



IPRI
Building Consensus



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NATIONAL CONFERENCE

Roadmap for Economic Growth of Pakistan



Islamabad Policy Research Institute (IPRI) in collaboration with Hanns Seidel Foundation (HSF) organized a two-day National Conference on “Roadmap for Economic Growth of Pakistan” on October 22-23, 2014 at Islamabad. Prominent scholars, academicians, practitioners and policy makers from all over Pakistan participated in the conference and shared their views on prevailing challenges to the economy of Pakistan. They envisioned various trajectories of economic growth, and recommended policy options to re-rail the national economy.

In his opening remarks, Ambassador Sohail Amin, President IPRI, said that Pakistan was an important South Asian

country with a vibrant society of 180 million people; and to become an internally strong democratic welfare state and play an important role for peace and development in the region, Pakistan needed a well progressing economy.

In his opening remarks, Mr. Kristof Duwaerts, resident representative (HSF), said that Pakistan's economy was not too bad, ranking 26th out of 188 nations, as per the IMF listing, in terms of GDP in 2013. In the past, Pakistan's economy had proved to be resilient. This country did not face as many financial and economic repercussions as did other Asian nations during repeated waves of recession or international financial crises over the past decades.

Dr. Asad Zaman, Vice Chancellor, Pakistan Institute of Development Economic (PIDE), QAU Campus Islamabad, was the chief guest in the inaugural session of the conference. He made a presentation on “Roadmap for Economic Growth of Pakistan.” He stated that development was a multidimensional process which included simultaneous coordination at various fronts. The “hardware indicators” for development included energy, security, industry, technology, FDI, and exports, while “software indicators” for development were community based human development.

Dr Imran Sharif Chaudhry, Department of Economics, Bahauddin Zakariya University Multan, spoke on “Economic Performance in Recent Past.” He said that the performance of Pakistan's economy had been fluctuating since its inception. While analyzing Pakistan's economic performance from 2001 to 2014, he talked about eight primary economic variables: sectoral growth, investment and saving, inflation, fiscal sector, public debt, trade and payments, infrastructure development, human resource and social development.

Dr. Vaqar Ahmed, Deputy Executive Director, Sustainable Development Policy Institute (SDPI), Islamabad, presented his paper on “Fiscal Challenges and Response.” His study focused on three challenges to domestic resource mobilization: exemptions in tax

system; reforms regarding tax administration; and efforts needed to broaden the tax base. He stated that there were various sectors which were provided tax exemption and there was no solid mechanism to determine eligibility for exemptions. Prof. Dr. Naheed Zia Khan, Dean Faculty of Arts and Social Sciences, Fatima Jinnah Women University, Rawalpindi, presented her paper on “Problems and Prospects of Foreign Direct Investment.” She was of the view that FDI was one of the



important processes of globalization in present times. Although governments, think tanks and policy makers supported the FDI, the outcomes of FDI for the host countries, specifically in developing parts of the world, were widely debatable.

Dr. Rehana Siddiqui, former Joint Director, Pakistan Institute of Development Economics (PIDE), Quaid-i-Azam University Campus, Islamabad, spoke on “Meeting the Energy Requirements.” She opined that energy requirement of countries depended on the size of the population and structure of the economy. To achieve the growth rate of 7 percent, required growth rate of electricity was 9.65 percent per annum, while actual figure was 5.25 percent. Therefore, in the long run bottlenecks related to energy may hamper growth potential. Dr. Ashfaq Hasan Khan, Principal and Dean, School of Social Sciences and Humanities, National University of Sciences and Technology (NUST), Islamabad, spoke on the subject of “Public
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Highlights

IPRI National Conferences

- **Roadmap for Economic Growth of Pakistan**
- **Balochistan: Enhancing the Pace of Development and Prosperity**

IPRI Guest Lecture

- **Pakistan's Relations with Middle Eastern Countries**

Upcoming IPRI International Conference

- **Major Powers' Interests in Indian Ocean: Challenges and Options for Pakistan**

English Newspaper Articles

- “Pakistan's Latest Crisis: A Rebuttal” by Khalid Hussain Chandio, Research Officer IPRI was published in *The Patriot*, October 5, 2014.
- “Afghanistan Beyond BSA” by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, October 6, 2014.
- “Afghan-US Security Agreement” by Amna Ejaz Rafi, Assistant Research Officer IPRI was published in *Pakistan Observer*, October 11, 2014.
- “Kashmir Dispute Back to the UN” by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, October 13, 2014.
- “Engaging Russia Through Food Trade” by Maria Syed, Assistant Research Officer IPRI was published in *Pakistan Observer*, October 14, 2014.
- “India’s Peace Threatening Violations” by Col (R) Muhammad Hanif, Research Fellow IPRI was published in *Pakistan Observer*, October 18, 2014.
- “Factors Behind Border Clashes” by Muhammad Munir, Research Fellow IPRI was published in *Pakistan Observer*, October 19, 2014.
- “Palestine towards statehood!” by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, October 20, 2014.
- “Loc on Kashmir and Indo-Pak Border Violation: What India Really Wants?” by Aymen Ijaz, Assistant Documentation Officer IPRI was published in *The London Post*, October 24, 2014.
- “Modi sarkar and peace dream” by Aftab Hussain, Research Officer IPRI was published in *Pakistan Observer*, October 25, 2014.
- “The Longest Black Day” by Air Cdr (R) Khalid Iqbal, Consultant IPRI was published in *The Nation*, October 27, 2014.
- “Pak-Iran Trade Potential” by Khurram Abbas, Assistant Research Officer IPRI was published in *Pakistan Observer*, October 29, 2014.

Urdu Newspaper Articles

- “Kashmir... Wazir-e-Azam Aur Mushir-e-Kharja Kay Moaqaf” by Asgar Ali Shad, Research Fellow IPRI was published in *Nawa-i-Waqat*, October 5, 2014.
- “Bharti Jhariat ... Mumkina Muharkaat-o-Nataij” by Asgar Ali Shad, Research Fellow IPRI was published in *Nawa-i-Waqat*, October 10, 2014.
- “Child Labour, Nobel Inam Aur Bharat” by Asgar Ali Shad, Research Fellow IPRI was published in *Sada-e-Chanar*, October 19, 2014.
- “Iqtasadi Tarraqi Ka Road Map” by Asgar Ali Shad, Research Fellow IPRI was published in *Nawa-i-Waqat*, October 28, 2014.
- “Million March” by Asgar Ali Shad, Research Fellow IPRI was published in *Daily Pakistan*, October 30, 2014.

Roadmap for Economic Growth of Pakistan

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Finances.” He said that fiscal profligacy and failure to mobilize adequate resources to finance ever growing public expenditure requirements had emerged as one of the key economic issues of the country; and fiscal discipline was essential for preventing macro-economic crisis and hence realizing full growth potential and social development.

Prof. Dr. M. Arshad, Dean, Faculty of Agriculture, University of Agriculture, Faisalabad, made a presentation on “Strategies for Enhancing Agricultural Growth and Food Security.” He said that food production and security for the ever increasing population was becoming a great challenge for the scientists and policy makers. Growth in agricultural productivity faced sever constraints from land degradation, climate change, scarce water supplies, provision of quality seeds, balanced use of nutrients, use of obsolete traditional practices restricted to conventional cropping system, credits for the farmers, marketing system and competition for energy resources among agriculture, industry and urban centres. Dr. Bashir Ahmed Khilji, Head of Economics Department, Preston University, Islamabad, presented his paper titled, “Undertaking Structural Reforms and Reform of Public Sector Enterprises.” He stated that if through privatization process, Public Sector Enterprises (PSEs) were sold to the private sector, the burden on national budgets would be minimized. Private sector prioritized their business interests; hence the loss incurred by ex-public sector enterprises has minimized, their profits have maximized, and these entities have transformed from white elephants to productive units.

Prof. Dr. Allah Bakhsh Noon, Dean, Faculty of Agriculture Engineering and Technology and Director, Water Management Research Centre, University of Agriculture, Faisalabad presented his paper on “Impact of Water Management and Climate Change on Economic Growth.” He said that Pakistan was the most vulnerable country to climate change including glacier retreats, floods, droughts and rise in temperature. He was of the view that during the next 40 years, frequent severe floods would be followed by marked reduction in river flows by 40 to 50 percent. Associate Prof. Dr. Bushra Yasmin, Chairperson, Department of Economics, Fatima Jinnah Women University, Rawalpindi, shed

light on the subject of “Tapping the Human Capital.” She opined that treatment of Human Capital (HK) as endogenous factor had long been introduced by growth theorists. The role of HK accumulation and research and development (R&D) had been acknowledged as an engine for attracting physical capital and investment.

Dr. Usman Mustafa, Head, Department of Business Studies & Chief, Training and Project Evaluation Division, PIDE, Islamabad, presented his paper on “Appropriate Development Strategy and Role of Private Sector.” He explained that private sector plays pivotal role in the growth of an economy. The large as well as the SMEs use state of the art technologies to produce goods and services for domestic as well as international consumers. These entities also provide employment. Prof. Dr. Ather Maqsood Ahmed, Head, Department of Economics, NUST Business School, Islamabad, made his presentation on “Tapping Potential Sectors of Growth.” He said that besides accumulation of physical capital and labour, the importance of knowledge, technology, R&D, and innovation have vastly improved the understanding of economic growth. Within the agriculture sector, a strategic focus was needed on effective use of inputs to enhance productivity of major crops.

Prof. Dr. Abdul Saboor, Chairman, Department of Economics & Agricultural Economics, Arid Agriculture University, Rawalpindi, presented his paper on “Significance of Trade and Regional Economic Integration.” His presentation highlighted significance of trade and regional economic integration with special reference to Pakistan and South Asia. He said that trade agreements were considered welfare enhancing if these resulted in better economic opportunities at gross root level and human welfare. Prof. Dr. Eatnaz Ahmad, Vice Chancellor, Quaid-i-Azan University, Islamabad, was the Chief Guest in the concluding session. He said that there were two basic tenants of economic growth which included savings and productivity. Savings not only provided more resources for productivity but they could also be invested to build up more capital including human capital and physical capital. Once the resources were generated for productivity, it was important to understand the utilization of these resources.

Balochistan: Enhancing the Pace of Development and Prosperity

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A pivotal point for creating greater peace and security in Pakistan. It was full of natural resources that offered great potential for development. Unfortunately 2.3 million Children remained out of school in Balochistan. According to Dr. Yasinzai, 42 percent of 10 to 18-year-old girls had never attended school and only 32 percent of Balochistan's population over age group of 10 had completed primary level education. He suggested that strong rationale should be adopted for integrated development through building and strengthening local institutions as partners of development and social change. Any formula of success should encompass institutional building at the community level; integrated and participatory development strategies; and private and public investment opportunities as this will empower communities and reduce poverty.

Prof. Dr. Iqar Ahmed Khan, Vice Chancellor, University of Agriculture, Faisalabad, presented his paper on "Role of Agriculture and Industry in the Development of Balochistan". He opined that Balochistan had topographic diversity but at the same time it had some limitations like water scarcity. Likewise, potential area, i.e., 4.5 million acres, suitable for agriculture, could not be utilized due to insufficient amount of water. He suggested that on-farm water management practices, watercourse improvement, laser land leveling, pressurized irrigation, perforated pipe irrigation and rainwater harvesting would help in growing off-season vegetables. He also recommended that saving Karez system would be a big help to the people of Balochistan. Dr. Iqar suggested that high value crops such as fruits and vegetables need to be grown using drip irrigation system coupled with liquid fertilizer application. Furthermore, he pointed out that fisheries sector on the coastal belt should be developed, which remained an untapped resource of the province over the years.



Mr. Fazal Ur Rehman, Executive Director, Pakistan Council on China, Islamabad, made his presentation on "Impact of Pakistan-China Economic Corridor on the Development of Balochistan." He started his presentation by quoting the famous Chinese saying that a journey of thousand miles starts with a single step. He informed that basic agreements between Pakistan and China on economic corridor had been finalized and many projects were in progress. Gawadar would be

IPRI GUEST LECTURE



Islamabad Policy Research Institute (IPRI) organized a guest lecture on "Pakistan's Relations with Middle Eastern Countries" on October 28, 2014 at IPRI Conference Hall. The lecture was delivered by Ambassador Jauhar Saleem, former Ambassador to Bahrain and currently Additional Foreign Secretary at the Ministry of Foreign Affairs, Islamabad. He explained the state of Pakistan's relations with Middle Eastern and Gulf Countries and described them excellent.

a hub of development for Balochistan. It would open doors of development for many economic and social sectors in the province. Secondly, the sector with great economic potential in Balochistan was the mining sector, as the province had rich mineral resources that remained untapped. Mining sector would flourish due to this corridor and it would help in reducing unemployment in the local areas. Thirdly, human resource development would take place due to this project. People participation was pre-requisite for the success of any economic project in Balochistan. Moreover, there was need to focus on public-private partnership. He suggested that micro, medium and small size industries in Balochistan should be strengthened.

Prof. Dr. Javeid Iqbal, Vice Chancellor, University of Balochistan, Quetta, graced the occasion as Chief Guest in the concluding session. He said that the history of Balochistan had witnessed the march of a number of great conquerors and warriors in the past, but none of them had left any indelible imprint regarding development. In 1839, the British rule started through a highly centralized but small administration. The defence orientation of the administration precluded development and educational pursuits. Thus, the area remained deprived of educational, social and economic developments. However, some strategically important railway lines and roads were constructed. He said that "Aghaz-e-Haqooq-e-Balochistan" and other mega projects of the nature were helping in curtailing the rate of unemployment which would resultantly prove in uplifting the standards of living of the backward segments of the society. The slow and steady political awareness among the masses was bringing the sense of responsibility generally and a check on the bureaucratic and political institutions in particular. In the end, Dr. Javeid Iqbal remarked that only developed and prosperous Balochistan would guarantee a developed and prosperous Pakistan.

Balochistan: Enhancing the Pace of Development and Prosperity



A one-day national conference on “Balochistan: Enhancing the Pace of Development and Prosperity” was organized by Islamabad Policy Research Institute (IPRI) on October 30, 2014 at Islamabad. The objective of the conference was to identify issues and make recommendations for enhancing the pace of development in Balochistan.

Ambassador Sohail Amin, President, IPRI, after welcoming the speakers and guests, said that Balochistan had four agro-ecological zones and is known as the fruit basket of Pakistan. It shared border with Afghanistan and Iran and, therefore, could be a hub of imports and exports. He was of the view that Gwadar port had potential to become the center of communications between Middle East and China. It would connect Pakistan-China through economic corridor and would become gateway to Central Asian Republics (CARs).

Senator Mushahid Hussain Sayed, Chairman, Senate Committee on Defence and Defence Production, graced the occasion as Chief Guest in the inaugural session of the conference. He said that Balochistan was pivotal for Pakistan's future as it was one of the oldest civilizations and rich in terms of minerals. Explaining the background of the “Government Committee on Balochistan”, he said, there were 38 members of the parliament including Mr. Mehmood Khan Achakzai, Mr. Asfand Yar Wali and Mr. Ishaq Dar. The committee recommended that provincial autonomy was the basic ingredient of strong Pakistan. Hence, five percent quota of Baloch students was accepted by the Higher Education Commission (HEC). The committee also recommended establishment of technical institutions in the province for increasing employment opportunities to the youth of Balochistan and “Aghaz-e-Haqooq-e-Balochistan” was based on such

recommendations of the committee.

Mr. Babar Yaqoob Fateh Muhammad, Secretary, Ministry of Communications and former Chief Secretary, Balochistan, spoke on “Development in Balochistan: An Overview.” He shared the figures elaborating an overview of Balochistan before and after partition. He said that there were only 33 dispensaries in Balochistan before partition, but in 2014 the number of dispensaries stood around 1355. The school enrollment had improved with the passage of time as there were around 13000 students before partition, but in 2014 there were 1.3 million students enrolled in the province. He stressed that there was a need to develop communication infrastructure between Gwadar and Khuzdar. He suggested that Kacchi canal project, still incomplete, needed to be completed as soon as possible. He recommended that good human resource was necessary for change in Balochistan as the governance issues were linked to skilled human resource.

Prof. Dr. Tahir Amin, Director, National Institute of Pakistan Studies, Quaid-i-Azam University, Islamabad, presented his paper on “Impediments to Developmental Initiatives in Balochistan.” He said that State had to carefully balance between different sections of society in Balochistan. It was the duty of the state to provide roads, hospitals and schools and ensure trickle-down effect. He pointed out that there was absence of coherent vision on policies about Balochistan. Thus, there was need of coordination among all stakeholders. The reconciliation of Balochis should be the primary goal of the state. The due share should be provided to Balochistan by the federal



government. Moreover, development alone would not solve the problem, political reconciliation among all factions in the province would be necessary. Dr. Amin remarked that the meddling of foreign powers in the province was due to Balochistan's strategic location.

Prof. Dr. Masoom Yasinzai, Rector, International Islamic University, Islamabad, spoke on “People Oriented Approach to Socio-Economic Development”. He said that Balochistan was widely recognized as

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