

Minutes of the Board of Directors 6th Meeting

The Shahid Javed Burki Institute of Public Policy at NetSol

Date: Thursday, 20th December 2018

Time: 11:00 A.M

Venue: BIPP Committee Room

List of BOD Members & Participants:

Mr. Shahid Javed Burki	Chairman
Mr. Shahid Najam	Vice Chairman
Mr. Ayub Ghauri	Director
Mr. Salim Ghauri	Director, represented by Mr. Ayub Ghauri
Mr. Khalid Sherdil	Director
Dr. Daud Ahmad	Director

Also present:

Mr. Awais Khalid	Finance Manager and Operation
Ms. Kainat Shakil	Research Associate
Mr. Ammar Hayat	Research Assistant

(Ms. Nasreen Mahmood Kasuri, Dr. Parvez Hasan, Dr. Iftekhar Ahmed Ch. and Mr. Shahid Hafeez Kardar regretted their inability to attend the Board meeting)

The Chairman, Mr. Shahid Javed Burki, welcomed the participants for the 6th meeting of the Board of Directors (BOD) and thanked them for the assiduous interest and effort to make BIPP one of the premier public policy research institutes and think tanks in Pakistan. He reminded the members of BIPP's vision to introduce evidence-based policy making in Pakistan and to ultimately become a research entity like the Brookings Institution of USA - one of the best and largest research institutions in the world engaged in the conducting in-depth and solution-oriented research. The distinctive feature of the working model of the Brookings Institution, he added, was that the highly qualified and well recognized professionals and experts working for the institution themselves generate their research funds and are not dependent upon its regular budget.

Mr. Burki also referred to his recent meeting with the Chairman, Higher Education Commission (HEC) Pakistan whom he apprised of BIPP's vision and modus operandi and sought his willingness to work with BIPP, inter alia, on policy issues of vital significance for the government, training and management program for senior executives and establishment of

publishing house for cost effective dissemination of knowledge and research work.

Thereafter, he asked for comments, if any, on the following agenda for the 6th meeting:

1. Organizational Structure
2. Financial Health
3. Update on Activities
4. Launch of 2018 Report
5. Matters for Decisions
 - Board Restructuring
 - Opening of Bank Accounts
6. Other Major Decisions

The members adopted the agenda items. Mr. Shahid Najam, Vice Chairman, presented the details on each of the agenda items, as follows, for members information, comments and observations:

Agenda Item 2: Progress Report

(a) HR and Finance Management

Two new staff members have been added to the BIPP team, Mr. Ammar Hayat as Research Assistant and Ms. Kainat Shakil as Research Associate. Dr. Qaseem the Business Development Head (BDH) will continue to work for BIPP on voluntary bases. Mr. Najam also elaborated on vacancy management, as an instrument, recently made use of to overcome the financial constraints faced by BIPP because of the lower than expected returns on BIPP's endowment investments and substantial reduction in the annual financial contribution from the Beaconhouse National University (BNU). Under this instrument, the vacant posts are kept vacant for a limited period without much impact on the operational efficiency. Through staff inter-changeability and distribution of responsibilities associated with the vacant posts the smooth functioning of the office continues. The posts of Director and Assistant Manager Finance (AMF) would not be filled for a couple of months and the savings accrued will be used to partly meet the operational costs. However, it was observed that Director and AFM posts could not be kept indefinitely vacant to ensure operational efficiency of the Institute and as such need to be filled as soon as possible.

The Board took note of the situation and directed that BNU should be approached to reinstate their original contribution.

The board was also briefed on the completion for the audit for financial year 2018 and the successful payment of the yearly tax returns. BIPP has been awarded a tax exemption till year 2020. The organization has also received its International Standards Organization (ISO) 9001 certification that is valid up to June 2019.

(b) *Income and Expenditure*

The members were updated on the financial health of organization with the following salient points.

- The poor performance of the Stock Market which is projected to be so in the coming six to eight months. PKR 14.9 million have been locked and cannot be retrieved as this would entail a huge loss of PKR 3.7 million. The market is expected to surge in six to eight months and will recover the loss
- BNU's contribution has been reduced from PKR 2.9 million to around PKR 1.4 million annually
- There has been a decline in the Equity Market in which an investment worth PKR 3.5 million has been made
- High-risk investment in Debentures that is equal to PKR 22.5 million has though resulted in @ 22% per annum but involves high risk
- Operational costs of the organization range between PKR 600,000 to PKR 700,000 per month
- Minimum operational costs for 2019 are forecasted to be around PKR 720,000 per month

The members took note of the bleak situation in that only PKR 400,000 or so were available at the end of December 31, 2018 while the minimum operational requirement even after vacancy management was of the order of PKR 520,000 in addition to the report launch costs.

(c) *Endowment Fund*

The members noted the endowment fund situation with satisfaction which has risen from PKR 10.4 million in December 2014 to PKR 52.2 million to-date thanks to the Chairman and his family and NetSol. The Chairman has already deposited \$100,000 (\$80,000 his contribution and \$5000 each from his son and daughter, Dr. Parvez and Mr. Tariq Hassan) with i-CARE Foundation for onward transfer to BIPP endowment fund which will considerably augment the

endowment position. Thus, the expected investment of around PKR 65 million is likely to generate per month return of PKR 0.6 million which implies that the operational costs will run in a deficit of around PKR 0.11 million per month. A minimum of PKR 80 million endowment fund is required to achieve financial sustainability.

(d) *Financial Health and sustainability*

The Vice Chairman recapitulated the major financial challenges as follows:

- BNU's contribution reduced from PKR 2.9 million to PKR 1.4 million per annum
- Continued poor performance of the Stock Market and projected to be so in the coming six to eight months (PKR 14.9 million locked)
- Equity Market decline (PKR 3.5 million invested)
- High risk investment in Debentures (PKR 22.5 million though return @ 22% p/a)
- Minimum operational costs for 2019 is around PKR 720,000 per month

He proposed the following measures to cope with the situation for Board's consideration:

- Vacancy Management – in the short run for at least two to three months especially when the expertise of the Chairman and Dr. Daud Ahmad is available for the next four to eight weeks;
- Wing Head Business Development to be engaged on work-based bases instead of monthly salary;
- BIPP – Consultant split from 60/40 to 20/80 to incentivize consultancy work;
- Expanding the Advisory Council membership to attract in cash and in-kind resources
- Partial withdrawal from debentures to restrict it to Rs.11 million to transfer endowment investment from high risk to low to medium risk portfolio;
- Opening of a separate bank account for fixed TDR for 2 years @ 11% per annum;
- A more aggressive pursuit of consultancy work

The Board approved of these measures with the following additional observations:

- NetSol should be approached to contribute to the endowment fund to match around PKR 30 million contributed by Chairman as was the verbal understanding;
- BNU should be requested to reinstate its annual contribution towards the annual report publications;
- Dr. Daud Ahmad will be pro-actively engaged with the assistance of Mr. Ammar Hayat to pursue the consultancy assignment;
- Availing Mr. Shahid Javed Burki's presence in Pakistan, a visit to Islamabad for meeting with the donors and government partners will be arranged to explore BIPP's funding and consultancy assignments.

(e) Update on activities

(i) Research and Consultancy Wing

The Board was brief on the progress of the Annual Report 2018, which is under the final stages of preparation. For this year the report is titled “Pakistan New Political Paradigm- An Opportunity to Improve Impact of CPEC”. The Vice chairman also highlighted that BIPP has successfully completed The White Paper/Appraisal of Agriculture Department Punjab in 2018. The deliverables included: The Conceptual Design of the Appraisal, Matching of the Departments Objectives, Gap Analysis, Capacity Constraints and Bottleneck Identification, Inception Report, Primary data Collection and field visits (Focus Group Discussions and Key Informant Interviews), Secondary/Literature Review, and Final Evaluation Report.

The board was also updated on the thirty-seven projects that have been reviewed and discussed; out of which the final and technical proposals for five projects have been submitted. The Board members discussed the possibility of further pursuing the projects for which Mr. Khalid Sherdil (US AID projects), Mr. Shehzad Qaiser (Culture and Education related projects), Mr. Shaigan Shareef (legal, governance, civil service reforms) and Dr. Daud Ahmad and Dr. Mehmood Ahmad (for remaining projects which come under scope of BIPP) will pro-actively work with BIPP’s team.

(ii) Think Tank

BIPP has been involved in engagement and advice to the government on matters of key policy significance. The organization has also been regularly participating and deliberating in conferences and seminars across Punjab. During 2018 members from BIPP have also contributed to Pak at 70 in collaboration with ISAS, published a book: “Building Nations with Non-nationals” by Ivan Szelenyi in collaboration with Riaz Hussain, and worked on the reports titled “Calibrating Tax Policy to Create Level Playing Field: Case of Tobacco” and “Water Planning and Policy Issues- Ground Water Management”. Several policy papers were also produced during 2018 e.g., Potential for Transformation Agriculture in the Least Developed District of Punjab and Alleviation Poverty, Climate Smart Agriculture, Institutional Reforms, Policy Reviews on Sealing on Milk Prices, Sugarcane Deregulation, Establishment of Grain Warehouses, Incentive Driven Policies for Selected Crops in New Ecological Zones of Punjab- A Case of Cotton and Sugarcane, and Water Pricing and High Efficiency Irrigation System.

Mr. Khalid Sherdil recommended that the policy briefs that have been submitted as part of the agriculture project be turned into an e-book. All the board members agreed to his idea.

(iii) Education and Learning

BIPP continues to engage with the Universities such as University of Lahore (UOL), University of Central Punjab (UCP), Bahria University and Civil Services Academy (CSA). Supervision of syndicate research at CSA of the probationary officers by Mr. Najam and his team is also underway which will continue till March 2019. There is also MOU being signed with The University of Veterinary and Animal Sciences, Lahore (UVAS) and Pattoki Research Institute in which BIPP will provide training modules for its clients on core and managerial competencies. Lastly there are efforts being made for possible training and curriculum development for Provincial Management Services (PMS).

(iv) Knowledge Management

During 2018 BIPP has also increased its social media advocacy, while the research associate has been involved in Publication Program. Under the IT department Search Engine Optimization and Google Ad Words has been enhanced to increase BIPP's online presence. Lastly, the Newsletters have new design and some format changes.

Output of the organization was presented as follows:

- Annual Report 01
- AR U/P 01
- Working Papers 01
- Policy Briefs 07
- Issue Briefs 03
- Newspaper Articles 51

Agenda Item 3: Board Restructuring

The Vice Chairman apprised the Board of the operational difficulties regularly encountered in managing BIPP affairs specially in opening the bank accounts and dealing with the financial matters which as per the Articles of Association, the government regulations and banks' standard operating procedures require the physical presence or authorization in person of all the Board members. Since some of the members are in USA or outside the country, it becomes extremely difficult to conduct some of the routine operations. Indeed, the budget and finance related matters are completely stalled causing at times financial loss to BIPP. After thorough discussion, the Board members agreed to restructure the Board as follows:

- There will be two categories of Board members i.e., Executive and Non-executive. The former will deal with the finance, budgetary and accounts (including opening new bank accounts) matters while the latter will continue performing the strategic guidance, oversight role etc. The Executive members will include: Chairman Mr. Shahid Javed Burki, Vice Chairman Mr. Shahid Najam and M/S Khalid Sherdil, Ayub

Ghauri and Dr. Daud Ahmad. The latter will include Dr, Parvez Hassan, Mr. Saleem Ghauri, Mrs. Nasreen Kasuri and Dr. Iftekhar Ahmed Chowdhury.

- In view of the persistent absence of Mr. Shahid Hafeez Kardar, it was decided to ascertain his willingness to continue or disassociate from BIPP BOD;
- Mr. Tariq Hassan a renowned expert (World Bank retiree) should be included as non-executive member;
- The new members of BOD should contribute onetime donation of \$5000 to BIPP endowment fund.

Agenda Item 4: Launch of BIPP 2018 Report

The meeting was apprised of the progress on the completion of the 2018 annual report "Pakistan's New Political Paradigm - An Opportunity to Improve Impact of CPEC" in terms of contents of report, receipt of the draft chapters by the authors, selection of the editor and printers etc. They expressed satisfaction over the progress and thanked Dr. Daud Ahmad for meticulously coordinating the report preparation. It was also agreed that the report should be launched in Islamabad between 15 to 21 January 2019. Thereafter, events in Lahore and elsewhere should also be arranged to give the report wider dissemination.

Agenda Item 5: Matters requiring Decisions and any other Matters

(a) BIPP-Consultant share split from 60/40 to 20/80. To attract, individual as well as BIPP consultancy assignments, the Board decided to change the BIPP-Consultant share from 60:40 provided in the Resource Management Strategy (RMS) 2015-16 to 20:80 as an incentive. The RMS should accordingly be amended as also updated to adequately reflect the resource requirements and roles and responsibilities for resource mobilization.

(b) Board Restructuring: The decisions have already been reflected under the relevant agenda item.

(c) Advisory Council Membership: The Board approved the membership of Advisory Council comprising, Mr. Asim Imdad, Dr. Mahmood Ahmad, Mr. Saleem Ranjha and Mr. Shegan Sharif.

(d) Other matters:

(i) Opening of new Bank Accounts: The Board passed the resolutions for opening new bank accounts with MCB, Bank AlHabib, Habib Bank and Alfalah Bank etc.

(ii) New Domain: Mr. Sherdil proposed purchasing a new domain (bipp.org), which is available for search engine optimization and better access. It was agreed that the IT Wing will peruse the matter

(iii) BIPP sub-office in Islamabad: The members took note with appreciation of Mr. Saleem Ranjaha's offer to open a sub-office in Islamabad for which he would arrange the premises and logistics for better coordination with Federal Government and donors

(iv) Burki University of Advanced Studies and Technology (BUSAT): There was also a brief discussion on establishment of BUAST city campus in conjunction with a calligraphy institute on a land allotted to Mr. AtharTahir in the Lahore Stadium complex. Vice Chairman BIPP will explore the possibility

The meeting ended with a vote of thanks.