that China is the largest importer of fossil fuel from the Persian Gulf states.¹ The recent thaw between Saudi Arabia and Iran was made possible by the personal overtures of President Xi Jinping during

his tour to the Saudi Kingdom in December last year.² Chinese investments in the kingdom and being the largest importer of oil for its burgeoning economic boom have enabled China to negotiate a peace deal between aged-old rivals. Similarly, by making significant investments in the Islamic Republic of Iran; China agreed to invest USD 400 billion in Iran over next 25 years in March 2021³, and forging trade agreements; China has increased its diplomatic ambit and presence in the Middle East. This has not only filled the void created by the US in light of its engagements in the Russo-Ukraine War, but also made China a strong candidate for its superpower aspirations.

This peace deal signals a substantial change in the strategic situation in the Middle East. As David Ignatius, a foreign affairs columnist in the Washington Post, acknowledged, "the US is no longer the indispensable power in the region." The Saudis, who have been Washington's strongest allies in the Middle East for decades, "are now balancing their security by playing off the US against China," according to former top diplomat in the Nixon-era, Henry Kissinger. He further reiterated that "Beijing's emergence as a peace-maker changes the terms of reference in international diplomacy" and "China has made it clear that she needs to be a major participant in the creation of world order." So now there is no such a uni-polar Middle East dominated by the US after the rapprochement between the Shia-Sunni rivals brokered by China. According to Washington Post, "China is heralding a multi-polar Middle East." Being cognizant of this fact, Pakistan may experience an awkward situation between the US-China war for global hegemony or it may become the cure of all ills if handled carefully in foreign policy approach. As such, a multi-polar Middle East presents a panacea for Pakistan's longstanding geopolitical issues, provided that it adopts a coherent and balanced

foreign policy approach that takes into account China's growing influence in the region.⁴

For Pakistan, this presents a unique opportunity to leverage China's growing influence in the region to resolve its most pressing geopolitical issue: The Kashmir conflict with India. China is India's largest trading partner since 2008, with bilateral trade between the two countries recording exponential growth of 75.30% from the beginning of the last decade.⁵ According to a study by the Brookings Institute carried out in 2020, Chinese firms' existing and planned investments in India stand at more than USD 26 billion⁶. Similarly, China has huge stakes in Pakistan under the flagship project of One Belt One Road-China-Pakistan Economic Corridor-which can potentially connect Pakistan with the Central Asian Republics and the fossil fuel-filled Middle East.

CPEC is an enormous opportunity for India as well. Shyam Saran, ex-Indian diplomat pointed out that "looking at the financial health of India, it is wise for India to be part of the Belt and Road Initiative (BRI), and CPEC presents an opportunity."⁷ Owing to the 5th largest emerging economy of the world, India has to acquire much needed transport and infrastructure to connect its emerging market to the other countries of South and Central Asia; CPEC is the answer to that. The World Bank in 2014 estimated that South Asia needs 1.7 to 2.5 trillion dollars to improve its infrastructure related to transport, service and others till 2020. Similarly, to sustain higher growth for much longer time, India needs to revive Iran-Pakistan-India Gas Pipeline. IPI Gas Pipeline project can tackle the energy needs of Pakistan and India, which the latter needs.⁸

Similarly, India is craving for many years to integrate and connect with the natural resources filled Central Asian Republics (CARs) and Middle

Eastern states. This is only possible if the geo-economic interests of India and Pakistan converge after having solved the geopolitical issues. Kashmir dispute lies at the heart of outstanding issues between Pakistan and India. The multi-polar Middle East can provide the opportunity for China to mediate this conflict having outstandingly done with the Saudi-Iran peace deal.

By balancing its foreign policy choices between the US and China and not becoming the part of camp politics as illustrated in National Security Policy, Pakistan can gain the maximum benefits from the shifting sands in the region. This can, not only solve the economic distress owing to a handsome cut in the defense budget, having the Kashmir Conflict resolved, but will also pave the way for integrating with the fifth largest emerging economy, India: a vibrant market of the world. It can also help dispel Indian propaganda surrounding CPEC, which is pivotal for Pakistan's economic success.

¹[Steven, S. \(2021, Spetember 21\). China and the Persian Gulf in the Aftermath of a U.S. Withdrawal.](#)

²[Ebrahim, N. \(2022, December 7\). Chinese President Xi Jinping lands in Saudi Arabia amid tensions with US. CNN.](#)

³[Myers, B. F. \(2021, March 27\). China, With \\$400 Billion Iran Deal, Could Deepen Influence in Mideast. *The New York Times*.](#)

⁴[Ignatius, B. D. \(2023, March 16\). How China is heralding the beginnings of a multipolar Middle East. *The Washington Post*.](#)

⁵[PTI, W. b. \(2023, January 13\). India-China trade climbs to USD 135.98 billion in 2022, trade deficit crosses USD 100 billion for first time. *Financial Express*.](#)

⁶[By Aditya Kalra, A. S. \(2020, April 23\). Chinese investors flummoxed by India's new foreign investment rules. *Reuters*.](#)

⁷[Ramay, S. A. \(2019, January 28\). CPEC and opportunities for India. *Daily Times*.](#)

⁸[PTI, B. \(2017, March 19\). India should revive IPI pipeline: Parliamentary Panel. *The Economic Times*.](#)



Tabinda Naz
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The Shahid Javed Burki Institute of Public Policy at NetSol

On 23rd February 2023, Chairman BIPP, Mr. Shahid Javed Burki conducted the 11th meeting of the Board of Directors (BOD) along with board members Mr. Shahid Najam, Ms. Jahanara Burki and Mr. Noman Kabir in attendance. The annual meeting discussed agendas of the institute's progress, the scholarship initiative, institute's financial position, governance, establishing discussion with private sector, role of women in developing nations, and other matters of importance.



On 27th February 2023, Government College University (GCU) hosted the launch of BIPP's 15th Annual Report "The State of the Economy: Frontline Stakeholders-Reaping the Gender Dividend" at Bokhari Auditorium. Dr. Asghar Zaidi, VC GCU welcomed Mr. Shahid Javed Burki, Chairman BIPP and other participants. It was followed by the launch of Mr. Shahid Javed

Burki's new book "Pakistan Statecraft and Geopolitics in Today's World" and he also discussed about the Pakistan's economic crisis and the way forward. The event was attended by eminent scholars, researchers, members of academia and students of Government College University. The event ended with a healthy question answers session by students.



On 1st March 2023, Institute of Business, Economics and Administrative Sciences at Punjab University hosted a seminar on "Pakistan Economic Crisis and Way Forward" and "Public Sector Accountability and Audit". Mr. Shahid Javed Burki (Chairman BIPP) and Mr. Javaid Jehangir (Former Auditor General of Pakistan) addressed the audience. Prof. Dr. Mumtaz Anwar Ch., Dean, FBEAS, Director-IBA Prof. Dr. Muqqadas Rehman, and other faculty members participated in the session.



On 2nd March 2023, the Small and Medium Enterprises Development Authority (SMEDA) and the Shahid Javed Burki Institute of Public Policy (BIPP) at NetSol co-hosted a session on "SME Sector Opportunities and Challenges in Pakistan" at the SMEDA headquarters. On this occasion, Farhan Aziz Khawja, MD of SMEDA, gave a welcome speech. Mr. Shahid Javed Burki (Chairman - BIPP) stressed the importance of increasing domestic savings, tax revenue, and investments in the SME sector, for Pakistan's future development to be sustainable. Mr. Shahid Najam (Vice Chairman-BIPP) and Mr. Babar Yaqoob Fateh Muhammad (Vice Chairman Operations - BIPP), also spoke at the conference. Several members of the government and business community, including the Secretary of Industries, MD of PSIC, Secretary of P&D, Secretary of Finance, the Federal Ombudsman, and others, also participated in the session online.



A new episode of BIPP's policy hub was also released in the month of March. You may watch Mr. Shahid Javed Burki (Chairman BIPP) sharing his views on economic challenges faced by Pakistan and solutions for a sustainable way forward by using the following link: <https://youtu.be/kqr5kBtryq8>

BIPP Policy Hub

Pakistan's Economic Crisis & Way Forward



On 16th March 2023, the seminar on “Economic Crisis and Way Forward” was hosted by Minhaj University, Lahore. Shahid Javed Burki, Chairman of The Shahid Javed Burki Institute of Public Policy at NetSol and Professor Dr. Sajid Mehmood Shahzad, Vice Chancellor of Minhaj University addressed the seminar. Shahid Javed Burki stated during the seminar that Pakistan is currently experiencing a severe economic crisis, which is mostly caused by the imbalance in the nation's imports and exports. Both the government and the people of Pakistan must alter their lifestyles and cut back on superfluous expenses if they are to escape this economic disaster.



On 20th March 2023, The University of Lahore hosted the launch of BIPP's 15th annual report

"The State of the Economy: Frontline Stakeholders-Reaping the Gender Dividend". Mr. Shahid Javed Burki, (Chairman BIPP) talked about his latest book “Pakistan Statecraft and Geopolitics in Today's World”. He also shared his insights on Pakistan's economic crisis and the way forward. Prof Dr. Najma from the University of Lahore shed light on the topic of social empowerment and gender deficit, challenges faced by women in our society and the importance of empowering them through education and equal opportunities. The event was attended by eminent scholars, researchers, members of academia, and students of the University of Lahore. The event ended with a healthy question answers session by students.



On 21st March 2023, a Memorandum of Understanding (MOU) was signed between the Shahid Javed Burki Institute of Public Policy at NetSol and the King Edward Medical University, Lahore (KEMU). The document was duly endorsed with the signatures of Mr. Shahid Javed Burki (Chairman BIPP) and Prof. Dr. Mahmood Ayyaz (Vice Chancellor KEMU). The purpose of this MOU is to provide a framework

of cooperation between the Parties, in the areas of mutual interest on a non-exclusive basis especially relating to education, research & consultancy, and BIPP scholarship program.



On 21st March 2023, Mr. Shahid Javed Burki, the Chairman of BIPP, addressed the Lahore Chamber of Commerce and Industry (LCCI) on the Charter of Economy. During his address, Mr. Burki spoke about the importance of the Charter of Economy for Pakistan's economic development. He highlighted the need for cooperation to achieve sustainable economic growth.



He outlined several key strategies that he believes will help Pakistan achieve its economic goals, including boosting exports, attracting foreign investment, and reducing the country's reliance on imports. He emphasized the need for a coordinated effort by the government, the private sector, and civil society to implement these strategies effectively. Mr. Burki discussed the need for regulatory reform, particularly in areas such as taxation.

On 22nd March 2023, The Lahore College for Women University (LCWU) hosted the launch of BIPP's 15th annual report "The State of the Economy: Frontline Stakeholders-Reaping the Gender Dividend". Mr. Abdul Ghaffar Ali (Director, University Advancement & Financial Aid, LCWU) welcomed Mr. Shahid Javed Burki (Chairman BIPP) and other participants. Mr. Shahid Javed Burki discussed his recent book "Pakistan Statecraft and Geopolitics in Today's World".



He also discussed Pakistan's economic crisis and ways to move forward. He highlighted the need for cooperation to achieve sustainable economic growth. Mr. Burki emphasized paying taxes to empower the government, cutting expenses on both personal and government

levels and to be focused on exports. Dr. Shahid Munir (Chairman PHEC), Dr. Bushra Mirza (VC LCWU) and Ms. Uzma Arshad Khan (Head of the Gender Studies Department) provided their invaluable appraisal of the annual report.



Awais Khalid
Manager Finance and Operations
The Shahid Javed Burki Institute
of Public Policy at NetSol

Monetary Policy Rate:

The State Bank of Pakistan's (SBP) Monetary Policy Committee (MPC) increased the key policy rate by 100 basis points, bringing it to 21%. In a statement, the MPC highlighted that inflation increased further in March 2023 to 35.4% and is anticipated to stay high in the near future. Early signs of inflation expectations plateauing, albeit at a high level, are present. The MPC sees the decision made today as a crucial step in the process of securing inflation expectations around the medium-term target, which is essential for achieving the goal of price stability. The Committee also noted that Pakistan's financial sector continues to be generally resilient and that economic activity is remaining moderate. The committee claimed to have taken note of three crucial events that could have an impact on the macroeconomic outlook.

"First, the current account deficit has shrunk significantly, more so than initially expected, mostly as a result of significant import control. Yet, with foreign exchange reserves continuing at low levels, the entire balance of payments position is still under pressure.

Second, the IMF's EFF program's ninth review is nearly over, and significant progress has been achieved in that direction.

"Finally, recent pressures on the global banking system have caused liquidity and financial conditions to become even tighter globally. Access to foreign finance markets has become more challenging for emerging market economies like Pakistan as a result of this.



The Shahid Javed Burki Institute of Public Policy at Netsol awarded 20 Scholarships to female students of Lahore College for Women University (LCWU) in departments of D Pharmacy, Software Engineering, Computer Science and Electrical Engineering based on need and merit to help them realize their career objectives, contribute to achieving national development objectives and play their overall societal role as enlightened citizens of Pakistan to serve humanity.



Together with earlier cumulative monetary tightening, will help attain the medium-term inflation objective over the next eight quarters, the statement continued, adding that it considers the current monetary policy stance acceptable.

However, it was underlined that this judgement was at risk due to uncertainty surrounding both domestic and global political and economic conditions.



Zahra Khan
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Debt Trap

When a country borrows extensively from other nations or international organisations, like the International Monetary Fund (IMF), then finds itself unable to pay back the loan, this scenario is referred to falling into a "debt trap". Poor governance, corruption, weak economic fundamentals, and external shocks like natural calamities or global economic downturns are some of the elements that may also cause a country to slip into a debt trap.

For instance, Greece struggled to pay back its debts after the 2008 global financial crisis, and several African nations that borrowed heavily from China recently are examples of countries that have fallen into debt trap.

Pakistan and IMF have a long-standing financial arrangement, and Pakistan has taken many loans

from the IMF since gaining independence in 1947. The country's performance on these loans has been inconsistent, first loan was taken in 1958 when Pakistan was experiencing a balance of payments deficit. This loan was effective in bringing about economic stability; it was also condemned for inducing long-term inflation and budgetary imbalances. Second loan was secured in the 1980s period because of an economic crisis, Pakistan got several loans, but their usage was impractical, sluggish and delayed by political unrest. In the 2019, Pakistan requested aid of \$6 billion. The loan was supposed to help with balance of payments concerns and promote economic reforms. Several critics claimed that the loans worsened the nation's poverty and inequality.

It is important to keep in mind that escaping a debt trap is a lengthy and gradual process that calls for consistent efforts and dedication from both the public and private sectors. To solve its structural problems, encourage economic development, and sustainably manage its debt, Pakistan would need to implement significant reforms. Following are the actions to lessen its debt load and enhance its overall economic performance, Pakistan must:

1. Minimize its debt load by amending and strictly implementing fiscal reforms, such as lowering spending, raising tax income, and enhancing the effectiveness of public services from which the budget deficit and the requirement for borrowing may be decreased.
2. Support economic expansion by making infrastructural improvements, enhancing the business climate, and attracting international investment. Jobs can be produced as a result, and higher tax collections can be utilised to pay down debt.
3. Deal with the problems such as corruption, political instability, and bad governance that

lead to economic instability and discourage foreign investment.

4. Improving its debt management practises by creating open and responsible debt management regimes, negotiating favourable terms with creditors, and avoiding over-reliance on external borrowing.

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Reducing Deficit, Producing Results

Mission Statement

BIPP's mission is to improve the welfare of the citizenry with particular emphasis on identifying policy measures that will lead to inclusive, people-centered growth with equity, political stability and sustainable development besides fully harnessing the potential for regional and global integration of the country. BIPP primary areas of interest encompass social, economic, environmental and political development and security, trade and foreign policy-related issues.

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