

## In This Issue:

- Message from the Chairman
- Message of the Month

## Areas of Focus

- Research and Consultancy Wing
- Education and Learning Wing

- Think Tank Wing
- Finance and Administrative Wing

# NEWSLETTER

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## From the Desk of the Chairman

## *The COVID-19 Crisis and World's Response*

Like most developing nations Pakistan has a weak government. It also has a population that is poorly informed on world issues and is generally not well-educated. The country, in other words, is not well-equipped to deal with the crisis created by the invasion of coronavirus that has resulted in a disease that in some cases can be fatal. The World Health Organization (WHO) has given the disease a name -- COVID-19. It started in China in the closing days of 2019 and now engulfs the entire world or at least the Northern Hemisphere. By April 1, 2020, the disease has affected almost 860,170 people worldwide and has

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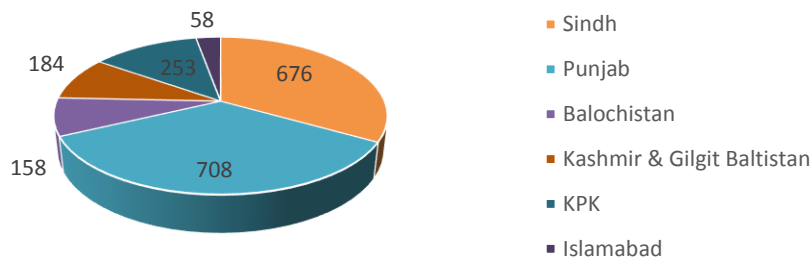
already killed 42,344. The tally changes almost every hour. According to the WHO as of April 1, the United States had reported 188,592 COVID-19 related cases with 4,055 deaths.

Pakistan, like the countries in its neighborhood, was not spared. By April 1 it had reported 2,042 cases including 26 deaths. The majority of these were in Punjab numbering 708 cases, followed by Sindh with 676 cases, Balochistan 158 cases, Azad Kashmir & Gilgit-Baltistan 184 cases, Khyber-Pakhtunkhwa cases 253, and Islamabad 58 cases. The numbers will surely increase in the coming days.

## Previous Publications



Number of Cases in Pakistan



The measures adopted by the countries that have beaten the virus would be hard to use in Pakistan for the reasons already mentioned -- government weakness and relatively backward citizenry. Nonetheless, Prime Minister Imran Khan in his second TV address to the nation on March 22 said that "lockdown" on the entire population like the one done by South Korea, Hong Kong and Singapore would seriously harm the poor that account for a fourth of the country's population of more than 210 million. That said some of the provincial governments had adopted some versions of the lock-down approach. Both Sindh and Punjab about the same time announced measures that should result in reducing contact among the people.

deaths; Italy 105,792 cases and 12,428 deaths. Over the week to March the 18th, the European Union and Britain acknowledged around 62,000 cases, 2.6 times the number reported by the rest of the world. Europe's cumulative incidents of the disease exceeded China's. The European nations adopted different measures to deal with the growing problem. Spain announced a two-week lockdown. The French president Emmanuel Macron, troubled by how the appeal to his people on March 12 to avoid public places and maintain distance, was ignored by them went back on television and announced draconian measures: the citizenry needed a signed attestation to explain why they were venturing out. Those who were caught without such a paper would be fined and many were.

Europe, which also got badly hit, adopted a combination of approaches. By April 1, Spain reported 195,923 cases and 8,464

Expert opinion differs as to which of the several approaches should be followed. One is suppression in which extreme measures are

adopted to prevent the spread of the disease. This involves creating space among people and isolation of those who do get affected.

This is what China and South Korea did. The result was encouraging. By the third week of March neither country was reporting new cases. Does this mean that these two countries have the crisis behind time? The answer is not necessarily so. Interventions may and perhaps do work for a while as shown in China and other East Asian countries with strong governments. However, as shown by a model developed by Imperial College in London, restrictions do not make the population immune. That only happens by exposure to the virus -- a function performed by vaccines. In the absence of effective vaccines, a second wave would come back and hit those who escaped the first one. As the magazine *The Economist*, reporting on the Imperial College model, put it "when the model was run with schools and universities closed down at the beginning of the first outbreak, this second wave was considerably worse, because immunity built up through infection-in-the course of education was absent. Concerns about a second wave are one of the reasons that governments cannot reassure citizens over just how long the disruption to normal life will continue, instead bandying about the 'time beings' and coming 'weeks and months.'"

**Shahid Javed Burki**

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



## Message of the Month

The hurried announcement by the PTI government in the wake of enormity of threat of COVID-19 pandemic to provide special relief package to small and medium businesses and their employees could not yield the expected benefits because of the lockdown. The impact on the life and displacement of daily wagers has been colossal. The absence of much needed political consensus and cooperation continues to further aggravate the situation. Lack of awareness on the

pandemic and concomitant disrespect for self-quarantine or community quarantine, extreme shortage of testing facilities, and absence of authentic curative treatment have cumulatively created an atmosphere of fear and uncertainty. The supply chain of essential items like food, medicines, sanitizers, testing kits etc. is grossly disrupted and has inflated with the spread of the virus through currency notes and lack of social distancing. The only hope for survival remains the determination of the nation to help through charity and faith in God.

We need to stay united as a nation and adopt all the precautionary and regulatory measures laid out by government. While the strong immunity from our previous exposures to droplet infection and

malaria may help, we ardently pray for the early discovery of vaccine to save precious lives.

Stay Home, Stay Safe and Keep social distancing even at your homes.

### Dr. Shehla Akram, Chief Executive

Akram Medical Complex, Don Valley Pharmaceuticals and JS Developers



## COVID-19 Precautions and Cautions

As of 27 March, 202 countries and territories have been affected by COVID-19 outbreak around the globe. There are 1,138,357 confirmed cases with 61,141 confirmed deaths according to the World Health Organization (WHO). It is imperative as paramount social responsibility is needed for the

people to protect themselves. While it may cause a mild illness which is speedily recoverable, Coronavirus could be lethal and fatal for others who may become infected by the general lack of observance of basic protective measures. These are simple and easy to follow but require rigorous, persistent and strict adoption:

(a) The regular and thorough washing and cleaning of hands with soap is the first and absolute requirement which kills the virus that may be on the hands.

(b) A safe distance of at least

3 feet should be maintained from any person suffering with cold, cough or sneezing since it prevents the virus afflicted droplets from being inhaled.

(c) The most vulnerable parts for entry of the virus to human body are eyes, nose and the mouth. As such, it is necessary not to touch these with hands which might have picked up the virus by touching affected surface.

(d) Practicing good hygiene, especially respiratory prevents the spread of the virus. This includes covering the mouth and nose while coughing or sneezing,

wearing mask, regular gargling, drinking warm water at regular interval etc.

(e) Full awareness of the local diagnostic and medical facilities helps accessing these faculties in case of severe illness. It is advisable to stay home and self-isolate and seek medical advice in case of mild symptoms rather than rushing to the medical

facilities which may already be overcrowded or be facing operational efficiency challenges because of the case overload.

The post COVID-19 world will surely be different with massive repercussions and impacts on individual and interpersonal behaviors, social value systems and the state-citizen relationship. The major challenge for the societal behavior and value system is the extent to which the humans inculcate the traits of being alert and informed, safe and secure, careful and kind,

supportive and altruistic while being fully cognizant of social responsibility and respect of the rights of the fellow human beings. As for the state-citizen equation, hopefully the strict measures adopted by the state, in the wake of criticality and urgency, to curb the spread of COVID 19 will not perpetuate to foment intrusive infringement of the fundamental human liberties and pave the way for authoritarian and totalitarian state craft.

**Shahid Najam,  
Vice Chairman**

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



## Research and Consultancy Wing

### Coronavirus and Pakistan's Scientific Capacity

While the world reels from the short-term impact of the coronavirus the lockdown gives Pakistanis an opportunity to learn from this experience.

South Korea, Singapore and China have contained the virus. China is producing scientific reports every day and educating the world. US, UK, Italy, European Union are groping to get the pandemic under control. Pakistan and India are trying to cope.

While the demographic compositions define the gravity

of the challenge two variables stand out. These are Scientific Capacity (SC) and Governance (GOV). I will highlight the role of SC - defined as the number of scientists and engineers working on R&D in the country. The effectiveness of SC to solve national challenges is determined

by the country's GOV which includes the institutional relationship between the government, SC and the private sector.

The Table below gives SCs and two mortality rates of eight countries.

Country	Number of Researchers 2013	Researchers per million 2013	Infant Mortality Rate -2016	Child mortality rate -2016
<b>Pakistan</b>	<b>30,244</b>	<b>166</b>	<b>74</b>	<b>98</b>
<b>India</b>	192,819	160	63	87
<b>China</b>	1,484,040	1070	30	37
<b>South Korea</b>	321,842	6533	Sri Lanka - 13	15
<b>Japan</b>	660,489	5195	Malaysia- 7	7
<b>Iran</b>	115,762	1555	Indonesia- 30	40
<b>USA</b>	1,265,064	4000	Thailand-- 23	26
<b>Canada</b>	156,550	4500	Bangladesh- 46	70

Sources: - UNESCO Science Report-Towards 2030; National documents.



Pakistan has the lowest scientific capacity and does not have “Critical Mass” (CM) defined as adequate institutional capacity in basic and applied sciences to address modern scientific challenges. All the other countries above have “CM”.

CM explains why Korea has done 400 thousand tests in a few weeks; China has flattened the incidence curve, producing a significant scientific output, and has also activated the economy. Both countries have the SC and the GOV to achieve containment and future prevention. USA has the SC but, currently, does not have the GOV. For Pakistan the SC constraint is binding. Pakistan’s lack of scientific capacity is evident in its social indicators (Table). Pakistan has

not been able to reduce infant and child mortalities to the East Asian level. For maternal mortality (not in the Table) Pakistan today is at 178 per 100 thousand live births against the millennial goal, in 1990, to get to 140.

SC also determines the “knowledge content” of exports which for Pakistan is 15%. Estimated tightly (Surgical and Medical instruments; Chemical and Pharma; and Engineering) it is 6%.

So, while today we need the help of other countries to cope with this virus, we should resolve to address this constraint for the future. The Government should commit to increase its scientific capacity to achieve “critical mass” in ten years to help increase income and exports to get our citizens out of poverty.

We may then claim a positive outcome from this battle with the virus.

**Tariq Husain**  
**Member, BOD**

The Shahid Javed Burki Institute of  
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## Education and Learning wing

### Economic Census of Lahore

Lahore has emerged as a rapidly growing urban center in Pakistan. The city has grown to multiple folds in terms of its economic capacity. To streamline current and future avenues of development in the upcoming years it is very important to find

the present financial capacity of the city. Economic census of the city is therefore a necessary element to be accounted with the fairly recent technology GIS as a tool to discern the spatial dimensions of financial and socioeconomic paradigm of the masses as well as to find out the indicators amongst recent immigrants.

For this objective a major project needs to be carried out with the goals of conducting a financial census in geographic assessment of Lahore’s urban industrial and

rural areas based on modern surveying techniques and GIS. It will enable a framework for financial rezoning and potential growth for investment decision making that enables selective referencing of installed base of physical assets native to the commerce and industry distribution and network at succeeding levels of operation shown in the as-built maps that aids information gathering for government agencies and private sector with secured inputs and outputs.

An IT-enabled solution will transform the census system into an efficient, easy-to-use, updatable, remotely accessible data set. The development of GIS is primitive to a better Base Map of the administered area and all going and upcoming activities are layered as overlays to the native information. A combination of inputs from satellite imagery, global positioning system (GPS) site readings and census data (together with as built) are recommended. Further processing involves the attachment of all alpha numeric data and in the next steps GIS analysis is carried out to perform a single GIS procedure. Dissymmetric mapping and a gallop survey are employed to

improve the resolution and utility of census data. The results will illustrate the potential for developing a more nuanced understanding of the spatial dimensions of complex socioeconomic phenomena using a combination of secondary data and primary data. It is argued that higher-resolution data aids in identifying and understanding socioeconomic phenomena that are highly localized and misrepresented by coarsely aggregated data. Finally, the potential for population surveillance shall be discussed and weighed against the benefits for policymakers, non-governmental organizations, and researchers.

Thus an economic census is the pressing need of the hour for one of the most rapidly urbanizing cities of the region.

**Dr. Ejaz Sandhu**  
**Director Operations, Education & Learning**

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



## Education and Learning wing

### Coronavirus and the Unmasking of the Plight of Informal Workers

According to state estimates 60% of Pakistan's workforce is informal, while independent estimates suggest numbers as high as 80%-90%. Historically, fiscal and monetary policies have

turned a blind eye to this sector. Some scholars have gone as far as to view it as 'black' or 'illegal' whereas in reality it is legal service provision or other forms of economic activities that takes places outside the tax loops. For most in Pakistan, working informally is the only available option.

There are several reasons for the existence of the informal sector at such a large scale. Given the poor skills and education imparted to the population, most vocations in this part of the economy

have low barriers of entry, which makes them easy to access for those who lack standard professional, technical or vocational training. Additionally, this sector benefits the formal sector directly or indirectly by providing cheap labor and services e.g. subcontracting for factories, domestic labor, construction work etc. Moreover, there are no or very little mechanism to formalize or bring the informal sector within the legal ambit. Policies such as the ones for domestic and home-based workers in Punjab are

recent and remain largely unimplemented. Also, the government and public sector cannot produce enough jobs. Lastly, some firms genuinely avoid formalization due to red-tapism of the government regulations and procedures. Clearly the informal sector cannot be completely formalized or curbed due to its scale and importance.

The COVID-19 outbreak has put immense pressure on economic institutions around the world and has brought attention to the elephant in the room-vulnerability of informal workers.

The lockdowns across Pakistan have brought to light the plight of millions of those, previously invisible, involved in the informal economy. It is clearer than ever that a major chunk of livelihoods in the country are highly vulnerable to external shocks.

This pandemic shows to us the necessity of taking measures in the long run to ensure provision

of robust social safety nets-highly unpopular in the post Washington Consensus world.

Interventions such as Benazir Income Support Programme and Ehsaas Programme are steps in the right direction but they require more attention and scaling-up with a focus on those involved in the informal sector. Being extremely vulnerable to natural disaster triggered by climate change, Pakistan needs to invest in health coverage, insurance, food security, housing, utilities and other social benefits for its informal workers as the COVID-19 lockdown like situations are not the first or the last ones to hit the country.

**Kainat Shakil**

**Research Associate**

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



## Education and Learning wing

### Coronavirus and its Implications on the Economy

The coronavirus originated in China's Wuhan city in the Hubei province in December 2019 has rapidly spread around the globe bringing the world economies to a standstill. The pandemic has threatened the economies through various channels that include sharp decline in trade and domestic demand, huge decrease in tourism and business travel, disrupted production linkages and supply chains.

According to the United Nations Conference on Trade and Development (UNCTAD), COVID-19 has already caused economic recession in some countries and depressed the global annual growth to below 2.5 percent. The oil exporting economies have, in particular, been badly affected experiencing a drop of more than 1 percent of growth. The countries in the Americas such as Canada, Mexico, and the Central American region, in the East and South Asia, and the European Union are likely to witness growth decelerations between 0.7 to 0.9 percent.

The vulnerability of Pakistan's economy which is already fragile to the coronavirus pandemic coupled with the potential impact

of global economic deceleration is already palpably manifest. The initial economic losses in different sectors of economy have been estimated at Rs1.3 trillion. The Asian Development Bank (ADB) projects that the cost of COVID-19 to Pakistan's economy could range between \$16 million to \$61 million which would hit all sectors of the economy. Pakistan's agriculture and mining sectors would bear \$5.5 million losses; business trade, personal and public services are estimated to suffer \$5.54 million loss; light and heavy manufacturing \$3.6 million, and transport services \$0.92 million. In the worst-case scenario, the figures would drastically increase approximately by four-fold across all sectors.

These projected losses are based on the best- and worst-case scenarios depending on how long

the virus would take to be curbed. In the best-case scenario, Pakistan's economic losses would be around \$16.23 million compared to the global losses projected at \$77 billion. In the worst-case scenario, for Pakistan, these losses would rise to \$61 million while the global losses would rise to approximately

\$347 billion. In the extreme scenario if the virus takes over six months to control, the losses have been projected to a massive \$5 billion or 1.57 percent of the country's GDP with 947,000 jobs lost.

**Atr-un-Nissa**  
**Research Associate**

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**Research and  
Consultancy  
Wing**

## **Sino-American Relations During COVID-19**

Few months back, I wrote about Sino-American relations for the newsletter considering tariffs imposed by President Trump as part of economics of trade war with China. It was never expected that relations would take a nosedive with an entirely unexpected, novel and grave issue of COVID-19.

**American Response:** At the onset of crisis, President Trump blamed China for the pandemic. It was partially orchestrated by domestic politics dictates to divert attention from failure to prepare for virus. The Republicans and right-wing media are all in praise of Trump's tactics. It had resulted in stoppage of entry of non-Americans into USA. In American right-wing media and sections of establishment, three

symbols i.e., China virus, Kung flu and Wuhan virus were used to identify COVID-19. The hawkish elements are indeed going to extra length in praise of Trump during elections year. The Sino-US relationship is expected to worsen in coming days and months as death toll rises and looming recession starts taking its toll on economic lives of Americans.

**Chinese Response:** The Chinese leadership has also not shown a restraint resorting to tit for tat measures. The government has blamed American army for bringing the virus to Wuhan during an international military event. The Chinese followed it by the biggest mass expulsion of American journalists (belonging *New York Times*, *Washington Post* and the *Wall Street Journal*) in 21<sup>st</sup> century China. The Chinese social media is swamped by state activists blaming the Americans. The Chinese diplomatic corps has accentuated the situation by joining social media activists in spreading and endorsing conspiracy theories. The American health experts were

denied access to Wuhan province from where they could have drawn useful lessons for other countries.

This bashing and blaming in both countries need to be shunned to depoliticize the issue. The collaborative should instead concentrate on finding the cause of crisis and developing robust public health policies at times of national emergency. Only sustained and close cooperation, not only among two biggest powers but entire international community can help tackle the pandemic. The lessons should be drawn from tariff wars as it had resulted in economic ruin of large segment of American society as well as economic losses of Chinese companies. Perhaps person to person contact and a few phone calls between heads of states would pave the way to improving relations between the two mightiest powers to address the biggest global challenge of 21<sup>st</sup> century.

**Ammar Hayat,**  
**Research Associate**

The Shahid Javed Burki Institute of  
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## Knowledge Management Wing

On 3rd February 2020, BIPP in conjunction with the World Bank launched its 12th Annual Report 2019 “The State of the Economy: Pakistan’s Development Strategy in a Rapidly Changing Environment” along with the book “Pakistan at Seventy: A handbook on developments in economics politics and society” – a project of BIPP – edited by Shahid Javed Burki (Chairman BIPP), Iftikhar Ahmed Chaudhary and Asad Ejaz Butt. The dual launch took place at the World Bank Office Islamabad.

The 2019 report presented BIPP’s dedicated three years in-depth research work on the CPEC related issues in view of the Corridor’s immense potential for Pakistan to stimulate growth and economic development on sustainable basis. The report comprehensively discusses various aspects of CPEC and its relevance to the economy, and recommends some short, medium, and long-term

measures for the government of Pakistan to fully harness the CPEC potential. Looking beyond CPEC, the report gives an objective analysis of the economic performance during 2018-2019 and recommends a new development paradigm with focus on developing new sectors e.g. service sectors, incentivizing domestic investment, stimulating exports, high-value crops in agriculture, promoting SME sector to become part of global supply chains, and skills development of the large young population in the modern sectors of information technology, healthcare, finance, higher education, and tourism.

the areas of mutual interest notably professional courses for senior managers and CEOs both for public and private sectors, upgrading the existing faculty and curricula of PAK-AIMS, expanding and up-scoping PAK-AIMS academic courses and disciplines etc.

On 26th February, Dr. Ejaz Sandhu, Director Operations, BIPP and Ms. Kainat Shakil Acting Director Research attended a seminar on “Hindutva & Effects on the Region” at Maritime College of Excellence (MCE), Pakistan Navy War College. In the seminar different papers were presented by the imminent scholars to bring to light the danger that lurks as Pakistan’s immediate neighbor turns saffron under the Hindutva ideology.



BIPP management also had series of meetings with the Rector and Directors of Pak-American Institute of Management Sciences (PAK-AIMS), a well-recognized private sector university to explore the possibility of cooperation in

Dr. Ejaz Sandhu and Ms. Atr-u-Nisa (Senior Research Associate) also attended an event “Academia-Industrial Linkage” held at The University of Lahore on 4th March 2020. brought some 300 engineering firms/companies under one

roof to engage with the participants from various walks of life, the universities and other stakeholders on leading technologies and issues e.g. the linkages between education and business, the market for electric vehicles, internet of things and artificial intelligence.



Given the severity of the Coronavirus (COVID-19), the Vice Chairman of BIPP held a staff meeting on the issue on 13 March 2020 to sensitize the staff and provide authentic information regarding the virus so that preventive measures could be adopted both at the workstations and at home.



The bilingual session was attended by both professional and support staff members. The Vice Chairman elaborated on the basic World Health Organization (WHO) guidelines for prevention against COVID-19 (see image) e.g., social distance, personal hygiene, protective gears. The attention of the staff was invited to the visual poster that was installed in the office's main hall; the poster visually highlights the preventive measures against the virus for employees and the visitors. The sanitizers have also been placed at various locations in the office. The members were requested to pass on the information to family members and close friends as well.

Currently the office is abiding by the Punjab Government's lockdown decision and has transitioned to tele-work mode.

**Samra Naz**  
Assistant Manager IT/KM  
The Shahid Javed Burki Institute of  
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## Education & Learning Wing

### Twenty-twenty, A Challenging Year

The world entered the new year twenty-twenty without realizing the enormous challenge standing in front of it in the form of COVID-19. A disease that started in Wuhan, China and ended up becoming a pandemic in the short span of three months. A virus which spreads from person to person via droplets from mouth and nose of patient or even at times, an asymptomatic carrier, is highly contagious. The common symptoms initially manifest as dry cough, flu and fever could lead in extreme cases to severe pneumonia choking its victim's respiratory system. All the countries around the globe, after initial hiccups, have taken groundbreaking measures to battle against the disease, ranging from social distancing to isolation and quarantines, as well as business restrictions and major cities' lockdown. As the COVID-19 pandemic continues to spread to various countries, it is not only wreaking havoc to the economy and over burdening the health facilities, but also leading to socio-political disruptions.

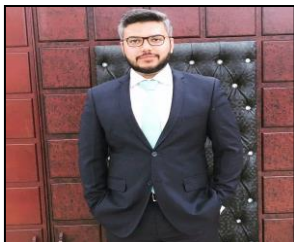
Spain, Italy, Iran, China have been hit the hardest of all. China which carried out the preventive measures strictly is Coronavirus free- in terms of emergence of new local infections while the others continue to wrestle as most of them failed to take timely preventive measures.

First case of COVID-19 was reported in Pakistan on February 27, 2020. Since then, the number is rising quickly primarily by the return of more and more COVID-19 patients from countries abroad. Most of the people are not practicing social distancing; sanitizing measures are not up to mark; some of the known cases are running away from quarantine centers; people are reluctant to adapt themselves- despite the partial lockdown and awareness programs. This is likely to crowd already inadequately equipped hospitals and insufficient health facilities. On top, businesses are suffering which would further weaken our already unstable economy.

Researchers around the world have joined hands to come up with some solutions like workable treatment regime or development of a vaccine. Why and how the disease began is still a question mark. When will this pandemic end? Will we and the world be same after it is gone? We must use this time to self-reflect over how we have treated the planet earth and worked out our development

priorities to neglect the social sectors and distributive justice. We must be strategic in our development approach to bequeath a better and more equitable world to the posterity which is free of deadly diseases, abysmal ignorance and abject poverty.

**Maryam Ali**  
**Research Internee**  
The Shahid Javed Burki Institute of  
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## Education & Learning Wing

### Non-Traditional Security Threats in Today's World

*"There is no world absolute, complete privacy or world of complete national security."*

-Andrew McCabe

The security of a country is of prime concern as hostile forces do not miss a window of opportunity to get a leverage on the other. As it is the rule of life the big fish eats the small. In the arena of geo-politics and international relations the same rule applies where politically and economic stronger countries overshadow and influence the meeker ones. Large fleets of military are no longer the only resource that safeguard a nation's interest. It might have been true for Medieval times- even then Machiavelli advised his Prince on diplomacy and the rudimentary necessities for orderly finances. Today more than ever economic might is a key pillar of security for a nation. In a world where international leading bodies, banks and autocrats determine aid packages and bailouts for

weaker and fragile economies the real power rests with the donor countries- who have stable and expansive economics in this highly globalized mesh.

These threats are not only bound to economics but also paradoxically to issues such as that of climate change that is triggered by the luster of economic growth in the post-industrial revolution world. Melly Caballero Anthony defined these threats as, "challenges to the survival and wellbeing of people and states that arise primarily out of non-military sources, such as climate change, cross-border environmental degradation and resource depletion, infectious diseases, natural disasters, irregular migration, money laundering, food shortages, people smuggling, narcotics and other form of transnational crime." This only goes to show that world is becoming ever more complex.

The following figure goes to show that the economy has suffered in Pakistan due to security issues in the post 9/11 era. The country is a classic case of being stuck in a debt cycle. Over the years its 'security state' led development paradigm has led to grossly high investments in physical security ignoring the necessities for human development to support its economy. In the past four decades time and time again, the country has had to alter its policy and line of action according to the will of its benefactors.

### How have security problems influenced economic development?



- Strongly influenced (49.26%)
- Influenced (30.66%)
- Not influenced (7.21%)
- Least influenced (11.58%)

As time becomes ever more challenging with a diverse set of security threats such as climate change, it is now more than ever that countries need to reorient their visions and policies of security and be more open to invest in their people so their human capital can lead to economic growth that improves and supports security against pressing impacts of issues such as climate change.

**Jahanzaib Khan**  
Research Trainee

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





**From  
Finance &  
Administrative  
Wing**

## State Bank Interest Rate & Macro-Environment Review

The State Bank of Pakistan (SBP) Tuesday announced a 1.5 percent cut in the interest rate, reducing it to 11 percent, claiming the decision was taken due to the “uncertainty” over the impact of the ongoing coronavirus pandemic.

Current account deficit continued to consolidate closing in at USD 555 million in January 2020 compared to a deficit of USD 865 million in the same period of last year. The cumulative deficit for 7MFY20 clocked in at USD 2,654 million (down 72% YoY) compared to USD 9,479 million in the corresponding period. Narrowing current account deficit provided some breathing space to the SBP reserve, thereby reserve increased by USD 5.3 billion, from the start FY 20, and currently stand at USD 12.59 billion.

## Stock Market Review Regarding BIPP' Investment

After showing strong positive momentum during the last few months, the stock market finally succumbed to as host of negative news in February with the benchmark KSE-100 Index losing 3,650 points (8.7%) to close the month at 37,983 points due to the COVID-19 pandemic. BIPP's Finance committee is reviewing investment portfolio on weekly basis to minimize the market risk. After discussion with higher management it was decided to make low investment in T-Bills and redeem the total investment from stock market.

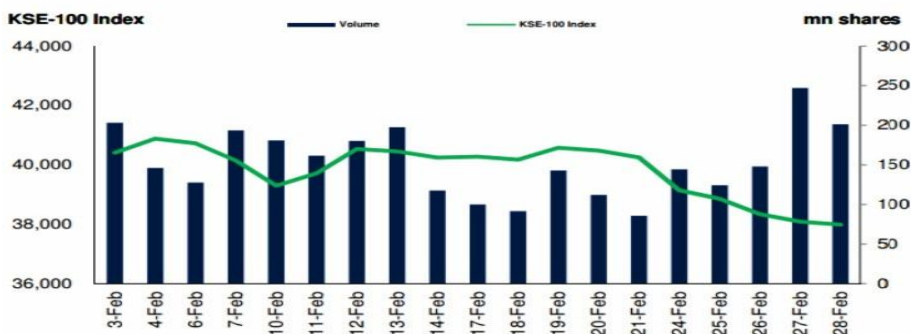
## Money Market Review Regarding BIPP' Investment

Auction for fixed coupon PIB bonds was held on February 04, 2020 with a total target of PKR 100 billion. Total participation of PKR 126 billion was witnessed in this auction; out of which 3,5,10, & 20 years tenor received bids worth PKR 41 billion, PKR 49 billion, 34 billion & PKR 1.5 billion respectively. SBP accepted PKR 20 billion in 3 years. Therefore, BIPP's management decided to take 38% exposure of total portfolio in money market and 23% in TDR's of AA+ credit rating commercial banks.

### Inflation & Interest rates are expected to decline henceforth



### KSE-100 During February 2020



**Awais Khalid  
Manager Finance**

The Shahid Javed Burki Institute of  
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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.

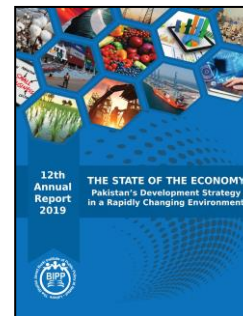
**12<sup>th</sup> Annual Report:**

**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.



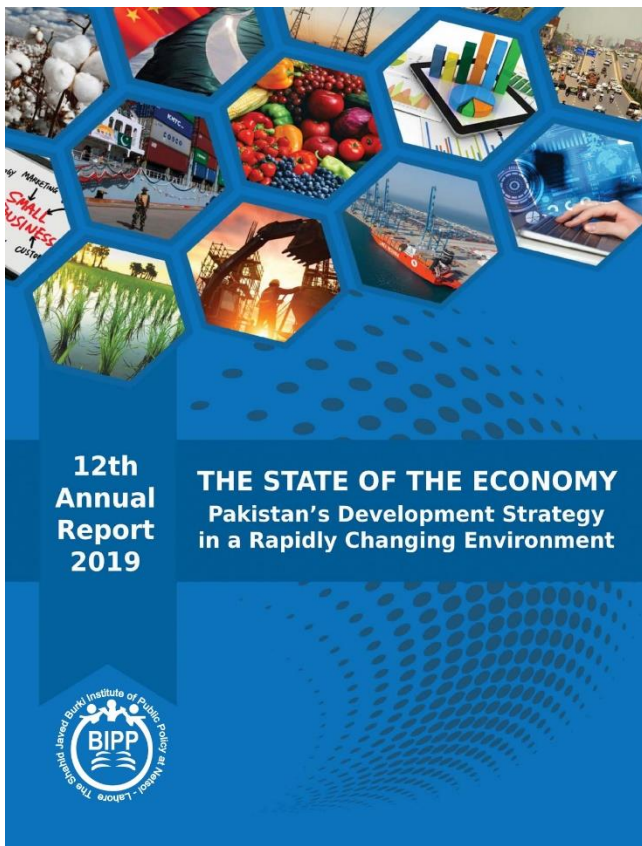
This report comprises the following nine chapters

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

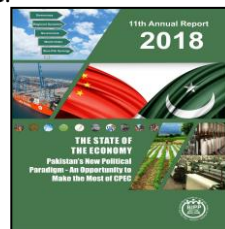
Dr. Ahmad is internationally renowned expert on agriculture, value-chain and water policy. He did his PhD from the University of Massachusetts in Resource Economics (1979). He carries an experience of around 40 years, including 24 years with the Food and Agriculture Organization of the United Nations, 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

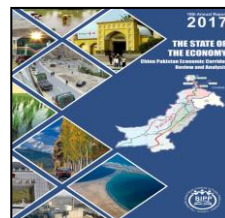
Asad Ejaz Butt holds a Masters degree with double majors in Economics and International Development Studies from University of Guelph, Canada prior to which he completed his undergraduate studies in Economics at York University, Canada. He has worked with ICF International especially on modelling the 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

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



**10<sup>th</sup> Annual Report:**  
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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.

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