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Air Pollution Control and Reduction in South Asia: The Need for a Legally Binding Instrument Among South Asian (LBI - SA) Countries

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With increasing urbanization and economic growth, air pollution is an increasing concern in South Asian countries. This study has been conducted at SDPI, to look into and discuss the socioeconomic situation of South Asia, the existing situation of air pollution in the countries/region and the responses, if any, of national governments to air pollution. Among others, our study makes recommendations, including a legally binding instrument for south Asia (LBI-SA), for strengthening the framework for air pollution reduction at regional and national levels in South Asia.

South Asian countries, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, have carried out a number of projects/ activities for the creation of a meaningful framework to limit air pollution. A greater participation of member states is required and a regional framework is needed for better understanding and cooperation among the member states, on issues related to air pollution. An effective implementation of a regional framework with shared responsibilities towards air pollution reduction measures across the member countries is vital for sustained economical growth, protection of the environment and to safeguard public health, especially of future generations, in the region.

South Asia with a combined population of roughly 1.6 billion people, is a low-income region and home to half of the world's poor. Traditionally, the South Asian economies are centered on agriculture, however re-

Implementation of IMF Loan Packages and Pakistan - A Chronicle of Failure and Success

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Pakistan joined the IMF in July 1950 and for the first time the country approached it in 1958 for a loan. Special Drawing Rights worth 25 million equivalent to nearly US \$24.80 million under the Stand-by Arrangement (SBA) in December 1958, meant to provide financial support to overcome macroeconomic distortions in member countries of the developing world. It was, however, cancelled even prior to its expiration date on the grounds that the amount had not been utilized for a long period of time. The entire amount, therefore, went off unutilized. The reasons being the political upheavals during the period and also because of inflow of substantial economic and military aid from the US soon after the dictatorial regime came into power in October 1958.

During the 60s, two more stand-by arrangements each of one year duration, were approved in 1965 and 1968, collectively amounting to 148.0 SDRs which could be utilized only to the extent of 71.0 percent and the remaining amount lapsed due to slow utilization. Although the whole amount of the loan was not utilized it was productively deployed for achieving a higher level of economic development. These IMF loans along with other factors such as funding by the World Bank to mega projects for water resource management and hydro power generation, later on resulted in achieving an impressive growth rate during the period.

At a later stage in 70s, four loans were sanctioned to Pakistan under the Stand-by Arrangements worth

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The purpose of the <i>SDPI Research & News Bulletin</i> is to communicate to the development community, private sector, government agencies and concerned citizens, SDPI's research and other activities in the area of sustainable development. It also provides information on major national and international events and issues relating to the environment and development.	
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cently manufacturing and services have become major contributing sectors as well. The strong recovery in India and the growth in the economies of Bangladesh and Sri Lanka are the primary reasons for this economic rebound (World Bank, 2010a). The state of education and health in the region leave much to be desired. With the worst score on the Global Hunger Index (GHI), South Asia along with Sub-Saharan Africa suffers from the highest level of hunger (International Food Policy Research Institute, 2010).

Environmental degradation remains a challenge in almost all the countries of South Asia. With the increase in industrial activity, exponential growth in number of vehicles and population, the contribution of each country to the south Asia regional air pollution will increase over time (World Bank, 2010). Emissions levels of Sulphur dioxides, nitrogen oxides and suspended particulate matter have been rising steadily over past few decades. Owing to economic growth and increasing energy demand, greenhouse gas emissions have risen in South Asia by about 3.3% annually since 1990. Coal is the main source of energy in the region, followed by natural gas (World Bank, 2010c).

Air pollutants can be transported across state and national boundaries covering a distance from about 100s to a few 1000s of kilo-meters, therefore pollutants produced by one country, as well can have adverse impacts on the environment of neighboring countries. Down-wind areas of the countries are likely to be affected more than the up-wind areas. Trans-boundary air pollution is an issue that demands critical attention, especially for landlocked countries. The persistent Atmospheric Brown Haze over Bay of Bengal has been traced to emissions from South Asian and South East Asian countries. As part of the Indian Ocean Experiment (INDOEX), scientists discovered the Atmospheric Brown Haze (also referred as Cloud) that pervades most of South Asia. This haze consists of inor-

ganic & organic chemicals, black carbon, fly ash and other pollutants. Biomass burning, rapid industrialization, urbanization and lack of alternative environment-friendly energy sources are primarily responsible for this haze over South Asia. Others include industrial air pollution, indoor air pollution (biomass burning), increasing traffic trends, thermal power plants and incineration of solid waste (UNEP 2008 B).

Some key air pollutants of priority concerns to countries in south Asia are suspended particulate matter (SPM), sulphur oxides (SOx) and nitrogen oxides (Nox). The suspended particulate matter (SPM) is of great concern in South Asia. In most of the countries, the levels of SPM exceed the national standards and cause severe health impacts and environmental damage. WHO guideline levels of suspended particulate matter (SPM) exceed in the air of most of mega cities of South Asia (Asian Development Bank, 2001).

The level and nature of air pollution in any country has implications for the economy of that country as well as neighboring countries, owing to the trans-boundary nature of air pollution. A regional level framework for combating air pollution is important and its harmful effects can be assessed after reviewing the socioeconomic situation in South Asia and establishing the impact of air pollution on the various socioeconomic parameters. Once governments and society realize the potential damages caused by air pollution, sufficient support can be garnered at the national and regional levels to combat this environmental hazard. High levels of air pollution have a serious impact on the environmental quality that imposes economic costs associated with reduced quality of life, lost productivity and health care costs. According to the World Health Organization (WHO), air pollution is responsible for the increase in outpatient's visits owing to respiratory and cardiovascular diseases and approximately 3 million people die each year due to air pollution in the world (World Bank,

2003b).

In any preventive pollution control strategy, "Reduction at Source" is considered to be the very first and foremost option. The same has been considered for air pollution reduction in South Asia, to minimize the resulting economical, environmental and health impacts in the region. South Asian countries have developed environmental legal and regulatory frameworks in their respective countries. However, the execution of the national environmental action plan has been limited, due to lack of financial resources and technical know-how. A number of international Conventions and Treaties have also been signed by most of the south Asian states and every member state has constituted its own designated organizational authority for the implementation of international conventions and treaties. The major hurdles in the implementation of these treaties and conventions are common to all states, which include lack of financial and technical support, lack of coordination, inefficient legal and regulatory framework, no access to relevant databases and lack of awareness among the local populations.

As also emphasized earlier, air pollution has a serious impact on the socioeconomic status of any country. It can increase poverty, widen the classes and gender-divide and harm the agriculture sectors. Local impacts due to air pollution would be only further aggravated by the trans-boundary air pollution. Therefore, it is imperative to look for and identify a regional level framework not only for reducing the trans-boundary impacts of air pollution in South Asia but also to support enforcement for adopting control measures at country level towards improvement of ambient air quality in general. Undoubtedly, any effort to control air pollution levels in South Asia will be daunting, in light of the continued policy push for unabated economic growth by the region's governments. Regional cooperation has often been called for across the region in economic terms, but the call has yet to be answered institutionally in terms of social and environmental concerns. Only a regional institutional capacity and forum for engagement will be able to facilitate knowledge dissemination in a way that it is non competitive and effective.

Recommended Policy Actions at the Regional Levels

Given the progress that has been made at the national levels in terms of institutional building and development in south Asia, a number of initiatives are recommended which should initially create forums for more regular technology sharing and dialogue. Such forums would also help to:

- establish a consensus sharing between national and provincial bodies on common issues of concern related to trans-boundary pollution.
- ensure that dissemination of work to other regional bodies takes place on a regular basis. Pilot projects should be set up and their progress monitored regularly, periodically reported on and disseminated to other groups and interested agencies region wide.
- look at ways of defining the precautionary principle for usage that encourages solutions and alternative development while not constraining economic growth and development imperatives.
- establish working groups on specific sectors which involve public and private sector stakeholders and actors in priority areas such as automobile and industrial emissions & standards;
- recommend, in the light of national emission inventories and metrological data, the minimum standards for vehicles road worthiness, fuel quality and emissions from brick-kilns.
- recommend national emission reduction targets to comply with agreed regional targets and to consider replication of "Self-monitoring and Reporting/SMART program for industrial sector" similar to one in Pakistan for other member states (Pak-EPA/MoE, 2000; Khwaja, 2001)

South Asian Association for Regional Cooperation (SAARC)

SAARC could be a possible forum, to provide support for establishing forums for the above and to look into ways & means of generating possible support for air pollution reduction in the region. While SAARC has been functioning for about 25 years now, the impact of this framework, especially with regard to air pollution is yet to be seen. SAARC needs to be strengthened with a monitoring and evaluation mechanism to observe whether the member countries are making progress on reducing air pollution and its associated impacts in the South Asia region. Moreover, there needs to be a mechanism of binding commitments such that member countries take promises of reducing air pollution seriously and if it could be mandatory for them to make some progress in this regard. Through technical assistance protocols, countries would be able to learn from each other, there by making the goal of minimizing air pollution and its trans-boundary effects not only possible but also achievable. It is also strongly recommended that SAARC summits should be more frequent so that the momentum of the agenda of air pol-

lution is not lost.

Legally Binding Instrument (LBI) for Developing and Strengthening the Framework of Air Pollution Reduction in South Asia

Air pollution leads to atmospheric transport of pollutants, affecting countries of the region in more than one way, thus making air pollution a regional issue. Being a regional problem, no one country, especially in a poor and diversified region like South Asia, can tackle it on its own. National actions in this regard seem to be insufficient. Lack of financial support, skilled and trained manpower, technology and technical know-how, further limit one single country capability to handle it. As air pollution impacts the region, to combat it, a regional focus and approach is essential in which all member countries of the region have a role to play, with equal but diversified responsibilities.

The Acid Deposition Monitoring Network in East Asia and the Malé Declaration on Control and Prevention of Air Pollution and its likely Trans boundary Effects for South Asia are current reflections of regional concerns and efforts to control emissions at a regional level. ASEAN has also established the ASEAN Agreement on Trans boundary Haze Pollution to prevent and monitor such pollution in the region. The convention on Long Range Trans-boundary Air pollution (LRTAP) is another regional agreement for air pollution reduction. Besides possible support from the SAARC forum, another option for consideration by south Asian countries could be preparing and in-acting a legally binding instrument, similar to ASEAN and LRTAP, to manage air pollution and its reduction in the south Asian region.

The objective of such a legally binding instrument for south Asia (LBI-SA) should be to protect human health and the ecosystem by setting up time framed air pollution reduction targets (starting with priority pollutants SPM, SO_x and NO_x).

Some salient features of the envisaged LBI – SA could be: (a) the recognition of the problem of increasing air pollution in South Asia and its resulting environmental, economical and health impacts on the population of the region (b) reduction of air pollution through the exchanges of information, consultation, research, monitoring, policy and assessments. (c) the recognition that obligations regarding control and reduction of emissions of agreed pollutants, should allow for flexible and differentiated national programs, to be implemented by the individual.

For the implementation and further development of the cooperative program for monitoring and evalua-

tion of the long-range transmission of air pollutants, a comparable or standardized procedure for monitoring is strongly recommended, whenever possible which should be based on the framework of both national and international programs. Mechanisms would also need to be established for capacity building, finance, intra-state available technology transfer, knowledge and information exchange (about emissions, exposures, monitored data, socio-economic impacts) and reporting and evaluation of LBI-SA effectiveness. The LBI-SA should acknowledge and ensure an active role of civil society in the development and implementation of the LBI-SA and finally, among others, the LBI-SA should establish effective and enforceable treaty compliance provisions.

The specific elements of the LBI may be further built up on the above to address/accommodate "Policy Actions at the National and Regional Levels."

Importantly, this instrument would encourage governments to pass legislation in their respective countries, set up or revise and improve minimum emission standards for industrial, vehicular and brick kiln emission, use of filters to clean emissions and improved fuel quality, banning the use of unclean or 'dirty' fuels for domestic or industrial consumption.

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Implementation of IMF Loan Packages and Pakistan - A Chronicle of Failure and Success

SDRs 330 million in aggregate which were utilized to the extent of about 95 percent of the sanctioned amount. It is creditable that the then economic managers were successful in meeting the targets of their utilization. It may be noted that the loan programs by IMF till such time were not characterized by any significant variations in terms of conditionalities attached to the loaning which provided the opportunity to the policy makers for framing the economic policies independently suiting the requirements of the economy. It facilitated, to a great extent, the successful implementation of the programmes.

In the 80s, however, a drastic change in terms and conditions i.e., conditionalities of loaning programs took place for Pakistan as also was the case for other developing countries. The conditionalities, in their

broader sense, embrace both the design of IMF-supported programs i.e., underlying macro-economic and structural policies, and the specific tools used to watch the progress of the program.

These used to be imposed on the client countries in the form of a strict set of policy reforms which included a close monitoring of the economy concerned which continued to be stricter with the passage of time and also according to its experience about the economic performance of the countries in response to the loan programme. These paved the way for IMF involvement in policy framing of these countries.

During the period prior to the return of a democratic system of government in 1988, two long-term loans under the Extended Fund Facility (EFF), amounting to a total sum of SDR 2.187 billion, were approved first in November 1980 and subsequently in December 1981, covering approximately a period of three years. The size of these loans was more than four times larger than the entire amount lent through seven Stand-By packages during 1958-80. It is worth noting that the IMF was once again liberal

in sanctioning a large amount of loan during the military regime. Since this period, there began an increased role of IMF as a source of lending to Pakistan and also in terms of its influence in national economic policy making. IMF loaning, therefore, became a subject of intense debate in the country which got further intensified by the failure of such packages in solving the economic health of the country.

The strict conditionalities imposed by IMF attached to its loan packages such as devaluation of currency and de-linking rupee from dollar and replacing it by the managed float system, liberalization of imports, restraint on government spending and increased role of private sector were met except implementation of complete abolition of subsidies.

However, the government could utilize only a sum of SDR worth 1.079 against the sanctioned amount loan which constituted only 49.33 percent of the total amount of approved loans at the cost of meeting most of the tough conditionalities such as massive devaluation and floating rate of exchange. Its reason may be attributed to inefficient economic

management and also on account of an inflow of financial aid in the country for economic and defense purposes, again during the period of military regime. Despite a heavy cost to the economy caused by devaluation and linking the value of rupee based on managed float system, the loans could be utilized only partially.

Since 1988 and prior to the ongoing Stand-By Arrangement, eleven loan arrangements, amounting to a total sum of SDR 5.21 billion equivalent to nearly US \$ 5.80 billion were made under various programs such as Standby Arrangement (SBA), Poverty Reduction and Growth Facility (PRGF) and Extended Structural Adjustment Programs (ESAP). Since 1988 till the end of the 90s, only 62.41 percent of the total amount of loans approved by IMF was utilized. Before the Eighties the under utilization of loans was either on account of inefficient economic management of various governments or due to its redundancy after the inflow of economic aid during the dictatorial regime, while in subsequent years, it was largely because of their failure to act upon the strict conditionalities attached to the

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loaning programmes.

During the post 2000 period, IMF entertained the government's first request for the Stand-By credit arrangement amounting to \$ 596 million equivalent to SDR 465 million in November 2000. Later on, the government was sanctioned a loan of \$ 1.3 billion worth SDR 1.03 billion in December 2001 on its request under the Poverty Reduction Growth Facility, covering a period of three years.

According to State Bank, the government could successfully meet the performance criteria as laid down by the IMF for both the programmes. Almost the whole amount of \$ 1.896 billion equivalent to SDR 1.495 billion was thus utilized except the last trench amounting to US \$ 252.60 million on the grounds that it was no longer needed.

These were followed by the approval of the current 25-month Stand-By Arrangement (SBA) Program worth SDR 7.236 billion (US \$ 11.3 billion) covering a period of 25 months after being augmented on August 7, 2009 from an originally approved 23 months program, worth SDR 5.17 (US \$ 7.6 billion) approved in November, 2008 which is more than double the entire amount of loans sanctioned by IMF to the country since 1958. The programme package comprised a number of conditionalities in the form of Structural Performance Criteria and Structural Benchmarks and it was to be implemented by December 2010 through six installments (besides the amount released with the approval of the loan) based on its satisfactory quarterly performance reviews by IMF. The reviews were to examine the achievements of the programme as per conditionalities which were framed with mutual consultation of the government and IMF.

The conditionalities were designed as a loan package signified under the broad framework of its objectives, aiming to "(i) restore financial stability through tightening of fiscal and monetary policies to bring down inflation, strengthen foreign currency reserves and develop confidence of local and foreign investors; (ii) to protect the poor to preserve social stability through a well targeted and adequately funded social safety net; and (iii) raise the budgetary revenue through comprehensive tax reforms to enable the significant increase in public investment and social spending required for achieving sustainable growth." (International Monetary Fund 2008, Pakistan: Request for Stand-By Arrangement- Staff Supplement- IMF Country Report No. 08/364) <<http://www.imf.org/external/pubs/ft/scr/2008/cr08364.pdf>> accessed 16 August 2011)

The programme remained suspended after the

fourth review in June 2010 and the release of the fifth trench, since the government failed to achieve some of the key structural performance as well as benchmark conditionalities. The remaining two trenches amounting to US \$ 3.4 billion (the last was scheduled to be released in November 2010) were, therefore, withheld. The government despite taking some politically difficult reform measures, could not meet some of the important conditionalities such as lowering down the fiscal deficit to the desired level since there was a continuous breach of fiscal deficit limits, implementation of reformed sales tax regime (Value Addition Tax), withdrawal of the subsidies, amendment in the banking legislation to enhance the effectiveness of the State Bank of Pakistan and overcoming the problem of circular debt in the power sector.

Lately in June, however, the IMF extended the programme till the end of September, 2011 in response to the request of the government to give it a chance to implement the remaining conditionalities. There was a realisation that it may not be possible to implement these due to their heavy political repercussions and also on account of its inability to rectify those ills in the economy in the short run in the wake of some heavy macro economic distortions in the economy to which the conditionalities were meant to address. Non-preparedness and lack of political support including that of the business community to introduce some conditionalities such as VAT regime is also the reason for the failure of the government to successfully implement them.

Another contributing factor in the failure of the government to comply with some tough conditionalities was the unprecedented floods of the last year experienced by the country, which shattered the whole economy. The government, on finding the rigid stance of IMF regarding the implementation of the key structural reform conditionalities, abandoned the effort to avail the opportunity. The programme, therefore, ended up by 30th. September, once again, not achieving some of the significant targets which are, no doubt, most essential for the health of the economy. However, since the economy faced a great economic set-back on account of the unprecedented floods, it was expected that the IMF should have adopted a lenient approach. However, the country should take it as challenge as well as an opportunity to dependent only on home grown solutions and to live with domestic resources mobilization to protect its economic sovereignty.

Food Security in South Asia?

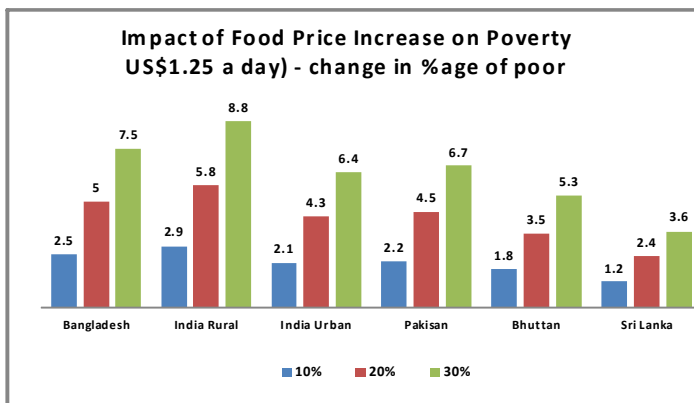
Zubair Faisal Abbasi

When showing displeasure, the old Chinese would say, ‘may you live in interesting times’. Apparently, our displeased Mother Earth has asked us to live in interesting times as well as try to have a peaceful society perching on inequitable distribution of food-related resources.

So, the developing world especially the South Asian region finds itself in a situation of a frail food security system stressed under food inflation, climate change related intense weather conditions such as floods and other natural hazards. The burden is multiplied onto the fragile institutional arrangements deployed for research, development and innovation, social protection, ensuring agriculture finance, and providing access to land and other input resources. Under the circumstances, South Asia which accommodates 40% of the world poor even before the spike in food prices in 2008, needs special attention of donors, governments, and civil society organizations.

The following figure 1 and table 1 shows the relations between food inflation and poverty in selected countries of South Asia. With an increase in food prices those below the poverty line will increase slightly more than the committant increase in poverty level. However, it must be noted that the poor tend to divert resources from other activities such as seeking health and education to buy food therefore may fall in the trap of chronic poverty owing to loss of human development efforts. The projections may not be accurate but do mention that the most vulnerable of price shock live in the Rural India while the incidence of poverty seems almost similar for all countries.

Figure 1



Source: Pakistan and Gulf Economist, Vol .XXX No. 37, September 12-18, 2011, p-54

Table 1

Country	Change in # of Poor in millions with an increase in food prices		
	10%	20%	30%
Bangladesh	3.83	7.65	11.48
India Rural	22.82	45.64	69.45
India Urban	6.68	13.36	24.04
Pakistan	3.47	6.94	10.41
Bhuttan	0.01	0.02	0.03
Sri Lanka	0.24	0.47	0.71

Source: Pakistan and Gulf Economist, Vol .XXX No. 37, September 12-18, 2011, p-54

While analysing the grim side of the food situation, a recent global report ‘*Growing a Better Future: Food Justice in a Resource Constrained World*’ by Oxfam argues the case for new prosperity. It argues for new global governance for agriculture which improves trade rules for poor economies, a new future for agriculture which witnesses an improved investment agenda while ensuring a resilient ecological foresight which includes equitable distribution of scarce resources.

At this point, before discussing food issues any further, it is worthwhile to have a cursory look at the dynamics of the agriculture system.

By the middle of the previous century, the Malthusian fear was effectively confined to texts books rather than frightening people on the streets. Production had increased with high yielding varieties. Under a complex system of macro-economic interventions and structural transformation, the farmers of the now-developed countries were able to get financing as well as technology to produce at reduced costs and in abundance. Those who could not remain in agriculture went to the industrial sector in urban areas and enjoyed the fruits of opulent lifestyles and rapid growth in agriculture, industry, and lately in services. The standards of living improved in the now-developed countries with a substantial impact on demand for variety in the food basket. Ultimately, the local became global which transformed the food economy around the world.

However, there were divergent effects of development elsewhere. Some countries were able to reap productivity benefit from the surge in finances and technological diffusion under the Green Revo-

lution while many others were left out not being able to compete in the market on quality, ensured delivery, and prices. The crowded out, mostly living in less developed countries, either fell into the net food importers club or remained food importers with a never-ending struggle to move out of the food insecurity trap. In addition, especially in Africa, the way of thinking that industry must be promoted at the expense of agriculture, led to stagnation of growth in agriculture which ultimately adversely affected industry as well.

Such ambivalent developments set the stage for global inequalities in production and consumption of food around the world as well as within societies and different players in the economy. Some studies argue that a host of factors including agriculture and land management policies, and large scale industrial-food companies limited the space for small farmers and thus destroyed the local systems of subsistence farming leaving people food insecure amid plenty of food production. In the absence of a consistent human development approach and active labour policies, the economies could not sufficiently integrate people from farms to the high-end modern sector of the economy which required skilled and educated human resources. Human insecurity which emerged from coordination failures of the government and an under-developed private sector created a number of problems ranging from unplanned urbanization to conflicts of an ethno-political nature.

However, the world is a place of 'hunger amidst plenty' as Amartya Sen calls it. Currently, in the words of Watts and Goodman, with global demand and internationalization of the agro-food industry, the giant food companies and large retailers have aggressively transformed world agro-food economy. Now organic vegetable are served at the tables of the rich. On the contrary, in 2009 the world witnessed one billion people going hungry owing to price and supply shocks in food sector.

Oxfam, in 'Nourish South Asia – GROW a Better Future for Regional Food Justice' has argued that the current food crisis has some windows of opportunity in which some seeds of change can be sown. The report argues that South Asia is actually passing through three challenges. The first is *equity chal-*

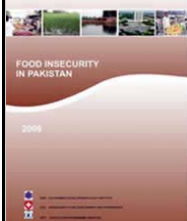
lenge which hands over land, food, and power to a minority. The second is *production challenge* which needs strengthening of productive capacity in agriculture to respond to population and the growing demand for food. It calls for the need for effective human development strategies to attain productivity growth in small farmers' agricultural practices". The third is *resilience challenge* which is testing the resilience of social and physical infrastructure under climate change and disaster situations amid supply side constraints and food price volatility. To respond effectively, the report suggests that a new vision in South Asia must guarantee the universal right to food, support smallholder agriculture, protect against climate change, and improve regional cooperation. One form of regional cooperation is to have a SAARC food bank.

While the above mentioned reports have both the elements of warning and opportunities, it must be noted that in countries like Pakistan the food price escalation can worsen the poverty situation as well. The fact is that food is a major item of household budgets of the people living close to the poverty line. It has been estimated that a 10% increase

The loss of 73 percent of standing crops, 36 percent of livestock and 67 percent of food stocks means many more people are now below the poverty line. The powers that be must know that a food insecure population is a conflict prone entity which Pakistan may not be comfortable to accommodate.

in food prices can lead to 2.2% increase in poverty while a 30% increase to 6.7% of poverty. The province of Sindh has witnessed more than 50% destruction in its agriculture produce owing to the floods, therefore there is an urgent need for policy makers to engage in advocacy with and through civil society organizations. According to Oxfam

International, food is needed for 2.75 million people whereas 80 percent of the people affected by the floods are poor rural farmers who depend on agriculture for food and income. The loss of 73 percent of standing crops, 36 percent of livestock and 67 percent of food stocks means many more people are now below the poverty line. The powers that be must know that a food insecure population is a conflict prone entity which Pakistan may not be comfort-



Food Insecurity in Pakistan (2009)

SDPI-WFP joint publication is available for download.

Please visit www.sdpi.org/publications

Agricultural Extension System in Punjab – Decentralised or Dispersed?

Dr Babar Shahbaz and Dr Tanvir Ali

Agricultural extension service is under criticism in Pakistan. Let us have the viewpoint of an extension officer: "I have meagre time for farmers. A few months ago we were assigned the duty to work with the police to grab the kite flyers in the city, and then we monitored the Sasti Roti Scheme Tandoors and during Ramazan we have to take care of Ramzan Bazaars. I may be deputed any time at any place for a job I am not trained for and was not selected for", a senior officer of the Department of Agriculture (Extension), Government of the Punjab said when he was asked about activities of the department for the farming community in the province.

Agricultural extension is considered one of the most important tools for achieving food security, sustainable rural development and prosperity through dissemination and exchange of agricultural information and technology. It is a unique service of providing non-formal education to the small farmers in remote rural areas.

The agricultural extension system is, in fact, a series of interlinked interventions that encompass agricultural research, extension and farmer triangle, and is meant to empower farmers. The Department has a huge field force in that it has a presence at the village level - starting from field assistants at the union council level, agricultural officers (extension) at the markaz,

deputy district officers agriculture (extension) at tehsils and district officers agriculture in the districts.

Apart from field staff, the Directorate of Agriculture (Extension and Adaptive Research) has a well established network of adaptive research farms and In-Service Agricultural Training Institutes in the province. Almost all of the officers hold professional B.Sc. or M.Sc (Honours) degrees in different disciplines of agricultural sciences.

Essential reforms and restructuring of the organizations become inevitable to match the pace of technological advancement. Without reforms, public organizations become obsolete and ineffective in delivery of services to their target population. The agricultural extension system is no exception and

various paradigms of agri extension have been implemented in Pakistan such as the village cooperative movement, the village agricultural and industrial development programme, integrated rural development programmes, the training and visit system etc. After the Devolution Plan 2001, implemented by the then military government of Pervez Musharraf, the agricultural sector was decentralized at the district level and field staff of the Department of Agriculture (Extension) became practically under the control of the district nazims; and presently due to the non-existence of nazims they are directly under the bureaucratic control of district coordination officers (DCOs).

Devolution of government functionaries anticipates improved monitoring, evaluation at the local level. Accountability of state officials to the elected local governments is considered as an effective governance strategy worldwide. Particularly in the field of agriculture, a demand driven system is expected with the participation of the local people at

Agricultural extension is considered one of the most important tools for achieving food security, sustainable rural development and prosperity through dissemination and exchange of agricultural information and technology.

the grass-root level (including local elected members). However, in Punjab the state of affairs regarding the Department of Agriculture (Extension) is rather disappointing. The field force of the department, that is meant to facilitate the farmers, is being utilized for different odd assignments including the sasti roti scheme, ramzan bazaars, urban vegetation etc.

The ground reality is that the elected representatives and bureaucracy are more inclined towards development work and social welfare activities etc. and they are least interested in the promotion of agriculture in the rural areas. The enthusiasm and morale of the staff of the Department of Agriculture (Extension) decreases when they are asked to give maximum time to such activities that are entirely extraneous to their job. The DCOs and city administration have their own priorities including development of green belts and landscaping. They want to utilize the services of extension field staff for beautification of urban areas.

Sometimes the latest equipment such as "laser land levellers" are also utilized according to their

personal choice. For instance, when asked about the availability of a laser land leveler for the farmers, a senior officer of the Department said that some of the equipment was being used at a housing scheme in the city while some is being used at an under-construction park.

The recently initiated Chief Minister's Kitchen Gardening Project has further aggravated the issue. No doubt, the project has its own merits and benefits but the precious time and resources of the extension field staff that have to be utilized for rural areas are being exploited in the urban areas and the farmers (particularly small farmers) are left at the mercy of private multinational companies. The research-extension-education triangle which is already feeble has further been weakened.

The administration and service structure, regu-

lations and policies under decentralized arrangements have made matters more complex for agricultural extension services. In such circumstances the country cannot meet the challenges of global climate change, food insecurity, poverty, market liberalization and sustainable rural development. The desired objectives of the devolution of agriculture extension service cannot be achieved when the leadership (both at local and provincial level) is not committed to increasing the livelihoods of poor farmers and the development of rural areas on a sustainable basis.

The Nation, 3 October 2011

<http://nation.com.pk/pakistan-news-newspaper-daily-english-online/Business/03-Oct-2011/Agricultural-extension-system-in-Punjab--decentralised-or-dispersed>> accessed 14 October 2011

Kaveri Gill's Monitoring and Evaluation Visit to Pakistan

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Dr. Kaveri Gill, Senior Program Officer, Think Tank Initiative, International Development Research Centre (IDRC), visited the Sustainable Development Policy Institute to assess the utilization of the grant provided to SDPI under the

Think Tank Initiative (TTI) of the IDRC, Canada from 20 September 2011 to 30 September 2011. The visit included interviewing members of the Board of Governors of SDPI, the management of SDPI, the research team and the support staff of SDPI. Through her interaction with staff members and talking to them, Dr. Kaveri Gill was able to get a feel of SDPI's work and familiarize herself with its research program, publications and advocacy initiatives.

During her visit Dr. Kaveri had in depth discussions with researchers and all the unit members at SDPI, including the Policy and Advocacy Unit, the Monitoring and Evaluation unit and SDPI's training unit. She was also interviewed by SDPI's Web TV team in which she expressed her views about SDPI and its work.

On her experiences on visiting SDPI she wrote, "I came with a lot of enthusiasm for your institute..... and I left with an even greater excitement about what you have managed to achieve in year one of the TTI grant, and how well poised you are to take this much

further in coming years". She added, "it was heart-warming to see ... a whole new crop of young and very bright new staff, with skills in a whole range of disciplines and areas. This should give you the capacity to undertake excellent research and advocacy in a whole range of areas that fall under SDPI's mandate and in doing so, ensure the centre's future for generations to come. I look forward to working alongside SDPI on this journey and witnessing this transformation as it unfolds".

She mentioned the fact that SDPI was a front runner in the fields of communication and policy outreach, including trying innovative tools such as the web-TV which was very cutting edge. She commended SDPI's dynamic outlook and called it "young in thinking, non-hierarchical, energetic, risk-taking and proactive as far as trying to benefit as much as possible from the TTI and its network".

Talking to the web TV team in her interview, she spoke about her overall view of SDPI, she said that SDPI had a sense of ownership and was in touch with the ground realities through interlocking research and policy issues using local knowledge produced by scholars in Pakistan. She added that SDPI's reputation preceded it and its strong regional and international links ensured that every time SDPI was mentioned it was recognized. "SDPI has a strong history and leadership and credit goes to it for being a centre of knowledge that other research institutes rely on."

Genetically Modified Organisms: Should we call it a blessing?

Anusha Sherazi

There is no doubt about the fact that genetically modified organisms and the associated impacts on the environment, particularly the very fragile biosphere are matters of high concern. On the one hand the benefits that Genetic Engineering (GE) Technology offer through Genetically Modified Organisms (GMOs) include the resistance of crops to pests and viruses, a promising high nutritional value and a longer shelf life. Yet, GMO's have vital concerns of safety, ecology and economy.

Genetically Modified foods were first introduced in the 1990's. The intent behind the promotion of this technology was to feed an increasing population and to raise the agricultural produce. The tomato was the first GM food that was commercially produced in 1994. Animals were not genetically modified for commercial use before July 2010. However, pigs were the first experimental animals under the Genetic Engineering Technique, which were modified to produce Omega-3 Fatty Acids in 1996. The period of 1997 to 1999 saw a great surge in the yield of GM Foods. Between the span of 1997 to 2010, the total of the world's land area cultivated with GMOs was 17,000 Km² to 1, 48,000 Km². This later on accounted for 10% of the total world's cultivated land in 2010. North America saw a mushroom growth of GM crops since the 1990s however a trend of rapid growth is also seen in underdeveloped countries. It has been estimated that 48% of the total GM foods were being grown in developing countries by 2010.

GM Foods or the Genetically Modified Foods are those produced through the use of Genetic Engineering Techniques. Through this technique, the DNA of key organisms are modified. This includes the addition or deletion of genes from the host DNA. The technology transfers the selected genes from host to donor, regardless of their species. A plant gene could be inserted to an animal and vice versa. The most typical examples of transgenic plants include soybean, corn, canola, cotton, seed oil, maize, wheat, rice, chicory, squash, potato, and alfalfa.

Paradoxically, GM foods are much more powerful as well as harmful than even atomic energy. GMOs not only pose hazards to human health but also have moral, spiritual and ethical concerns. Genetically Modified Foods as well as the GMOs are so harmful that they are even more contagious for the environment than the Chemicals that are released as gasses or effluents from factories etc.

The chemicals that are released into the soil have the potential to dissolve and get converted to nutrients. Whereas, the GMO's on the other hand, change the soil structure and chemistry. The GM soil bacteria are a seri-

ous source of underground water contamination. In the past, before the advent of GM technologies, the process involving the evolution of species in the crop lands took centuries, however now the evolution process is evident after a few decades. The transgenic plants, animals, bacteria and viruses when released in to the biosphere are liable to cause havoc.

There have been incidences of inadvertent allergens created in the process of gene transfer. A very prominent example is that of transfer of genes from Brazilian Nuts to Soybean. Therefore, those who were allergic to Brazilian Nuts, also reacted to Soybean. The antibiotic resistant genes which are normally used as marker genes for genetic engineering, to identify the transfer of new genes to host DNA, are responsible for reducing the immunity of the food chain to resist diseases through suppressing the ability of crops to produce antibiotics. The most drastic case is of cross breeding of healthy GM crops with unhealthy weeds in crop fields. Such weeds are herbicide resistant and cause water contamination.

There are vital issues involved in the use of Biotechnology and Genetic Engineering. The organisms used as specimen to carry out experimentation are now claimed to have intellectual property rights, which fall under their ethical rights. Behavioral Scientists stand by the point that the animals used for experimentation also have senses of taste, touch and smell and that they feel pain when their bodies are used for such experiments.

The dilemma of GMO's and GM Foods calls for action. The World's Scientists Open Letter to all governments, has been signed by over eight hundred scientists from 84 countries. This letter has been submitted to the United Nations World Trade Organization and the US Congress. The purpose of this Letter is to put a ban on the patenting of life-forms, as well as to put an emphasis on the very grave hazards of GMO's. Similarly, the Union of Concerned Scientists, which comprise of more than a 1000 members, including many of the Nobel Laureates, also expressed its scientific reservations towards GM Foods and GE Technology. The Britain Medical Association also called for the outright banning of GM Foods. Moreover, prominent Scientists from FDA have repeatedly expressed profound fears over the propagation of GM Foods. For a healthy future, the major emphasis should not be on the improvement of unprecedented growth of GMOs but the intensification of Biodiversity.

Baggage of History

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Karachi is yet again on fire and the events have happened in quick succession. Unfortunately, this is not happening for the first time in Karachi's sad history. The violence of the 1990s is widely attributed to General Ziaul Haq's policy of divide and rule. The echo of accusations against MQM (then Mohajir Qaumi Movement) that it was being supported by General Zia's dictatorial regime to counter the PPP and other Sindhi nationalist groups, keeps on revisiting us.

Even today, many think that the level of peace in Karachi is directly proportional to MQM's share in the power pie. In other words, any challenge to MQM's power claim can leave Karachi blood-stained. This theory is quite powerful but again falls short in telling the whole truth.

I keep on writing that perceived individual deprivation and marginalisation, when it gets a collective identity — be it ethnic, political, sectarian or any other — immediately creates two distinct groups: a group of victims who are being oppressed and a group of oppressors.

In societies with ample resources of livelihoods, such as democratic values, sufficient fiscal cushion for social safety nets, and minimum standards of good governance, the basic needs of everyone are met to some extent. In such societies the deprived and privileged classes may mutually co-exist without violent conflicts. However, in a situation where resources are scarce, democracy becomes non-functional; state is lacking fiscal cushion to provide social protection and there is no concept of good governance or rule of law.

In such a situation, a collective identity to individual deprivations would immediately lead to a class conflict that may turn violent at any time. The current violence in Karachi is a living example of this. The unprecedented violence has got ethnic, political, sectarian and criminal reasons.

Karachi is ethnically diverse but still a major hub of native Urdu-speaking people. The competition for scarce resources between Urdu-speaking

population and Sindhi-speaking, between Urdu-speaking and Pakhtoon population, and between Urdu-speaking and Baloch is a reality. The conflict between perceived marginalised and perceived oppressors has turned violent and is one of the major causes of recent "tit for tat" target killings.

Karachi is also held hostage by the political conflict — MQM versus MQM Haqeeqi, MQM versus PPP, ANP versus MQM; and the love-hate relationship between MQM and PML-N. These have turned the situation extremely volatile.

The power struggle is geared to not only monopolise the scarce resource-base of Karachi but also to control the administrative and law-enforcement machinery (through political postings and transfers) that would help in gaining access to those resources.

No wonder, in order to protect the interests of their constituents, MQM has to remain part of the ruling alliances be it with PML-N, as "B" team of a dictator, or with PPP. By virtue of its access to power corridors, MQM has managed to put

an unwritten ban on creation of new political parties in Karachi.

MQM-Haqeeqi tried to emerge as an independent political group and the result was violence and target killings. Pakhtoons were welcomed in Karachi as long as they remained economic immigrants. However, their emergence as political power under the auspice of ANP led to violence and target killings between MQM and ANP.

The PPP and MQM's marriage of convenience seemed to work in the beginning but when PPP started interfering in transfers and postings in Karachi and when PPP's People's Aman Committee started challenging the street power of MQM, the result was bloodshed and violence.

A deeper analysis reveals that the existing political set-up in Karachi is not only intolerant to creation of new political parties but it is also intolerant to any non-political player who has the potential to change the existing voting pattern divided along loyalties to MQM, PPP, ANP and other smaller but es-

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established players such as PML-F and PML-N.

This is where the conflict and violence takes a sectarian twist. Killings of leaders of Sunni Ittehad and those of Dawat-e-Islami reflect sectarian root causes of violence. Attacks on Edhi establishments and its ambulances, though not sectarian in nature, highlight intolerance of existing power brokers towards emerging group that has the potential to challenge their political hegemony.

The struggle for control of power in Karachi did not remain confined to ballot boxes. Most of these political parties draw their power and resources from non-political and criminal gangs involved in drug trading, land grabbing and extortions. There are areas and zones divided among gangsters. Any encroachment in their territory by an opponent group leads to bloodshed and violence.

Even if these gangs are not being run by politicians, the latter do provide patronage and support to individual gang members belonging to their respective parties. Evidence produced by Zulfiqar Mirza against MQM, MQM's diatribe against People's Aman Committee, and tit for tat allegations of MQM and ANP against each other reveal that all three major players in this arena have some role to play in supporting and fostering criminal gangs that are threatening the very fabric of Karachi.

There are also talks about involvement of either foreign (CIA, RAW) or/and domestic spy agencies in flaring up recent violence in Karachi. However, I am not very convinced of these theories (at least in the context of current crisis). The power seekers in Karachi are already self-sufficient in mutual destruction and don't depend on provocation from any agency to put their city amid the flames.

The fact that Karachi is threatened by multi-faceted violence necessitates multi-faceted solutions too. Karachi requires short, medium and long term measures and all of those measures should be implemented simultaneously without wasting more time.

An over-simplistic solution like asking the army to restore peace in Karachi would never work in the medium to long term. Army or rangers may help in curbing gangsters and their activities but that would simply mask the symptoms which may reappear once the army hands over Karachi's control to civil-

ian agencies. One needs to wait and see the real impact of current surgical operations by rangers. However, these operations should be backed up by some medium and long term measures too.

One should remember that army is not meant to clean the mess created by flawed political decisions. The political forces should adapt to a genuine political process to rectify the consequences of their short-sightedness. Dialogue with a view to understand each other's point of view; a resolve not to support and patronise criminals and not to politicise the police and provincial bureaucracy; tolerance towards emerging political groups; and a political will to provide space to local leadership through local government elections are some of the steps that political forces should take to save Karachi in the long term.

De-politicisation of Karachi police in particular and provincial bureaucracy in general is a must. Merit-based postings and transfers of officials should help achieving this objective. These institutions need to be reformed to remove the perceptions of social exclusion and marginalisation among diverse groups present in Karachi.

The best way to de-politicise these institutions is through providing an assurance to public servants that their lives and jobs would not be at stake for following the rules and procedures. This assurance

should come from the top leadership of all the political forces who have a claim in Karachi's power corridors. This leadership should understand that prevailed violence in Karachi may be the last nail in the coffin and the whole democratic set-up may get wrapped up if they did not show political maturity.

Another most important measure that would ensure durable peace is de-weaponisation of society. In short term, de-weaponisation would entail confiscating all weapons being used against innocent people. However, long term de-weaponisation would mean demilitarisation of our minds and attitudes so that we may strive for a society completely free from torture, violence and weapons.

A durable solution to Karachi crisis lies in formulating and implementing policies and procedures that may reduce individual deprivations and marginalisation and, in turn, promote social justice.

The News on Sunday, 4th Sep 2011

The fact that Karachi is threatened by multi-faceted violence necessitates multi-faceted solutions too. Karachi requires short, medium and long term measures and all of those measures should be implemented simultaneously without wasting more time.

Energy and Security

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The crisis in Pakistan's energy sector is no longer confined to worsening the country's grim industrial crisis and deepening its social chaos. It has now come to a point where it has begun to pose challenges to the country's national security. The daily load-shedding of six to eight hours in the urban areas and 12-18 hours in the rural areas has led to significant vulnerabilities that are now rapidly leading to political instability. At a time when the country is fighting a war against terrorism, and with the energy shortage worsening unemployment in the failing industrial sector, riots triggered by chronic power cuts have created the perfect environment for widespread violence and civil disturbance.

Pakistan, which had a surplus of electricity in 2002, is now short of more than 5,500 MW. Its present peak demand is 18,100 MW. The annual rate of growth in electricity consumption was 3 percent in 2003. It rose to 10 percent in 2008 because of economic growth and the continuous unplanned rural electrification under local political pressures. The government's failure to anticipate this galloping growth rate is one of the other major causes of Pakistan's energy crisis.

The fundamental cause is Pakistan's increasing dependence on fossil fuels for energy generation. The country has the capacity to generate almost 17,500 MW of electricity but the system is not working to full capacity because of the spike in the cost of generation. The severe shortage of gas is coupled with the skyrocketing cost of imported furnace oil, to which thermal power plants have been forced to switch to meet the gas shortage. Pakistan, with its crippled economy already crippled, is in addition overburdened with huge bills for the import of furnace oil.

Pakistan's daily gas requirement is 6.5 billion cubic feet (BCF), against its current supply of 4 BCF, a shortfall of 2.5 BCF. The major consumer of gas is the power sector, which consumes nearly 40 per cent of the total production of gas. Among other things, this is causing the depletion of our limited gas reserves.

Because of these reasons, the cost of provision of electricity to consumers could not be fully recovered, while at the same time the tariff for consumers remained unchanged from 2002 to 2007. In early 2007 the government increased the electricity tariff but could not pass the whole cost of production onto the consumers. The gap in the cost of electricity generation and government-notified tariff swelled to Rs3.39 per unit in 2010.

The gas crisis and the shift towards oil use for generation of power, coupled with the inability of the power

distributions companies to pass on the cost of electricity to consumers, have turned the power sector hostage to circular debt. The dependency on fossil fuel pushed the country's power sector into a grave dilemma which it has no means of resolving at the moment: if it power plants run on oil, they cause circular debt; if they do not, the only alternative is large-scale load-shedding.

The energy crisis had already been piling up when in March 2008 rental power plants (RPPs) were a panacea for the energy crisis. The federal cabinet approved installation of 14 rental power plants for the generation of 2,700 MW. The rental power plants, which are only contributing 68 megawatts to the national grid, turned into a mega corruption scandal and the country's energy crisis only deepened. The country has to pay a very high cost, but the gas shortage has sent the cost of electricity generation skyrocketing.

This was the Himalayan blunder committed by government. Hydroelectricity, the cheapest and most environment-friendly source of energy, was not considered, let alone it's receiving the priority it deserved in government planning. Hydroelectricity generation were the dominant of power production, the government could have achieved the objective of consumer-end tariffs at affordable levels while also meeting the true cost of electricity production.

Whenever the question about hydroelectricity is raised, the Ministry of Water and Power has always come up with the response that hydropower projects take a long time to build and need huge capital investment. But this is a rather weak argument in view of modern hydropower project management.

In our own neighbourhood, Indian policymakers are working towards adding 50,000 MW of clean and renewable hydropower to their energy mix and have resultantly set some significant records in this regard. Many public-sector hydropower projects – for instance, the 520 MW Omkareshwar project on the Narmada River – has been completed in four years. Small hydropower projects are taking 20 to 22 months for completion.

However, on top of the list of excellent hydropower project management is the 86 MW Malana hydroelectric power project in Himachal Pradesh. It is unique because it was constructed within 30 months against its five-year schedule, and at almost 50 per cent the original cost in the approved budget – and that too on difficult mountainous terrain at high altitude.

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The State of Industry and Industrial Policy in Pakistan

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Pakistan has seen falling economic growth rates vis-à-vis regional competitors in the recent past. The growth in gross domestic production has fallen below 3 percent which is well below the growth of labour force in the country. Such a situation usually adds to the brain drain. Pakistan has invested in education however education without opportunity is not what the youth and society desires at this point.

One of the key sectors that is supposed to absorb unskilled, skilled and qualified workforce is the industrial sector of Pakistan. Given the lack of productivity in this sector the industry has failed to the transition towards value addition and sustain a respectable growth in large and small scale manufacturing. Even smaller sectors such as construction, electricity and gas distribution have seen volatile growth in the country. The Asian Productivity Organization estimated that between 1995 and 2006 the average growth in total factor productivity in Pakistan stood at 1.3 percent compared to 3.4 percent in India, 2.9 percent in Bangladesh, and 2.8 percent in Sri Lanka. While productivity has a lot to do with short term irritants such as energy shortages, it also depends critically upon how a country's industrial policy facilitates the combination of factor inputs and public sector interventions.

In the case of Pakistan (like in many other developing countries) industrial policy was largely abandoned as it was assumed that trade liberalization, privatization and deregulation will pave way for private sector investment which in turn will benefit all sectors including industry. However the data indicates that the share of industry in overall GDP has remained constant since the 1970s and not much structural transformation has taken place in favor of industry. Creative entrepreneurship has been missing in the private sector as most of the existing production units are those which are subsidy-led and continue through rent-seeking arrangements.

This is also reflected in the export structure of Pakistan which has substantial concentration of only few sectors.

More recently two views about industrial policy have emerged in the policy arena. The first led by the Ministry of Industries believes that it is the need of the hour that a comprehensive industrial policy should be announced to put industry back on the path to recovery and growth. This stream takes the lead from the current efforts also underway in the developed countries post-financial crisis where fiscal stimulus packages are being designed for the industrial sector. It is believed that trade liberalization and privatization was pre-mature and might have contributed to weakening of industries that were still at their infant stage in developing countries. The public sector probably did not package the support to industry in the best possible manner and more facilitation should be provided to selected sectors in the economy.

The second view is led by the Planning Commission of Pakistan through its new Framework for Economic Growth which discourages sector-picking however encourages government support based on innovation and entrepreneurship. Under this argument the support to industry should be broad based, there should be a comprehensive system and structure to encourage innovation and its commercialization through venture capital methods and not through direct government investment or subsidies. In this case the strategy sequences the reform for productivity within a framework where transparent governance (through results based management in public sector), reducing barriers to entry in markets, urban reform to facilitate physical entry of entrepreneurs, connecting people and places and youth engagement are given central importance.

The criticism on the first view has been that the draft industrial policy placed at the website of the Ministry of Industries tries to propose reforms for

The Asian Productivity Organization estimated that between 1995 and 2006 the average growth in total factor productivity in Pakistan stood at 1.3 percent compared to 3.4 percent in India, 2.9 percent in Bangladesh, and 2.8 percent in Sri Lanka.

proposed sectors without taking account of the macroeconomic milieu, security threats that the country currently faces, and recent global literature on industrial policy. These macroeconomic fundamentals and security of assets and profits certainly impact the industry and particularly the small and medium enterprises. While the second approach is also criticized on attaching little importance to security issues currently facing the country, it is believed opening up markets and reducing tariff and non-tariff barriers may not be possible so quickly given the political resistance which is anticipated.

This brings us to the global view of economists and policy practitioners. What do they recommend? The growth diagnostic analysis for Pakistan inspired by Ricardo Hausmann's work reveals that the binding constraints on economic growth in Pakistan are not those related to lack of capital, short-run energy constraints, low savings rate etc. Most constraints are grounded in poor contract enforcement, policy and regulatory uncertainty. Naude's recent conclusion states that the idea should not be to abandon industrial policy altogether but to realize that the design of the interventions is more important and innovation and technological upgrading across the board should be the objective of industrial policy. This view is in many respects also in line with the work of Dani Rodrick.

Thus in the case of Pakistan more than sector-specific facilitation from the government, the key

Arshad Abbasi

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Energy and security

In Pakistan, the Ministry of Water and Power deliberated with stakeholders for two-and-a-half years and finally brought out a power generation policy in 2002, under which run-of-rivers hydropower projects were planned for the addition of 4,325 MW of electricity, and funds and the schedules were determined accordingly. However, only two projects were completed in nine years. All these projects were delayed, and the delay resulted in the serious energy crisis in the country. Had the projects been implemented according to plan, Pakistan would have had 4,325 MW of cheap hydroelectricity.

The abnormal and deliberate delay in hydropower projects and wastage of heavy foreign exchange on Rental Power Plants (RPPs) is not the only crime of the Ministry of Water and Power. In 2008, when the government was finding it difficult to lure foreign investment to overcome increasing energy shortfalls, an entrepreneur requested the ministry for permission to start the 600-MW Mahl hydropower plant which was advertised by the

concern should be to support innovation (time-bound support, identification of non-traditional industries with future dynamic demand), create an investment climate (simplification of tax procedures, reduce barriers to entry and exit), implement the competition policy (reduce government footprint in the market, refrain from production and trade licensing, enforce competition act 2010), and revisit the role of institutions that contribute towards high non-tariff barriers and entry in domestic markets (e.g. Engineering Development Board, National Tariff Commission, Provincial Department of Industries etc.). This view has been supported in a recent report by Gaary Pursell on the New Directions in Trade Policy for Pakistan.

Finally if Pakistan moves towards reintroduction of an industrial policy it should be in strict coordination with the approved medium-term growth strategy of the Planning Commission and trade policy of the Ministry of Commerce. There is a need to debate at least three key questions before introducing the policy. First, what is the expectation from industrial policy in Pakistan. Second, what will be critical factors that will ensure sustainability of industrial policy (e.g. the Strategy Trade Policy Framework 2009-12 was shelved because Ministry of Finance could not finance the initiatives). Third, should Pakistan continue with a policy of favouring select sectors or introduce a broad based industrial policy.

Board of Investment (BOI) for private-sector investment. The private entrepreneur arranged 800 million dollars for the generation and sale of electricity at just Rs4 per unit. This was sabotaged by the adviser to the Ministry of Water and Power.

As a last resort, the investor published an appeal to the President and Prime Minister on March 27, 2010, requesting them to intervene to enable the development of the Mahl hydropower project. He has never had a reply from either. However, in April 2011, the adviser to the Ministry of Water and Power sent another demand to the Friends of Pakistan seeking funds of \$37 billion for hydro-power projects, including Mahl. Development of hydro-power is the only solution to the Pakistani energy crisis. The government's failure to address the energy crisis shows that some elements in the government who have their own plans.

If Pakistan is to prosper, the country urgently needs honest, dedicated and sincere leaders, ministers and advisers who can help create an enabling competitive environment for the private sector to participate in investment in the field of power generation without fear.

Technology Times Saturday, 13th Aug 2011

In Retrospect

Campaigns and Talks



Ecological Foot, Boot and Hoof Prints on Pakistan's Environment (Research-based lecture of visiting research scholar) **04th July, 2011**

Military conflicts and operations bring disastrous repercussions for the local, national and global environment which needs to be properly documented and addressed. The speakers stressed upon the need for devising environmental policies based upon a "National Natural Security" approach as the militaries often produce the greatest amount of hazardous waste in the world and are directly involved in the destruction of environment, chemical contamination of ecosystems, toxification and devastation of landscapes, outbreak of diseases and depletion of natural resources. They said environmental well-being is vital for national security because destroyed land, water, agriculture, health and other natural resources have serious implications for human life.

Media Orientation on Pakistan's National Preparation for UN Conference for Sustainable Development 05th July, 2011

United Nations Department of Economic and Social Affairs (UNDESA) has appointed Ambassador (R) Shafqat Kakakhel to prepare a report on Pakistan's preparatory process for the forthcoming UN Conference on Sustainable Development (UNCSD), also known as Rio+20 to be held in Brazil in June 2012. Mr. Kakakhel would work on a stocktaking report about the policies adopted and actions taken by Pakistan since the Rio Summit in 1992 to promote sustainable development, based on desk research and interviews with key stakeholders, including government and major groups, the UN entities and other multilateral partners in Pakistan. The process further includes conducting a national workshop for holding multi-stakeholder consultations on the objectives and themes of the UNCSD; and prepare documents comprising the outcome of the consultations. Finally, based upon contents of the stocktaking report and outcome of the stakeholder's consultations, he would prepare a comprehensive report on Pakistan's preparatory process for the forthcoming UN Conference on Sustainable Development (UNCSD).

Consultative session with Parliamentarians about relationship between Food Insecurity, Poverty, Extremism and Conflict (Under USIP-SDPI Food Insecurity and Conflict Project) 12th July, 2011

The experts were of the view that insecurity breeds insecurity. They said that persistent food insecurity and militancy nexus may cause civil unrest and is a threat to the overall peace of society and the people in the country are facing policy led insecurities. They explained there are four dimensions of food insecurity involving individual, national, regional, and global security and they are all interlinked. They added that policy led vulnerabilities reduce resilience and there is a need to invest in individual security to build individual resilience and to prevent escalation in other three levels of insecurity. They further said there is lack of capacity in terms of food storage, thus creating a constant uncertainty regarding availability of wheat stock. They suggested developing integrated policies involving food, education, health and individual security to build resilience people and reduce their vulnerabilities against social evils and all kinds of insecurities. They also recommended improving stock storage, enhancing yield, better distribution and providing vulnerability cover to the poor communities.

Corruption and Development: Perspective from Economic Theory" 18th July (Research-based seminar of Economist, Dr Waqar Wadho, GREQAM, University of Aix-Marseille, France)

"Corruption is one of the major impediments to sustainable development and economic growth for developing countries like Pakistan", said Dr Wadho, contesting the earlier theoretical advocates of the development friendly facet of corruption with examples from real world situations and his own research work. He maintained that today no one would contend that corruption does more 'harm' than 'good' (if any).

Pakistan: A year after flood 2010, 27th July

Experts maintained that good policies can reduce the devastating impacts of disasters as often policy

failures lead to human suffering. They urged the need for the right set of policies and mechanisms and underlined the need for self-reliance. “As a nation, we need to be collectively prepared to deal with both natural and policy-led disasters and should not solely remain dependent on external sources of support,” they added.

Complaints and readiness mechanism for REDD+ in Pakistan: the way forward, 29th July
(Research-based seminar)

Research scholars said REDD+ is a new commodity and a balanced relationship among forest stakeholders such as indigenous communities, national government and the private sector would create opportunities and benefits for them. They said that the concept has five dimensions which include reducing emissions from deforestation, reducing emissions from forest degradation, conservation of forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks.

National Health Care System for Pakistan, 01st August (Research-based seminar)

Experts discussed and explored the vision of a new National Health Care System for Pakistan (NHSP) with a strategy to attain the “health for all” goal. They demanded putting health as a priority on the political agenda. They also talked about the newly proposed NHSP comprising of an autonomous body, population-based distribution of medical facilities and a resource generation plan able to accumulate around Rs. 324 billion annually.

Implementing Citizen Report Cards in Slums, 18th August (Research-based seminar)

Urging the need for structural and radical reforms for accountability and good governance in the country, the speakers said the importance of citizen report card is vital to ensure social accountability for provision of pro-poor public service delivery to the masses. They maintained Citizen Report Cards (CRCs) are participatory surveys that seek user feedback on the performance of public services to hold them accountable, transparent and responsive while managing public affairs and resources.

Reforms Agenda for Public Sector Development Programme (PSDP) in Pakistan, 22nd August
(Special Lecture of Dr Vaqar Ahmed)

Dr Vaqar said the benefits of Public Sector Development Programme (PSDP) could only reach if approval and implementation processes are put in place through reforming the planning mechanism in the country. He said that the reforms agenda may include rationalization of projects maintaining a priority-based completion criterion, reduction of throw forward through alternate financing modes, building human capital while discouraging infrastructure development by spending revenue rather undertaking



infrastructure development projects in public private partnerships, assuring full release of PSDP budget without cuts and careful re-estimation of cash flows and benefits.

“Responses and strategies of people living in fragile and conflict affected areas of Malakand”, 05th September (Research-based Seminar/ Stakeholders’ Focus Group Discussion)

The objective of FGD was to get stakeholders’ input on role of international donors, state and civil society organizations and private sector in ensuring secure livelihoods, social protection and basic services in the fragile and conflict affected (FCAs). The consultation looked at the responses and strategies of people living FCAs of Malakand division in Khyber Pakhtunkhwa province of Pakistan for ensuring secure livelihoods (land, urban migration, business), access to social protection (social safety nets) and basic services (health, education, water and sanitation).

Pakistan’s National Preparatory Process for the UNCSD/ Rio+20, 12-13 September (Stakeholder’s Two-day National Workshop)

National consultation was held in collaboration with United Nations Development Programme (UNDP) in

its capacity as Co-Chair of the One UN Joint Programme on Environment. The Consultation engaged a wide range of Pakistani stakeholders involving the government, the private sector, NGOs/think-tanks & civil society and media. The objective of the consultation was to secure a renewed political commitment towards sustainable development based on the progress in implementation of previous summits on sustainable development and the new and old emerging challenges. During the workshop it was highlighted that Rio +20 Summit will discuss and make recommendations on green economy and institutional framework for sustainable development at the global, regional and national level.

On the 2nd day of the consultation, stakeholders urged the need for building institutional frameworks and mechanisms of collaboration to collectively deal with the highly fragile ecology for the survival of human beings and nature. They also highlighted the need to create a realization among developing countries that the developed world is not going to fund them for their issues and challenges with regard to sustainable development adding that Pakistan will have to rely on its own resources and capacities while aligning itself with global mechanisms and negotiation processes. They said there is a dire need for institutional reforms, equity amongst nations and within nations, accountability, means of implementation and modularity.

Environmental and Social Issues of Ship-Breaking Industry, 15th September (Special lecture of visiting research scholar)

Experts urged that South Asian countries must not allow the use of their beaches as dumping sites for old western chemically contaminated and extremely hazardous ships. They also maintained that ship-breaking yards must not be allowed without proper

environmental protection and sound management of chemicals and pollutants.

Elected Local Governments: Revival and Reforms, 27th September, (Joint National Consultation)

Experts, politicians and civil society organizations vowed for collective action for the revival of the local government system in Pakistan and demanded that the government to immediately hold local government elections. They said it is the constitutional responsibility of provinces under article 32 and 140(a) to establish elected local governments and devolve political, financial and administrative responsibilities to local government representatives. They also recommended creating awareness and campaigning to ensure political mobilization, a time-bound framework for LG elections, extension of the LG system to all cantonments with elected heads and a clear demarcation of functions with the provinces.

Geo-Engineering, 28th September (Stakeholders' Consultative Session)

Geo-engineering methods can be used to moderate the earth temperature, if they prove to be safe and effective, but they are not an alternative to greenhouse gases emission reductions, which should remain the policy priority. They explained Geoengineering is a deliberate large-scale intervention in the earth's climate system to moderate global warming. They highlighted opportunities and serious risks associated with geoengineering and called for further research with careful attention to the governance of research and possible deployment. They further said geoengineering is the only option to cool the earth temperature as global climate change mitigation efforts have so far failed to reduce greenhouse gas emissions.

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bad Chapter held on 20 July 2011,

Topic: Need for Change

Speaker: Mr. Muhammad Aslam, GM HR, Berger Paints

- The fifth meeting of the Training Forum, Islamabad Chapter held on 27 July 2011
Topic: Meeting & Facilitating a Competitive Business Environment in Pakistan
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- Workshop on “Monitoring & Evaluation [M&E] of Projects” 20-22 September 2011
- The Sixth meeting of the Training Forum, Islamabad Chapter held on 27 Sep 2011
Topic: Organizational Culture
Speaker: Mr. Muhammad Ali Imam Naqvi - Head of Organizational Development Human Resources - Mobilink Pakistan

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