The budget speech delivered by Finance Minister Ishaq Dar was certainly not driven by considerations of human and social development. Not once did he mention that income inequality, job creation, access to affordable factors of production (including energy), is a serious issue in Pakistan.
Contents

PART I

1. Revitalizing economy by balancing defence and development ........................................... 03
   By Dr Abid Qayyum Suleri
2. Budget 2017-18: A sustainability perspective .... 04
   By Dr Sajid Amin Javed
3. Indirect taxes to impair poorest of the poor .......... 07
   By Dr Vaqar Ahmed
4. Need to revisit 'filers and non-filers' discourse ..... 08
   By Shafqat Munir
5. Tax revenues in Budget 2017-18 .......................... 09
   By Rabia Manzoor and Ahmad Durrani
   By Ahad Nazir
7. What impact Budget 2017-18 will create on local and foreign investment? .................... 13
   By Shujaat Ahmed
8. Education & social safety nets a factual analysis ... 14
   By Junaid Zahid

PART -II

1. Harmful Effects of Electromagnetic Radiation ..... 16
   Brig. (Retd) Mohammad Yasin
2. Curriculum for Compassion- discrimination mars inclusiveness of society .......................... 17
   By Shafqat Munir
3. Trade between India and Pakistan: some key impediments ............................................. 18
   Rabia Manzoor and Atif Yaseen
4. Developing Social Cohesion among Youths of Europe and Refugees ............................... 19
   By Shakeel Ahmed Ramay
5. Public sector monitoring & evaluation: a view from developing world .............................. 21
   By Ahmed Durrani
6. Challenges and Prospects of Foreign Outward Investment for Pakistan ............................ 22
   By Shujaat Ahmed
7. Making economic development in semi-arid regions more resilient to climate change .......... 23
   By Ahmed Awais Khaver
8. Determinants of Rapid Urbanisation in Pakistan ........................ 24
   Ghamz E Ali Siyal, Imran Khalid & Ayesha Qaisrani
9. Projects sustainability depends on proper planning, prioritization & implementation .......... 26
   By Hasan Murtaza Syed
10. Gender discrimination starts from home ........... 27
    By Tahira Qureshi
11. SDPI’s Twentieth Sustainable Development Conference Seventy Years of Development: The Way Forward 5 – 7 December 2017 Islamabad, Pakistan. 29
12. Guidance to the Chemicals in Products Programme for NGOs representing public interest ..................................................................................... 30
    By Olga Speranskaya, Mahmood A. Khwaja, Brian Kohler

Editor:   Saleem Khilji
Prime Minister Nawaz Sharif made a record by becoming the first democratically-elected premier who has presented the fifth consecutive budget in a single tenure in the 70-year history of Pakistan. Although Pakistan People's Party government also completed its five-year term, they had two prime ministers in that tenure.

There were a lot of expectations from amongst the people as well as pressure within the party in the run-up to the election that the federal budget 2017-18 would be an election-friendly budget. After all this were to be the first independent budget presented by the PML-N government. The initial four budgets were prepared under the International Monetary Fund (IMF) program. Therefore, in those four budgets, the conditions imposed by the IMF framework took priority in the budget-making process.

The PML-N government had to use its newly-found financial autonomy (after the successful completion of IMF program) in a situation where the economy is stable compared to 2013, but still far from being sustainable. Contributing to the lack of sustainability in the economy are: a) Trade imbalance hitting a historical low, b) Sharply falling remittances, c) Fiscal deficit (which for the first four years was slightly under control compared to 2013 but is again sliding up), d) Current account deficit (the budgeted target for 2016-17 got missed and is already doubled), and e) Prices of petroleum product in the international market, which are on the rise. The finance minister is wary of the situation.

In this context, a government that is in doubt regarding re-election will give a popular or election-oriented budget and go on a spending spree. If the popular budget gets them the votes, it will be a win-win situation, but if it does not, the successor government will be facing the brunt. Looking at the current political scenario, the PML-N seems confident that it will be able to retain the current status quo, if not better. Although they could not make governments in Sindh and Khyber Pakhtunkhwa (KPK), they are still confident that they will be able to come back in the center. This is the prime reason that the budget is not as election friendly as was expected. Rather, it is a business as usual and is prepared following the template used by the earlier governments.

In this template, fiscal deficit is taken as an entry point. Successive governments have been trying to meet this deficit by inflating the revenues and deflating the expenditures. They rely on indirect taxes as a major source of revenue. Increasingly, major expenditures can be categorized into 4Ds:

1. Debt Servicing
2. Defence
3. Day-to-day Administration
4. Development

Likewise, this time too, the net federal revenue would be barely sufficient to meet the first two “Ds” and the rest of the expenditures would be met through borrowing and external assistance.

This time the net federal revenue is budgeted as Rs2926 billion. The debt servicing is budgeted to be Rs1363 billion, and defence will be Rs920 billion. The remaining amount, i.e. Rs643 billion is what the federal government is left with to take care of the third and the fourth D. The third D includes the running of the civil government, whole federal administration, pensions, subsidies, grants, direct allocation, etc. Whereas the fourth D is PSDP, which amounts to Rs1 trillion.

As it is presented in the budget, the difference between revenue and expenditure is almost Rs1900 billion (Rs1826.8 billion to be precise). To remain within the budgeted fiscal deficit of 4.1% of GDP, the deficit should not exceed Rs1479.6 billion. Thus a provision is made for the provincial surplus to the tune of Rs347.3 billion. The 4.1% of GDP fiscal deficit would be met through external loans and domestic financing.

Since the government is confident to win next general elections and knows that it would have to deal with any financial mess that it creates now, so it sticks to a prudent approach. However, my concern is that the fiscal deficit will cross the budgeted target. The budgeted power sector subsidies (to WAPDA/PEPCO/KESC) amount to Rs117 billion. There is no provision for circular debt, which stands at Rs414 billion as of today. Moreover, there is neither a provision for fertilizer subsidy, nor for the refunds of exporters from FBR. In the best case scenario, these unaccounted expenditures would add up to another 2 percentage points of the GDP (Around Rs600 billion) to the fiscal deficit.

On top of it, despite the finance minister’s prudent approach of the finance minister, the prime minister and his colleagues would announce development schemes and electoral packages, which will add further burden to the economy. So, we expect the fiscal deficit to touch around 6.5% of GDP by the end of 2018 if the petroleum prices remain the same. Any further slip on fiscal deficit, and going back to IMF in
Research & News Bulletin

Federal budget 2017-18 is positive in the sense that allocation for PSDP and agriculture are worth admiring and cannot be ignored. PSDP has been increased to Rs 1001 billion from Rs 700 billion in the last fiscal year. Similarly, increase from Rs 21 billion to Rs 35.5 billion for higher education is also commendable.

Last but not least, one must appreciate the government for staying focused on stability of economy and not presenting an overwhelmingly election budget. It is rare to find such an example.

Increasingly, in the broader politico-economic perspective, this budget can be assessed under three basic criteria.

First, to what extent the budget is heading the economy towards its long run objective of sustained economic growth and development.

In this regard, ad hoc solutions make most of the budget proposals and no significant reforms are announced to control falling exports, reduce dependence on indirect taxes, increase tax base, attract foreign investment, boost national savings, and improve labour productivity. The proposed budget seems to be a continuation of “consumption based economy” led by “indigenous growth” model.

The priorities of health and education take the back seat once
more with the allocation of Rs 59 billion (of which Rs 10 billion for hospitals) for health, and Rs 35 billion for higher education. Overall budget 2017-18 allocated Rs 132.521 billion for education of which current budget equals Rs 90, 516 suggesting development budget of Rs 42.005 billion. Most importantly, the allocation for education, though witnessing a growth of 21.6 %, fall much shorter of 4% of GDP committed by the government and 7% targeted in National Education Policy 2009. Allocating Rs 17 billion for overall water projects and Rs 30 billion for achieving sustainable development goals (SDGs) against Rs 300 billion for roads speak a lot about “federal government's commitment to uplifting health standards”.

Again, no reforms have been announced to tackle structural issues such as falling savings, declining exports, and uplifting private investment. Zero rates on start-ups may not bring the required push, so a compressive reforms plan is required. Presently, three major commodities like cotton, leather, and rice make about 72% of total exports of the country in first 9 months of the fiscal 2016-17. Similarly, approximately 60% of exports are destined to Organisation for Economic Co-operation and Development (OECD) countries which are going through a phase of sluggish growth compromising their capacity to import. Budget 2017-18 offers no clear reforms in this regard. Textile sector, which is supposed to be the backbone of Pakistan's exports, needs much more than that of the announcement of permission to open warehouses abroad. You may include in the list missing steps for low cost energy supply to industry and reforms to simplify tax filing and tax repayments as well.

Second, how does the government envision future structure of economy, particularly what does budget 2017-18 offer for sustained institutional reforms to promote tradable sector -the exports?

The criterion is selected purposefully. Tracing back, Pakistan has historically been taking pride in “consumption based” economy status and followed indigenous growth model where import substitution has been the focus of economic growth strategy/policy.

It has broader implications ranging from employment to investments, from fiscal deficits to public borrowing and from FDI inflows to current account deficits. I believe that not only good export promotion policy can help meet the challenges of economy at multiple fronts listed above but also envisioning China Pakistan Economic Corridor (CPEC) in true essence is about envisioning future exports of Pakistan.

Other than a tax holiday of start-ups, budget 2017-18 has not much for industry. The budget clearly shows a reluctance to accept the structural flaws behind secular decline in exports and the “global slowdown” and “reduction commodity prices” remain the two chief culprits pointed out. The budget though offers zero rating to some industries, a clear reflection on the structural hurdles is missing.

For example, exclusive focus on energy production ignores the high cost energy production raising the production cost resulting in loss of already lower export competitiveness. Implementation of conventions of Generalised System of Preferences (GSP) may support boosting exports but budget 2017-18 is silent on the improvement of labour and environmental laws.

Third, what do we learn from past performance?

A good budget must be forward looking but it must be based on the lessons from the past. The lessons in this regard are not learned well, if Pakistan economic survey is the guides. The latest economic survey reports an overall economic growth of 5.28 per cent, missing the set target of 5.7 per cent by 0.42 percentage point. Let's admit that the rate is highest in the last 10 years and that increase in GDP growth compared to last fiscal year 2015-16 is a healthy sign. However, one notices that almost all the neighbouring countries like India, Sri Lanka, and Bangladesh, with similar economic structures, actually outperformed Pakistan with growth rates of 7.1 per cent, 5.3 per cent, and 7.2 per cent respectively.

More important, however, are the foundations of the acclaimed economic performance. A deep scrutiny raises certain questions on the nature of economic growth and other major indicators registering improvement. The government must be grateful to services sectors for making the growth rate 0f 5.28 per cent possible. The industrial sector contribution to GDP is about 21 per cent, but this sector registered a growth of 5.02 per cent which is less than the previous year growth of 5.8 per cent. It also missed the set target of 7.7 per cent by 2.7 percentage point, which is a huge miss.

Most importantly, large-scale manufacturing sector recorded a growth of 5.46 per cent and failed to meet the set target of 5.9 per cent. The major contributors in the outgoing year to large-scale manufacturing remained sugar (29.33 per cent) and tractors (72.9 per cent). Interestingly both belong to agriculture sector. Growth of small industry, a major source of employment and livelihood for unskilled and low skill labour, has been stagnant at 8.2% for last three to four years. The services sector contribution to GDP growth fall from 70 per cent in FY2015-16 to 59.59 per cent in FY2016-17, though the sector grew at 6 per cent rate surpassing the set target of 5.7 per cent. Among the subsector of service, wholesale and retail trade sector, contributing to GDP 18.5
per cent, registered a growth of 6.82 per cent against the set target of 5.5 per cent while the second major subsector of service (transport, storage and communication) missed its target of 4.82 per cent whereas the realized growth is 3.94 per cent.

Agriculture sector has always remained one of the most important sectors of economy. It is soothing to note that agriculture sector registered a positive growth of 3.47% meeting the set target. The government claims that this impressive growth in agriculture sector is made possible due to its policies and agriculture credit disbursement. Nonetheless, it ignores the structural problems of the sector. It sounds good to count Rs 1001 billion allocated to agriculture in budget 2017-18 as compared to Rs 700 billion in the previous fiscal. Also, it is encouraging to see the credit rate dropping to 9.9% for small farmers (owning less than 12.5 acres). Nonetheless, one needs to notice that this mark-up paid by poor farmers is still highest in the country. Also, it is not clear from the budget that what will be the credit mechanism for tenants, as they don't own any piece of land. This is particularly important in the context of announcement of linking land record to Stat Bank of Pakistan so that farmers might get credit avoiding collateral complications. Similarly, subsidy on electricity for agriculture tube wells goes to big land holders, as the poor farmers can't afford these tube wells. Same holds true in the import of combined harvesters. Mechanisms need to be in place to ensure that subsidies on agriculture inputs reach to those who are in maximum need.

The export sector has also registered a declining trend (total exports fall by 3.06 per cent during July-March 2016-17). This decline in exports happens despite the several promotional measures announced in the Strategic Trade Policy Framework taken by the incumbent government like the establishment of Exim Bank, the reduction of mark-up rate on Exports Refinancing Facility (ERF) from 9 per cent in 2010 to 03 per cent to-date, the establishment of service trade development council by the Ministry of Commerce along with the reduction of Long Term Financing Facility (LTFF) from 11.4 per cent to 06 per cent. This shows the failure of the regulatory policies. At the same time, however, one needs to bear in mind that the overvalued rupee is posing the most serious challenge to exports of the country.

Also, the government has proclaimed a sizable increase in tax revenue as success story. This was, however, achieved via indirect taxes, which are regressive by their very nature and should not be something to celebrate. Indirect tax is 57 per cent of total taxes while sales and excise taxes as per cent of indirect taxes increased from 68.7 per cent to 69.7 per cent and from 9.9 per cent to 10.3 per cent in the fiscal year 2016-17, all of which are not a healthy sign for the tax structure of the economy.

Furthermore, growth in sales and excise taxes (both are indirect) recorded as 1.45 per cent and 3.1 per cent respectively in the previous fiscal year, is directly related to widening inequality in the society. It is important to note that in absolute terms that the tax to GDP ratio had not increased by the desired levels in the last fiscal year, so it stays in narrow band of 11-12 per cent of GDP. The ratio must be about 20 per cent for a growing economy and, as a quick reminder that this increase must come from direct taxes and tax-net widening-not from indirect taxation.

In terms of financial capital inflows, net FDI increased from US$ 1.4 billion to US$1.6 billion showing an increase of 14.8 per cent in first nine months of fiscal year 2017. However, one should not forget that 37.1 per cent of the overall inflows during fiscal year 2016-17 came from China. In the first 9 months of the fiscal year 2016-17, total FDI stood at $1610.6 million in which China's share is $744.4 million. Most importantly, FDI by China is strategic by its very nature and does not reflect the “efficient destination” status of the country for foreign investors.

FDI into sectors such as agriculture and mineral resources (oil, iron, titanium, aluminium, coal and gas, gemstones, copper, and gold) is the most crucial need as of now. Pakistan is an agro-based and resource rich country, and thus has a large export potential in this sector. Also, the advancement of technology and enhanced value-addition seems a missing priority in the budget 2017-18.

The discussion corroborates that the relief in economy is not coming from improvement in the basic structures of the economy. A decline in exports despite the increased energy supply (relative to previous years) and lowered the cost of production (low oil prices comparatively) suggests the structural flaws in the economic structure of the country. Per barrel price of oil declined from $125 first quarter of 2012-13 to $49.04 on May 26, 2017 shows a fall of about 61 per cent. The cost of production should have declined significantly as oil makes major source of energy in Pakistan.

Similar indication can be drawn from declining fixed and private investments. Private investment declined from 10.2 per cent of GDP to 9.9 per cent of GDP in fiscal year 2016-17. This was despite the fact that SBP has announced historically lower policy rate of 5.75 per cent. Despite better security situation and record low interest rates together with greater access to credit, the government missed the set targets of investment. A plausible explanation is that the cut in the interest rates primarily served as low cost borrowing for the public sector. Domestic debt during the first nine months of fiscal year 2016-17 increases by Rs 1121 billion.

A success story often told by the government is the all-time high $21611.7 million of foreign exchange reserves of Pakistan. However, we must examine the sources of these
reserves. Firstly, a major increase is due to a fall in oil prices and a sustained inflow of remittances from abroad. I will not cover the details of donations/loans making part of these reserves, as they are out of our scope. Secondly, the sustainability of these reserves can be better judged within the context of declining exports in the most recent period. There is also a need for a careful examination of the rise in debt and these reserves over the duration of the incumbent government wherein the former out-classes the latter. Finally, the rupee appreciating impact of these reserves, when actually exports are falling, must be a serious consideration.

Conclusion: the aforementioned discussion stresses the fact that despite the improved economic performance, there are massive structural weaknesses in the country, which need to be tackled. For sustainable growth, the authorities urgently need to formulate and implement rational economic policies. There is also a need to fill the fiscal gap Pakistan via the collection of tax revenue, helping it reach to its potential level of about 22 per cent of its GDP. This is double the present value and this endeavour will be done by resolving the issues related to narrow tax base, extensive use of tax concessions and exemptions, and weaknesses in revenue administration. Let me assert once more that it is in no way to contest that the economy has not gained over the time; the argument is that these gains from global changes like oil price decline, falling inflation, need to be consolidated. Focus needs to be shifted now from stability to sustainability of the economy. The existing set of policies and the patterns of budgeting cannot bring any fundamentally sustained outcomes - as more of the same always gives the same result.

Indirect Taxes to Impair Poorest of the Poor
By Dr Vaqar Ahmed

The budget speech delivered by Finance Minister Ishaq Dar in the National Assembly on May 26 was certainly not driven by considerations of human and social development. Not once did he mention that income inequality, job creation, access to affordable factors of production (including energy), is a serious issue in Pakistan.

Unfortunately, the plethora of indirect taxes and withholding taxes (also collected in indirect tax mode) continue to accentuate income and consumption inequalities. This year again over 60% of revenues of Federal Board of Revenue are envisaged to arrive from indirect taxes.

A rational budget formulation process should aim to reduce inequalities through phasing out federal excise duty, simplification of general sales tax (GST) regime and reduction in GST rates, and lowering of customs duties faced on inputs and finished goods used by the poor. Recent literature on tax incidence also suggests that reducing indirect tax has a pro-poor impact if relief is provided in consumption of food, fuel, cooking oil, bread, milk, fruits, tea, sugar, and vegetables.

Table 1 indicates changes in prices envisaged through proposals of budget 2017-18. Unfortunately, these items do not include the commodities intensively consumed mostly by the poor.

With the imposition of general sales tax on services (by provincial governments), there are also issues of double taxation faced by small and medium enterprises. The proposed federal budget did not address how this double taxation could be avoided. Apart from this tax, SMEs are facing over 50 taxes, surcharges and levies annually. Only a consolidation or merger of several taxes can render a reduction in cost of doing business.

The Tax Reforms Commission (TRC) of 2014 had noted the rising number of cases of fake invoices, under invoicing, and illegal adjustments. Federal government was asked to lay down an appropriate procedure to deal with all such irregularities. We observe in the proposed Finance Act that tax administration reforms, as per the direction provided by TRC, seem missing.

The TRC had also directed that the overall share of indirect taxes should be reduced and tax based broadening measures should be expeditiously implemented so that greater share of revenue could come from direct taxes. Unfortunately, this did not happen. Even most direct taxes are being collected through withholding measures which are also in indirect tax mode. It was earlier suggested by the SDPI experts that Pakistan should follow example from Turkish revenue authorities which were able to double tax-to-GDP ratio during the period between 1995 to 2006.

This was accompanied by a reduction in share of indirect taxes. By 2002, the Turkish revenue authorities had abolished 16 indirect taxes and introduced a special consumption tax levied on items mostly consumed by the rich. Similarly, progressive taxes on property, inheritance and gifts, were increased. Given the industrial expansion, an environmental tax was imposed which was earmarked for enhancing expenditure in social sector.

Another matter of concern is the growing number of indirect tax exemptions being allowed to select sectors and entities (Table 2). Since the past year, these exemptions have grown by 5.4%. The budget documents or the previous year's economic survey do not provide any tax incidence or welfare analysis of such exemptions, which could inform us
Table 2 Federal Taxes: Tax Expenditure and Exemptions (FY 2017)

<table>
<thead>
<tr>
<th>Type of Indirect Taxes</th>
<th>Increase in price</th>
<th>Decrease in price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
<td>Steel, textile, leather, carpets, surgical and sport goods, imported fabrics, locally produced coal,</td>
<td>Poultry machinery, combined harvester, diesel engine, imported seed, LED lights, mobile phones</td>
</tr>
<tr>
<td>Federal Excise Duty</td>
<td>Cement, cigarettes</td>
<td>Telecommunication services</td>
</tr>
<tr>
<td>Extra tax</td>
<td></td>
<td>Lubricating oils</td>
</tr>
<tr>
<td>Withholding income tax</td>
<td></td>
<td>Mobile phone subscribers</td>
</tr>
</tbody>
</table>

regarding gainers and losers from the forgone revenue.

Table 2 Federal Taxes: Tax Expenditure and Exemptions (FY 2017)
Finally, this budget will maintain the high cost of compliance faced by taxpayers. This is a clear disincentive to those who are under the formal business regime. They face unfair competition from those operating in the undocumented sector. Currently, multiple tax returns have to be filed with multiple revenue authorities at the federal and provincial level. Similarly, multiple authorities send various audit notices to the same taxpayers. SDPI and several business associations, including Pakistan Business Council, had suggested that there should be a single return and common collection of taxes in order to bring down the overall compliance costs.

The term filer/non-filer was introduced a couple of years ago to identify tax-payers and tax-evaders. But, the two categories have not been sub-categorized, especially the most maligned one - the non-filers. There is a need to examine whether or not the non-filers are homogenous and all are liable to be put to punitive actions by imposing an increased tax ratio. This should not be discussed just as an issue of hard core economy, but it should be seen in the light of the political economy perspective.

According to section 114 of the Income Tax Ordinance (ITO), the people who own immovable property with a land area of 500 square yards or more, a flat having covered area of 2000 square feet or more, and a motor vehicle with an engine capacity above 1000CC are bound to file their income tax returns. Earlier, there has been some more such requirements. Till May 23, just three days ahead of the announcement of the federal budget, 1.158 million Pakistanis filed their Income Tax returns, just a fraction of the adult population.

The budget and post-budget speeches of Finance Minister Ishaq Dar single out non-filers to be put to punitive measures in the interest of 'bringing more people in the tax net'. In his post budget speech, the minister, in a bid to justify his tax agenda, i.e. withholding tax and advance tax measures in the budget 2017-18, said that the government has not put any tax burden on common citizens rather steps have been taken to net the non-filers. This statement of the minister reflects that as if all the non-filers are rich tax evaders.

Even if we do not compare the total population which is estimated to be more than 200 million, let us just take those who use mobile phones and Internet as the population to be compared with the ratio of tax return filers. For political economy analysis of filers and non-filers discourse, let us take the users of 140 million SIMs (according to economic survey 2016-17) who use mobile phones to make calls and users of 42.5 million Internet connections who use Internet either on their smart phones or on their computers/laptops.
Many of them may overlap the total figures, so both figures are not being added to make it a total figure.

A total number of users of 140 million mobile phone SIMs (These are 93 million users, each one of them have 1.5 SIMs in use.) During the current fiscal year (2016-17) have been paying 14% advance tax on their bills in addition to regular tax (15%). In a sense on each Rs 100 bill, they pay Rs 29 as tax. Similarly, 42.5 million people on each Rs 100 for their Internet bill, pay Rs 29 as tax (14% advance tax and 15% regular tax). It is to be noted that 14% advance tax both on use of mobile phone and Internet is supposed to be returned to the consumers upon filing income tax returns.

Now by all practical means, only 1.158 million people have the opportunity to get their 14% advance tax on Internet and mobile phones bills back through filing of income tax return whereas the users of 138.263 million SIMs (92.175 million users) are non-filer mobile phone users and the users of 42.5 million Internet connections are the non-filer Internet users. Both kinds of users may be the similar people that is why we cannot add them together rather mentioning them separate. Since they do not file income return (being not qualified) do not claim their 14% advance tax back. If we calculate this unclaimed money which goes to the government kitty unfairly runs into billions of rupees.

Out of the users of 138.263 million SIMs (92.175 million users) fall into the category of non-filer cell phone users, according to an estimate, hardly 2.175 million people would fall under the category of to be potential filers as defines the section 114 of ITO. This means a net of 90 million people would still remain non-filers as they are the low paid people from working class/common people who use cell phones for connectivity and do not own any moveable or immovable properties or taxable income. Similarly, out of users of 42.5 million non-filer Internet users, some 12.5 million may fall in the category of to be the potential filers, hence 30 million Internet users may not be eligible to come under the ambit of section 114 of ITO and to be pushed as filers.

For political economy analysis, if we assume that 90 million non-filers who are not willful non-filers rather they do not have enough income or properties to be pushed to become filers have to pay 14% advance tax on their mobile phone bills, similarly 30 million same non-filers have to pay 14% advance tax on their Internet bills. They do not have any means to get their advance tax back as the filers do. So, the money deducted as advance tax from them goes to the government kitty as unclaimed. Suppose, 90 million phone users being the poor non-filers (not eligible as filers) on an average spend Rs 300 per month on use of mobile phone SIMs, the total amount collected as 14% advance tax (fiscal year 2016-17) stands at Rs 3780 million, while @ 12.5% advance tax (fiscal year 2017-18), this amount stands at Rs. 3375 million. With this monthly average, during the fiscal year 2017-18, the government would fetch Rs. 40,500 million from 90 million cell phone users; they are indeed common persons non-filers using mobile phone SIMs.

Similarly, if users of 30 million Internet connections being the poor non-filers (not eligible as filers) on an average spend Rs 500 per month on the use of Internet, the total amount collected as 14% advance tax (fiscal year 2016-17) stands at Rs 2,100 million, while @ 12.5% advance tax (fiscal year 2017-18), this amount stands at Rs 1,875 million. With this average, during fiscal year 2017-18, the government would collect Rs 22,500 million from common citizens, or non-filers using Internet. Hence the total amount, with this meagre estimate, the government would collect Rs 63,000 million for no reasons. The government had already admitted that last year, it had collected Rs 46,000 million from the unclaimed advance tax from the mobile SIMs and Internet connection users.

Instead of extracting billions as advance tax from the poor, the government should revisit their 'filer and non-filer discourse' as the bulk of non-filers fall in the category of common citizens who have been burdened with unclaimed advance tax. The finance minister also needs to think that in the garb of non-filers they are over taxing more than 50% of the common Pakistani citizens who are not eligible as tax return filers. No doubt, tax base needs to be broadened for a stronger economy, but not at the cost of those who are not eligible as filers, but are being punished in the name of being non-filers. They government should stop collecting this 'unfair' advance tax on phones, Internet, and other such services.

#### Tax Revenues in Budget 2017-18

By Rabia Manzoor and Ahmad Durrani

Until fiscal year 2015-16, the overall tax-to-GDP ratio varied between 8 to 9 per cent of GDP. However, by the fiscal 2016-17, the overall tax collection as percentage of GDP improved significantly, i.e. 10.7% of GDP. In the current fiscal, it is likely to increase to 13.2% as depicted in the figure below:

This increase in tax revenue is a positive sign of development. Unfortunately, the major portion of this increased revenue has been in the form of indirect taxes in Pakistan, which, in excess, has deleterious effects on economic growth. According to economic theory, indirect or regressive taxation disproportionately burdens the poor compared to the rich. Indirect taxation also reduces their level of disposable income for consumption. Since a major portion of domestic consumption is driven by incomes of the
poor, an increase in indirect taxation is likely to have an adverse effect on economic growth.

Over the years, Pakistan's tax structure has become heavily dependent on indirect taxes. Last year, it has seen a decrease in indirect taxes compared to direct taxes for the first time in eight years. This transition has primarily stemmed from the success of various tax reforms such as broadening the tax base, rationalizing tax rates, simplifying procedures and strengthening tax administration. Thus, in FY 2016-17, the proportion of direct taxes increased to 43.4% of total revenue whereas the share of indirect taxes fell to 56.6% of total revenue. For the current FY 2017-18, the target of tax revenues is Rs 3,521 billion, but in 2013, FBR collection was Rs 1,946 billion. This represents a historic increase of 81% during the last four years with an average annual growth of 20% as shown in the figure below:

During the outgoing fiscal year, the bulk of direct taxes was collected through income tax. Major contributors of income tax include withholding tax, voluntary payments and collection on demand. The share of income tax within total direct tax revenue is around 99%. On the other hand, indirect taxes mainly include sales tax, federal excise duties and customs duties.

Sales tax is the largest contributor constituting 43 per cent of total tax revenue and grew by 22 per cent during 2015-16. Out of total net sales tax collection, more than half (52 per cent) of total sales tax is contributed by the sales tax collected on imports amounting to Rs 684 billion while rest is collected from sales tax on domestic products. Customs duty contributed around 20% in indirect taxes and 12% in total taxes. All these indirect taxes are putting greater burden on the low-income households.

Taxation system in Pakistan needs to be revamped by reducing gap between direct and indirect taxes, increasing number of taxpayers, efficiently collecting income tax, and reducing compliance and administrative costs.

Despite an increase in budgetary spending for PSDP (power sector projects) by more than 152% and an addition of around 2.6 GW to the national grid, severe electricity shortfall was witnessed in April and May 2017, which hit the major sectors of economy. This shows the lack of vision and commitment towards power sector governance. In this regard, it is important to have a look into what Budget 2017-18 offers for energy sector.

The current political setup has increased the power sector allocations as shown below. Majority of the allocations are external loans. Though power plants infrastructure has been enhanced, the transmission lines and distribution system still need more focused efforts. According to the Ministry of Water and Power, the circular debt has again risen to Rs 401 billion with major contributing factors as shown below. Previously, the debt of around Rs 480 billion was cleared by the government. The government has also reported a decrease in subsidies provided to PEPCO and KESC, increase in recoveries from the consumers, and decrease in line losses. This would reduce if not eliminate the circular debt, however, there is a need to control the situation through policy intervention.

Amongst the factors contributing to the circular debt, the government figures show an increase in recoveries, i.e. 94.4%, from end consumer, which is a good sign. Also, transmission and distribution losses have reduced to 16.3% of the generation capacity in March 2017 from 19.7% in 2012. Experts believe that the figure is still around 25% of...
the generation capacity. In comparison, Bangladesh has reported losses of 11.36%, which stresses the need for further improvement in this area. The line losses reported from 2013
to 2017 are provided below. The government has allocated around Rs 125 billion for the transmission and distribution system. These funds are usually re-allocated during the fiscal year to power generation projects. Still, further improvement in grid network and optimization of voltages used in transmission and distribution systems can greatly reduce these losses.

Additionally, the subsidies provided to WAPDA/PEPCO and KESC are also a significant contributor to circular debt. The amount of subsidies budgeted over the last few years was subject to high budget overruns. The overrun was majorly contributed by the inter-DISCO tariff differentials. The government has eliminated the overrun by lowering the subsidy given to KESC. The same value of subsidy (Rs118 billion) has been budgeted for the power sector in 2017-18. The subsidies budgeted and actually disbursed to WAPDA and KESC (in Billion PKR) are provided in the figure below.

![Subsidy to WAPDA/PEPCO and KESC](image)

Secondly, Pakistan is blessed with natural renewable resources, which can help generate clean energy. The major areas of interest should have been hydropower, wind power, solar power and biomass based plants. The current budget does have allocation for the hydro power project with Neelum-Jhelum project to be completed within this year. However, still the energy mix currently reported, provided in the figure above by the government, is sourced majorly by thermal fuels (oil and gas based) which is not only an expensive source of power due to the fuel price but also increased the maintenance costs. This shows the lack of focus towards the clean energy sources. The hydropower potential reported by NEPRA is around 41.7 GW whereas only around 6 GW is being utilized. Though the government has shown interest in mega hydro projects, the political interventions and misperceptions associated with these mega hydro projects may also be taken into account. Therefore, the construction of small and micro-hydro power plants is the need of hour. This way the perennial flow of water in most parts of Pakistan can be tapped and this can also be used to reach the non-grid areas. In comparison, India has constructed more than 3200 small, medium and large dams since 2012. The dams produce electricity as a byproduct and can significantly impact the agriculture sector in a positive way and can help avoid or mitigate the impact of floods.

Thirdly, the government should enhance focus on sustainable and green energy initiatives such as wind, solar and biomass technologies. While experts point out around 50 GW of wind energy potential only in Sindh corridor, 290 GW of solar potential and 5 GW potential of biomass, Pakistan is only utilizing around 600 MW of this potential yet. The figure may increase to around 1,500 MW by the end of next year. In comparison, India gets 7.7% of its energy from renewable sources. One of the issues in this regard are the high volumes of fine dust accumulation and high temperatures in the high wind and solar potential regions which can be sorted out by the use of anti-dust and high temperature versions of solar and wind power equipment. Additionally, solar power may also be used to reach out to non-grid areas of the country especially in Balochistan. Also, the incentives for local industry to make it able to manufacture the clean energy equipment should be made part of the government policy. This will consequently reduce the capital cost of power plants, increase foreign investment, build capacity of local manpower, and reduce the cost of energy.

With additional investment allocation primarily focusing on generation rather than distribution and transmission, the problems stated above will remain unsolved and the energy sector will remain unsustainable unless root cause of the issue is addressed.
Challenges and Prospects of Foreign Outward Investment for Pakistan
By Shujaat Ahmed

During the fiscal years from 2012-16, outward investment from Pakistan did not show an encouraging trend. There was a continuous decline in outward foreign investment from 2012-14 whereas during the fiscal 2015-16, a sudden rise was witnessed because of high investment going to China. During this period $802.5 million was invested by Pakistani investors in China. This increase in investment can be attributed primarily to the China-Pakistan Economic Corridor (CPEC) agreement signed between both the countries. This agreement signing led to an improved business environment, user-friendly regulatory framework and physical infrastructure along with the political and non-political factors, which assisted the outward investment to China. This improved trend didn't remain stable during the fiscal year 2015-16, and there was a drastic decline in foreign outward investment. The decline reported was from $1809.1 million to $859.9 million. The sudden decline occurred because of decline in real estate investment in Dubai.

During this period, Pakistani investors were primarily investing in banking, engineering and construction, food, textile and media sectors. Key investors during this period were more inclined towards UAE where investors like Al Bario Engineering, Attock Cement, Bank Al-Habib, and Habib Bank had invested during different periods. Similarly, with the signing of CPEC and its related agreement, more investment is intended to go towards China. In this regard, banks are very much influential in playing their role, e.g. Bank Al-Habib has made a prominent investment in China followed by Habib Bank, whose branch has started functioning whereas Askari Bank has representative office, which is being run from Pakistan. Similarly, food, media and banking sectors have strong connections in USA and investment from Pakistan is going in these sectors by Engro Foods, Habib Bank, Hum Network and Jahangir Siddiqui and company. On the contrary, in Norway, Pakistan is more prominent in textile sector with major investment made through Sapphire Finishing Mills whereas firms like HUM Network, Allied Bank Limited, Habib Bank Limited, and United Bank Limited are the key investors from Pakistan, investing in the United Kingdom.

**Why Outward Foreign Investment may not be a bad thing?** Answer to this question lies in the motive of investment. Primarily, motive is something when firms seek to increase the efficiency by transferring production facilities to countries with relatively low cost inputs by relocating parts of the production cycle to host country. This motive is also looked in as one of the important base for trade. Thus, there is no initial reduction in domestic production, because of the reason too that outward foreign investment may enhance the rate of domestic investment through firms exporting capital and intermediate goods. Secondary motive in this regard aims to serve host country's domestic and neighboring markets. Effects from such activities on investment are not very clear as they are subject to displacement caused by outward investment. On the parallel side, outward foreign investment in services sector would have mixed type of impact on the rate of domestic investment because foreign investment will not substitute exports but it can help promote intermediate products from the parent or domestic firms in the home country to the affiliated firms abroad. This strategy can thus be taken as a long-term strategy for a firm in the home country. Thus this type of foreign investment may have positive impact on domestic investment, because access to new technologies and knowledge may help firms to increase their productivity and take on new activities in the home economies.

**What are the challenges to Pakistan's outward investment?** In order to have foreign outward investment, an important component to understand is nation's financial policy which should center on the ability to conduct transactions of local financial assets into foreign financial assets freely or at a determined exchange rate. As can be seen from the low trade, Pakistan is not in a strong position to take into consideration a precautionary approach towards international financial flows. Key challenges for investment integration and investing outward in case of Pakistan include rigid investment regime in comparison to other South Asian and non-South Asian countries. Out of 160 countries, Pakistan's logistic performance index is still low and within South Asia it is only above Maldives, Nepal, Bhutan and Afghanistan. Similarly to start a business in Pakistan is an uphill task, which is also visible by ease of doing business ranking where it stands at 144th position based on the regulations and procedures associated to these regulations.

Similarly, considering foreign ownership, there are restrictions from Pakistan's side in banking sector, followed by insurance and media. Thus due to these restrictions investors are hesitant to pace up and improve relationships across the border. Besides this weak investor regime, the key challenge for Pakistan's outward investment is investment integration within the region. According to recent data published by United Nations Conference on Trade and Development (UNCTAD) 2016), Pakistan within South Asia has 51 investment agreements out of which only 29 are in practice with one being expired. Similarly, as in the case of UAE where irrespective of citizenship, banks are trying to determine whether account holders residing in UAE are residing for tax purposes. This new step by the UAE government has led to uncertainty within the investors in the
context of their treatment by the Central Bank. Further challenges for investors, investing abroad particularly in case of South Asia include bureaucratic interference, irregularities in processing papers, overlapping administrative procedures, absence of a transparent system of formalities, continuity and prevention of timely implementation of strategic, procedural, and even routine duties along with frequent power failures. These challenges also include infrastructure bottlenecks, rigid and complicated labour laws, lack of coordination between centre and states and also political relationships.

How to promote outward investment? To invest abroad, promotion of outward foreign investment is considered as an important tool by the governments. In this promotion of investment, the primary focus is on the provision of complete set of instruments to potential investors. These instruments include provision of information about investment prospects, provision of information about foreign markets, which include laws, regulations, cultural differences, possible incentives offered to investors in these locations. For the promotion of outward investment, other key aspect is a trade mission to a particular country or region during which outward investors are able to join hands with the key business officials thus bringing in more opportunities for their business and for betterment of economy. Majority of the firms try to get information about the similar businesses abroad with intention to invest in those particular areas as it will help the firm in capacity building of the labour and this itself will increase the productivity and efficiency of the labor. There are certain incentives which are termed important for investment by various governments and they are provided to investors. Incentives of this type include tax exemptions, credit support, loans with no interest, loan facility extended to exporters by the bank and special incentives to SMEs who thinks of doing business in special locations or special sectors. There is also provision of investment insurance which helps investor to step out of the border.

Pakistan should better coordinate its promotional activities for attracting more FDI by targeting the high end of the market. Further, the focus should be on intra-industry trade (IIT) and its links with value chains to provide opportunities for FDI to be attracted from South Asian countries. While such trade offers and opportunity to increase the scale of production through joint ventures to meet the demand of each other's market, integrating it with value chains offers a possibility of linking up with suppliers at different stages of the production cycle. This is done also to improve efficiency and competitiveness of the end product. In order to promote intra-industry trade, border related conflict territories should be declared free for investment and trade. There is also a need for reduction in costs associated with trade documentation and transport along with automation for customs posts for each of the route by introduction of single window operation. Finally, by revisiting BITs and aligning them to new generation BITs, particularly for Pakistan and generally for the region, there is a need to deepen the existing trade agreements. For this deepening, extensive trade agreements like FTAs should be signed, which will incorporate trade in services and cross-border investments. Also, both the public and private sectors have to come closer to each other to work together in order to make value chains competitive or complementary with regard to China and East Asia. In this regard, a collective platform, which includes public-private investment and value chains can be beneficial. Finally, a more up-to-date assessment is to be required regarding non-tariff measures that may be seen as cause for hurting value chains cooperation in the region. Further, the ministry of commerce should focus on removing red tape in the duty suspension schemes by ensuring that there is no import leakage and reassurance should be there from domestic lobbies and ministry of finance. Ministry of commerce should also focus on promoting the idea and development of structured industrial zones developed in collaboration with private sector in different countries. The SAFTA Commerce Minister's committee may need to discuss such an assessment and take appropriate actions.

Education and Social Safety Nets: A Factual Analysis
By Junaid Zahid

‘What does the budget offer for common man?’ is the question asked every time after the budget announcement. However, the same can be answered by looking into the fresh orientation of social sector related budgetary allocations and burden of indirect taxes on the common man. Within the social sector, allocations for education and social safety nets can directly impact the lives of the lower and lower middle classes.

For the fiscal year 2016-17, federal and provincial governments allocated Rs 790.704 billion for education, which is 2.83% of GDP. In this regard, the federal government had allocated Rs 108.971 billion for education as compared to Rs 97.88 billion allocated in 2015-16. Education budget for 2016-17 was Rs 84.201 billion and development education budget was Rs 24.77 billion. For FY 2017-18, a total of Rs 132.521 has been allocated for education with a breakdown of Rs 90.516 billion for education and Rs 42.005 billion for development education.

Apparently, an increase of 11.3% in federal education budget for the fiscal year 2016-17 and 21.6% for 2017-18 bodes well yet pessimism can’t be held away because both policy target of spending 7% of GDP for education as set in National
Education Policy 2009 and political promise of incumbent government to spend 4% of GDP on education have not been kept.

In fact low allocation is not the issue whereas the issue lies in the release of funds. One third of the schools do not actually receive development funds before the close of fiscal year whereas half of the schools which receive funds do not receive them within the first two quarters. Naturally, performance outcome is expected within the year of budget allocations, but due to delayed disbursement, performance lag creeps in.

In addition, the overwhelming excess of current budget over development budget also reflects the government’s myopic priority of directing its resources to increasing access to education instead of achieving a pragmatic balance of increased access and improved quality.

Social Safety Nets include but are not limited to public spending incurred in lieu of Benazir Income Support Programme (BISP), Pakistan Poverty Alleviation Fund (PPAF), Microfinance Initiatives (MFIs), Pakistan Bait ul Mal (PBM) and Prime Minister’s National Health Programme (PMNHP). Of these, BISP is the flagship poverty reduction programme in terms of scale and budget outlay.

Pakistan Economic Survey 2016-17 mentions some achievements of BISP revealed by an Impact Evaluation Study (EIS) conducted by Oxford Policy Management (OPM) like reduction in poverty gap by 7 percentage points amongst the BISP beneficiaries, increase in consumption expenditure by Rs 187, increase in adult food expenditure by Rs 69 per month. Similarly, it lifts about the increase of cash transfers to Rs 115 billion in FY 2016-17 from Rs 102 billion in FY 2015-16 and increase of target beneficiaries to 5.42 million in FY 2015-16. Quarterly cash grant per family has also risen from Rs 4,700 in FY 2015-16 to Rs 4,834 in FY 2016-17. For the FY 2017-18, Rs 121 billion has been allocated to target 5.5 million beneficiaries.

But, if one takes into account the increase in food inflation by 3.9% during July-April period of FY 2016-17 as compared to 2.1% during the comparable period in FY 2015-16, the increase in cash transfer grants by Rs 134 seems ineffective. Similarly, the decrease in poverty and increase in consumption expenditures revealed by OPM’s EIS coincided with the fall in commodity and oil prices and an upward shock in either one of these can lead to a rise in transient poverty in the short run and chronic poverty in the long run.

Above all, assuming six members per family, the quarterly grant of Rs 4,834 is actually giving Rs 9 per day per member of a family. This petty cash can by no means achieve the goal of drastic poverty alleviation through assets formation.

Apart from these functional imperfections, a recent KAP survey of beneficiaries of Social Protection Schemes conducted by SDPI also revealed that although majority of the poor has cursory knowledge about the SPSs, they don’t have any concrete knowledge of the eligibility criteria.

PMNHP was launched in 2016 with an outlay of Rs 10 billion. This year Rs 20 billion has been allocated for the programme. It provides in-patient medical coverage to the enrolled beneficiaries. Real time data on PMNHP shows number of enrolment at 1.07 million who have had made 134,154 visits hitherto to hospitals. It’s commendable that data is being uploaded on real time basis but the question is that number of visits – although it is not very high – is not the right indicator to judge the success of PMNHP as it covers in-patient treatments. Actually data of treated patients should be reported. It is quite possible that one patient has made three to four visits. So, actual outreach can’t be assessed through this data.

Moreover, the government should think of adding more hospitals on its panel. As its eligibility criteria is based upon the poverty survey conducted under BISP, almost all the panel-hospitals are located in urban centres. There is a need to extend the list of rural health facilities. The brochures of PMNHP have a preposterous mention of providing local transport cost of Rs 350 thrice a year. But if someone in Gujar Khan gets a fracture, he/she can’t be commuted by local transport to DHQ Rawalpindi for better treatment.

Instead of plying cheap transportation like Metro within the developed cities like Lahore and Islamabad, it should be linked with under-developed areas of the country.

Common man’s plight is not hard to comprehend if one briefly reviews the contours of revenue collection in Pakistan. Indirect taxes made 61% of the much trumpeted revenues collected during the fiscal year 2016-17. Indirect taxation affects those too, who fall below the poverty line. According to a report of Social Development Organisation published in 2015, the richest 10% of Pakistanis contribute 10% of indirect taxation whereas the poorest 10% contribute 16%. On the other hand, direct taxation is regressive in nature, that’s why badly impact the lower and lower middle classes.
Serious research started over 60 years ago goes on to confirm or reject the harmful effects of EMR on human health. Responsible and competent researchers have confirmed the hypothesis. However, equally competent scientists have rejected it. But even those who disagree are of the view that more research is required to gather substantive evidence in the field.

On the issue of inconclusive evidence, the Supreme Court of Pakistan in Human Rights case number 15-K/1992 Shahla Zia Versus WAPDA had remarked: “One should not wait for conclusive findings as it may take ages to find it out and therefore measure should be taken to avert any possible danger”. The petitioner's counsel submitted before the Court that principle number 15 of the Rio Declaration on environment and Development states, “in order to protect the environment, the precautionary approach shall be widely applied by states according to their capabilities. Where there are threats of serious and irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measure to prevent environmental degradation”.

According to World Health Organization, more studies are needed to find out the extent of harmful effects of EMR. Despite differences of opinion, scientists and researchers recommend precautionary measure to guard against the damages of EMR. The following are some of the precautions that have been suggested:

- While using cell phones and computers, keep them at a distance when possible.
- Unplug electrical appliance like television sets, electric irons, computers, microwave ovens when not in use. This will save energy and reduce EMR.
- While suing laptops do not place them in your laps. It's better to use a secondary keyboard and mouse. Laptops transmit strong signals.
- Avoid having Wi-Fi at home. This technology transmits strong EMR.
- Do not use blue-tooth wireless handset.
- Avoid fluorescent lightening. It is better to use LCDs.
- Keep away from microwave towers.
- Avoid the use of electric blankets.

Fortunately, the strength of EMR is inversely proportional to the square of the distance from the source. With increasing distance it will reduce very rapidly. Whatever is the strength of EMR three feet away, it will be one sixteenth twelve feet away. Therefore, try to distance yourself from the sources of
EMR. It is better to adopt precautionary measures even if scientists and researchers differ on the harmful effects of EMR. Even those who do not agree say that existing evidence is inconclusive and more studies are needed on the subject.

Bibliography:

Curriculum for Compassion - Discrimination Mars Inclusiveness of Society
By Shafqat Munir

Quaid-e-Azam Muhammad Ali Jinnah, in his address to the Constituent Assembly on 11th August 1947, laid the foundation stone of 'Inclusive Society' ensuring liberties and freedoms for all citizens irrespective of religion or faith. Unfortunately, the followers of the Quaid confined him only to currency notes and coins and deviated from his path of inclusive society. They sowed the seeds of a divided society and gradually the hatred and division reached to the level where we are reaping the crop of hatred. Everywhere, there is hate and discrimination against one another. Even this phenomenon has penetrated in school textbooks and curriculum, and now we are teaching our children how to hate others.

SDPI has recently reviewed and analyzed some selected research studies on the state of school textbooks conducted by the leading research organizations, including Sustainable Development Policy Institute (SDPI), National Commission for Justice and Peace, Pakistan Minorities Teachers Association, Pak Institute for Peace Studies (PIPS) and Peace and Education Foundation (PEF)/the US Commission on International Religious Freedom. The SDPI team also conducted a qualitative survey of the provincial education system to feed into the quick review and analysis report. At least 10 key experts on curriculum and subject specialists were interviewed during the process.

The quick review and analysis of these studies was done to look at the existing hate and discriminatory material in textbooks in line with the spirit of National Action Plan 2015. The results of the review and analysis was shared with various stakeholders, including students, interfaith harmony and human right groups, religious scholars, parents, teachers, curriculum experts from the Punjab government and private sector during a provincial consultation meeting and two public exposure seminars held in Lahore.

The review and analysis report observes that 'non-Muslim' citizens of Pakistan are being discriminated as if the Pakistani citizens hailing from Christian community are from any other continent while the Hindus and Sikhs are being portrayed as if they are the same pre-partition population. The fact is that they are equal citizens as per the spirit of the Constitution of Pakistan. The discriminatory/somewhat hate material is prevalent in textbooks which needs to be removed to realize the Quaid-e-Azam's vision of 'Inclusive Society'.

The reviewed research reports on textbooks conclude that some textbooks contain 'biased' and 'hate' material that is against the spirit of the Article 22 of the Constitution of Pakistan; and the UN Convention on the Rights of the Child that calls for preparing children for a responsible life in a free society without discrimination and religious prejudices. The research reports have quoted text from some of the incumbent school textbooks that other religious beliefs have been described as 'illogical' and 'incompatible' which ultimately generate some sort of biases, causing embarrassment for the students hailing from other religious beliefs. These reports call for a comprehensive reforms process to delete hate and discriminatory material as a matter of policy. SDPI team believe that the Punjab Curriculum and Textbooks Board (PCTB) as well as the provincial government are willing to review the suggestions and recommendations of various researchers for change/revision in curriculum and textbooks. The provincial government needs to focus on bridging the gap between Public, Private and Madrassah education systems and curriculum to make the students competitive to access equal opportunity to progress. Education for peace and interfaith harmony encourages and promotes religious pluralism in educational institutions as well as in society.

The 1973 Constitution entrusts the governments (federal and provincial) to protect non-Muslims and marginalized communities so as to give them a status of equal citizen. The 'religious minorities' should be referred to as "Non-Muslim Pakistanis" to mainstream them. A balanced and inclusive curriculum promotes the beauty of diversity among its citizenry as envisaged in the 11th August 1947 address of the founder of Pakistan, Quaid-e-Azam Muhammad Ali Jinnah and Dr Allama Iqbal's Allahabad speech in 1930. Similarly, National Action Plan 2015 also calls for strict action against the literature, newspapers and magazines promoting hatred, extremism, sectarianism and intolerance.


Supreme Court of Pakistan, Human Rights Case Number 15K/1992, Shahla Zia Versus Wapda

The quick review and analysis of these studies was done to look at the existing hate and discriminatory material in textbooks in line with the spirit of National Action Plan 2015. The results of the review and analysis was shared with various stakeholders, including students, interfaith harmony and human right groups, religious scholars, parents, teachers, curriculum experts from the Punjab government and private sector during a provincial consultation meeting and two public exposure seminars held in Lahore.

The review and analysis report observes that 'non-Muslim' citizens of Pakistan are being discriminated as if the Pakistani citizens hailing from Christian community are from any other continent while the Hindus and Sikhs are being portrayed as if they are the same pre-partition population. The fact is that they are equal citizens as per the spirit of the Constitution of Pakistan. The discriminatory/somewhat hate material is prevalent in textbooks which needs to be removed to realize the Quaid-e-Azam's vision of 'Inclusive Society'.

The reviewed research reports on textbooks conclude that some textbooks contain 'biased' and 'hate' material that is against the spirit of the Article 22 of the Constitution of Pakistan; and the UN Convention on the Rights of the Child that calls for preparing children for a responsible life in a free society without discrimination and religious prejudices. The research reports have quoted text from some of the incumbent school textbooks that other religious beliefs have been described as 'illogical' and 'incompatible' which ultimately generate some sort of biases, causing embarrassment for the students hailing from other religious beliefs. These reports call for a comprehensive reforms process to delete hate and discriminatory material as a matter of policy. SDPI team believe that the Punjab Curriculum and Textbooks Board (PCTB) as well as the provincial government are willing to review the suggestions and recommendations of various researchers for change/revision in curriculum and textbooks. The provincial government needs to focus on bridging the gap between Public, Private and Madrassah education systems and curriculum to make the students competitive to access equal opportunity to progress. Education for peace and interfaith harmony encourages and promotes religious pluralism in educational institutions as well as in society.

The 1973 Constitution entrusts the governments (federal and provincial) to protect non-Muslims and marginalized communities so as to give them a status of equal citizen. The 'religious minorities' should be referred to as "Non-Muslim Pakistanis" to mainstream them. A balanced and inclusive curriculum promotes the beauty of diversity among its citizenry as envisaged in the 11th August 1947 address of the founder of Pakistan, Quaid-e-Azam Muhammad Ali Jinnah and Dr Allama Iqbal's Allahabad speech in 1930. Similarly, National Action Plan 2015 also calls for strict action against the literature, newspapers and magazines promoting hatred, extremism, sectarianism and intolerance.

Effects of Electromagnetic Radiation on Health and Immune Function of Operators:

Supreme Court of Pakistan, Human Rights Case Number 15K/1992, Shahla Zia Versus Wapda
Religious and cultural commonalities within Pakistan's diversity should be reflected in curriculum and textbooks. All heroes whether Muslims or non-Muslims should be included in textbooks as National Heroes though some names of heroes have already been included in textbooks. In the spirit of Article 22 of the Constitution of Pakistan, religious text of one religion should not be taught to the students from other religions. The students from all religions should be imparted 'religious studies' according to their own beliefs, faith and religion. All controversial and hate material discriminating one or another religion or sect should be removed from textbooks and curriculum for making Pakistan a peaceful, co-existent, diverse and progressive nation.

Trade between India and Pakistan: Some Key Impediments
By Rabia Manzoor and Atif Yaseen

India and Pakistan are the largest growing economies in South Asia with very low levels of bilateral trade. The volume of bilateral trade between the two countries is not more than 3%. Trade potential in both the countries has been evaluated around US$ 20 billion while the present volume of exchange is US$2.6 billion (Taneja 2016). Bilateral trade normalization, set in motion in 2012, laid down the roadmap for reduction of tariff barriers such as duties and surcharges, and non-tariff barriers such as licensing, quotas and other requirements. Pakistan made substantial progress in the process of granting MFN status to India while India took measures to address non-tariff barriers as part of the trade normalization process. Pakistan permitted all items to be imported from India except for 1209 items, which continued to be on the negative list. Despite these efforts, the difference between potential and actual trade between India and Pakistan remains substantial and bilateral trade has increased only marginally due to key impediments of trade. In fact, the average annual growth rate of bilateral trade between the two countries from 2011 to 2015 was a mere three per cent compared to 11 per cent from 2007 to 2010.

Bottlenecks restricting Trade between India-Pakistan

However, the vast trade potential remains unrealized largely due to non-tariff barriers, poor infrastructure resulting in high cost, poor trade facilitation measures like stringent customs, procedural barriers and restrict visa regimes among others. Major impediments to trade between India and Pakistan are as follows:

- Poor Trade Logistics: Poor infrastructure on both sides of the border is a major constraint behind an increase in trade between India and Pakistan. Both the sides lack appropriate storage facilities and capacity to load and unload cargo. An increase in truck traffic would come at a very large potential cost and risks to trade on both sides. Basically, the infrastructure is not up to mark where it can support open trade and expected volumes. Additionally, transportation connects amongst India and Pakistan are likewise insufficient and frail. The prohibitive two-sided sea understandings prompted high expenses. There are a few bottlenecks about rail links. The issues regarding rail links such as accessibility of wagons, necessities of wagon adjusting, non-containerized rail wagons and inadequate framework at the rail cargo stations.

- Inadequate Customs Processing: One of the major impediments hampering large India-Pakistan trade flows is the poor customs processing. Essentially dealers are confronting the awkward systems, customs freedom, and standards of cause confirmation. Actually, the procedure of customs is quite lengthy and sometimes trucks have to wait for a long time which causes losses of perishable commodities in consignment. The rule of First In First Out (FIFO) operates as such although there maybe perishable commodities in the consignment, but this will not get any preferences and will be handled on its turn.

- Visa Problems: One of the core obstacles in advancing trade with India is the rigid visa regime faced by the businesspersons of Pakistan. The tense political milieu and relations between the two countries further complicate the visa regime. Several visa restrictions by both the countries make it difficult for businesspersons from one country to develop contacts with market businesspersons in the others. Businesspersons argued that multi-city and multi-entry visas should be issued to businesspersons.

- Financial Transactions Barriers: Pakistani businesspersons face difficulties when fulfilling payment requirements for seeking trade in India. Since Pakistani currency cannot be exchanged or used for accessing trade in India, persons travelling to India have to carry up to the maximum limit allowed under Pakistan foreign exchange rules, i.e. USD 5,000. This mode of transaction restricts traders' choice such as transacting via bank transfer and

1. SDPI’s review of English textbooks 2016
3. Report titled as “In Search of Equal Rights in Pakistan, 2016”
5. The report titled as “Teaching Intolerance in Pakistan: Religious Bias in Public School Textbooks, 2016”
through an online facility. The bank transfer in lieu of services is taxed in both Pakistan and India. Thus high value transfer is not preferred through banking channels. There are also cases where payments are being deposited in a third country bank account.

- Lack of Telecommunication Services: Lack of telecommunication connectivity is a major hurdle to boost trade between India and Pakistan. Pakistani mobile phones do not work in India. This is a critical barrier, as getting mobile connections for a Pakistani businessperson travelling to India is not easy. In this way, he/she is unable to contact with businesspersons.

Developing Social Cohesion Among Youths of Europe and Refugees
By Shakeel Ahmed Ramay

The decade-old unrest in Middle East mainly rooted from ISIS terrorist activities. Meanwhile, Syrian turmoil has destroyed livelihood and governance systems in Syria and Iraq. It has not only created a socio-economic de-stability in the region but also triggered mass migration impacting rest of the world. Refugees are mainly making their way towards European countries with the fascination of finding a peaceful political settlement there. Europe, however, has shown a mix response towards the new phenomenon. Some of the European states are more generous in their scheme of hospitality whereas some are not ready to receive even a single refugee. From here the controversies emerged among the EU countries.

Majority of the European leaders is scared of accommodating refugees on the pretext of an expected rise of radicalization, violence and disturbance in their countries. They have reasons to believe their apprehensions, as the EU is already facing the problems of radicalization among its youths coupled with homegrown terrorism. This fear is highly exploited by extreme right wing politicians, who are using it to influence the voters' perception. Brexit and Trump’s election as the US President are most recent examples in this regard. US President Donald Trump has unequivocally stopped the refugees and migrants’ flux towards his country.

On the contrary, human rights activists across the globe, especially from Europe, are poised to oppose the actions of Trump, Brexit and emerging right wing in Europe. Although the issue has international relevance, but right now Europe is the hotspot, as millions of refugees from conflict-hit areas are moving in Europe. Refugees are mainly making their way towards European countries with the fascination of finding a peaceful political settlement there. Europe, however, has shown a mix response towards the new phenomenon. Some of the European states are more generous in their scheme of hospitality whereas some are not ready to receive even a single refugee. From here the controversies emerged among the EU countries.

A Factor Tree for Root Causes of Terrorism

1. Licenses, quotas, subsidies, standards, administrative and bureaucratic delays at the entrance, rules for valuation of goods at customs, pre-shipment inspections, import deposits and foreign exchange restrictions.
being settled at the European borders. Refugees' crisis is in fact tantamount to give rise to Islamic radicalization besides its impact on growth and development rejigging.

The current situation is unceremoniously complicated; as we find proponents and opposing circles regarding refugee settlements and both have compelling arguments in favour of their point of views. Opponents cite the examples of attacks in France and Germany, and most recent incidents of Sweden and Paris again. Paris attack was the start of a new type of terrorist activities, which was complimented by a similar attack in Germany. It was first time in Europe that a vehicle was used. These attacks ignited a debate to look into terrorism with a new angle and perspective.

Opponents also argue the status of ISIS and its involvement in European attacks. ISIS recruited many European youths to carry out their activities and execute their plans. They fear that ISIS agents can disguise themselves as refugees and enter the Europe. It will become more problematic to check and control. Direct interaction of youth with radicalized people will enhance the chances of spread of terrorism in Europe. Other argument is based on the economic vulnerability and job market. European citizens fear that new entrants will put burden on the existing shrinking job market. It will increase the competition and it will become difficult for European citizens to get reasonable jobs.

However, proponents have entirely different point of view. They feel it is a chance to integrate the war-hit people while giving them the chance to live again a peaceful and prosperous life. Refugees are not terrorists rather they are victims of terrorism. They opposed the idea of terrorism and that the reason they migrated from those areas. By denying them the entry, Europe will be strengthening hands of ISIS and other terrorist outfits. People with no country, livelihood and identity will easily become the prey and can be exploited in anyway. RAND cooperation 2009 identified the possible root causes of terrorism, which refugees are facing (as seen in the fig below). Denying them entry will make them perfect candidacy for recruitment.

On the other hand, most the refugees are well-educated or skilled persons. They can positively contribute in economy and Europe can use this potential to foster the economic revival after the 2007 economic crisis. Moreover, Europe is facing problem of aging population and increasing dependency of elder people. Youth from refugees can fill this gap and ensure the sustain growth of Europe. It will reduce burden on youth of Europe, as they will have helping hands to contribute to social safety nets and spending.

Therefore, there is nothing to fear rather we have to put efforts to develop tools and instruments of social and economic inclusion of refugee. It will also help our youth interact with Muslim youth and help them to understand Islam, terrorism and shatter the shackles of misunderstanding.

Although proponent and opponents have difference on the acceptance of refuges but both have one thing in common, i.e. future of EU combined with the future of the youth. The youth is a major area of concern currently resounding in different policy making forums, as the future of EU revolves around the youth as well as the coming generations. Unfortunately, the youth is also a bigger target area of terrorists that may be used for the execution of their ideology. On the other hand, if youths pulping in refugees camps set up on the borders remain unsettled, they would find no other way except to join terrorist outfits. Under these circumstances, the youth will ultimately be at the losing end causing repercussions at global level.

In such a scenario, there is a need to look for new ways to tackle this crisis rather than contesting the crisis. We also need to look for solutions/way forward to eradicate or minimize the negative impact of the issue. The only way to cope with the new situation is to create “social cohesion” between the youths from both sides. We can debate on the models, frameworks, tools of implementation of social cohesion but we must focus on right strings of social cohesion. There would be number of options and means to achieve but in present context “Religion and Culture” emerged as two outstanding areas of interest.

Therefore, there is a strategy to use these areas for better results. However, it must be kept in mind that literature only cannot serve the purpose. We need to identify new ways and more intensive mechanisms.

One way of starting can be “Religious and Cultural” orientation of the youth that will help remove the misconceptions on both sides. It will pave the way for social integration and cohesion with established norms and values of Europe. Practical steps to reach the goal of social cohesion must follow orientation. For example, schools should devise the programme where they encourage group study and each must follow orientation. For example, schools should devise the programme where they encourage group study and each must follow orientation. For example, schools should devise the programme where they encourage group study and each must follow orientation. For example, schools should devise the programme where they encourage group study and each must follow orientation. For example, schools should devise the programme where they encourage group study and each must follow orientation.

These groups should also be given the task to interact informally and organize family union and trips. School and college teams must encourage the inclusion of refugees' youth. At work place refugees should be part of team and in evaluation of team extent of social inclusion can be one of the indicator. These are few examples and there can be many more. However, we must keep in mind it is a long-term process and it will take time to bear the fruit. Therefore, we should be patient and work hard to achieve.
SDPI researchers conducted and completed an extensive review of the systems used by various developing countries in measuring and evaluating public-sector performance, both at the whole-of-government and individual agency levels.

Led by Dr Shehryar Toru, the review was undertaken under a UNDP-funded project titled: Better Governance Index (BGI), which seeks to develop and pilot an indigenous framework for measuring and comparing the performance of different federal agencies under the Government of Pakistan. Under the project, SDPI is responsible for undertaking: 1) engagement with relevant government and nongovernment stakeholders, and 2) design and implementation of a pilot strategy for BGI rollout across government departments. In this context, SDPI's literature review was intended to draw out lessons and best practices from developing countries that have successfully rolled out and institutionalized indigenous systems of monitoring and evaluating (M&E) public sector performance. These lessons and best practices will, in turn, inform the process of stakeholder engagements in addition to guiding the design and implementation of a BGI pilot strategy within three select federal government agencies.

Developing countries with robust public sector M&E systems
For literature review, the team selected the public sectors of four countries namely India, Rwanda, Vietnam, and Colombia, based on their comparative suitability to Pakistan's public-sector and their relevance to the proposed rollout and institutionalization of BGI.

• India was selected for the review because the institutionalization of an M&E system for individual government agencies known as the Results-Framework Document (RFD), was preceded by a few key developments, also witnessed in Pakistan that collectively strengthened the demand and supply of public sector performance information.

• Rwanda's Joint Governance Assessment framework was selected for the review because its design and rollout were undertaken jointly by national stakeholders and international development partners, similar to what has been envisioned in the context of BGI.

• Vietnam's Public Administration Performance Index (PAPI) was selected for the review because of its success in strengthening citizen participation in governance, which is also weak in Pakistan.

• Colombia's SINERGIA system was selected for the review because it's the story of 25-year development – under numerous political administrations – contains a number of lessons that can be applied in Pakistan.

What Pakistan can learn from different public-sector M&E systems

The review was able to draw out key lessons and best practices that contributed to the success of public-sector M&E programmes in the four abovementioned countries.

• The Indian experience with the RFD highlights the importance of ensuring legislative cover and simplicity and replicability of measurement tools; fostering public and civil society support, and strengthening interdepartmental coordination and performance competition for the successful implementation of public-sector M&E systems. Another key takeaway from the Indian experience with RFD includes the need for integrating public-sector M&E within a broader programme of public administration reforms.

• On the other hand, the processes of designing, rolling out and institutionalizing the JGA in Rwanda – which were jointly undertaken by international and national stakeholders – are extremely instructive in terms of building consensus and resolving differences between a diverse group of public-sector performance stakeholders. The Rwandan experience also illustrates the importance of combining international and local knowledge and expertise in designing an indigenous framework for public-sector performance management. The JGA's combination of international and local knowledge and expertise strengthened its international credibility and local relevance and predictive value, especially in comparison to internationally-developed frameworks of public-sector performance management.

• Vietnam's efforts in undertaking the PAPI survey, which were led by nongovernment research organizations and civic-action groups, illustrate the importance of outsourcing key tasks of public-sector performance management, like data collection and analysis, to the private and civil sectors. Widespread public acceptance of survey findings, for example, was promoted by the active involvement of both sectors in the survey process. Constructive and regular coordination between survey enumerators, who were selected from a civic action group known as the Vietnam Fatherland Front, and the PAPI research team helped ensure the quality and reliability of the survey data. Finally, the practice of holding post-survey consultations with relevant stakeholders helped identify areas for further improvement of the survey exercise.

• The example of the SINERGIA system implemented in
Colombia also contains a number of important lessons in the context of BGI, including the need for political ownership and legislative cover of public-sector M&E initiatives. Efforts to increase the use of SINERGIA performance information for social and political accountability of the executive branch are also instructive in the context of Pakistan. The Colombian experience also highlights the importance of ensuring external scrutiny and review of all public sector performance evaluations, which may lack public acceptance and international credibility if undertaken exclusively by a centralized government monitoring agency. Finally, the Colombian experience also illustrates the importance of driving continuous innovation in public-sector performance evaluation, especially in terms of driving quality and reducing costs.

Challenges and Prospects of Foreign Outward Investment for Pakistan
By Shujaat Ahmed

If one is to look into previous trends of investment as percentage of GDP, there has been improvement in terms of total investment, but on the parallel side investment's contribution in GDP is very much low. In terms of total investment as percentage of GDP, it can be observed that there had been an increase over the period with possible reforms strategy (National Doing Business Reforms Strategy 2016) but it didn't proved to be significant. Such steps do not prove to be encouraging for public investors due to high cost of compliance with tax and regulatory regime at federal, provincial and local level, which prevents firms to grow. In addition to the high cost of compliance, weak enforcement of rules of competition and higher sunk costs faced by businesses in entering and exiting markets is also not allowing new investors in small and large-scale manufacturing and value-added sector in agriculture and livestock to grow. It was because of these factors that investment's contribution in GDP growth declined over the past two years.

Budget 2017-18 has nothing to offer for both local and foreign investors in the long-term as far as taxes are concerned. Corporate tax, ranging from 30% to 35% during the previous year, is still on the high for the potential investors. Similarly, increase in number of years for tax relief will also not be encouraging for both public and private investors. No significant step has been taken for an improvement in starting a business, where energy is one of the primary indicators. In budget 2017-18, Rs 401 billion has been allocated for power sector development, including an investment of Rs 317 billion to be undertaken by WAPDA, the government only focuses on projects like LNG-based power terminals, Neelum-Jhelum hydro power project, and Tarbela hydel power to be more specific. There has been no significant allocation for improvement of quality and efficiency of energy sector. Factors, which should be included in this regard for efficient and quality energy are introduction for systems to reduce number of days from starting of application to installation of system and quality of services, including outages, restoration, regulation and communication.

For coming years, more dependence is on investments in infrastructure and energy-related projects with little efforts being done towards improved innovative investments, e.g. only Rs 500 million has been allocated to Innovation Challenge Fund (ICF) with special focus on the use of technologies and Small & Medium-sized Enterprises (SMEs). Besides the ICF, setting up a fund of Rs 3.5 billion at the central bank has been proposed in the budget 2017-18 for SMEs under risk mitigation facility.

The steps taken in the current budget have very little to offer for investors in terms of reforms which will help in easing the cost of doing business. Incentives have been offered only for the new companies which are entering into the market. The incentive has been offered in the form of tax relief for a very short period of time (i.e. three years).

This budget didn't offer anything for improving the cost of compliance which can help investors step up and sustain. Similarly, nothing was offered in the form of cost of entering in to the market due to additional tax measures, which also goes down to district level. As far as the budget and monetary policy document is concerned, only a low interest rate will not serve the purpose. This lowering of interest rate has only increased the private sector credit resulting in very low growth of investment as percentage of GDP over a period of four years. As this budget only played around with the number on tax and tax relief to promote local and foreign investment, there should be a reduction in number, rate and type of direct taxes. Similarly, budget didn't highlight the balance in tax contribution by different sectors of the economy.

This balance is needed to alleviate the manufacturing sector from what comes out as an unjustified burden of taxes as income from agriculture and services sector remains out of the tax net. This budget should have proposed a careful review of taxation on inputs to provide relief to major sectors like agriculture where farmers are also subject to GST and customs duty. For the industry, a level playing field for SMEs need to be in place and steps should be taken for the encouragement of SMEs by providing exemptions and preferences in the tax code. This budget should have also looked into administration of revenue authorities. Fear of
intrusion by authorities prevents private sector entities from declaring all of their activities and even fear to enter the market and invest.

Making Economic Development In Semi-arid Regions More Resilient To Climate Change
By Ahmed Awais Khaver

Pakistan has the world's fourth highest water use rate while the country's economy is the most water intensive, which means the amount of water utilized in cubic meters per unit of GDP is the world's highest.

Water governance revolves around the social, political, economic, and administrative systems in place. More stable are these systems, more manageable will be the country's water resources. Pakistan's water governance issues are being exacerbated day by day with change in climate. Flood management is an essential part of water governance while dams' water flow regulation and bunds (flood protection walls) and their consequent breaching are the practices of flood management.

SDPI, under a project titled “Pathways to Resilience in Semi-Arid Economies” conducted a survey (focus group discussions, key informant interviews and questionnaires) to assess issues in water governance. The project aims to generate new knowledge about how economic development in semi-arid regions can be made more equitable and resilient to climate change.

During the course of our observations, interactions, discussions and interviews, floods were the main focus especially the 2014 floods that had devastated Jhang district. There are four Tehsils (sub-districts) of Jhang district, i.e. Athara Hazari, Shorkot, Ahmedpur Sial and Jhang (itself). Jhelum and Chenab rivers converge in the district before heading towards Trimmu Barrage and after convergence, what is appeared on the surface is Chenab river. On the west of the barrage is Tehsil Athara Hazari while on the east is Tehsil Jhang where located is Jhang city. On both sides of Chenab river, bunds have been built. The bigger and stronger of the two is Athara Hazari bund on the west of the river whereas bund on Jhang city side is relatively smaller and not strong enough. Downstream of Jhang city is Tehsil Shorkot. Downstream from Athara Hazari is Tehsil Ahmed Pur Sial.

Residents of the district and officials from Irrigation department say that when huge water gushes towards Trimmu Barrage and there is a real risk of barrage being flooded and swept away, orders for breaching are given. Athara Hazari bund is approximately 6-8 kilometers upstream of Trimmu Barrage. In 2014, floods coming towards Trimmu Barrage exceeded the capacity of the barrage, which is 650,000 cusecs. In order to save the barrage from being swept away and to ease pressure of water on barrage, the breach was ordered. This time Garh Mharaja area of Tehsil Ahmed Pur Sial and adjoining villages remained inundated for three to four months.

On the contrary, residents and farmers of Athara Hazari said that bund alongside Jhang Tehsil naturally gave way due to heavy waters and could not sustain the pressure. They said the city was in danger of being flooded, so the breach was ordered to save the city. Consequently, the farmers had to bear the brunt. Irrigation department officials were of the view that the natural breach of Tehsil Jhang was not big enough and did not pose any threat. The breach was downstream of Jhang city in the suburbs so this natural breach had no role to break Athara Hazari bund. There was another cause of breaching Athara Hazari bund. According to farmers, bund alongside Tehsil Jhang had been naturally breached. It threatened the Tehsil Shorkot which is downstream. According to their perception, Shorkot, where is located Rafiqui air base, was threatened from the natural breach. Elders of the village opined that it was the threat to the base that compelled the authorities to breach Athara Hazari bund.

Flood early warnings were announced timely though there was no response mechanism and evacuation plans from the government side. People had to identify higher grounds themselves and safe locations for their families to be sent off to. Businesses were severely hit. Aid/assistance was not equitable after the floods. Local politicians did not help the affected people generally; help was only provided to those villages that supported the politicians in power. Even in case of reactive approach to floods, the assistance in the aftermath is either too little, too late or none at all. Livelihoods of the communities were ravaged by the flood.

Unplanned development and its effects

To assess the unprecedented inundation of Tehsil Ahmed Pur
Sial, we went to observe the terrain – the breaching section. This area is an apt example of unplanned development and the sorts of destruction it could wreak. Haq Bahoo Bridge connects Ahmed Pur Sial (Garh Maharaja) and Shorkot (Shorkot city) above the river path downstream of Trimmu barrage. The flood zone, which was 7-8 kilometers wide before 2014, had been reduced to a mere 800 meters due to construction of the Haq Bahoo Bridge. Perpendicular to the bridge, there are built huge bunds to control the river water. During 2014, flood water from the river had burst out after release from the barrage through Athara Hazari bund breach and from this constricted path of 800 meters due to backlog effect and having less path than required. Water came in from barrage and backlog effect from the bridge and entered villages and caused a vast inundation. The water was not able to merge into the river due to perpendicular bund constructed parallel to the river prior to the bridge. The water could come out over the bund but could not go back to Chenab river.

Breaching of bunds and flawed flood management practices

**Determinants of Rapid Urbanisation in Pakistan**

By Ghamz E Ali Siyal, Imran Khalid & Ayesha Qaisrani

**Causes of Urbanisation**

In Pakistan, there was a rapid increase in the share of population in urban areas from 17% in 1951 to 37% in 2010, and 39% in 2015. These projections show that in next 10 to 15 years, half of the population will be urbanised. The main push factors are low productivity of agricultural land, land fragmentation, surplus farm labour, poor economic conditions, health and educational facilities, and lack of employment opportunities. On the other hand, pull factors are better salaries, better living standards, availability of basic facilities, education and urban infrastructure. These factors are responsible for rural-urban migration of residents. Our field surveys show that in Jhang district, 77 per cent of small businesses had witnessed a decline in profits after floods. All the respondents from the district (100 per cent) said that after the floods, it was hardly possible to continue the business. 73 per cent respondents said that the impact of floods on their businesses was severe. 64 per cent respondents did not receive any assistance (kind or cash) from anyone. The above pictures signify the vulnerability of livelihoods in Jhang district. Aid camps were situated at far off areas due to inundation; the affected people were not able to access these camps. At some places, aid supplies were provided to the local politician or Patwaris for distribution among the affected people. Most of those supplies were allegedly given to political workers/voters and not to the affected communities. The vaccines and medicines that were provided to the hospitals, doctors and Patwaris were also stacked and later on sold.

**Recommendations**

This way of providing assistance/aid is inequitable and does not serve the very purpose it stands to support. The assistance should be equitable, development should be planned, barrage capacity increased, and crops & fertilizers aid should be provided at the earliest. Effective early warnings, evacuation plans and camp areas for temporary settlement should be earmarked prior to floods. Better river management, earlier warnings prior to floods and better maintenance of bunds were among suggestions proposed by the community in the district. Medicine and livestock vaccines are also detrimental in such a scenario that constitutes the livelihood in the district. Supplies of food, tents and medicines should be present in the inventory before floods. Proactive disaster management practices need to be adopted from merely absorbing the loss and in the aftermath only doing relief work.

**Research & News Bulletin**

Pictures show the Athara Hazari breaching Sultan Bahoo Bridge that has constricted the flood path Section; on the right is Tehsil Athara Hazari; On the left is Jhang city, and bund is at least 30 feet high from the ground.
population from 43 million in 1998 to 72.5 million in 2014 in the country. These rural to urban migrations are complemented by structural transformations in economy from agrarian to industrial services. These transformations always help economies to prosper because such absorption of rural migrants in industrial and services sector generates higher income in urban areas.

Apart from aforementioned reasons, forced migration also remains an important component of internal migration. The lack of management in conflict zones is the root cause of producing the bulk of refugees and migrants. The government of Pakistan has also taken steps for registering Internally Displaced Persons (IDPs) and Afghan refugees with the support of International Organization for Migration (IOM). According to IOM, almost 0.7 million unregistered Afghan refugees are still residing in Pakistan, and only 5,619 refugees either returned or deported. There were 74,826 households which were displaced due to conflict between Pakistani forces and militant groups in FATA and KP. The repatriation programmes initiated by the government of have helped IDPs to return to FATA.

Another important reason for migration is climate change. According to IPCC\(^1\) report, climate change refers to “a change in the state of climate that can be identified (e.g. using statistical tests) by changes in the mean and/or the variability of its properties, and that persist for an extended period, typically decades or longer\(^2\). The problem of climate change supplements challenges occurring due to urbanisation, especially in developing countries. In Pakistan, it further weakens rural livelihoods dependent on agriculture due to climate induced disasters such as floods and droughts. These rising losses in agriculture productivity triggers migration process as people are forced to look for alternate modes of livelihoods. Therefore, migration is considered as one of the adaptation strategies to avoid life and property losses from natural disasters.

### Unplanned Urbanization

During the planning process for cities, a number of ambitious master plans are produced but few of them are actually implemented in letter and spirit. This has resulted in negative outcomes such as inability of the cities to absorb, accommodate and provide employment opportunities. Lack of urban planning has resulted in almost 27.5 million people having lower level of living standards. Moreover, there has been a reduction of agricultural and forest land, high food insecurity, the exploitation of aquifers, poor water and sanitation services, infrastructure deficiencies, poor public transport, weak traffic management, urban encroachment, and increased demand for electricity.

Mainly, this rise of population in major cities of Pakistan is the outcome of rural and urban development gap causing further pressure on urban areas. According to experts, this lack of development has triggered internal migration from rural to urban areas. Its evidence can be found from a report on Multidimensional Poverty Index (MPI)\(^3\) for 2014/2015 year, which depicts that poverty in rural areas is higher than urban areas as shown in the table given below:

<table>
<thead>
<tr>
<th>Multi-dimensional Poverty Index (MPI), 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Overall MPI</td>
</tr>
<tr>
<td>Rural MPI</td>
</tr>
<tr>
<td>Urban MPI</td>
</tr>
</tbody>
</table>


### Research and Results

Under a project, Pathways to Resilience in Semi-Arid Economies (PRISE), SDPI conducted a survey of 45 urban respondents to understand the basic reasons that influenced people to settle in the cities. Besides, four key informant interviews were also conducted. This study focused on three semi-arid regions, namely Mardan, Faisalabad, and Dera

---

\(^1\)IPCC abbreviated from Intergovernmental Panel on Climate Change.

\(^2\)MPI is based on three dimensions, namely: education, health and living standards.
Ghazi Khan (D.G Khan) districts.

Preliminary findings show that major determinants for rising urbanisation in semi-arid regions are lack of suitable employment opportunities and educational facilities in rural areas. The remaining factors were lack of health facilities, less opportunities for business, conflicts, and death of family members. Besides, climate change was considered as one of the push factors that indirectly stressed upon the income of respondents. The major pull factors responded by migrants are access to basic facilities, better business/employment opportunities, broader job market, near the village, and presences of friends, family members or relatives.

The interviews from key institutions described major cause of unplanned urbanisation and slums creation was lack of coordination between public service providers and development authorities. Another reason for unplanned urbanisation was the absences of government organizations which may guide the potential migrants about jobs, information of affordable residence and access to basic facilities. The presence of such institution would improve control over migrants that can help in urban planning and resource management. These findings lead to certain policy implications which need to be considered for moving towards the path of sustainable development. In this scenario, the government should:

- Initiate rural development programmes in agriculture sector (comprising crops management, livestock, fisheries, dairy products, horticulture) on the basis of need assessment of specific areas.
- Develop new mechanisms to overcome coordination-related issues between public service providers and development authorities for appropriate land use. Along with that development authorities should supported by legislation & political support for increasing their mandate in better planning of urban areas.
- Develop an institution that registers rural to urban migrants and helps them in settlement via supporting them in information provision related to employment or business setup. It should also focus on reasons and dynamics behind internal migration. After analysing reasons, that organisation should try to address their issue while coordinating them with other government organizations.
- Set up new industrial zones in peri-urban areas near villages that will reduce pressure on urban areas by rural employment seekers.
- Ensure funds' release to climate change division for launching new adaptation and mitigation plans at national level.

**Projects Sustainability Depends on Proper Planning, Prioritization & Implementation**

By Hasan Murtaza Syed

Health, education, WASH (Water, Sanitation and Hygiene), infrastructure and security are the major socio-economic problems being faced by the rural and urban populations in Pakistan. The sustainability of development projects related to these populations depends on proper planning, prioritization and implementation. The best sources or channels that can play a vital role in this regard are the community based organizations, government officials, and the elected representatives. Only they know how to prioritize the development projects in their respective areas. Similarly, they can closely monitor the funds' movement and tracking. Public participation and monitoring at grass roots level can be vital in getting the maximum benefits of the current mega projects.

Funds' generation and revenue collection contribute a lot in development projects, but prioritization of these projects according to the people's needs can be a key factor. The departments concerned should be accountable before common people. Similarly, the citizens' engagement can build more confidence among the ignored communities.

Sustainable Development Policy Institute (SDPI) in collaboration with USAID's Small Grants and Ambassadors Fund Program, (SGAFP) conducted a training and awareness programme titled: “Ensuring citizens' participation and oversight in budget making process at district level in KPK (Khyber Pakhtunkhwa)”. The selection of these districts was made on the basis of easy accessibility and availability of local government structure. Although, it's a very long way to go, we can say that it is like a first drop of rain in desert. SDPI selected most suitable, active and efficient participants from three main sectors, including local government representatives and local NGOs.

After the completion of this project in these districts, all the stakeholders, including civil society organizations (CSOs), government officials, and elected representatives at districts level can easily engage themselves in new projects, and funds' monitoring. Besides, they can ensure the proper utilization of funds while reducing the chances of mismanagement and corruption whereas expenditure tracking is yet another tool for all stakeholders and they can use it to ensure that the government budgets are being executed on the ground as intended and that scarce public resources are being used effectively on priority basis. The basic concept behind this project is to involve the users or common persons since only they can better decide the priority, successful completion and implementation of projects in their areas without any fail. These two districts
can be considered as the pilot project and role model. For the future expansion of the projects, we can use same techniques and methodology to train and deliver the results in other districts. Gradually it can be more productive and effective.

After the successful completion of eight trainings in the first phase and 16 trainings in the second phase in both districts, SDPI has selected 25 members from the existing trainees and established forums in both districts. The registration of these forums is already in process. From these platforms, the members of these forums and our other trainees can further train their colleagues, subordinates and same for elected members and they all can further approach to communities for their training on voluntarily basis in their respective areas and this is the main objective of the above-mentioned forums to ensure citizen participation in budget making and the expenditure tracking of funds.

During the field work, SDPI team was closely in touch with City Nazims, Naib Nazimz, and District Coordination Officers (DCOs). They fully supported the activities and occasionally visited SDPI's weekly trainings and attended the workshops. Local and national media also covered all the main events in both the districts. USAID's SGAFP monitoring and evaluation team also visited our workshops on regular basis and appreciated SDPI for conducting these workshops as well as the arrangements around. During our all training sessions, we distributed our specially tailored questionnaire to get the participants’ feedback and suggestions on the contents, and quality & delivery of the training for further improvement. Below mentioned is the average result of collected data with codes details.

Gender Discrimination Starts From Home
By Tahira Qureshi

Gender discrimination refers to a bias based on someone’s sex and the role attached to her or him in a class society. For example, if a girl is paid less attention than her brother in her home, it is gender discrimination or tantamount to undermining her right of an equal human being. Today, gender discrimination is a major discourse in our policy debates. We have introduced equality bills, and laws for women emancipation or gender balance, but unfortunately operational side of the law has failed to support the victims; that’s why there is a status quo in Pakistan in connection with gender disparity. No significant change has been seen for last many decades. Women are being rapped, abducted, murdered in the name of honor killing, but our law-enforcement agencies have nothing concrete to stop it; consequently, women feel them unsafe even in their homes.

According to a report published by the Law and Order Wing
of the Special Monitoring Unit (SMU), Pakistan is ranked as the third most dangerous country for women to dwell there in. Before wiping out the gender discriminatory laws, or addressing the issue in the context of a corporate state, we need to look into the basis first. The roots of gender discrimination can be traced from home. The way parents bring up their children especially girls in our society later contributes to shape up their destiny. Most notably neglect, mistreatment, emotional and psychological abuse come from the families itself. This brought up makes a woman overly dependent on others for financial assistance and livelihood patterns.

Aurat Foundation estimates that 8,500 women face violence in the country every year. A majority is the victim of domestic violence. In the Punjab only, at least six women are murdered, eight are raped, 11 assaulted and 32 abducted every day.

According to the UNICEF and UNESCO institute of statistics, out of 5.4 million children of primary school age in Pakistan, who are not attending school, 62 % are girls. Statistics show that 49 per cent girls who are enrolled leave their primary education before completing their final grades. In Pakistan, seventy-one per cent girls do not complete their primary schooling whereas the ratio of boys completing their primary education is 41 per cent. A boy has a 15 per cent more chances of getting admission in primary school than a girl have. All these figures show a severe disparity between male and female on educational front which in fact provides basis for the future vulnerability of women.

Culturally, a girl in our society is born to stay dependent. She has to remain dependent on father, brother, husband or some other male guardian. A few, who become independent, have to walk a tightrope to enjoy the freedom of independence. In short, half of the population is growing up with the mindset of a would-be dependent population, which means they have no role to play in the economy of the country. This mindset later leads women towards a passive and lethargic mode of lifestyle and ultimately they surrender their power of independence before men.

Moreover, there are few factors which weigh the dominance of man and make them level higher than women, i.e. socialization, financial stability, education, access to opportunities. Aren’t these the same factors where women lag behind? Question is, why? What is the root cause? When we talk about social injustice, from where this injustice starts? Who is responsible? We usually throw all trash over the state.

Lives of girls are jeopardized by the family and society they born into. There are some other dimensions of woman victimization at their homes, i.e. patriarchy, economic marginality, racism, less education, family violence, unequal opportunities. My question is, Is it the responsibility of state to come to houses, count how many are the girls and how many are the boys and why girls are not going to schools and why boys are given more chances to attend schools? Is it the responsibility of government to ask parents, why they are not allowing their girls to join sports, or let them grab the opportunities which can financially stabilize them? Why do we blame society, why we blame government or others for all that? Society is made by people. Isn’t it a criminal act of parents who created those circumstances for girls by not giving them proper rights and kept doing injustice since their birth? Are not they responsible too for their daughter’s vulnerability. Didn’t they play a discriminatory role in their victimization?

Most heinous crime of honor killing, where if woman uses her basic rights to live her life in her own way and to take decisions for herself, gets her to death. So-called honor killing cases where women have been used as commodity to fulfil man’s aims and intentions are actually premeditated murders. And people who kill woman are no others but brother, husband, father, in some cases even mother. This gender oppression from the parents significantly plays a role in victimization of girls. Despite the fact that there are alarmingly high incidents of violence against women, but religious political parties outrightly rejected the recently passed Punjab Protection of Women against Violence Act 2016, and are terming it “contrary to Islamic teachings. In the era of ignorance before Prophet Muhammad (May peace be upon him), people and communities used to burry women alive. Birth of a girl was considered a shame for the family. The prophet gave women their rights. He preached his people not to burry women alive, and respect them either they are wives, sisters or mothers. He raised the status of women in the society. He also raised their status from being abused and slaved and considered it disgrace to the family. That was a start of giving women equal rights. Hazrat Khadija, the wife of the prophet, was a business women, which means Islam doesn’t stop women from being independent and empowered. Incidents of honour killing are nothing but flashbacks of that dark era of ignorance. Besides parents and families, certain socio-political factors are also involved in women victimization.

Gender is not a measure of weighing superiority or inferiority. Being girl doesn’t mean someone is born inferior or born to be the victim of injustice at every stage of life. Either it is home of parents, or husband, workplace or markets, she gets harassed and faces glass ceilings because of being a woman. Why can’t she gets herself a home like her father did, like her brother did, like her husband has, why she doesn’t get equal chances to excel like a man. Why she doesn’t get a chance to avail opportunities to make her own identity and destiny. Again the responsibility for her victimization falls back on parents and family. Statistics mentioned above open the discourse about crimes against women and role of parents in eradicating these
crimes; state comes afterwards. If such oppression at homes is offset by parents, if they play a role of activist, women will be more likely to dwell into better human beings for the society.

No special measure would be required to keep women safe and strong if parents become rational do not discriminate, and provide them equal opportunities. Let their girls in education, sport, in gyms to avail opportunities which financially stabilize them. Stop being a hurdle, and be a support to your daughters.

**SDPI's Twentieth Sustainable Development Conference**

**Seventy Years of Development: The Way Forward 5 – 7 December 2017 Islamabad, Pakistan**

Sustainable Development Policy Institute (SDPI) is pleased to announce its Twentieth Sustainable Development Conference (SDC) from 5 – 7 December 2017 in Islamabad, Pakistan.

This year's overarching theme of the SDC is Seventy Years of Development: The Way Forward.

**Overarching Theme:**

This year's overarching theme of the SDC is 'Seventy Years of Development: The Way Forward'. Milestones are a measure of aims seen in tangible results. Aims that are set for achieving a goal based on a collective vision which is essentially larger than life and desired to attain the greater good. For any nation, these milestones represent a journey and present its people with an opportunity to reflect back on what was achieved and what is still required.

There will be three streams under the overarching theme:

**Stream 1:** Pakistan has turned seventy in 2017. There is a lot to learn from seventy years of our developmental experiences on what worked, what did not work and what may work for countries like Pakistan to attain sustainable development goals in future. This time, SDC aims to congregate key stakeholders, national and international, to reflect on peace and development promises made and what has been achieved so far. We are inviting academicians, development practitioners, and development partners who are working in/on South Asia to take a futuristic approach and suggest a “way forward” for development. This SDC will highlight collective efforts and commitment that feeds to the peace conscience and renews the zeal for persistent effort.

**SDC Plenary 1** would focus on “Pakistan's centenary” and what needs to be done so that “no one is left behind” in Pakistan by 2047.

**Stream 2:** Given that it will be 25 years of SDPI, the SDC would therefore touch upon the role of think tanks (TTs) towards sustainable development. The speakers from like-minded organizations around the world would not only share the role of TTs in bridging policy research gaps but also their role in getting those policies implemented. Along with sharing the success stories of sustaining the independent policy research organizations in challenging times, the speakers would also share the stories of impact created by TTs in sustainable development. This platform will give an opportunity to discuss the role of thinking community, and what they have contributed; and, based on past experience share the future agenda.

**SDC Plenary 2** would focus on the need for independent policy TTs in the era of populist policy making and what they may contribute in achieving SDGs.

**Stream 3 – Conference Sub-themes:** This will include the general sessions that may come under the overarching theme. These may also include project specific sessions; sessions with development partners and international donors; and, how to make their engagement effective. Sessions under the umbrella of stream 3 will look at socio-economic development, SDGs, social justice, women empowerment, minority rights, climate change, REDD+, information technology, energy, etc. This year's SDC will also feature a pre-conference Sustainable Development Expo (first of its kind in Pakistan) in collaboration with the Government of Pakistan. The SD Expo will showcase innovative interventions and techniques from the corporate sector and best practices from around the world. In light of these activities, the SDC will feature panels on innovation, technology and practical solutions. SDC Plenary 3 would take forward the sub-themes and role of media in highlighting issues on environment, economics and social justice. This year SDPI would hold a plenary to honour journalistic efforts made in 2017 with Media Awards in three categories, i.e. print, electronic and photo journalism.

**Conference Outcomes:**

A peer reviewed conference anthology based on papers presented at the occasion will be launched at the succeeding Conference. Keeping up with this tradition, the Twentieth SDC will showcase launch of the SDC 2016 anthology titled 'Sustainable Development: Envisaging the Future Together', a peer reviewed publication, along with other publications. As done so in earlier SD Conferences, SDPI will compile the policy recommendations from the 30 plus panels and plenary sessions which will be communicated to the respective Ministries and at regional level institutions. The compiled recommendations along with detailed reports of the sessions
will be published in a special edition of SDPI's Research and News Bulletin. The policy recommendations coming out of the sessions will specifically be presented to policy makers, government officials, civil society members, academicians, private sector and researchers. The Conference will provide an interactive forum to meet with experts and to find relevant ideas and solutions in an atmosphere of sharing and exploring. SDC keynote plenary sessions and selected panels will be broadcast live on SDPI's web-based TV (www.sdpi.tv) for wider dissemination. Last year, SDPI held the Nineteenth Sustainable Development Conference from 6 – 8 December 2016. A total of 29 concurrent sessions and three plenary sessions were organised during the three days. An audience of over 2,500 attended the 3-day Conference. Some 152 panellists participated from 18 countries including Afghanistan, Bangladesh, Burkina Faso, Canada, China, Ecuador, Ethiopia, Germany, India, Italy, Kenya, Nepal, Pakistan, Sri Lanka, Tajikistan, Turkey, UK, and the USA. Over 42 international delegates from other countries became a part of the Conference.

Twentieth SDC: Conference Format
There will be two to three keynote plenary sessions in which prominent keynote speakers will be invited to address significant areas as highlighted in the overarching theme. The plenary each day will be followed by concurrent sessions / panels on sub-themes. The plenary will last for one hour and 30 minutes while the duration of each panel will be two hours with three to five presentations followed by question-and-answer session.

Dates To Remember:
Submission of abstracts by local speakers: 15 August 2017
Submission of abstracts by international speakers: 1 August 2017.

International speakers are encouraged to submit their abstracts by the 1 August 2017 so that they can be shortlisted and requested to send their visa clearance documents.
Submission of documents by Indian and Bangladeshi passport holders: 1 September 2017
Submission of Conference papers: 1 November 2017
Twentieth Sustainable Development Conference: 5—7 December 2017

Call For Abstracts:
Under the overarching theme, a number of panels based on sub-themes will be organized. Panel write-ups will be uploaded at the Conference web link mentioned below. Speakers are requested to submit their abstracts corresponding and suitably associated to the panel sub-theme objectives addressing the questions specifically being addressed in that particular panel. For details of the panels, authors' guidelines, submission deadlines, etc., please visit our web link www.sdpi.org/sdc.php All abstracts will go through a software review for originality and if cleared will be reviewed by an editorial committee. Only those speakers with short-listed abstracts will be informed and will be requested to submit their papers by the deadline. Kindly specify the panel title while submitting an abstract.

List of Panels:
Over 30 panels and plenary sessions will be organized. Potential speakers are requested to review and visit the website www.sdpi.org/sdc.php for updated information which will be uploaded from time to time.

For further details, please contact the SDC Unit:
Ms Uzma T. Haroon, Director SDC Unit
Email address: uzma@sdpi.org
Ms Imrana Niazi, Coordinator SDC
Email address: imrana@sdpi.org

Introduction
Chemicals have been recognized as benefit as well as problem for many years. Hazardous chemicals in consumer products pose unnecessary and avoidable health risks to all consumers, although some groups, such as children, adolescents, pregnant women, and the elderly may be particularly vulnerable. Workers who manufacture or handle these products are typically exposed to even higher concentrations of toxic chemicals for a longer period of time, therefore, bear an unacceptable burden of disease and suffering. These avoidable health effects also lead to a progressive rise in health costs. Some key chemicals of concern include toxic flame retardants, phthalates, vinyl chloride, dioxin, polychlorinated biphenyls, heavy metals (in particular mercury, and lead), pesticides and many other

 Guidance to the Chemicals in Products Programme for Ngos Representing Public Interest
By Olga Speranskaya¹, Mahmood A. Khwaja², Brian Kohler³

¹[Public interest sector]
Ms Olga Speranskaya, PhD, Co-chair of IPEN, Director, Chemical Safety Program, Eco-Accord, Russia, Email: speransk2004@mail.ru

²[Health sector]
Dr Mahmood A. Khwaja, Ph.D., President, International Society of Doctors for Environment (ISDE) and Senior Adviser, Chemicals and Sustainable Industrial Development Sustainable Development Policy Institute (SDPI), Islamabad, Pakistan, Email: khwaja@sdpi.org, m.a.khwaja@gmail.com

³[Trade unions sector]
Mr Brian Kohler, Director - Health, Safety and Sustainability, Industrial Global Union, rue Adrien-Lachenal 20, 1207 Genève, Suisse
Email: bkokler@industriall-union.org
UNEP chemicals in products (CiP) initiative and programme

A few existing CiP information systems demonstrate clearly the value of knowing about chemicals contained in products that lead to product safety and innovation and this has long been recognized by the multi-stakeholder Strategic Approach to International Chemical Management community as fundamental to achieving the SAICM 2020 goal for the sound management of chemicals for the protection of human health and the environment. The International Conference on Chemicals Management (ICCM) at its second session in 2009 agreed on a project to address the need for increased stakeholders’ access to information on chemicals in products throughout the product life cycle. Since then, the United Nations Environment Programme (UNEP) and members of the CiP Steering Group developed the CiP Programme as a mean to progress action on information needed to manage chemicals contained in manufactured products. The CiP Programme and the associated Guidelines are the product of seven years of research and stakeholder consultations. These were accepted by the SAICM Governing Body at the fourth session of the ICCM in 2015 as the mean for advancing this complex issue which includes information provision, exchange and access. The Programme promotes both the development of new information exchange systems and enhances the usefulness of a few systems already in existence. It is focused on manufactured products which include goods such as textiles, furniture, construction materials, electronics, household items, children's products and other consumer products. More about product definitions within the CiP Programme is available at UNEP CiP website.

Challenges faced in the implementation of the CiP Programme

A key chemical safety principle agreed by governments and included into the CiP Programme is that health and safety information about chemicals must not be regarded as confidential business information. Overall, the goal of non-governmental organizations (NGOs) representing the public interest is to ensure that full health and safety information and the complete identity of chemicals (as well as the amount) in individual products are publicly available throughout the entire product life-cycle, including during product manufacture, use, recycling and/or disposal. However the biggest challenge in this regard is that the majority of private sector companies, including producers and retailers, do not publicly disclose comprehensive information on chemicals in products – including hazardous chemicals and their potential adverse health effects. The lack of information applies to all categories of products covered by the CiP Programme. Rather than full “Ingredients Disclosure,” the information on consumer product labels and websites typically contains incomplete, vague or inaccurate information about chemicals present in the product. The industry does not provide comprehensive information on health effects of toxic chemicals in consumer products nor measures to reduce the exposure.

Needs for chemicals in products information and the role of civil society

The important role of civil society in ensuring sound chemical management has been acknowledged in SAICM (High Level Declaration) and Stockholm convention (article 10/d). SAICM objective 2 (strengthening knowledge and information) is the main focus for NGOs with regard to sound chemical management, as also envisaged in SAICM global plan of action, whereas NGOs (including environmental and health NGOs) are among main “Actors” in the proposed 82% working areas and 59% of the activities, for sound chemical management. There are three principle demands articulated by non-governmental organizations representing the public interest with respect to information on chemicals in products. These include the fundamental chemical safety principle of public right to know; public concern over the use of hazardous substances in products, including the recycling of toxic chemicals into hazardous pollutants. Hazardous substances may be corrosives, poisons, carcinogens, mutagens, sensitzers, reproductive and development toxicants, and/or endocrine disrupting chemicals. The preceding are for illustration and are not intended to be exhaustive lists of substances of concern, or of chemical hazard categories. Access to Chemicals in Products (CiP) information is a global issue. It requires collaboration on a worldwide scale, across stakeholder lines and through the entire product life cycle. Sharing information on chemicals in products between all stakeholders involved in the product life-cycle is important for protecting human health and the environment. However, few systems are developed and implemented to inform on what exactly is in the product. The lack of information on chemicals in products is a significant obstacle to achieving a reduction in risks from hazardous chemicals. Access to chemicals in products (CiP) information is a necessary condition as well as a prerequisite, to enable sound management of chemicals in everyday articles, not only within the manufacturing but also throughout the product life cycle.

new products; and the need for stronger national regulations and market requirements in all countries to achieve a toxic-free environment and to protect human health.

Non-governmental organizations play an active role in the promotion and the implementation of the Chemicals in Products Programme by:
- advocating for and obtaining complete data on all chemicals in consumer products;
- identifying hazardous chemicals in consumer products;
- identifying safer alternatives including alternatives that eliminate the functional need for the hazardous chemicals (for example, remove the need for flame retardants in a product);
- advocating for stronger national and regional legislative and regulatory frameworks, including mandatory standards, and enforcement actions to provide safer products and reduce toxic chemical impacts throughout the product lifecycle;
- being full participants in developing national legislation for effective CiP program at country level;
- advocating for the right to know for all across a product's lifecycle;
- demanding comprehensive chemical testing programmes so that gaps in knowledge about chemical hazards are progressively filled;
- educating stakeholders and citizens, especially vulnerable and highly-exposed groups, on chemicals of concern, their presence in products and associated health and environmental effects;
- persuading industry to substitute hazardous chemicals with safer alternatives in products starting at the chemical and product design and manufacturing stages;
- communicating consumer demands for information to industry and political decision makers, to enable informed decision-making;
- ensuring that the CiP Programme objectives are well met and that information on chemicals relating to the health and safety of humans and the environment is never regarded as confidential; and
- establishing information exchange networks at all levels.

Activities for non-governmental organizations representing the public interest for CiP implementation based on those suggested in the guidance for stakeholders on exchanging the public interest for CiP implementation based on those

Selecting chemicals to be included in the information exchange on chemicals in products

To play an active role and to be effective in the implementation of the CiP Programme, non-governmental organizations need all chemicals in industrial use to be included in information exchanges on chemicals in products. The following major approaches could be considered, from more to less comprehensive:

- disclose all intentionally added chemicals in a product (along with impurities that are chemicals of concern) and their hazards;
- disclose chemicals based on their potential for significant adverse impacts on human health or the environment based on the Strategic Approach criteria. As it is stated in the CiP Programme, “These SAICM criteria, based on hazard and targeting risk reduction, provide an internationally-accepted basis for selection of chemicals under the CiP Programme”;
- disclose chemicals included into the most progressive regulations available in developed countries; and
- disclose chemicals included into the existing or projected regulations in countries where a product is manufactured, sold, used or expected to be disposed of.

The most appropriate systems for the exchange of chemicals in products information

The CiP Programme will be most effective by identifying and promoting best practices in sharing chemical information. For formulated products, all information on chemical ingredients in products should be disclosed on product packaging. The CiP Programme should support the disclosure of all ingredients on formulated products on the package by identifying and promoting common criteria for labelling all chemicals in formulated products. For articles, the CiP Programme should work to scale existing best practices with the goal of full chemical ingredient disclosure on package (either listing chemicals individually, or embedding chemical ingredient information in the QR or bar code). The most comprehensive template for disclosing chemicals in products and their hazards is in the building product sector in the US where the Health Product Declaration Collaborative has developed a model template for disclosing chemical ingredients and their hazards. Manufacturers have disclosed thousands of products using this standard. After full ingredient disclosure, there are many options for disclosing known chemicals of concern to human health or the environment, including:

- Apparel and footwear sector, where the AFIRM RSL sets a baseline standard for reporting globally restricted substances in the apparel sector. Additionally the sector through ZDHC is developing what it calls the “Chemical Gateway,” which provide a “new open database of safer
chemistry to assist better sourcing decisions”;

Additionally many companies use “restricted substance lists” (RSLs) developed by NGOs to identify chemicals of concern, including: ChemSec's SIN List and Clean Production Action's GreenScreen List Translator.

In addition to the identification of chemicals of concern, NGOs and governments are actively identifying lists of safer chemicals and products, including:

- EWG's Skin Deep database which lists 64,480 products [http://www.ewg.org/skindeep/](http://www.ewg.org/skindeep/)
- GoodGuide [www.goodguide.com](http://www.goodguide.com)
- Design for Environment [www2.epa.gov/saferchoice](http://www2.epa.gov/saferchoice)
- GreenScreen Certified for Textile Chemicals [http://www.greenscreenchemicals.org/certified](http://www.greenscreenchemicals.org/certified)
- [http://chemicals.ecoidea.by](http://chemicals.ecoidea.by)

Noting that access to information is limited, non-governmental organizations may also demand or conduct product testing, in collaboration with public/private sectors, via internationally certified labs and techniques. Recent examples have included:

- banned or highly regulated flame retardants present in products, or recycled into new products (for example children's products and construction material such as carpet backing)
- toxic metals in children's products and personal care products.

### Raising stakeholder awareness on chemicals in products

Non-governmental organizations representing the public interest play the key role in raising stakeholder awareness on the hazards of chemicals in products, assessing efforts to promote a life-cycle approach to managing toxic chemicals in products, and promoting precautionary action and informed choice. To get access to information on chemicals in products, non-governmental organizations should establish working relationships, through organizing all stakeholder forums/roundtable discussions, with the businesses and organizations that can provide the needed chemicals in products information. In addition non-governmental organizations can conduct or demand additional research, including surveys, fieldwork and laboratory analysis to generate new data and verify information coming from manufacturers or retailers. The most appropriate format and means, for the exchange of this and other information on chemicals in products, should be further determined to communicate this information to consumers and other stakeholders.

A series of strategic pilot projects to contribute to the implementation of the CiP programme in a number of product sectors could be considered including: children's products, textiles, building materials, electronics and others. In the future products sectors could be expanded to include food packages, cosmetics, others. Projects could be focused on analyzing the available information on chemicals in products (labels, product datasheet, instructions for product use and disposal, etc.), collecting new data and conducting outreach to public interest NGOs, community groups, consumer and worker associations, local and national authorities, producers and retailers. It is important to note that the people with the moral authority to assess a risk, are those who will be exposed to it. Thus outreach to the most vulnerable and affected groups on what chemicals there are in products they produce, use or dispose of will be considered a priority. This initiative has the potential to set up a model for CiP implementation, contribute to the development of national and regional legislative and regulatory frameworks, extended producer responsibly (EPR) and other life-cycle policies; right-to-know policies, and further expand the influence of public interest groups in the implementation of SAICM Chemicals in Products Programme.

### Acknowledgements

The authors of the document acknowledge the contribution from many organisations representing the public interest. Special appreciation goes to: Ms Alexandra Caterbow, Health and Environmental Justice Support (HEJSupport); Dr Agostino Diciaula (Italy), ISDE Vice-President Europe; Ms Cathey Flavo MD, ISDE Vice-President North America; Ms Milena Grubo, ISDE (Serbia); Dr Hanns Moshammar (Austria), Directing Board, ISDE; Dr Mark Rossi, Clean Production Action (CPA); Mr Ram Charitra Sah, Center for Public Health and Environmental Development (CEPHED) and Eugeni Lobanov, Centre for Environmental Solutions, Belarus.
### Annex 1

**Guidance for programme participants outside the supply chain**

<table>
<thead>
<tr>
<th>Stakeholder group</th>
<th>Suggested activities</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-governmental organizations representing the public interest</td>
<td>Highlight the need for chemicals in products information and chemicals management decisions and actions to which such information could contribute. For example, risk assessments by corporations or governments cannot be legitimate if those who face the risks are excluded from the assessment process. Establish working relationships with and between the businesses and organizations that can provide the needed chemicals in products information. Conduct or demand additional research and collaborate to provide input to determine the most appropriate format and means (systems) for the exchange of chemicals in products information. Raise awareness on the challenges and opportunities involving chemicals in products, considering the diversity among consumers and other stakeholders. Publish chemicals in products information (e.g., through publications or websites) based on data provided or from research.</td>
<td>May include conducting or demanding research and generating data on chemicals in products. Without compromising the principle that health hazard information is never confidential; when appropriate, establish agreements on conditions under which certain non-health information is to be used and/or disclosed.</td>
</tr>
<tr>
<td>Individual consumers</td>
<td>Activities for consumers could include investigating product labeling and available chemicals in products information, as well as following safety instructions, including for waste disposal. Consumers could provide feedback to the providers of information (e.g., whether it is clear and adequate, or how it could be improved). Another action is to ask questions on the proper handling, use or disposal with respect to the chemicals contained in the product.</td>
<td></td>
</tr>
</tbody>
</table>
To appreciate your contributions to Sustainable Development SDPI offers ‘Sustainable Development Journalism Awards 2017’

6 Lucky Journalists
2 Special Awards
A Lifetime Achievement Award

- News stories/Articles/Op-eds
- News packages/Documentaries/Talk shows

Submission before 30th September 2017 at awards@sdpi.org

#SDJA2017
Silver Jubilee Celebrations

25 Years 1992-2017
Bridging Research Policy Gaps

Sustainable Development Policy Institute
Taimur Chamber 3rd Floor, Plot # 10-D (WEST), Fazal-ul-Haq Road, Block D, Blue Area, Islamabad
Tel: +92 51 2278134, +92 51 2278135, Email: main@sdpi.org, spdi.org, www.sdpi.tv