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NEWSLETTER

Editor in Chief: Shahid Najam
Editor: Asad Ejaz Butt
Design: Muhammad Rizwan



From the Desk of the Chairman

Social and political consequences of worsening income distribution

During my current visit to Pakistan, I have attended several weddings. I am struck by how much the rich spend in these functions. I am told there is an assembly line at the beauty parlors for the brides to be made up. The girls move from one chair to another, with the attendees doing different things: facial make-up, hair-do and so forth. Average price charged Rs. 50,000 is about a third of the average per capita income. This is a good indication of the growing income disparities in the country. This trend has been in place since the latter part of the Ayub Khan era (1958-69), when distribution of income began to

worsen. The rich got richer but the poor did not become poorer. The rate of increase in their incomes did not improve as much as those of the well-to-do segments of society.

The widening of income disparities was the consequence of state policies. Leaving much of the economy in the hands of private enterprise while not increasing the role of the government, inevitably resulted in creating a growing gap between the poor and the rich. That such an outcome will result has been underscored recently in the much-appreciated work of the French economist, Timothy Piketty. In his book, *Capitalism in the Twenty-first century*, he convincingly demonstrates that unless

Contact Us

Tel: +92-42-35913304, **Fax:** +92-42-35913303

Web: www.sjbipp.org, **Address:** 138 Abubakar Block,
New Garden Town, Lahore

Previous Publications



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the state intervenes decisively through fiscal policies and programs aimed at providing basic needs to the poor, there will inevitably be an increase in the rich-poor income gap.

My concern with increasing disparities goes a long way back and is reflected in a number of my writings. Sometime ago, I devoted one of the weakly columns I then wrote for the newspaper *Dawn* to the possible social consequences of the growing economic gap between the rich and the poor. There was an asymmetry in the way this gap was perceived by different segments of society. There was much greater consciousness about this among those poor who came into close contact with the rich. This was the case with those who provided various services to the rich;

those in particular who worked in the kitchens of the rich, or served at their tables, or looked after their children, or drove their cars.

In the Ayub Khan period, capitalist made use of the opportunity created by the Indian government's decision in 1949, to impose a trade embargo on Pakistan. This was done to punish Pakistan for not devaluing its currency with respect to the United States dollar. While all members of the British Commonwealth did, Pakistan did not change its rate of exchange. There was good economic logic behind this position. At that time, Pakistan had a virtual monopoly in jute, a fiber grown in East Pakistan. Lowering the international price of the fiber by devaluing the currency would not have increased Pakistan's global market share.

One consequence of the Pakistani move was to significantly change the rate of exchange between the Indian and Pakistani currencies. From

parity - an exchange rate of 100 to 100 - the rate changed to 100 Pakistani rupees to 144 of those of India's. This was seen by the Indian leadership as a blow to their prestige. They responded by blocking all trade with Pakistan. At that time, about three-fourths of Pakistan's imports came from India and about the same proportion of Pakistani exports went to India. The Indian move badly hurt Pakistan. Although the country was a large producer of raw cotton, most of it was exported to feed the textile mills in west India, in Bombay and Gujarat. The Indian blockade created an opportunity for the business community. They built large textile mills in Faisalabad (then called Lyallpur) and other major cities of Punjab. That set the stage for the worsening of income distribution that has persisted to this day.

Shahid Javed Burki

Message of the Month



We must understand that our crisis is too deep to be redressed through cosmetic measures. It is a

An economic recovery blueprint requires judicious planning to match national needs and resources as well as capabilities.

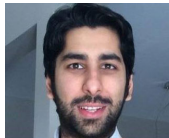
Our weakness is economic discipline. We need an iron-hand to curb this weakness. No begging. Loans are not capital; they are a liability. Foreign aid is never unconditioned. It addicts to dependency. Let us dispense with these liabilities and focus more on optimum utilization of our own

material wealth and human resources. Loot and plunder of national exchequer and resources must stop. The culture of perks and privileges must go. The buck must stop somewhere.

Shamshad Ahmad Khan
Former Foreign Secretary
Chairman LCPR
Lahore
05 April 2018

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From Research and Consultancy Wing

Performance Appraisal of the Agriculture Department, Punjab

The Agriculture Department of Punjab has engaged the Shahid Javed Burki Institute of Public Policy at NetSol (BIPP) to conduct an independent and objective assessment of the department's core projects and interventions made during the period July 1st, 2016 to 31st December 2017.

BIPP's methodology to conduct the assessment hinges upon a mix of both

primary and secondary data collection methods. The primary data collection comprises: (i) focus group discussions to be held in three selected districts of the province, (ii) key informant interviews involving individuals from the government, academia and private sector and, (iii) district response mechanism that relies upon the responses of the districts to BIPP's survey questions.

The performance appraisal project comprises five deliverables that BIPP is expected to produce until the end of May. The deliverables include an indicative table of contents indicating elements that will form part of the final research report, a field research plan for the three primary data collection methods listed above, an inception report, a narrative comprising transcripts and data obtained from the field and a

final research report that contains a holistic assessment of the plans, policies and projects undertaken by the department in the stipulated time period.

The first two deliverables were produced in the last week of March and shared with the agriculture department for approval. The deliverables were approved by the agriculture department in the first week of April. The BIPP research team will visit the field during the month of April to collect data. Simultaneously, there's work being done on the inception report and analysis of policies and projects of the agriculture department.

A Steering Committee headed by the BIPP Vice Chairman has been constituted to ensure timely implementation of the project.

Asad Ejaz Butt

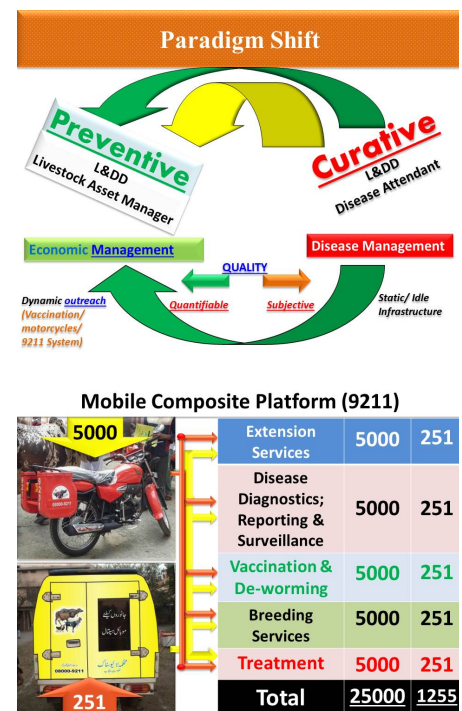


Presentation by Mr. Irfan Khalid, Deputy, Secretary,

Livestock and Dairy Development Department Punjab on Livestock Sector and ICT based 9211 System/Database

On invitation of BIPP, Mr. Irfan Khalid, Deputy Secretary, Livestock and Dairy Development Department Punjab briefed the BIPP research team about series of recent reforms in the Livestock Department Punjab. The session was chaired by Mr. Shahid Javaid Burki, Chairman BIPP with the Vice-chairman Mr. Shahid Najam also in attendance. Mr. Irfan Khalid highlighted the salient features of the recent developments and

initiatives spearheaded by the Secretary Livestock Department and his core team especially the major Policy shift from curative to preventive thrust in the management and delivery of livestock services. The significant outcome was the massive expansion of extension activities through ICT integrated service delivery solution readily available to the farmers at their door step. The skilled veterinary service providers 'Veterinary Doctors and Para-Vet Staff' equipped with Mobile Veterinary Hospitals / Dispensaries, Medicine Mounted Kits on Motorbikes constituted the kernel of the service delivery outfit. He particularly elaborated upon the following features:



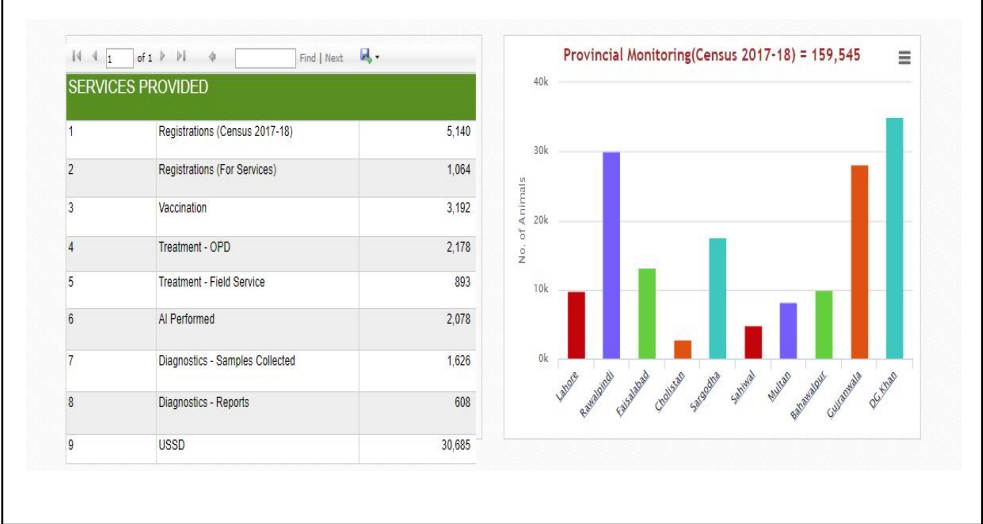
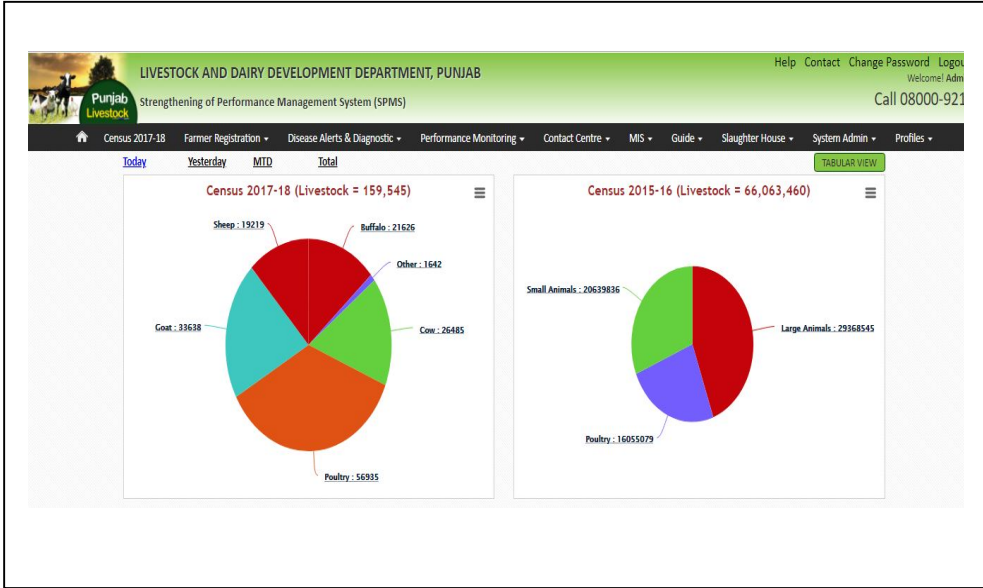
(a) ICT BASED 9211 SYSTEM OF L&DD AS A GAME CHANGER IN LIVESTOCK SECTOR:

The meeting was apprised of the new ICT based model 9211 database of the Livestock Department Punjab which was unique in the world with a world's largest database of livestock farmer and livestock in the Punjab. As of date, 9211 database has registered more than 8.595 million livestock farmers along with their 66.063 million livestock and poultry. Mr. Khalid averred that 9211 in the livestock department was indeed a game changer by capturing real time data of livestock farmers in Punjab, traceable ICT based cold chain system of vaccine distribution in the field, monitoring and evaluation of different veterinary service in the field and credible history of service provider along with the service recipient.

(b) WAY FORWARD:

Mr. Khalid stated that 9211 system was technically and operationally both robust and flexible and had huge potential for immediate up-scaling and replicating in other departments such as Health, Education, Agriculture, etc.

He also highlighted the potential use of 9211 in the banking sector for disbursement of microfinance to the farmers of livestock and agriculture. The Punjab Livestock Department was in the process of approaching the State



Bank of Pakistan and SECP for benefiting from the huge database including proprietary rights and ownership of the livestock assets by the small farmers to access loan and subsequent induction of the private enterprise to take it up to the next generation to spur a vibrant market rural economy.

Additionally, 9211 database provide abundant empirical evidence in the context of CPEC framework to provide the poor farmer of the country connectivity and access to

the poor farmer of the country connectivity and access to the markets both domestic and export.

The Chairman thanked Mr. Khalid Irfan for his excellent presentation and requested him to associate with BIPP's follow up work on CEPEC which will focus on harnessing the export potential of agro-pastoral economy especially in the least developed areas of the country.

Dr. Qaseem



From Education and Learnina Wina

Pre-launch and Launch:

10th annual report 2017: "The State of Economy- China Pakistan Economic Corridor: A Potential Game Changer-Review and Analysis"

One of BIPP's flagship publications is the annual report on the State of the Economy that focuses each year on a theme of vital significance to the economy. To date, nine reports have been issued covering a range of subjects including macro-economic challenges, the impacts of devolution, issues specific to the province, technology and development, etc. The principal theme of last year's report was "Agriculture and Water" which was issued on 3rd April, 2017 in Lahore. The report launch was followed by a critique and general discussion on the main findings and recommendation of the report.

BIPP's 10th annual report 2017: "The State of Economy- China Pakistan Economic Corridor: A Potential Game Changer-Review and Analysis", started off with a pre-launch presentation and round table for a select group of experts and decision makers in Islamabad on 1 March, 2018 at Islamabad Club from 1230 to 1530. The objective was to discuss the

salient features and findings of the Report and seek feedback from the participants. The event was chaired by Mr. Sartaj Aziz, a Pakistani economist and a strategist who serves as the deputy chairman of the Planning Commission of Pakistan, along with other eminent participants from the government, academia and international development partners.

CPEC is often labelled as a potential game changer in Pakistan. The major challenge, however, is to ensure that the Corridor is not reduced to a mere transit trade route for China and instead, help generate and accelerate the momentum for viable economic development.



The major CPEC related development issues were presented by BIPP's experts, including those related to agriculture, infrastructure, trade and land-based commerce. These issues were contextualized within China's global geo-strategic "Belt Road Initiative".

The participants positively received the recommendations of the report and the

agreed on the need to go beyond infrastructure and energy projects and harness the potential for agriculture, SMEs and tourism sectors.

Steering committee for White Paper

BIPP has recently been engaged by the Agriculture Department, Punjab to prepare a 'White Paper to show-case agriculture' and to conduct a performance appraisal of the agriculture sector, particularly the crop sector (including livestock) over the years capturing an in-depth insight on the *policies; institutional strengthening; and the processes* that were followed.

In all BIPP has agreed with the Agriculture Department to

produce following deliverables by May 2018:

Work on the first two deliverables has already been completed and shared with the Department.

Maham Asif



Project Management Workshop

An in-house workshop on Project Management was conducted by Dr. Daud Ahmad member Advisory Council BIPP for the research team and the two senior personnel of the Punjab Livestock and Dairy Development Department on 14 March 2014. Based on his rich experience in China as Chief, Project Manager and Transport Division World Bank, he briefly dwelt upon the key elements of the project cycle from conception, appraisal through to implementation

and impact assessment to ensure successful achievement of the desired development objectives. As a result of ensuing discussion, he underscored the following points:

- The correct need identification and problem definition which needs to be addressed through the project is the most critical aspect in any project planning. This should invariably involve bottom-up participatory and inclusive approach;
- A lot of research and validation effort needs to be put in at the design stage to ensure project relevance, effectiveness, cost efficiency and sustainability;
- Once the project is approved, before implementation, it is essential to assess its readiness for implementation through a well

thought out filtering process e.g., designation of effective implementation agency, allocation of counterpart funding, and human resource, delivery of possession of project site etc.;

- Risk analysis outlining the likely pitfalls and constraints which the project might encounter during the course of implementation should be paid particular heed to. The risk management and mitigation factors should be elaborated on clearly in the risk matrix.

The session was extremely useful especially for the young research associates who benefited immensely from Dr. Ahmad's rich perspective and experience on large scale project formulation and implementation.

Atr-un-Nisa



From Think Tank Wino

The Shahid Javed Burki Institute of Public Policy at NetSol (BIPP) and the Lahore Centre for Peace Research (LCPR) jointly held a policy dialogue on "Pakistan-China Relations "to interalia, (i). re-launch the BIPP's annual report, 2017 on China-Pak Economic Corridor (CPEC) that was first launched on the 12th March in Lahore and, (ii). to communicate to the Chinese the summary and recommendations of the report while also putting forth the concerns of the local community vis-a-vis the CPEC.

The event was chaired by the honorable Chinese Ambassador Mr.

Jao Ying who was accompanied by a delegation from the Chinese Consulate in Lahore. Ambassador Shamshad Ahmad presided over the event while Mr. Shahid Najam, the Vice Chairman of BIPP presented the key findings, summary and conclusion of BIPP's annual report, 2017. BIPP's report

was well received by the Chinese delegation and other esteemed participants that included senior level members of the academia, private sector and the government.

Another event to follow-up the BIPP annual report, 2017 was



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held on the on 27th March 2018 at the Lahore University of Management Sciences (LUMS). Chairman BIPP, Mr. Shahid Javed Burki was invited as a keynote speaker to talk about the issues pertaining to global connectivity

and the region with the CPEC in focus. The conference, titled "Pakistan at 100", was hosted by LUMS in conjunction with the World Bank. The agenda of the conference was to identify the rapid structural changes happening in Pakistan including the population explosion, environmental and social challenges, and to assess the long-term economic, social and political implications of the mega investments being made in the

country. In the coming weeks, BIPP plans to hold more events in partnership with the chambers of commerce and industry and academic institutions in Lahore and outside to follow-up on the report. The responses and comments obtained during the follow-up events will become an integral part of the BIPP's annual report, 2018 that is expected to be a sequel of the 2017 report.

Ali Gill



Sustainability Challenge

The research scholars, scientists, experts, environmentalists and the policy makers are engrossed since decades in the quest to find and prescribe a viable solution for the sustainability of the planet earth and its resource endowments. In the wake of daunting challenges posed by the severity and rapidity of the impact of climate change, the very survival of the human race, some even venture to prognosticate is at stake if collective effort is not mobilized to rationalize the existing consumption and production patterns especially in the developed countries and equally importantly in some of the emerging economies.

Safa Motesharrei, a systems scientist at the University of Maryland, in conjunction with his colleagues, has developed computer models to identify and elucidate the mechanisms and factors

which could, if managed through adoption of appropriate set of measures, ensure the sustainability of the planet or in the event of lack of effective and concerted action lead to a catastrophic situation. The two factors which constitute the quintessence of his finding are: ecological strain and economic stratification. The ecological strain is characterized by over exploitation and unsustainable utilization and depletion of natural resources e.g., water, soil, fisheries and forests – which could have a devastating impact especially on the poor people living in the fragile, marginal and vulnerable ecosystem.

The economic stratification is the other factor which is manifested in the skewed distribution of wealth, economic resources, alienation, deprivation and disparity to the huge disadvantage of the general population notably the poor. Motesharrei avers that the "elites" or wealthy a few tend to perpetuate the unequal access to resources and exclude millions of poor from partaking the benefit and

opportunity for upward mobility. This ultimately leads to instability and eventual collapse even of the wealth class.

There is a considerable appeal and merit in the two factors enunciated by Motesharrei which seem to have an inextricable connect as is evidenced by the fact that the top 10% of the world in terms of income are estimated to be responsible for almost as much total environmental degradation and greenhouse gas emissions as the bottom 90% combined. Around 50% of the world population lives below the income of \$2.50 per day while 80% of the world population resides in countries where income inequality is widening.

Shahid Najam

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From Finance and Administrative Wing

New Hiring:

Ms. Narmeen Majeed joins BIPP team as Assistant Manager Operations & Finance. We are convinced that she will add another layer of success to our quality efforts to manage finance and administrative function.

Dr. Qaseem also joined us as Head of the Business Development Wing. He brings more than 35 years of rich experience of policy and operations to BIPP.

Narmeen Majeed	Dr. Qaseem
	

Approval of Tax Exemption u/s 2(36)(c):

In order to assess suitability for tax exemption of The Shahid Javed Burki



Institute of Public Policy at Netsol in terms of clause (g) of sub-rule (2) of Rule 211 of the Income Tax Rules, 2002, a committee consisting of FBR departmental officers was constituted to evaluate BIPP's performance with reference to governance, financial management and programmed delivery in accordance with the requirement of the relevant income tax rules. As a result, BIPP was granted tax exemption and approval as a Non-Profit Organization for a period of three years i.e., for Tax Year 2018, 2019, 2020.

New office premises:

We are very proud and excited to announce that we have moved into a new office location. Our new office will allow us to comfortably continue

providing our partners with the highest level of service. Our new address is 138-Abubakar Block, Garden Town, Lahore.

New BOD Member:

On March 29, 2018, BIPP held its 5th BOD meeting, in which Board, inter alia, approved the induction

Ayub Ghauri	Dr. Daud
	

of Mr. Ayub Ghauri and Dr. Daud Ahmad as new members of the Board of Directors.

Awais Khalid

From Knowledge Management Wing

Recent Publications Annual Report

- State of the Economy: China Pakistan Economic Corridor Review and Analysis
<http://www.sjbipp.org/publications/AR/reports/AR-10-17.pdf>

Policy Brief

- Hidden Urbanization Responsible for Low Agglomeration Effect
<http://www.sjbipp.org/publications/PB/pdf/PB-48-18.pdf>

- Expanding Regional Linkages in South Asia on Water Management
<http://www.sjbipp.org/publications/PB/pdf/PB-47-18.pdf>
- Coal and Climate Change
<http://www.sjbipp.org/publications/PB/pdf/PB-46-18.pdf>

Editorials

- Is Trump getting his way on global trade?
- Exchange rate and the Pakistani economy
- CPEC and its critics

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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

