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Objectives of Progress

The prime ministers of both India and Pakistan took time out to address the 69th session of the UN General Assembly this year. The Pakistani prime minister performed to a set piece and said all the right things. It is another matter that many of his countrymen wanted him to do other things, like leave the prime ministership altogether. That was one reason why they did not pay much attention to whatever he said at the UN. Nevertheless, Nawaz Sharif set at rest many of the fears that Pakistan’s stance may have created in the world community in recent months concerning various issues such as Syria, Iraq, the Israel-Palestine conflict, the Kashmir dispute and India, Afghanistan, terrorism, nuclear proliferation and disarmament. The prime minister reiterated Pakistan’s stance on Kashmir and made an emphatic call for the resolution of the Jammu and Kashmir dispute as being imperative for peace and security and the economic uplift of South Asia. He said the region needed to proceed with more dialogue and diplomacy following missed opportunities such as cancellation of talks between Pakistan and India recently.

The Pakistani prime minister also underscored his country’s commitment to the highest standards of nuclear safety and said Pakistan followed a policy of reliable deterrence but could not be oblivious to the emerging security scenarios and buildup of armaments in the region. Nawaz Sharif highlighted the cost that Pakistan has paid over the years for performing as a front line state in the war on terror. He commended the new leaf that Afghanistan was turning in its political history and hoped that as the Pakistan armed forces contended with terrorists in North Waziristan and FATA, Afghanistan would also reciprocate and act against those individuals and organizations on the other side of the border that patronized terror. He hoped that instead of accusing each other of sheltering terrorists, the two neighbours would combine their efforts to work against these elements in a joint manner. He hoped that both countries would emphasize on solving issues that had continued to simmer over the years.

The speech may not go a long way in improving Nawaz Sharif’s situation at home but it at least succeeded in placing Pakistan’s world view before the global community in a focused manner. In contrast to Nawaz Sharif’s speech, which was delivered in English, Indian Prime Minister Narendra Modi spoke in his national language – Hindi. His assertion that he was prepared to engage in a serious bilateral dialogue with Pakistan showed that he and his government wanted to come out of the narrow thinking that had beleaguered India-Pakistan relations over more than 60 years. This was further underscored when he said that he placed the highest priority on friendship and cooperation with all countries of the region, including Pakistan. Until he was elected prime minister of India, Narendra Modi had been denied a visa by the U.S. for his purported role in the Gujarat riots in which thousands of Muslims were killed. He, however, seems to be much in demand in America now. On the one hand, the U.S. government has been wooing him while on the other the Indian Diaspora in the U.S. has also extended to him a hearty welcome as was obvious from the massive crowds of Indians that greeted him in New York. Unfortunately, this was a bad time for Nawaz Sharif to be in New York as the welcome his compatriots extended to him in that city and, before that, in London, reflected the general mood of the people at home who seem to have lost interest in his continuing as prime minister.

There is no doubt, however, that both Pakistan and India have come to a point when they must find solutions to their long-standing disputes or they would have been left far behind in the race to progress. India, the bigger country in the equation, has an equal opportunity to lead the process since its leadership is now also well aware that peace is the first prerequisite for prosperity. The realization also seems to be dawning in Pakistan that all available opportunities must be exploited to create an environment of friendship with all countries. If the leaders of both countries were to take these positive vibes forward in a more decisive manner, the objectives of progress would be much closer for the people of India and Pakistan.
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Dharna and After
Are the Pakistani politicians on a mission to destroy the country’s economy?

India

A Challenging Model
Experts are skeptical about the application of the Modi model to solve India’s economic problems.

Bangladesh

Disappearing Activists
The phenomenon of enforced disappearances has reached alarming proportions in Bangladesh.

Maldives

Economic Dreams
The government of the Maldives is planning to give unprecedented incentives to foreign investors.

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Dharna prime time

The article ‘A New Media Experience’ was spot on. We felt like we were bombarded with the coverage of sit-ins round the clock. While it is true that Pakistanis are interested in politics and want to see such activities but there is a limit to everything. In their quest for higher ratings, and efforts of not to miss any moment of the sit-ins, the channels tried to outbid each other by giving what they thought was minute-to-minute reports of the happenings. The result was you found the news anchors repeating the same news so many times that it became annoying and you ended up switching the TV off.

Another drawback of such back-to-back coverage is that many important events taking place in the country and abroad do not get the attention they deserve. The same happened in this case when the TV channels ignored a number of issues, or gave them minimal coverage, as they focused their attention on the sit-ins. Someone rightly said that the dharnas would have ended in no time had the channels ignored a number of issues, or gave them the same news so many times that it became annoying and you ended up switching the TV off. The same happened in this case when the TV channels ignored a number of issues, or gave them minimal coverage, as they focused their attention on the sit-ins. Someone rightly said that the dharnas would have ended in no time had the channels ignored a number of issues, or gave them the same news so many times that it became annoying and you ended up switching the TV off.

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At the same time, it was disgusting to see the comments of some political and religious leaders who either made fun of the female protesters or criticized them for spreading vulgarity. There is a famous saying that beauty lies in the eyes of the beholder. I’d like to make a little amendment to it to make it relevant for Pakistan: vulgarity lies in the eyes of the beholder. I suggest the leaders who made such degrading comments should try to open up their minds and see women as more than just decorative objects.

Sабreena Imam
Karachi, Pakistan

Grow up, politicians!

Shouldn’t it be a matter of shame for us that even after more than 65 years of Pakistan’s creation, our politicians are still unable to sort out the mess they have themselves created? That they have to look towards a third force, be it national or international, to solve their disputes is just pathetic. It was disheartening to see politicians, some of whom have been in politics for decades, calling on the army to intervene and clear the impasse. Don’t our armed forces have better things to do? They are already busy fighting a war in North Waziristan on which the fate and survival of the country depends.

Quite perplexingly, the same politicians who do not let go of any opportunity to press upon the nation the value of true democracy and the atrociousness of military rulers call for the army’s help whenever they are in a messy situation. It is time they made up their minds once and for all. If they have to ask for the military’s help every now and then, perhaps they should give the armed forces some political role in the governance structure. If the politicians can’t do that, they should try to resolve their problems on their own.

Grow up, politicians!

Vijay Malkhani
Hyderabad, Pakistan

Dangerous job

This refers to the article ‘Occupational Hazard’. The treatment of journalists in South Asian countries is indeed a matter of concern. In fact, this phenomenon is not limited to South Asia. I read a report the other day about the most dangerous countries for journalists. Sadly, among the top ten countries, five were Muslim. Although the Maldives was not included in the top ten countries, it is most likely to join the infamous club if journalists are continuously targeted there for reporting the facts.

Ahmed Abdulla Rilwan’s abduction points towards another ominous reality: the decreasing space and tolerance for diverse points of views. If allowed to persist, this dangerous trend will harm the Maldivian society very badly. Radicalism is a monster that has seemingly taken the entire Muslim world in its grip and the Maldives is no exception. While it is a grave threat for every country per se, no state stands to lose more because of it than the Maldives. Its entire economy depends on tourism and the majority...
true. It is not going to be an easy job challenges mentioned in the article are that he applied at the local level. The governance model at a national level and social status. I hope Widodo the most important factor required for the world of politics and power where indeed comes across as an exception in Indonesian president! Joko Widodo to face what he did. no other journalist in the country have hope for a safe return of Abdulla. May send the tourists away – the biggest source of income for the country. I am sure they do not want that. With that, I hope for a safe return of Abdulla. May no other journalist in the country have to face what he did.

Rajab Sulthan
Male, Maldives

A people’s president

What an uplifting article on the new Indonesian president! Joko Widodo indeed comes across as an exception in the world of politics and power where the most important factor required for success and upward growth is wealth and social status. I hope Widodo succeeds in implementing the same governance model at a national level that he applied at the local level. The challenges mentioned in the article are true. It is not going to be an easy job but with consistency and hard work, he can achieve his goals.

Indonesia has been under military influence for a long time. The leaders of such countries – where one-man rule has persisted – tend to forget one basic reality: they can’t do everything alone. Delegation of power is essential for the smooth functioning of the state. It is expected that Widodo will not commit the same mistake and instead make a strong team with enviable credentials to oversee different affairs. Widodo should remember that he who tries to be a Jack of all trades ends up being a master of none.

Haiqa Salami
Kuala Lumpur, Malaysia

Thankful for the drama!

I was never a drama fan and whatever interest I had in this genre of entertainment died after watching a few serials on the Indian TV channels. The ‘soaps’, as they were called, had everything that I found alarming. The most irritating factor were the monotonous stories. We saw the same saas-bahu-extended family sob story played out in serial after serial. The theme was almost always linear: good vs. bad. The good people were annoyingly (and unbelievably) good. They wouldn’t do anything wrong in their entire lives. And the bad – don’t even ask about them! Combine all the terrible characteristics you can think of and the end product will be the vamp or the villain of the Indian soap. The richer a family, the far from reality its women were likely to be. So it was perfectly normal to see a woman waking up in the middle of the night, dressed to the nines and wearing matching accessories.

For a person like myself, the Pakistani drama is literally a breath of fresh air. The main theme remains the same across the border: the good vs. the vile. But it is a relief to see well-rounded characters. People watching the play can relate to many characters and situations in these dramas. Glad as I am that Pakistani TV serials are now shown in India, I hope the next to follow are Pakistani films.

Deepika Kiran
Raebareli, India

Reaching new heights

Heartiest congratulations to India for the successful insertion of its first Mars mission into the Red Planet’s orbit. The achievement is important for a number of reasons. Firstly, India has become the first country to successfully launch its mission to Mars in the first attempt. This has never been done before. In November 2013, the U.S. had also sent a Mars mission named Maven just a few days after the MOM took off. However, Maven entered the Mars’ orbit ahead of the MOM. But there is a huge difference between the price tags of both missions. The mission cost of MOM is set at $74 million, one-ninth of the $671 million Maven mission’s price tag.

But it is good to know that both missions will collaborate with each other on information sharing. Maven will study Mars’ upper atmosphere while MOM will monitor the planet’s weather, take color pictures of the surface and map the planet’s mineral composition. It is hoped that together the two spacecrafts will collect information about Mars that will help us understand the planet better.

Sujata Mishra
Chittagong, Bangladesh

United we stand

We were hardly done celebrating the news that the Afghan presidential candidates Dr. Ashraf Ghani and Dr. Abdullah Abdullah had agreed on forming a national unity government when the news of their falling out emerged. Then, when we had lost every hope, they two leaders agreed to form a national unity government once again. Now that the recount is done and Dr. Ghani has been declared the winner, Dr. Abdullah has graciously accepted to be the chief executive of Afghanistan. This is indeed good news. There were fears that he would ask his supporters to launch a protest movement against the election result but thankfully sanity prevailed in the end.

It is obvious that both candidates finally realized where their differences would lead the country to. With the international forces all set to leave Afghanistan by the end of this year, there is going to be a vacuum. Now that Ahmedzai and Abdullah have joined forces by putting aside their differences and uniting for Afghanistan, there is a chance that this vacuum will be filled by constructive forces which will work for our nation’s progress.

If they failed to do it, we all know what is going to happen especially considering what is going on in some parts of Afghanistan and which nefarious elements are ruling the roost in a number of cities. Do we want their rule to spread to the entire country? If we don’t, the united front will be formed under the leadership of Dr. Ghani. What an uplifting article on the new president – he can achieve his goals.
“The federal and Punjab governments would continue their efforts until all flood-hit families are rehabilitated and get due compensation for their losses of their houses, crops and livestock.”

Nawaz Sharif,
Prime Minister of Pakistan

“My sweat is the product of sixty years of toil, my friends. Sixty seconds of makeup isn’t going to help me!”

Narendra Modi,
Prime Minister of India

“As a small island state, we are at a disadvantaged position in global commerce and trade.”

Abdulla Yameen,
President of the Maldives

“In combating the jihadist threat, there is a role for nearly every country, including Iran.”

John Kerry,
U.S. Secretary of State

“The only similarity between a fiction writer and a politician is that they are both reacting and relating to the changing world. Other than that, they are as different as night and day.”

Shashi Tharoor,
Indian MP and former UN diplomat

“The success of Narendra Modi’s initiatives with both China and the U.S. depends on his ability to put economics at the centre of India’s new foreign policy.”

Husain Haqqani,
Pakistani author and former diplomat

“This is the Fawad fever raging across India, the Pakistani actor can easily claim the top spot, if not at the box office, then in our hard hearts.”

Shobhaa De,
Indian writer

“The country is racing towards destruction. What we need is free and fair elections without any form of rigging. But we first need electoral reforms before elections in Pakistan.”

Pervez Musharraf,
Former army chief and president of Pakistan

“This victory isn’t just about winning an election. It’s a victory for democracy, for our constitution and for our future. Together, we have turned the page and written a new chapter in our long and proud history.”

Ashraf Ghani Ahmedzai,
President of Afghanistan

“When I first took charge of office, we did not have a flag, or a currency. We were the target of foreign agendas, we were homeless in our own country. I am proud to have worked toward rebuilding the nation and bringing [people] together to live in their shared homeland under one flag.”

Hamid Karzai,
Former president of Afghanistan

“All Awami League leaders can be bought except Sheikh Hasina, and that is the problem.”

Sheikh Hasina,
Prime Minister of Bangladesh

“Both Prime Minister Nawaz Sharif and his brother Shahbaz Sharif are cowards as they don’t have the courage to talk to me and invite me to their party.”

Javed Hashmi,
Pakistani politician

“The only similarity between a fiction writer and a politician is that they are both reacting and relating to the changing world. Other than that, they are as different as night and day.”

Shashi Tharoor,
Indian MP and former UN diplomat

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“This is the Fawad fever raging across India, the Pakistani actor can easily claim the top spot, if not at the box office, then in our hard hearts.”

Shobhaa De,
Indian writer
PAKISTAN | Karachi

**Mobile Dharna**

After an over-six week sit-in in the capital, it seems PTI Chairman Imran Khan has decided to make his dharna a mobile one. The first out-of-Islamabad stop of the sit-in was Karachi where the party conducted a massive rally. A large number of PTI workers and supporters, including women and children carrying national and PTI flags and chanting slogans against the government, attended the meeting.

Addressing the rally, Imran Khan said he had come to Karachi to unite its people divided on ethnic lines. He asked the people to give him a pledge that they would not allow any VIP to close roads. Imran arrived in Karachi in a private plane from Islamabad and took a commercial flight back to Islamabad. His next dharna destination was Lahore.

PAKISTAN | Peshawar

**Polio Blues**

Pakistan had recorded 166 countrywide cases of polio till September against 93 in 2013. The refusal of parents to get OPV administered to their children on the basis of various misconceptions was blamed for this increase. Some 119 cases have been registered in the Federally Administered Tribal Areas where security issues, the ban by the Taliban on immunization in North and South Waziristan agencies and inaccessibility of health workers to the target areas remain the main points of concerns.

But even outside Fata, which has often been blamed for blocking polio vaccination efforts, of the remaining 47 cases, 31 affected children were not administered OPV and regarded as cases of chronic refusal.

PAKISTAN | Rawalpindi

**No Teachers**

In Rawalpindi, where the provincial government has launched the Rs.44 billion metro bus project among other mega projects, there is only one teacher for every 30 primary schools. According to a news report, the majority of these schools with a single teacher are located in the two remote and neglected tehsils of Kotli Sattian and Murree. The shortage of teachers for the schools is despite the fact that the education department has around 20,000 teachers.

Enrollment in these areas is low because people do not want to get their children in schools with no teachers. Around seven million children are out of school across the country, which is the second highest in the world.

INDIA | Mumbai

**Wooing Muslims**

The Shiv Sena has urged Indian Muslims "not to let down" Prime Minister Narendra Modi after he praised the community for its patriotism and love for the country. "Modi has lauded Indian Muslims for their patriotism. He has initiated a new chapter by giving a guarantee of the community’s love for its motherland. Now, the Muslims must..."
not let him down," Shiv Sena said in an editorial in the party mouthpiece 'Saamana'.

The editorial said an entire community cannot be held responsible for the misdeeds of a handful of its members indulging in terrorism and also called upon Indian Muslims to sing 'Vande Mataram' in tandem with the rest of the country. It also demanded a ban on the veil (burqa) and a halt to the alleged anti-national teachings imparted in madrassas, as claimed by a Bharatiya Janata Party MP.

India | New Delhi

On Arrival

India is likely to include the United States among countries whose citizens qualify for visa on arrival in India. This will benefit many Indian-Americans, U.S. tourists and business persons who have to go through a cumbersome visa process. The only exceptions will continue to be Pakistan, whose citizens already have to go through stringent intelligence checks before they are issued visas.

The facility will also be extended to U.S. citizens who do not have a residence or occupation in India and whose sole objective of visiting India would be recreational. The stay limit under the new plan will be 30 days. The spadework for this is likely to be completed in a few months.

India | Chennai

Mission Mars

India became the first nation to succeed in its first attempt to send a spacecraft to Mars when its probe Mars Orbiter Mission, known as Mangalyaan in Hindi, executed its 24-minute engine burn successfully, entering into the Mars orbit. The MOM was launched from India's Satish Dhawan Space Center in November 2013. The news sparked congratulations from around the world. On receiving the confirmation, Indian Prime Minister Narendra Modi declared, "History has been created today. We have dared to reach out into the unknown, and have achieved the near impossible." MOM’s success will give a boost to India’s status as a technological power.

Australia | Sydney

United They Rule

Dr. Ashraf Ghani Ahmadzai has been elected the new president of Afghanistan while Dr. Abdullah Abdullah has become the country’s chief executive and together they will form a national unity government. They were congratulated by outgoing President Hamid Karzai, who also hailed the Afghan nation for its patience, saying that the people of Afghanistan have proved their political maturity.

U.S. President Barack Obama also spoke with president-elect Ahmadzai and CEO-designate Dr. Abdullah to congratulate them on concluding their agreement for a government of national unity and safeguarding the first democratic and peaceful transfer of leadership in Afghanistan’s history.

UN Secretary General Ban Ki-moon, the United Nations Security Council, Canadian Foreign Affairs Minister John Baird and a number of world leaders also welcomed the development.
**AFGHANISTAN | Kandahar**

**Fruitful Ties**

An Afghan trader Haji Saif Noorna, who belongs to Kandahar, has dispatched the first shipment of Afghan pomegranates to Russia. The 22.5 metric ton shipment, dispatched with the support of the United States Agency for International Development, was the first to reach Russia in decades after Afghanistan's trade ties with most countries were affected because of conflict. The shipment travelled through Karachi and took 55 days to reach its destination. Noorna is planning other shipments to Russia. It marked a milestone in Afghanistan's attempts to market its famous pomegranates beyond its shores.

**AFGHANISTAN | Herat**

**Saffron Trade**

Saffron export from Afghanistan to European and Asian markets has increased by 67 percent as compared to last year, according to the Export Promotion Agency of Afghanistan. Afghanistan’s saffron is mainly exported to Italy, Spain, Germany, Sweden, U.S.A., France, India, and Tajikistan. Farmers in western Herat were the first to start cultivation of saffron in Afghanistan and were encouraged by the Afghan government and international donors to grow saffron instead of opium. Afghanistan's saffron is famous for its quality and has been recognized as the best saffron on numerous occasions, including international fairs. The cost of one kilogram of saffron is around $1,400 to $2,000 in Afghan markets.

**BANGLADESH | Dhaka**

**Slaughter Online**

In Bangladesh, over 10 shopping websites are offering sacrificial animals online this Eid. The portals follow a post-delivery payment system. You need to place an order up to five days before the desired delivery date. However, some websites also take instant emergency orders. The majority of animals are sourced from cattle farms in Gopalgunj, Tangail, Rangpur and Narsingdi. Sejuti, an entrepreneur who set up an online cattle farm, claimed that she had sold 25 cows in the previous year and has a target of showcasing 1,000 cows on her shopping portal this year. The target customers of these websites are Bangladeshi expatriate who are unable to perform the ritual since they live abroad.

**BANGLADESH | Brahmanbaria**

**The Big Fish**

Excessive fishing in the Titas River and several other vast water bodies in the adjacent district poses a threat to fish resources in the area. Every year the fisheries department creates several sanctuaries at different points of the Titas to ensure safe breeding of various types of fish but this has not been done this year. As a result, fishermen have set up a number of fake fish sanctuaries in the river and are catching fishes indiscriminately.
To catch more fish they set branches of trees and water hyacinth in vast areas of the river. When fishcome for shelter and food, they are netted. The big ones, especially become scarce and cost more. The practise can also harm the ecology of the area if it is allowed to continue unchecked.

**SRI LANKA | Colombo**

**Political Training**

More than 250 delegates representing 75 political parties from 35 countries attended the Eighth General Assembly of the International Conference of Asian Political Parties under the patronage of President Mahinda Rajapaksa. This year’s theme was ‘Building an Asian Community’. The conference aimed at promoting exchange and cooperation between political parties from different countries with various ideologies to enhance mutual understanding and trust among the Asian countries. The conference focused on global, economic, social, cultural and political progress of each country.

Launched in Manila, Philippines, in 2000, the ICAPP brings together competing governing, opposition and independent political parties.

**NEPAL | Kathmandu**

**Celluloid Connections**

A Nepalese fiction film ‘The Contagious Apparitions of Dambarey Dendrite’ won the Golden Comma Award at the National Institute of Design’s South Asian Short and Documentary Film Festival 2014. The film was directed by Bibhusan Basnet and Pooja Gurung and portrayed the life of a street boy called Dambarey Dendrite.

Arun Gupta, the festival director, said that he believed in showcasing films from neighboring countries as it helped foster relationship between different nations, giving them an opportunity to understand each other better.

India’s entry ‘Life’ also left a mark on the jury and won the Silver Comma Award. The film was directed by Srinjay Thakur and revealed how technology changes an old retired government worker’s life.

**BHUTAN | Thimphu**

**Corruption Challenge**

The Asian Development Bank’s 20th by 2020 Report on Bhutan states that from 44 percent in 2008, cases of fraud, corruption and embezzlement related to local government had increased to 98 percent last year. The report states that with about 40 to 45 percent of the national budget spent on procurement, it would continue to remain the primary area of vulnerability if relevant capacities in the government were not enhanced.

Data also revealed that violation of procurement rules constituted about 25 percent of the total irregularities in 2010, which declined to 9 percent in 2013. At the local level, it has increased from 3.5 percent to 25 percent last year.

Bhutan has been trying to hold its 20th rank on the Corruption Perception Index (CPI) for some time or even to improve it but it is facing tough challenges.
Diamer Basha Dam – A multipurpose project for low-cost, green hydel electricity generation, water storage and flood mitigation.

Salient Features

Main Dam
- Maximum Height: 272 m
- Type: Roller Compacted Concrete (RCC)

Reservoir
- Gross Storage
- Live Storage

Power House(s)
- Total Installed Capacity
- No. of Units
- Average Generation
- Cost
  - PC-I Estimated / updated Cost (June 2014): US$ 13.956 Billion (do)

PROJECT BENEFITS
- Availability of annual surface water live storage worth US$ 0.63 billion
- Hydel power generation worth US$ 2.216 billion per annum
- Extending life of Tarbela reservoir by 35 years by blocking sediments
- Additional annual generation of 2433 million units worth US$ 260 million from Tarbela, Ghazi Barotha and Chashma hydel stations
- Saving in foreign exchange of equivalent electricity generated on imported oil worth US$ 2.85 billion
- Carbon credit benefits to the tune of US$ 0.300 billion
- Employment opportunities, particularly for local populace

Pakistan Water and Power Development Authority

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Access to reliable public services is crucial for any society to flourish but even more so for developing countries where the lack of basic necessities has resulted in everyday challenges that stunt intellectual growth and discourse. These public services have a direct effect on economic uplifting of low-income communities and include quality education, accessible healthcare, safe drinking water, essential sanitation, electricity and reliable communication systems.

Developing countries have long utilized foreign aid from international governments and agencies to supplement their own efforts for development spending. However, often dealing with corrupt regimes or private sector corruption, the donors are faced with a constant challenge of preventing the misuse of their funds. In this regard, result-based aid approaches have shown a considerable positive impact on the accomplishment of agreed-upon objectives. Various measures utilized so far include outcome-based aid (OBA), conditional cash transfers (CCTs), cash-on-delivery (COD) and performance-based contracting. The COD model is increasingly popular and sometimes considered the most effective approach among all results-based mechanisms. It focuses on demand rather than supply and offers more flexibility to recipients in how the outcomes will be accomplished. It also has the added advantage of eliminating performance risk for donors. The COD models are usually built into existing government or private programs.

The OBA is an important part of the World Bank Group’s range of result-based solutions for development finance. It can be defined as a result-based financing mechanism that promotes “the provision of basic public services by delegating the delivery of outputs, such as working water connections, to a third party (typically a private operator) in exchange for the payment of a subsidy upon delivery of specific outputs.” This is not an entirely new concept and goes back to the 1960s when South Korea was the recipient of reproductive healthcare services through OBA schemes. However, its increasing use is a welcome step towards balancing accountability with the success of a project.

This approach has been shown to work well in many sectors, including education and healthcare but is not applicable in the funding of large investments in power, mining, railways and ports. Sometimes the use of the OBA element is done only as part of a traditional project. Due to its success, the use of OBA has grown considerably in the last decade. It encourages innovation, decreases costs and promotes accountability.

The use of the OBA strategy was launched for 22 projects by the WBG in its 2002 Private Sector Development Strategy 3, with an estimated value of about US$100 million. By 2009, the number of projects increased to 127, reaching 59.5 million beneficiaries worldwide. The WB also helps pilot
OBA projects through the Global Partnership on Output-Based Aid (GPOBA) launched in 2003, which is a multi donor-funded partnership program supported by the Department for International Development UK, the Netherlands, Sweden, Australia and the International Finance Corporation (IFC).

The focus of the GPOBA is public service delivery systems of healthcare, energy, water and education in developing countries for the most affected marginalized sections. GPOBAs dedication and commitment to responsible development spending is clear from its annual report for 2013: “To date, the GPOBA has provided nearly 5.9 million poor beneficiaries with access to energy, water, sanitation, telecommunications, health and education. With total funding commitments equaling $161.3 million, GPOBAs portfolio of projects is expected to reach over 9.7 million people.” In 2013 alone, the GPOBA “disbursed a record $25 million in subsidy funding, benefitting more than 2.3 million poor people...As a result of this excellent performance, it received the World Bank excellence awards for two projects. The Lesotho Hospital Public-Private Partnership (PPP) project was recognized by the Sustainable Development Network Vice Presidency Unit (SDN VPU) for its strength in leveraging partnerships across the World Bank Group.”

OBA schemes, which are utilized for projects in education, bridge the gap between the cost of providing quality education and the funds available. The challenge, however, lies in being able to measure the success of the project in terms of achievement and learning as opposed to just enrollment or attendance. While both aspects are equally important, they are governed by factors not necessarily in control of service providers or donors. Hence, a combination of result-based mechanisms may be employed, such as OBA and COD together, so that other than performance monitoring and verification done before subsidy disbursement, a certain amount of money may also be allocated for each extra child enrolled or for each child that successfully completes a certain level of achievement in an independent standardized testing. Such an approach gives the project a better chance of measurable success.

Four successful OBA educational schemes funded by the World Bank Group in the GPOBA report are worth a mention. These schemes aimed at achieving improvement in enrollment, attendance and quality of education for school children, as well as learning opportunities for adults. The projects included the Female Secondary Assistance Programs in Bangladesh Phase I and II (FSSAP) with subsidy disbursement at $130 million, the Lifelong Learning and Training Project in Chile with over $100 million disbursement, the Punjab Education Support Project in Pakistan with subsidy disbursement value of $77.5 million, and the Balochistan Education Support Project (ESP) worth $2.1 million. The funding sources for these programs were mainly the World Bank Group’s IDA and IBRD along with some host governments and private sector support.

The success of these projects rested on various measures and incentives provided to the targeted groups of marginalized or low-income communities, including vouchers and free tuition to students, bonuses for teachers and competitive grants for institutions, a step-by-step performance evaluation through independent testing and clear contractual guidelines on adherence to pre-established targets for an agreed-upon period of time. This commitment of stakeholders to shared goals and measurable outcomes was crucial to a successful completion of the projects.

Two energy projects in Nepal and Bangladesh supported by the WBG have also been similarly identified for their success. The Nepal Biogas Project 2003 supported the installation of 26,363 biogas plants on an OBA scheme with a strong monitoring system. A 2013 survey by Motherland Energy Group Pvt. Ltd. showed that 90 percent of the plants have remained functional since installation and retain high satisfaction among users while providing efficient and cost-effective energy solutions. Similarly, the 2002, Solar Home Systems (SHS) for the Rural Electrification and Renewable Energy Development project in Bangladesh was launched to manage power supply challenges in rural areas. It employed an output-based approach with a three year microcredit system. The World Bank Group contributed $13.95 million. The project has benefitted 2.4 million people with 480,000 SHS since.

In healthcare, a similar variety of results-based schemes have also been employed by the World Bank Group through its Health Results Innovation Trust Fund. As reported by the Organization for Economic Co-operation and Development (OECD), two polio eradication programs in Nigeria and Pakistan were successfully completed, using what is termed as a “buy-back made possible as a direct result of confirmation of immunization results, or conversion into grants of concessional loans.”

A 2009 IDA review of RBA approaches details a number of other successes in the realm of results-based aid, evident of the success of the strategy of RBF. These include “32 ongoing or closed OBA projects for which information on beneficiaries reached is available.” They have reached 17.3 million people – increasing access to energy for 5.7 million beneficiaries, providing education to 2.7 million poor children, improving healthcare coverage for nearly one million people and improving access to clean water for over 900,000 poor people. A total of 87,591 km of roads were or are being rehabilitated and maintained under projects that are currently active or closed. The 14 closed projects for which information is available have benefitted 12.5 million people. As per expectation, “Out of the 22 closed OBA projects with their ratings for Implementation Completion and Result Report available, 90 percent of development outcomes were rated either 'satisfactory' or 'highly satisfactory'.

The case against traditional input-based aid processes is growing as they are found lacking in many ways, causing loss of funds and missed opportunity for development. At the same time, the advantages of a result-based approach become clearer through project completion reports. A World Bank study quoted by the Center for Global development (CGDEV) found corruption to be a leading challenge to the effectiveness of traditional foreign aid for development spending. The CGDEV report details the heavy cost of traditional aid monitoring and transparency measures required for effective management: “The World Bank annually spends at least $30 million on internal audit and institutional integrity departments.
and suspension and sanctions boards. This does not include the cost of 417 full-time procurement and financial staff members and 200 procurement-accredited staff members who monitor compliance with financial management and procurement standards. Nor, of course, does it account for the staff in recipient-country governments who actually implement the procurement and financial procedures.” It also noted that while traditional input-tracking programs try to control corruption by specifying what can and cannot be purchased with funds and then monitoring how money is used, “results-based programs manage corruption by only paying when results are achieved. As a result of this fundamental difference in design, results-based programs do not have direct costs associated with monitoring and controlling corruption.”

Though the OBA is also not without its challenges, and a combination of factors are required for it to be successful, the advantages still outweigh disadvantages. No case of fraud has yet been proven in a results-based program so far by any agency, though over-reporting or under-reporting sometimes present somewhat of a challenge, as does the challenge of ensuring pre-financing of outputs, especially in the private sector before reimbursements can be made based on performance. When faced with corrupt regimes, the absence of transparency in legal or regulatory arrangements is a discouraging factor for sustained development but timely intervention can save the day. An example of this was seen in an OBA project between the World Bank and a Southeast Asian country mentioned in the report by the CGDEV. The said project was cut short as soon as allegations of corruption surfaced, just in time to check any major or incurring loss.

Development planners and practitioners mostly see corruption as the amount of money diverted from a program. However, the actual extent of the cost, when measured in a failure to deliver essential services, is much greater not only for the donor but more for the recipient community that would have benefited from its successful implementation. It is no surprise then that the World Bank Group has increased the use of OBA approaches, and included them in the “2008 Sustainable Infrastructure Action Plan (World Bank 2008), the 2009 Private Sector Development (PSD) Strategy Update (World Bank 2009), and the 2007 World Bank Strategy for Health, Nutrition and Population (World Bank 2007). The sectors involved are transport, ICT, health, water & sanitation, energy, and education sectors.”

Foreign aid provides countries with limited resources the opportunity to tackle challenges of sustainable economic growth. Unless the growth benefits trickle down to those most in need, sustainable progress is not possible. However, without checks and balances established at every step of the process, many well-intended funds end up in the form of personal spending allowances stashed away in off-shore accounts or are lost to some other form of corrupt practices, such as bribes, at a heavy cost to the recipient community and donor. In order to ensure that aid is utilized to maximum benefit, early or intermediate evaluation along with RBA approaches appear to be the best way to go. Simply put, RBA is a development opportunity with accountability.

The writer is a freelance columnist based in Massachusetts, U.S.A. Her writings and volunteer work focus extensively on socio-economic issues, interfaith dialogue and U.S.-Muslim relations post-9/11.

World Bank Highlights Climate-Poverty Link

The World Bank says it will increasingly view its efforts to help developing countries fight poverty through a “climate lens.” The international lending institution warned that heat waves, rising seas, more severe storms and other impacts of climate change will trap millions of people in poverty. As a result, the Washington-based bank said it is stepping up support for efforts to curb climate change and to help the world adapt to it.

“Urgent action is needed to not only reduce greenhouse gas emissions, but also to help countries prepare for a world of dramatic climate change and weather extremes,” World Bank President Jim Yong Kim said in a statement. Already by the 2030s, 40 percent of the land used to grow maize in sub-Saharan Africa will be unable to sustain that crop because of droughts and heat, a World Bank report said. Also by that time, sea level rise coupled with more intense cyclones could inundate much of Thailand’s capital, Bangkok, it said.

“At the World Bank Group, we are concerned that unless the world takes bold action now, a disastrously warming planet threatens to put prosperity out of reach of millions and roll back decades of development,” Kim said. World Bank Vice President Rachel Kyte said the World Bank doubled its lending aimed at adaptation efforts to $4.6 billion in 2012. She said that money was separate from the adaptation funds transferred from rich to poor countries in U.N. climate talks. The developed countries have pledged to ramp that financing up to $100 billion annually by 2020.
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Ali Velshi: You're about 40 percent into your five-year term and you have been thinking about this, figuring out what the World Bank is in terms of its own structure, and what it does in terms of the changes in the world. So, what is the role of the World Bank, as you see it now?

Dr. Kim: The World Bank is part of a multilateral system that was created in the 1940s, and the great thing about it is that we have 188 Governors. We have 188 member countries. And so, all the problems in the world, but also all the possibility for collaboration in the world sort happens right in this building and then out in the 140 countries that we work in. This is an effort of 188 of the governments in the world to come together to try to see if we can help countries to develop their economies, and that's pretty specific these days.

It's investing in health, education, roads, energy, all the things that it takes for people to lift themselves out of poverty, but also join the group of people who have education and who have the global middle class, if you will. We're focused on prosperity. We're focused on a prosperity that is shared by everyone, and that's pretty specific these days.

In order to receive financing and support from the World Bank, countries have to do - like anybody who is getting a loan - certain things. You are in a world now where there's so much money floating around that there are others who are willing to make money available - probably not at lower interest rates, but with fewer rules. For instance, China which, by the way, also is a client of the World Bank. So, how do you square that, first of all, that China is getting money from anybody and that China goes into places like Africa and is able to provide funds for countries - governments that want to do things, without too many strings attached?

Dr. Kim: Well, first of all, China is a very important client of the World Bank Group. China continues to come back to us, work with us and, indeed, take loans, because they know that if they work with us we will do immaculate project preparation. We will do all

Excerpts from World Bank Group President Jim Yong Kim’s interview to Ali Velshi for Al-Jazeera TV

‘The World Bank is focused on a prosperity that is shared by everyone.’
the analytic work before we start on a project and then we will do the analysis of what the impact was after we do the project. So, with China, we are almost a kind of partner that tackles important pilot projects. What we’ve noticed is that when China decides that something is really working and worthwhile, they will scale it up. But for us, we also have a huge stake in this, because when we work with China, we learn things about how to do development that we then share with everyone in the world.

Over the last three or four G20 meetings, this is all we’ve talked about, how we can possibly develop sources of long-term financing for infrastructure. All of official development assistance, all of foreign assistance is about 125 billion a year, but if you look at the needs, Africa itself has 100 billion in infrastructure needs. India, over the next five years, a trillion in infrastructure needs. The official development assistance money available will never meet those needs.
And so, we need to then find a way of us providing that long-term financing in some cases, but I think even more importantly one of the things we’re talking about is can we leverage our dollars to crowd in private capital so that we can put together what we call the bankable projects so that you look at them and think, “Okay, this is long-term finance for someplace in Central Africa.”

It’s going to have an impact on many countries at once and, on the face of it doesn’t look bankable. We think that we at the World Bank Group, have so much experience in making these projects bankable that we can create all new sets of partners who will be interested in these kinds of projects, because still it is necessary.

This next question is from Shafiqur in India, and it’s meant to create trouble between you and Christine Lagarde: “Is there any need for the IMF? What is special with the IMF which the World Bank cannot deal?”

Dr. Kim: A trillion dollars is the biggest difference. Christine and I have worked very, very closely together. And their instrument is to help countries with balance of payments, and that’s critically important. The important role, there will continue to be. They’ll come in and they’ll help (a country) immediately with a large package and they’ll help with just having access to capital. We’re going to go in and work on things like health programs, education programs and social protection programs. I think it’s a very good one-two sort of punch, and we’ll never be as big as the IMF.

An Oxfam report says that the 85 richest people in the world have more wealth than the bottom 3.5 billion. Those sound like outrageous statistics. When you talk about inequality in income or in assets, it implies to those with the money that we’re talking about redistribution of wealth. Is this a really serious issue?

Dr. Kim: One has to step back and one has to say, so, for the wealthiest people in the world, what kind of world do they want to see? Do they want to see a world in which the economy is growing and in which there are more consumers to buy their products if they make products? Do they want to see a world in which there is less conflict? Do they want to see a world in which more people get to participate? Or do they want to see a world in which the economies are shrinking, but they’re maintaining their piece of it? Now, for the people who say, “We don’t care if the economy grows or shrinks, we just want to keep our piece of it.” You know, I think we at the World Bank Group would say, fundamentally, we disagree with you. So, if the wealthiest people in the world want to see a world that’s both growing and also, at the same time, including more people, then I think we have a lot of ideas about what we need to do.

First of all, you need to invest.

We need to figure out a way to stop conflicts before they happen. I’ve been working very closely with the UN Secretary-General, Ban Ki-moon. We’ve been traveling together. We’re trying to get to a point where we’re saying security issues and development issues go hand in hand. And if we can begin development programs early in the process of a conflict, maybe that development, the possibility of jobs, the possibility of health care, education will actually lessen the possibility of further conflict. We are trying to do that.

But then, we know things like investing in health and education - especially among the poorest is the surest way to invest in people in a way that will grow the economy. These are things that we now know. This is not an ethical or moral position. I’ve been working on this issue and arguing that health care for the poor is a moral issue. Now, we have evidence and no less than Larry Summers is telling us that investing in education is one of the best things you can do for economic growth. So, I would tell the richest people in the world this very message. People like Bill Gates and Warren Buffett - they’re doing that right now. They’re trying to put their riches to focus on things like health and agriculture and education and I think that’s the right message.

What are the top five drivers of inequality or poverty in the world?

Dr. Kim: I think still the most devastating is conflict. Conflict is a huge driver of poverty. Investing in human beings, this is really a critical aspect of it. But then, at the end of the day, all those things, the investments in infrastructure and human beings have to lead to growth. And so, you know, what are the ways for us to spur the kind of inclusive growth, as we talk about it – and we’re asking that question right now: What have we learned that suggests to us that certain kinds of investments lead to more inclusive growth versus the growth of just particular industries or enrich particular individuals? We’re asking ourselves that question right now and, as we go forward, we really want to be the organization that is the champion of those kinds of investments that lead to a more inclusive growth.

Source: www.worldbank.org
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‘The World Bank has made a huge difference.’

Shaukat Tarin, a leading banker and former finance minister, speaks to SouthAsia.

What are your views regarding the performance of the World Bank in light of its commitments – and what difference has it made?

The World Bank has over the years provided long-term financing on very soft terms to the developing countries for its social sector as well as infrastructure projects, which this may not have been available from the commercial sector.

The World Bank has made a huge difference as it has enabled countries to fund their health, education and, infrastructure as well as governance improvement structures as they have developed.

The World Bank has exercised much of its influence in conjunction with the IMF, but this arrangement too has been weakened. Do you agree?

I do not think the partnership between the World Bank and the IMF has weakened. They work hand in glove where required.

What should be the World Bank’s top three global priorities?

I would consider the following as the top three priorities for the World Bank:

a) Putting in place and strengthening proper governance structures. These should include all facets of governance, including political, economic and social sectors.

b) Supporting development of the social sector, i.e. health, education and poverty alleviation.

c) Providing support at concessional rates for the development of infrastructure. Moreover, it should help the countries to establish financial institutions to support such initiatives.

The World Bank should also support public-private partnership policy frameworks in these countries.

Does Pakistan really need to go to the IMF?

In the present circumstances, it has to go to the IMF to get some cash as well as to give confidence to other multilateral and bilateral agencies to provide the same.

However, in the long run we need to improve our economic governance to achieve sustainable and equitable economic growth to eliminate poverty, unemployment and inequality from our society. This will also result in the elimination of the scourge of terrorism.

The World Bank will provide funds to Pakistan towards its flood relief effort. Do you think Pakistan should go to the WB for a more holistic assistance program in this regard?

Yes. We should prepare a holistic plan to tackle this issue; including construction of dams, waterways, etc., and then involve the World Bank, the Asian Development Bank and the Islamic Development Bank to contribute towards its implementation.

Water will become a major issue as we move into this century and we need to pay attention to not only avoid flood damages, but also how to conserve and better utilize our water resources.
**Regional Snapshot - South Asia**

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**Vulnerability to Poverty**

More than 20 percent of the population in developing countries live on less than $1.25 a day, more than 30 percent on less than $2.50, and nearly 75 percent on less than $5.00.

**Worldwide Poverty**

- **Poverty Rates, by Region**
  - **US Dollars**: $1.25 per day (Total Pop: 408.7m)
  - **US Dollars**: $2.50 per day (Total Pop: 253.2m)

**Employment**

Self-employment is more prevalent in developing countries, especially in Sub-Saharan Africa and South Asia.

**Education and Health Outcomes in Developing Countries**

- **Measles Immunization Rate**
- **Educ. attainment of 15-24 yr-olds**

**Social Interconnectedness**

Economic, financial, and social interconnectedness are on the rise.

*Source: World Bank Development Indicators*
Pakistan’s Currency Swap Agreement with China

Yaseen Anwar, who was Governor of the State Bank of Pakistan until January 31, 2014, gives his views about Pakistan’s Currency Swap Agreement (CSA) with China. The agreement benefited Pakistan in a big way as the country took particular advantage of China’s financial leadership.

The Currency Swap Agreement with China represented a watershed event. Without it, Pakistan would have faced a balance of payments crisis in 2013 as its economy faced one of its greatest challenges in its history. Very few people, even in the highest echelons of the government, realized the severity of what the country potentially faced. Yaseen Anwar, then Governor of the State Bank of Pakistan, negotiated and signed the CSA with China. It must be said that the Peoples Bank of China (PBOC) was pivotal in preventing Pakistan from facing the crisis.

This was in the backdrop of the global financial crisis that led to deleveraging in Europe and the U.S. and an unprecedented end in March 2013 of the PPP government which had completed five years.

After the caretaker regime, which came in March 2013 for three months, a new government was installed in the first week of June. In January 2013, Pakistan’s foreign exchange reserves stood at only $8 billion while heavy monthly debt repayments were scheduled to be made to the IMF and other multilateral agencies until November 2013. This was on top of a current account deficit of around $2 billion for fiscal year 2013. The war on the Afghanistan border was also continuing and incursions were being made by the Taliban. Considerable economic uncertainty emanated from these events. The only continuity in terms of economic management during 2013 was evident at the State Bank of Pakistan.

Given this volatile backdrop, the key objective was to navigate the country’s balance of payments in such a manner as to build a positive market sentiment by July/August towards a ‘planned’ signing of a new IMF facility and, at the same time, to ensure a stable currency that was hovering slightly below Rs 100 against the US dollar at the start of 2013. Analysts and bankers had forecast that the PKR would move up to Rs. 115 by July. Some had forecast an even higher figure. While the primary purpose of the $1.5 billion CSA with China was intended to stimulate trade between the two countries by settling payments in local currency, it also included a balance of payments liquidity support line that represented a strategic arsenal that was to be deployed only when needed. Its implementation timeline was very carefully choreographed by the SBP to manage ‘market sentiment.’

To cushion major foreign exchange outflows in May and July of 2013 would have adversely shaken market sentiment. The SBP drew a total of $1.2 billion during this period under the CSA that represented a significant portion of a total of $1.9 billion overall inflow secured from China in 2013. This substantial inflow not only forestalled the potential balance of payments crisis that was forecast in March/April by some pundits but also kept the Pakistani rupee below Rs. 100 until July and improved market sentiment in August through signing of an LOI for a new $6.7 billion IMF facility, thereby opening the floodgates of the otherwise stalled World Bank and Asian Development Bank financing. At the same time, Moody’s upgraded Pakistan’s rating to ‘stable outlook’. Thus the CSA with China and its implementation was instrumental in helping Pakistan ‘weather’ a storm when critically needed.

Going forward, the economic collaboration and the work already undertaken to promote the Pakistan-China economic corridor can provide the much needed synergistic benefits that could unleash the growth potential of Pakistan, improve employment and make further progress in the much needed inclusive growth. Notwithstanding the economic uncertainties that surround Pakistan and the world, the country can capitalize on the CSA to support the economic corridor. This can be done only if its technical application is properly understood and the overall spirit recognized under which it was intended as an instrument to boost trade and investment between the two countries.

To ensure future success and support from China’s leadership, Pakistan must display prudent and well-coordinated management of its financial affairs that reflect good corporate governance standards. It should build its capacity resources and follow a strict financial discipline across the board as required under the IMF facility. It is such discipline that has elevated China to the now exalted position of being the second largest economy in the world.
We are inspired by the opportunity to make a difference in people's lives through inclusive financial services. Our clients remain our biggest muse and continue to inspire us to become the most innovative microfinance bank in Pakistan.
Towards a New Global Economic Order

The International Monetary Fund and the World Bank have evolved over time but not to the extent that is warranted.

By Shahid Javed Burki

When the finance ministers and central bankers from all over the world gathered in October in Washington for the annual meetings of the International Monetary Fund and the World Bank Group, there were several issues on their minds concerning the global economy. They worried about the slow revival of the global economy after the Great Recession of 2007-09 and there were considerable concerns about the failure of the WTO to save the institution from collapse because of the absence of an agreement in the latest round of trade facilitation. While the ministers did not formally discuss at the meetings the crises in the Middle East and the Russian moves against Ukraine, the economic impact of these moves were of concern for them.

Also on their minds was the creation of the two BRICS institutions, the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA) and how that would affect the working and reach of those that are already in place. The present structure of the global economy is very different from the time 70 years ago, when the victors of World War II gathered in a small resort in the American state of New Hampshire to design a new international political and economic order. The objective was to avoid the pitfalls of the one that was put in place after the end of the previous global conflagration, the First World War. Most historians agree that the focus on punishment and compensation was a mistake. Germany and its allies were to be punished by having them compensate for some of the costs incurred by those who had suffered at their hands. This, the “victors take all” approach, laid the ground for the Second World War.

A lesson had been learnt when the Second World War was about to conclude. This time around, the defeated nations were to be brought into a refashioned political, economic and financial system. The United Nations was to oversee the evolution of the international political system while three institutions were to deal with various aspects of the global economy. The International Monetary Fund would watch over global payments and step in with help if one of the member countries was unable to meet its foreign obligations. The International Bank for Reconstruction and Development, as its name implied, would help with the reconstruction of the economies seriously damaged by the war. It would also work to promote the development of the European colonies in Asia and Africa as they began to...
There is no doubt that if the Fund and the Bank were to be created now – in 2014 – their structure would look very different. They have evolved over time but not to the extent that was warranted. The global economic system has profoundly changed since 1944. China is now the world’s second largest economy, on the way to becoming the largest. It has overtaken Japan and is likely to pass the United States in a year or two.

emerge from colonial domination. The World Trade Organization would regulate international trade and set up a dispute resolution mechanism to handle trade-related conflicts among member nations.

While the IMF and the IBRD (now called the World Bank Group) became operational immediately after the conference at the Bretton Woods concluded their work, it took 50 more years before the WTO could be founded. The Bretton Woods conference also agreed on the mechanisms for funding and managing the institutions. It was easy to decide that the bulk of the capital for the two finance and development institutions would come from the United States, the only country among the victors that still had the economic and financial strength to shore up the global economy.

But other victors such as Britain, France, China and Russia also needed to be rewarded though their economies were left in tatters by the war. A simple formula was devised. Most of the finance would come from the United States while the five victor nations will have a voice in policymaking. This meant the grant of the veto power to the five in the United Nations, and significant voting power to Britain, China and France in the IMF and the World Bank. Russia, then called the Soviet Union, decided not to support the creation of the Fund and the Bank while the Chinese chair in these two institutions was occupied by Taiwan until 1981 when Beijing came in and Taipei went out.

There is no doubt that if the Fund and the Bank were to be created now – in 2014 – their structure would look very different. They have evolved over time but not to the extent that was warranted. The global economic system has profoundly changed since 1944. China is now the world’s second largest economy, on the way to becoming the largest.

Foreign exchange reserves could be another indicator of economic strength. The five largest reserves-holding countries are China, Japan, Saudi Arabia, Switzerland and Russia. The continuous increase in the size of China’s foreign exchange reserves and how the country manages them are two issues that have been receiving a great deal of attention. The country’s reserves rose to just shy of $4 trillion in the first quarter of 2014, about one-half of the world total. Although the composition of the reserve is a tightly held secret in Beijing, the Bank of International Settlement has estimated that some 70 percent is held in the United States’ money market instruments. Investments in the United States are not only in treasury bonds. China is also highly invested in the bonds of such U.S. agencies as the Fannie Mae and Freddie Mac. For the last several years, Beijing has been working on diversifying its foreign holdings. With that mind, it has created a sovereign fund of its own and is one reason why it pushed for the creation of the NDB.

India’s very large financial need for improving its infrastructure also played a role in creating the NDB. It is estimated that it needs one trillion dollars of investment in the next five years. Each of these considerations will be important in influencing the evolution of the NDB and the CRA. But the existing system also needs to be reformed. It is too large and too well-established to be by-passed by a new institutional set up. But tinkering at the margin will not help. If the structure of voting strength in the World Bank, for instance, was to reflect the weighted average of the size of the economy, the size of the population and shares in international trade and foreign reserves, the five largest countries will not be the United States, Japan, Germany, France and the United Kingdom but China, the United States, Japan, Germany and India.

Under the present dispensation the current five have a combined share of 35.8 percent with the U.S. at 15 percent, Japan at 8.1 percent, Germany at 4.6 percent and France and UK at 4.05 percent each. In the revised share-holding, UK and France would drop out to be replaced by China and India. The combined share of the new five could be set at one-third of the total. This arrangement could be revisited every year and the holding of shares revaluated.

The writer is a former finance minister and served as vice-president at the World Bank.

- The Global Competitiveness Report 2014-2015 assesses the competitiveness landscape of 144 economies, providing insight into the drivers of their productivity and prosperity. The report remains the most comprehensive assessment of national competitiveness worldwide, providing a platform for dialogue between government, business and civil society about the actions required to improve economic prosperity. Competitiveness is defined as the set of institutions, policies and factors that determine the level of productivity of a country. The level of productivity, in turn, sets the level of prosperity that can be earned by an economy.

- The different aspects of competitiveness are captured in 12 pillars, which compose the Global Competitiveness Index. The 35th edition emphasizes innovation and skills as the key drivers of economic growth. While these increasingly influence competitiveness and the global economy tentatively recovers from the economic crisis, significant risks remain, resulting from a strained geopolitical situation, rising income inequality and the potential tightening of financial conditions. It is therefore crucial to address these structural challenges to ensure more sustainable and inclusive growth. More than ever, cooperative leadership among business, government and civil society is needed to re-establish sustainable growth and raise living standards throughout the world.
In continuation of our commitment to Building Better Cities, Lafarge Pakistan is well positioned to cater to the construction needs, by offering the best quality products meeting European standards and bringing innovation to the industry. The Company is poised to provide unique solutions for road construction and affordable housing. Lafarge Pakistan is proud of its leadership in Health & Safety standards.
Mark Twain, the American author and humorist, once noted that “everyone talks of the weather but no one does anything about it.” It seems that this iconic quote can be applied, to a large extent, to the global debate about pro-poor economic policies. There has hardly been a week gone by without any conference, seminar or populist announcement by state leaders regarding the alleviation of poverty around the world.

The hyperbole is ever-present in these activities and a long list of things-to-do is circulated, deliberated and discussed. The focus is well-intentioned but the implementation leaves much to be desired. This lack of an inclusive approach has aggravated the global initiative to bring about economic sanity. The dilemma that is still the cause of social and political unrest, big time deprivation and enhanced non-legal actions by people.

Around the world, the election manifestos of political parties proclaim in exuberant terms their priorities if elected to power. The priority is invariably an agenda of poverty alleviation through a number of initiatives and projects. The direct financial cost of these measures is never taken into consideration. Resorting to catchwords and demagoguery is the marketing ploy during electioneering and the hapless crowd eagerly listens and raises full-throated slogans. For them, every election is one step away from deliverance from misery. Reality sets in soon and the gap between the rich and poor further widens.

This narrative is not an isolated perception but is universal and more so in less developed countries. The huge financial resources required to cut down the poverty figures take a heavy toll on governments. Domestic assets are not enough to bring about the attainment of the objectives. Often, the election promises succumb to grandiose projects that are generally not beneficial for the less-privileged and also reflect the utter disregard by the rulers for the nation’s prime imperatives. This also manifests a disdain for social justice, pragmatic welfare of the people and human values.

The access to finance in a country like Pakistan is tragically very limited and directly affects the population, especially the lower tier of income groups. It also discourages micro and small-sized enterprises from expanding or surviving. The unreasonably high financial transaction costs, non-dissemination of credit availability, indefinable incentives, gender discrimination and poorly designed or non-transparent policies are the negative aspects of whatever financial access is currently available. Thus, the lack of prescribed
Seamless Banking in Pakistan:

- In first quarter of 2014, value of branchless banking transaction was Rs 225 billion while volume was 55 million compared to Rs 52 billion and 12 million in first quarter 2012 respectively.
- In first quarter of 2014, the number of retail agents involved in branchless banking transaction was over 115,000 compared to less than 20,000 in first quarter 2012.
- In first quarter of 2014, the number of accounts involved in branchless banking was over 3 million compared to less than 0.75 million in first quarter 2012.
- Adults with an account at a formal financial institution (percentage-wise) in Pakistan, India, South Asia and among lower middle income are 7%, 33%, 31% and 26% respectively in rural areas and 15%, 41%, 38% and 34% respectively in urban areas.
- Adults with an account at a formal financial institution (percentage-wise) in Pakistan, India, South Asia and among lower middle income are 17%, 44%, 41% and 34% respectively among men and 03%, 25%, 25% and 23% respectively among women.

Access to finance impacts the welfare and sustainability of small enterprises as well as low-income households. This is undoubtedly the crux of the matter. The international finance institutions, such as the World Bank, the IMF or the Asian Development Bank are generally castigated for their macro-economic recipes that focus on eliminating subsidies, increasing the rates of essential services like electricity and gas, liberalization of trade, broadening the tax base through value added tax, etc.

However, the pro-poor and universally applicable initiatives undertaken by these IFIs are also noteworthy. This new approach seems to be a visionary paradigm shift and the judicious implementation of these initiatives would bring about the desired enhancement in the quality and standard of living of the dispossessed and deprived populace of the world.

The IMF has developed the use of the Financial Access Survey (FAS) that enables policymakers to map out the dynamics of promoting financial services and regulating and supervising financial institutions. According to the IMF, the FAS is “the sole source of global supply-side data on financial inclusion, encompassing internationally comparable basic indicators of financial access and usage. It provides policymakers and researchers with annual geographic and demographic data on access to basic consumer financial services worldwide.”

The FAS mapping of Pakistan reveals some key indicators regarding access to finance. The charts here from the FAS reveal a very low exposure to commercial banking, especially when there is a growing increase in number of bank branches. It shows that there are only four commercial bank branches for every 100,000 adults. There are less than 14 bank branches in every 1000 square kilometer radius while ATMs are about six for every 100,000 people. Moreover, most of the foreign commercial banks are located in the urban areas and basically the government-owned banks, such as the National Bank of Pakistan or the Zarai Taraqiati Bank Ltd (erstwhile Agriculture Development Bank Ltd), have more exposure in rural areas.

Since most banks have stringent rules and excessive paperwork, the ordinary citizen is usually discouraged from entering the portals of these financial institutions. Furthermore, only about 15 percent of households have deposit accounts or borrow from banks. That is why the savings rate is also very low.

The IFIs can include a substantive package of initiatives in the approved loans given to various nations. For a country like Pakistan, there is a vital need to provide loans on a lower markup for financing of low-cost housing projects across the country. Presently, there is a significant shortage of over nine million housing units in Pakistan and it is increasing every day.

One major reason has been the high cost of construction as well as either the non-availability of land or its exorbitant cost. Thus, housing mortgages for a 25 year tenure at single figure markup rates would attract more people to obtain housing loans and encourage them to move to suburbs or to settlements away from the urban areas. Moreover, an upsurge in housing construction would be beneficial for more than 45 ancillary industries and create abundant jobs. This recipe for economic development in the otherwise shaky business and industrial environment is very much needed in Pakistan.

The scheduled commercial banks are also tapering down their exposure of lending to SMEs. This has gradually become adverse to the growth and proliferation of the SME sector because the burden of cost of capital is beyond their capacity to service their debt obligations. Moreover, the denial of credit by commercial banks also compels many SMEs and MSMEs to obtain sources from the microcredit institutions or informal financiers, albeit at a very high markup rate. This too is another discouragement of easy financial access for those who have less collateral or who are unable to obtain third party guarantees. A glance at the chart here demonstrates this tough situation.

The advent of branchless banking and the use of mobile phones for...
widely banking access has been greatly appreciated by the people as this provides them with alternative banking facilities, is proximity-convenient and does not compel users to maintain bank accounts. In a previous article ‘Mobile Banking: The Fingertip Solution’, this writer emphasized that “the favorable attitude towards mobile banking is a manifestation of consumer financial empowerment. The customers are getting hassle-free service and in close proximity to their home or place of work. The guiding line for service providers is, and should be, that customer behavior is re-defining the ways of conventional banking and that customers are less interested in visiting branches and wasting precious time.”

Among eight Asian countries, the figures of formal financial access for Pakistan are depressingly low. Only 15 million Pakistanis have bank accounts while there are 130 million SIM users across the country. There is formidable scope for promotion of branchless banking in the years to come and this would definitely make a monumental difference in the attitude of people and may also encourage savings at the grassroots level.

Her Majesty Queen Máxima of the Netherlands who was designated as the UN Secretary-General’s Special Advocate for Inclusive Finance for Development, in a speech highlighted the imperative need for providing financial access to those who are denied this due to the conventional rules and customs prevalent in most of the countries. She said, “Financial inclusion means universal access, at a reasonable cost, to a range of financial services, provided by a variety of sound and sustainable institutions. We therefore have advanced from the term “microcredit”, stressing also the importance of savings, mortgages, insurance, payments and remittances. When talking about access to finance around the world, the challenges are huge. Despite some important developments over the past 10 years, over 2 billion people still do not have access to financial services. This means that over 2 billion people lack the tools that will help them generate income, help them to reduce life’s uncertainties, and protect their families from unforeseeable shocks.”

Queen Máxima proposed that “national strategies and visions need to be developed. These strategies need the engagement of governments, the country’s regulators and supervisors, financial institutions (including NGO’s) and even telecom providers or retailers. All of these should work together to increase access to financial services.”

The Washington-based Center for Global Development (CGD) constituted a task force in June 2008 of leading experts from around the world - including Dr. Ishrat Hussain, the former governor of the State Bank of Pakistan - to identify the key principles that initiatives and programs for improving access to finance need to meet to be considered sound and successful.

According to Nancy Birdsall, President of CGD, the Task Force deliberated on “ten principles to deal with three issues: (1) expanding financial access, including best practices for stimulating informed demand as well as for adequate competition among suppliers; (2) regulation of financial service providers, and (3) avoiding distortions when public resources are used to provide financial services.”

Ms. Birdsall added that “in the spirit of CGD’s goal of generating ideas to support efforts by developed countries to improve the wellbeing of the majority of the poor and near poor in the developing world, we also hope that the principles will be useful to donors and bilateral and multilateral organizations that play a key role in designing, advocating, and in a number of cases, financially supporting relevant policy initiatives for improving financial access.”

The non-availability of the desired financial products, high capital cost, low rate of return on savings accounts, lack of proper knowledge about financing, low literacy level especially in rural areas, and the narrow base of consumer credit, etc., have all been critical factors in structuring financial access for guidelines. The system of exorbitant rates of usury by loan sharks, the proliferation of Ponzi-type scams, the misuse of credit facilities, the evolution of unregulated financial predators and the expensive inputs of raw material or unaffordable land prices are also some debilitating factors which take advantage of available financial products and initiatives.

CGD notes that “access to finance is about who gets offered what products at what price. Limited access to financial services reduces welfare, increases instability as the poor seek to develop their own means of informal access. Access for low-income households (or individuals) and small firms is more limited than it should be because of information frictions, distorted incentives and, above all, disproportionately high transaction costs. Some of these can be alleviated through policy actions and some may be worsened by side-effects of poorly designed policy.”

The onus lies on the governments and the central banks to work out pragmatic financial access policies in consultation with domestic financial institutions as well as trade and industry representatives. Continued apathy would be an anathema to the welfare and prosperity of the nations. The IFIs and recognized think tanks can activate the spur mode that would enable governments and financial institutions to revolutionize their commitments to the people and provide them affordable access to finance. Edward Osborne Wilson, the American biologist who is known as the Father of Sociobiology, remarked that “the great challenge of the twenty first century is to raise people everywhere to a decent standard of living while preserving as much of the rest of life as possible.”

The writer is former president of the Karachi Chamber of Commerce and Industry.
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The Unbalanced Equation

More than one billion people still live in deep poverty despite today’s better resources and technology.

By Shabbir H. Kazmi

The prime purpose behind the creation of multilateral financial institutions was reconstruction in the aftermath of World War II by providing funds and technical assistance to war-affected countries. The objective for the creation of the International Bank for Reconstruction and Development (IBRD) – the original institution of the World Bank Group – was to reduce poverty in middle-income and creditworthy poor countries by promoting sustainable development through loans, guarantees, risk management products and analytical and advisory services.

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the ordinary sense as it enjoys partnership with almost every country for reducing poverty and support development. The World Bank Group comprises five institutions which are: 1) International Bank for Reconstruction and Development, 2) International Development Association (IDA), 3) International Finance Corporation (IFC), 4) Multilateral Investment Guarantee Agency (MEDA) and 5) International Centre for Settlement of Investment Disputes (ISID). Together, the IBRD and the IDA make up the World Bank.

The World Bank Group has set two goals to be achieved by 2030: to end extreme poverty by decreasing the percentage of people living on less than US$1.25 a day to no more than 3 percent and to promote shared prosperity by fostering the income growth of the bottom 40 percent of every country. However, the real concern is that although poverty has declined rapidly over the past three decades – even according to the World Bank itself – humanity continues to face urgent and complex challenges. More than one billion people still live in deep poverty, a state of affairs that is morally unacceptable given the resources and technology available today. At the same time, rising inequality and social exclusion seems to accompany rising prosperity in many countries. Under these circumstances, the World Bank’s overarching mission of a world free of poverty is as relevant today as it has ever been.

The International Monetary Fund (IMF) is also an organization of 188 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth and reduce poverty around the world. The IMF was conceived in July 1944, when representatives of 45 countries agreed on a framework for international economic cooperation to be established after the Second World War. They believed that such a framework was necessary to avoid a repetition of the disastrous economic policies that had contributed to the Great Depression. The IMF came into formal existence in December 1945, when its first 29 member countries signed its Articles of Agreement. It began operations on March 1, 1947. Later that year, France became the first country to borrow from the IMF.

The IMF has played a part in shaping the global economy since the end of World War II. Broadly speaking, its history can be divided into the long years of cooperation and reconstruction (1944-71), the end of the Bretton Woods System starting in 1972–81, the debt and painful reforms (1982–89), the societal change for Eastern Europe and Asian upheaval (1990–2004) and globalization and the crisis that started in 2005, which continues till today.

The job of rebuilding national economies began at the end of the Second World War. The IMF was assigned the responsibility for overseeing the international monetary system to ensure exchange rate stability and encourage members to eliminate exchange restrictions that hinder trade. During the Great Depression of the 1930s, countries raised barriers to foreign trade, devaluing their currencies to compete against each
other for export markets and curtailing their citizens' freedom to hold foreign exchange. These attempts proved self-defeating. World trade declined sharply while employment and living standards plummeted in many countries.

The breakdown in international monetary cooperation led the IMF’s founders to plan an institution charged with overseeing the international monetary system – the system of exchange rates and international payments that enables countries and their citizens to buy goods and services from each other. The new global entity was assigned the mandate to ensure exchange rate stability and encourage its member countries to eliminate exchange restrictions that hindered trade.

The countries that joined the IMF between 1945 and 1971 agreed to keep their exchange rates (the value of their currencies in terms of the U.S. dollar and, in the case of the United States, the value of the dollar in terms of gold) pegged at rates that could be adjusted only to correct a “fundamental disequilibrium” in the balance of payments, and only with the IMF’s agreement. This system, known as the Bretton Woods system, prevailed until 1971, when the U.S. government suspended the convertibility of the dollar (and dollar reserves held by other governments) into gold.

In August 1971, U.S. President Richard Nixon announced the “temporary” suspension of the dollar’s convertibility into gold. While the dollar had struggled throughout the 1960s within the parity established at Bretton Woods, this crisis marked the breakdown of the system. An attempt to revive the fixed exchange rates failed, and by March 1973, all major currencies began to float against each other. Since the collapse of the Bretton Woods system, IMF members are free to choose any form of exchange arrangement they wish (except pegging their currency to gold): allowing the currency to float freely, pegging it to another currency or a basket of currencies, adopting the currency of another country, participating in a currency bloc or forming a part of a monetary union.

The IMF responded to the crisis emerging from the oil price shock of the 1970s by adapting its lending instruments. To help oil importers deal with the anticipated current account deficits and inflation in the face of higher oil prices, it set up the first of two oil facilities. From the mid-1970s, the IMF respond to the balance of payments difficulties confronting many of the world’s poorest countries by providing concessional financing through what was known as the Trust Fund. In March 1986, the IMF created a new concessional loan program called the Structural Adjustment Facility. The SAF was succeeded by the Enhanced Structural Adjustment Facility in December 1987.

The fall of the Berlin Wall in 1989 and the dissolution of the Soviet Union in 1991 enabled the IMF to become a (nearly) universal institution. In three years, membership increased from 152 countries to 172. The IMF played a central role in helping the countries of the former Soviet bloc in their transition from central planning.
There were signs that new challenges for the IMF were waiting just around the corner. For the first time in its history, the IMF had borrowed from the IMF and other donors to repay money they had previously thought they could pay back. The current credit crisis and the failure of the financial system are still not entirely resolved. The rise of capital flows for economic policy was tripled to around U.S.$750 billion. To use those funds effectively, the IMF had to disburse very large sums quickly, based on the needs of borrowing countries and not tightly constrained by quotas, as in the past.

If one reviews the stated objectives and actual performance of the IMF, there is a wide difference. This disparity could be attributed to the fact that the IMF had no experience in dealing with the Asian crisis. The IMF had to adjust its response to future events. First, it realized that it would have to pay more attention to weaknesses in the banking sector of different countries. In 1999, the IMF – together with the World Bank – launched the Financial Sector Assessment Program and began conducting national assessments on a voluntary basis. Second, the IMF realized that the institutional prerequisites for a successful liberalization of international capital flows were more daunting than it had previously thought. Along with the economics profession generally, the IMF had to adjust its enthusiasm for capital account liberalization. Third, the severity of the contraction in economic activity that accompanied the Asian crisis necessitated a re-evaluation of how fiscal policy should be adjusted when a crisis was precipitated by a sudden stop in financial inflows.

The implications of the continued rise of capital flows for economic policy and the stability of the international financial system are still not entirely clear. The current credit crisis and the food and oil price shock are clear signs that new challenges for the IMF are waiting just around the corner. For a long time international capital flows fueled a global expansion that enabled many countries to repay money they had borrowed from the IMF and other official creditors and to accumulate foreign exchange reserves.

The founders of the Bretton Woods system had taken it for granted that private capital flows would never again resume the prominent role they had in the 19th and early 20th century and the IMF had traditionally lent to members facing current account difficulties. The latest global crisis uncovered fragility in the advanced financial markets that soon led to the worst global downturn since the Great Depression. Suddenly, the IMF was inundated with requests for standby arrangements and other forms of financial and policy support.

With broad support from creditor countries, the Fund's lending capacity was tripled to around U.S.$750 billion. To use those funds effectively, the IMF had to adjust its response to future events. First, it realized that it would have to pay more attention to weaknesses in the banking sector of different countries. In 1999, the IMF – together with the World Bank – launched the Financial Sector Assessment Program and began conducting national assessments on a voluntary basis. Second, the IMF realized that the institutional prerequisites for a successful liberalization of international capital flows were more daunting than it had previously thought. Along with the economics profession generally, the IMF dampened its enthusiasm for capital account liberalization. Third, the severity of the contraction in economic activity that accompanied the Asian crisis necessitated a re-evaluation of how fiscal policy should be adjusted when a crisis was precipitated by a sudden stop in financial inflows.

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If one reviews the stated objectives and actual performance of the IMF, there is a wide difference. This disparity could be attributed to changing foreign policy objectives of the developed nations and their desire to control the global economy and productive resources, particularly energy resources. This could be best understood if one examines the prevailing situation in South Asia, Middle East and North Africa (MENA) in the aftermath of 9/11, especially attacks on Afghanistan and Iraq with the consent of the UN. The recent agreement arrived by 5+1 developed countries with Iran created hopes for easing tensions but the disputes remain there.

To understand the role played by the World Bank and the International Monetary Fund (IMF) with specific reference to Pakistan, which has remained the focus of the U.S. foreign policy starting from the Cold War era to the ongoing war on terror being fought in Afghanistan for more than a decade, one has to consider a few important points.

The developed countries that talk about promotion of democracy and at times participate in ‘regime change’ exercises supported two military rulers General Zia-ul-Haq and General Pervez Musharraf in Pakistan. The country was facing economic sanctions at the time Pervez Musharraf dismissed the elected government of Nawaz Sharif.

As the UN approved the NATO attacks on Afghanistan, Pakistan was assigned the role of a ‘frontline partner in the war on terror’ and most of the sanctions were removed. It was not surprising because the jihad in Afghanistan was fought from Pakistan with the help of religious parties that had been fighting the Pakistan government for decades is Iran. The bottom line is that the United States and its allies had supported the fight against the Taliban.

Another military ruler Field Marshal Mohammad Ayub Khan ruled Pakistan for nearly ten years and celebrated ‘the decade of reforms’ because during his regime almost all the multilateral donors extended aid, grants and soft-term loans to Pakistan. In that period, Pakistan’s GDP size and its growth rate was even better than some of the most prosperous countries.

Against that time, the 1990s is often termed as the lost decade because Pakistan went through the worst economic crisis during this period. Each elected government of Benazir Bhutto and Nawaz Sharif was dismissed twice. These dismissals refreshed the memories of the dismissal of Zulfikar Ali Bhutto’s government in the 1970s and his subsequent hanging. During the rule of Zulfikar Ali Bhutto, the Muslim world witnessed the rise of the Organization of Islamic Conference, which was not approved and two of its founders, King Faisal of Saudi Arabia and Zulfikar Ali Bhutto met unfortunate deaths.

This raised the suspicion that the global and regional superpowers certainly didn’t approve of the emergence of new economic powers, particularly in South Asia, the Arabian Peninsula and North Africa. Yet another victim that has been enduring economic sanctions for the last three decades is Iran. The bottom line is that financial assistance is driven by the foreign policy of the global and regional superpowers.

The writer is an economic analyst. He writes for various local and foreign publications.
SAARC is an Association of eight South Asian nations that was established in 1985 to promote the spirit of friendship, trust and understanding between the peoples of the region so that they could share mutual benefits with each other.

How far has SAARC succeeded in achieving its goals and what are the barriers in its path?

The Southasia Cover Story for November is titled ‘SAARC - Distant Dreams.’ It focuses on the track-record of SAARC so far and the pitfalls it faces.

SouthAsia Magazine is a regional political and economic monthly that offers thought-provoking analyses of the political and economic situation in South Asia. It is also a winner of the U.S. Genesis Award. While presenting the award, the famous British actor Steve Valentine described SouthAsia as “the equivalent of Time Magazine in Pakistan.”

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Perhaps there is more at stake if Nawaz Sharif resigns than his just losing the position of Prime Minister. It could possibly mean the end of the political line for him and his party. It could also lead to the opening of a new Pandora’s Box exposing the enormous excesses and corruption that the PPP leaders perpetrated in their tenure before passing on the baton to Nawaz Sharif and the PML (N). As they say, public memory in Pakistan is too short but it was not very long ago that in the run-up to the 2013 elections, Shabbaz Sharif talked about how the Zardari government had looted the nation and how they would ‘drag’ these corrupt people in the streets when they came to power. Now Nawaz Sharif personally receives him drives the car when Asif Zardari comes visiting him at Jati Umra in Raiwind.

It is obvious that while the PML-N is the government party and the PPP the opposition, they both have a close relationship, something akin to that of a ‘tyre and tube,’ wherein both cannot survive without each other. If the tyre is ruptured, the tube cannot survive and if the tube is damaged, the tyre cannot run on its own.

The dharnas of Imran Khan and Dr. Tahirul Qadri and the large public meetings that PTI has held in the large cities have further built up the political personae of both men and have established them as political leaders in their own right. Imran Khan is an elected member of the National Assembly (though he has now resigned his seat) but Dr. Qadri is not even a part of the electoral process. Nawaz Sharif and his coalition partners may be in power but it has become increasingly evident that they are fighting with their backs to the wall and the government is becoming increasingly unpopular.

The slogans of ‘Go Nawaz Go’ have been regularly chanted at the dharnas in Islamabad, Karachi and Lahore. The Prime Minister was also greeted with the slogan during his tours of flood-affected areas in the Punjab and Kashmir. In fact, the slogan has gained such popularity that a song has also been composed on the slogan in the ‘Ho Jamalo’ tune. PML men constantly face shouts of ‘Go Nawaz Go’ wherever he goes. Now Nawaz Sharif personally receives him drives the car when Asif Zardari comes visiting him at Jati Umra in Raiwind.

Nawaz Sharif faces the prospect of being reduced to becoming the Prime Minister of Islamabad’s Red Zone only but he refuses to read the writing on the wall. One cannot agree more with the general consensus that what Pakistan faces today in terms of erosion of Nawaz Sharif’s writ as prime minister is primarily due to the overall lack of interest of the ruling party in the country’s myriad problems and its lack of vision beyond central and northern Punjab where all the funds are being spent.

The level of nepotism exercised by the Sharif brothers in conducting affairs of the state and government has also reached unprecedented levels. Punjab Chief Minister Shabbaz Sharif and the sons of both Nawaz and Shabbaz Sharif have been going on foreign state junkets to primarily negotiate business deals. In the context of floods in the Punjab, local administrations have been instructed to go out of their way and save sugar mills owned by Nawaz Sharif and his party as to which way the wind is blowing.

But with all the negative public sentiment surrounding him and the day in and day out anti-Nawaz utterances of Imran Khan and Tahirul Qadri, the Prime Minister still does not seem to budge. Imran Khan has continuously bandied forth his 6 points, one of which calls for the resignation of Nawaz Sharif. Talks between the government and dharna teams even claimed to have reached agreement on 5-1/2 points but the government team was just not willing to accept the last half point concerning the exit of the Prime Minister.

Nawaz Sharif faces the prospect of being reduced to becoming the Prime Minister of Islamabad’s Red Zone only but he and his ruling coterie continue to be extremely adamant and simply refuse to read the writing on the wall. One cannot agree more with the general consensus that what Pakistan faces today in terms of erosion of Nawaz Sharif’s writ as prime minister is primarily due to the overall lack of interest of the ruling party in the country’s myriad problems and its lack of vision beyond central and northern Punjab where all the funds are being spent.

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By Syed Jawaid Iqbal
the ruling party while ignoring rich agricultural land owned by other farmers. Added to this is the political arrogance of the ruling junta and the phenomenon of doing 'too little too late'. The PML-N leadership certainly understands the pitfalls but seems to be ignorant of the people's problems. It is not doing what it should do under the current political scenario and though it well understands the future public reaction to its present intransigence, it is simply not taking any steps to correct the situation.

Perhaps the thought foremost on the minds of the ruling party is that by tendering his resignation, the Prime Minister would have accepted by default that rigging did take place in the May 2013 general elections. This is one of the main points among the six that Imran Khan has put forward – namely, the occurrence of massive and systemic election rigging. He has been asking for electoral reforms and reconstitution of the Election Commission. But by not accepting the demand for the Prime Minister's resignation, the government's negotiating team has brought to naught the other 5-1/2 points that they claim to have accepted.

In his decision, the Prime Minister is obviously advised by the hardliners in his Cabinet not to be cowed down into a resignation at any cost because the PML-N's unceremonious exit at this juncture would sound a death knell for the party's political future. If Nawaz Sharif resigns, it will become very difficult for him and his party colleagues to face their constituencies because the people who voted for them in 2013 for a 5 year term wouldn't want their candidates to be shunted out of the assemblies so soon and face a possible mid-term election. If the PML-N is weakened, it would be exploited by such parties as the PPP and the PML-N would be back to square one.

On the other hand, if the dharnas led by Imran Khan and Tahirul Qadri continue any longer, the Prime Minister will be forced into taking some action to re-establish the government's writ and, to do that, he will have to use force and perhaps even arrest Imran Khan and Dr. Qadri. If he does that, a wave of antagonism will sweep through the country and this would, in turn, lead to a major law and order situation, driving the government to take coercive action. If that happens, a good portion of the opposition parties, such as the MQM, Jamaat e Islami, etc., which have so far stood on the sidelines will show their clear opposition to Nawaz Sharif and Co. He will then become further isolated. If a few people are also killed as a result of the government exercising force on the PTI and PAT, it may drive the armed forces to act in favour of the army in the "greater national interest."

In this scenario the government would have to finally go. However, in the event that Nawaz Sharif is shown the door through an active nexus between the armed forces and the judiciary, the action may be exploited by the PML (N) in the next elections to present itself as a party that had again been 'wronged', that the establishment did not allow it to complete its full term. It would recall the circumstances under which it was driven out of power both in 1993 and 1999 and made ‘political martyrs' by the establishment. They would claim that while they were running the government properly and taking the country to new heights of progress, they were again 'forced' to quit.

One important element that continues to remain a bone of contention between the Nawaz Sharif government and the armed forces is the case of General Pervez Musharraf. Nawaz Sharif has renegoted on his earlier commitment at the behest of hawks in his party and has not facilitated Pervez Musharraf to leave the country, The fact is that he has not been well-advised to let the Musharraf case linger. It seems most likely that the Sharif government is not inclined to withdraw Pervez Musharraf's name from the ECL (Exit Control List) because they do not want to take the blame of letting a "dictator" off the hook. It may sound suicidal but they somehow want to force the army once again to force Nawaz Sharif to resign – and then project themselves as the ‘wronged’ party.

But sooner or later, Nawaz Sharif will have to go. As Mir Anis said,

Dil ka jana teher gaya hai.
Subh gaya ke shaam gaya.

(It is certain that I am about to die. Now it is simply a matter of time)

The writer is the Editor-in-Chief of SouthAsia Magazine. He is also the Founding Chairman of Moderates - a private sector think tank committed to strengthening tolerance, interfaith harmony and democracy.
Together the Imran Khan made ‘political calamity’ and the natural calamity – floods – have taken a heavy toll on the people of Pakistan. The country’s economy is going downhill and the people are suffering. They are tired, exhausted and tense. Tired of the political deadlock that does not seem to end; exhausted because despite huge promises, democracy has failed to deliver in Pakistan and tense because not many are sure what the future holds for them. In the coming days when the floods and the brewing political crisis in Islamabad will have reached their apogee, it will be time to ascertain the enormity of the economic cost.

Are the politicians on a mission to destroy the country’s economy? It seems so. The visits of the heads of states of Sri Lanka, the Maldives and China were cancelled due political unrest, which also forced an IMF delegation to postpone its visit. It is feared that the organization might delay the release of a tranche of $550 million to Pakistan.

Imran Khan has already warned the IMF and other financial institutions not to lend any money to the Nawaz government. He claimed that when – and if – the PTI government would come to power, it would not return the borrowed money. The World Bank is also apprehensive about its country partnership strategy with Pakistan worth $11 billion. Announced in April 2014, the program is structured to help achieve the twin goals of ‘poverty reduction and shared prosperity’. Already struggling under grave security threats, is it wise to create roadblocks that can bring the economy to its knees?

Imran Khan tried to use some ‘economic weapons’ to weaken the government. He exhorted the Pakistani expatriates to send their money through hundi and urged the local masses to observe civil disobedience. Instead of weakening the government, these demands have the potential to damage the state, especially at a time when political uncertainty has already to the protestors, and the picture becomes even grimmer. Exports have slowed down and the import of raw materials has declined. Economic experts believe that the continuity of this trend will put further strain on the country’s fragile economy.

The cancellation of the visit of the

The Road to Nowhere

The economic opportunities that knock at Pakistan’s door today will be lost if the country remains internally destabilized.

By Muhammad Ali Ehsan
welcomed the Chinese guest. A Pew survey conducted earlier this year in India had shown that 56 percent of the Indians considered China as their number one threat. Yet, the long term Sino-Indian rivalry was set aside by the government of Prime Minister Narendra Modi to boost economic ties.

The Indians are moving ahead to forge a new relationship with China, acting on the agenda of promoting economic prosperity.

On the contrary, Pakistan’s relationship with India has been permanently marred by the Kashmir dispute, terrorism charges and skirmishes across the Line of Control. The last PML-N government that tried to apply a similar Sino-Indian framework of relationship to India-Pakistan relations ended up paying a huge political price. This left many wondering whether a civilian government in Pakistan has the political freedom and authority to formulate and execute a foreign policy agenda not consistent with the foreign policy proposed by the military.

Can any civilian government in Pakistan attempt to change the matrix of Indo-Pak relations without annoying the army? Pakistan can receive economic and military aid from China, its time-tested friend, yet it will not move forward on the road of economic prosperity unless it repairs and mends its relationship with India.

Another significant roadblock to Pakistan’s economic progress is the element of corruption. Without an across the board accountability and anti-corruption mechanism, economic progress can never take place. An earnest effort is also required to initiate judicial reforms in the country so that laws can be applied to all citizens without any fear or favor.

One thing is certain – Pakistan is at a critical juncture of its history. It cannot afford the continuity of the politics of agitation and violence. This will spell economic doom for the country. The economic opportunities that knock at Pakistan’s door today will be lost if the country remains internally destabilized.

Never mind the ‘utopian land’ promised by the protesting leaders, a great fear is that those who may lose power as a result of the politics of protest may try to seek it back through similar means. If this happens, it is likely that the state will fall victim to absolute anarchism and it will become difficult to make any recovery – least of all economic.

The writer is a retired lieutenant colonel of the Pakistan Army. He is currently pursuing a Ph.D in civil-military relations.
When radical groups take a respite from denouncing democracy in Pakistan for being anti-Islamic, the champions of democracy themselves start striking feverishly at its roots. The joint sit-ins by the Pakistan Tehreek-e-Insaf and the Pakistan Awami Tehreek are a case in point.

It is a miracle that there is an elected government in place for six years at a stretch because no elected government

Dharna and After

Irrespective of what they have achieved, Imran Khan and Tahirul Qadri have definitely introduced a new method of political agitation in Pakistan.

By S.G. Jilanee
since Z.A. Bhutto ever lasted for more than a few years. Benazir Bhutto had two stints of approximately two and three years respectively. Nawaz Sharif also became prime minister twice in the past – once from 1990 to 1993 and then in 1997 to 1999. This is his third term as prime minister.

But Nawaz Sharif is an elected prime minister with an autocratic streak. He is the Bholu pahalwan of Pakistan’s politics, always spoiling for a bout. He cannot countenance any soul that dares to look him in the eyes. His past encounters have been with presidents, judges as well as generals.

Soon after he was sworn in for the first time, he fell out with President Ghulam Ishaq Khan. He took the fight even to the TV screen until General Karak sent both packing. During the second term, he quarreled with President Farooq Leghari and successfully pushed the latter out. This was the period that also witnessed the quiet ouster of the army chief, Gen. Jehangir Karamat and Chief Justice Sajjad Ali Shah. But he missed his step in dealing with Pervez Musharraf and was toppled.

Nawaz Sharif and his brother Shahbaz Sharif run the affairs of government like a family enterprise. Sons, daughters, in-laws and even distant relatives are given cushy jobs. Shahbaz is his elder brother’s alter ego. Nawaz sits like a sphinx, tight-lipped, expressionless and inscrutable. Shahbaz reads his mind and acts. For example, when Chief Justice Sajjad Ali Shah took up a case against Nawaz Sharif, all he needed to do was express his deep frustration like King Henry II of England against the Archbishop of Canterbury, Thomas Becket. And pronto Shahbaz sent goons to raid the court and chase the chief justice out of the building to rid Nawaz of the “turbulent judge,” as Henry II was rid of his “turbulent priest.”

This time, with a simple majority in the House, Nawaz Sharif began flying high from day one. Shahbaz, as chief minister of Punjab, also became an absolute monarch but with democratic trappings. Grand development programs, including overpasses, underpasses and metro bus schemes, were launched in Punjab, because that is the province that sustains the government. With Punjab’s solid support he would not need votes from any other province.

Nawaz also went after his nemesis, Pervez Musharraf, prosecuting him for high treason, but not for overthrowing his legitimate government. Instead, Musharraf was charged with the crime of declaring emergency in 2003. In their hubris, however, both brothers missed certain basic principles of democracy and the rule of law. Thus, in June 2014, Shahbaz’s police mowed down 14 and wounded another 30 workers of Dr. Tahirul Qadri’s Pakistan Awami Tehreek in Lahore. Their offence: resisting a sudden police raid to remove the barricades erected for security in front of the Minhalaj Quran office. Yet, the police refused to register the FIR because the complainant had sought to incriminate the Sharif brothers among others. This stark impunity drove the Pakistani-Canadian cleric to organize an inqilab march to Islamabad.

At the same time, Pakistan’s cricket legend-turned-politician, Imran Khan had been fuming at the alleged rigging in a number of constituencies during the May 2013 elections that catapulted Nawaz Sharif to power. He had knocked at every relevant door to have the ballots recounted in the disputed constituencies. After failing to get justice, he too decided to lead a march to Islamabad, calling it the azadi march.

More by coincidence than design, both marches with thousands of people – men and women, old and young, even babies in arms – started on August 14 and converged in the capital.

Many days passed and several sessions of negotiations were held between the government and the protesters, either directly between the two sides or with the help of mediators from other political parties. But the result was zilch. Khan stuck to his demand for Nawaz Sharif’s resignation or at least his stepping aside for one month to allow a neutral probe into the complaint about rigging.

But Nawaz refused to oblige. His position was bolstered by full support from the legislature, besides the Supreme Court and especially the heavy dose of adrenaline injected by Washington, which threatened with sanctions in case Nawaz was toppled. Even the army, towards which the dharna leaders looked as the “third umpire” to raise his finger against the prime minister, was forced to come out with a clear disclaimer, asserting that whatever was going on was a political dispute and should be sorted out by the political leaders.

Meanwhile, understandably, the dharna lost its momentum. Firstly, a “peaceful agitation” is an oxymoron, because, agitation, by virtue of its very nature is opposed to calm. So long it was sustained by slogan-raising, hot speeches and music. But people cannot participate in a dharna for an indefinite period leaving their homes and vocations. The problem was further complicated by the presence of women and children. Signs of the onset of fatigue were therefore evident.

Once, when the Pakistan Television building was raided and there was police action, things had begun to look like moving. But peace settled again. Unless there was “action” the dharnas would peter out. Only oratory, however fiery and angry gesticulations day after day, cannot sustain the mood.

It was felt that the deadlock must be broken. There were whispers of the protesting duo stirring some “firework” to provoke the government to react with a heavy hand. The resultant casualties would revive the sagging tempo of the protest and infuse them with new ardor. Some indications of such a scenario were offered by the arrest of a few PTI workers and occasional scuffles with the police, for which a criminal case has been filed against Khan.

The other alternative was for Qadri and Khan to drop the demand for Nawaz’s resignation if the government accepts the other demands like recount of ballots in the constituencies challenged by Khan and registering the complainant’s version of the FIR about the killing of PAT workers.

What the dharna definitely achieved was jolting Nawaz Sharif out of his slumber. It is expected that he will be a changed man and the change should be noticeable. The cancellation of the visits of the Chinese and Sri Lankan presidents should teach the nation a lesson that Pakistan needs good governance. It is more important for the rulers to take heed.

The writer is a senior political analyst and former editor of Southasia Magazine.
Pakistan has been facing an acute power crisis and its multiplier effects on the economy for the last decade or so. The problem has been extensively debated and many options to overcome it have been presented by experts at the private as well as government level. While suggesting solutions, one needs to keep in view factors such as affordability (costing and pricing) and availability of resources. There are no quick fixes but there surely are ways to solve the problem relatively quickly.

The quantum of the issue is such – for example, the demand-supply deficit is 6000-7000 MWs and growing – that the solution should address this adequately.

Alternative fuels, such as those obtained from wind, solar or waste material as well as run-of-the-river projects, can be the supplementary means to addressing this large gap but they can’t possibly be the main sources. These fuels essentially offer long-term solutions (12 years and beyond) and will always be limited in scale due to their capacity utilization and technology.

The viability and cost-effectiveness of other alternative methods can be discussed at length but this article will focus on solar energy.

There has been a considerable debate about solar energy being the solution to the power crisis but there are three main impediments to the use of solar energy. Firstly, it can’t be used on a large-scale basis as only a limited supply is possible to the grid. Secondly, the capacity utilization is very low – below 40 percent against the
over 80 percent in the case of energy produced from gas and coal. Thirdly, this is a very expensive solution in the medium to immediate long term. For example, the tariff of solar energy after 12 years is estimated at 17-18 cents which means that it can go beyond 22 cents in the initial years.

The dynamics of other alternative fuels can also be seen in a similar context with slight variations in numbers. However, solar energy is indeed a fantastic off-grid solution for small-scale use such as for domestic geysers, tube-wells, street lights, schools, colleges, etc. – basically for all the places where electricity utilization is at peak during the day or is limited to a few hours since high-capacity batteries are not reliable. Solar energy may be a good solution for the upper and the upper-middle class households as well, given that it requires high investment costs initially plus constant upkeep of wiring and appliances.

That essentially leaves coal, natural gas and water as the most viable options for electricity production on a large scale. Pakistan is blessed to have these resources in abundance, which can very well be the main fuels for now and for the future. Contrary to the popular belief about coal and natural gas, they are the most viable fuels to address the power crisis in the quickest possible way at the most affordable rates. The typical lead time for setting up a coal-based power plant is 4-5 years, while a gas-based power project could be converted to coal in 9-12 months or even earlier on an already functioning coal mine. In contrast, the time required to build a medium-sized dam is 7-10 years.

The conversion of the existing residual fuel oil-based power plants to coal may be another quick solution to the problem as it requires a gestation period of 15-18 months and can produce 3000-3500 MWs electricity.

Of the total estimated explored and unexplored gas reserves in Pakistan – over 66 trillion cubic feet – the explored reserves are said to be 29 trillion cubic feet while our annual utilization is 4 BCF. The unexplored reserves are estimated to be in the vicinity of 37 trillion cubic feet. This is pretty sizeable while we also have huge opportunities offshore. Then there is shale gas which is an expensive source of exploration and must be taken up at a later stage.

The availability of natural gas reserves can easily address the current deficit. It can also contribute substantially towards the future energy needs through rationing of the existing resources and better exploration and production activities.

The existing rationing of the supply of natural gas to CNG users and subsidized industries like fertilizer plants could itself take care of the existing power deficit to a large extent. A complete diversion is neither possible nor practical. However, progress has been made in this direction – and more is desired – by withdrawing subsidies gradually and encouraging gas-based industries to switch completely to fuels like LNG over the next three years.

Another area which needs rationing is domestic consumption of natural gas (the second largest user of natural gas – above 18 percent). This segment needs to be diverted away from natural gas, particularly for domestic heating. The upcoming real estate projects should not be allocated gas or electricity. They need to find their own power generation solutions, ideally through solar or, wherever possible, wind sources. Solar-run domestic heating initiatives should be made mandatory with fiscal benefits – in the form of tax and credit concessions – to encourage the use of solar sources as fuel.

Additional production of domestic gas is also a way to reduce the deficit and the cost of power generation. The indicative supply curve for domestic gas in Pakistan shows that 85 percent of domestic gas costs Pakistan less than $5 per mmmbtu. On the other hand, the cost of RFO and LNG is about three times this level. The Weighted Average Cost of Gas (WACOG) for domestic gas is in the range of $3.2 per mmmbtu which is why Pakistan is able to have such a low retail price of gas. The WACOG level also indicates that the price of domestic gas is quite low in Pakistan despite the fact that not all of the country’s gas potential has been realized yet. Therefore, it is critical that Pakistan gives higher priority to further domestic gas production.

Exploration and production activities have been lackluster in the last few years largely due to security concerns in the territories rich in oil and gas, as well as unattractive well-head prices. The Petroleum Policy 2012 offers prices which are considered adequate by the E&P sector and also allow E&P companies to apply those prices to their existing fields. This can bring fresh investment to the upstream gas sector and, if guided carefully, more gas can be brought into the system in the coming months. Even if the domestic gas is priced at $6 per mmmbtu as proposed under the 2012 Policy, it will be much cheaper than any imported fuel which costs the country $20 per mmmbtu. This would mean that electricity will be available to the consumer at an estimated cost of Rs.8 per kwh which is more than half of the current tariff.

Hence, this becomes the most viable solution to the problem, both in terms of affordability and availability in the shortest possible time. This may require distribution infrastructure for connecting power plants to the grid, which could be achieved within a few years.

However, this solution is to address the immediate power shortages for which the estimated timeline is 1 to 3 years. For the medium term (4-6 years), coal, particularly locally mined, is the best solution. For the long term (7 year and beyond), hydropower projects should be initiated. To achieve a proper fuel-mix, alternative fuels to the extent of, say, one-fourth of the total mix are essential from the long-term energy security perspective. These proposals call for a consolidated energy ministry by merging the Ministry of Water and Power with the Ministry of Petroleum and Natural Resources.

However, these proposals are just one side of the equation to achieve the most affordable and sustainable energy supply. The solution to the second side of the equation – transmission and distribution – is equally important and will be discussed in this space in due course.

The writer is a founding partner of Burj Capital, an energy sector private equity and advisory company.
For quite some time, India has been one of the fastest growing economies of the world. Between 2004 and 2011, the economic output grew on an average of more than 8 percent a year. In 2012, the growth rate fell to 4.5 percent before increasing marginally to 4.7 percent in 2013. For the current year and 2015, the Indian economy is projected to expand by 5.5 and 6.3 percent, respectively.

Notwithstanding the economic growth, India remains mired in poverty and backwardness. More than 69 percent of the population (842 million) earns less than $2 a day. The per capita income is only about $1400, making India barely a lower middle income country.

Two key indicators of a country’s economic performance are the Global Competitiveness Index (GCI) and the Human Development Index (HDI). On both indices, India’s ranking is low: 56th out of 142 countries on the GCI and 135th out of 187 nations on the HDI. On the HDI, India fares

A Challenging Model

Would Narendra Modi be as good as his word?

By Hussain H. Zaidi

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better than only Pakistan (146th) and Bangladesh (142nd) among South Asian countries.

India is also trapped in an economic dualism: a highly developed, capital intensive urban sector co-existing with a much larger backward, labor intensive rural sector. Such indicators bring out that there is something fundamentally flawed with the Indian economy as well as its growth strategy.

Hence, when it comes to shaping up the economy, the challenge for the Modi government is two-fold: one, to significantly push up and maintain the growth momentum; two, to ensure that the economic expansion is broad-based – that is, the benefits of the economic expansion are not restricted to the urban middle class. This is possible only if New Delhi invests heavily in human resource development, which will require it to revisit its growth strategy. Can the new government do it?

Premier Modi has the reputation of being a sound economic manager. As the longest serving chief minister of Gujarat (2001-2014), he presided over a remarkable industrial expansion of the state. Under his government, Gujarat became one of the most attractive investment destinations in the country.

What is referred to as the Modi growth model is geared towards creating an enabling environment for promotion of businesses. The model provides for strengthening the role of the market in resource allocation, removing bureaucratic obstacles (rather heavy in this part of the world), decentralization of power, promoting the role of the private sector in economic decision making; and restructuring of the loss-making public sector enterprises (PSEs).

At the same time, critics have found quite a few faults with the Modi model. It is alleged that it benefits mega enterprises by giving them preferential treatment in resource allocation; that it disregards the role of the state in ensuring equitable development; and that it promotes crony capitalism by, for instance, doling out public resources, such as land, at throwaway prices and granting tax exemptions. It is alleged that the state government gave short shrift to the implementation of labor laws – wages in Gujarat reportedly remained the second lowest in India. The growth model also neglected human development which is corroborated by the fact that Gujarat is ranked 10th among 21 Indian states on the HDI. In the words of Nobel Prize winning economist Amartya Sen, Gujarat’s record in education and healthcare is “pretty bad.”

In fact, there is nothing new about the Modi model. It is an expression of the familiar trickledown growth strategy – a manifestation of neo-liberal thinking. The strategy puts complete trust in the capability of market forces to bring about an ‘optimum’ outcome. The essential idea is to let the private sector (read big businesses) serve as the engine of growth by giving it maximum possible incentives with the state adopting a largely hands-off approach when it comes to business regulation (easy labor and wage laws, for instance). Once the economic growth gains momentum and industrial expansion occurs, its benefits automatically trickle down through employment generation and the resultant increase in incomes.

The trickledown approach is based on some key assumptions. First, it does not regard development as incompatible with large scale poverty, inequality and unemployment. Secondly, it has faith in market forces to effect unrestricted or at least large scale transfers among income groups. Thirdly, it does not consider distribution of income as an important part of the development problem. Such assumptions are severely contested by economists of rival schools.

Not surprisingly, experts are skeptical whether the Modi model offers a credible solution to India’s economic problems. According to one economist, the high rate of economic growth in Gujarat deliberately benefitted big corporations at the expense of the low end sections of society. Hence, the Modi model cannot be replicated on a national level, as the state government accumulated a massive public debt in the course of economic growth. Such a debt will be difficult to sustain for the union government, which Modi now leads, as no one will be available to bail it out.

This means Modi and his team will have to modify the Gujarat model if economic growth is to broad-based as well as rest on strong foundations. It is difficult to predict at the moment whether – and how much – they are willing to do so.

The new union government’s first budget has struck a middle path. It did not make any radical departures from its predecessor’s fiscal policies. Yet it did make, or at least hinted at, some changes. For instance, the restrictions on foreign direct investment were not removed, though the cap on foreign equity was significantly raised in the defense and insurance sectors. Nor were the subsidy schemes terminated, though it was announced that pro-poor programs would be well targeted and that overall subsidy regime would be reviewed. The expectation, on the part of the businesses of course, that labor laws would be eased was not met either. Whether this signifies a change in the economic strategy; or whether the prime minister is, for the time being, feeling the pulse of an enormous state apparatus before committing his government to some radical decisions is anybody’s guess.

Modi has also failed to fulfill his pre-poll promise of bringing back the black money stashed away in offshore banks, though the union budget underlines the need of addressing the problem of black money. That said such promises, as a rule, merely amount to playing to the gallery.

India is a capital scarce country. So increased FDI inflows should form an important component of the economic growth strategy. And the government seems well on its course to attracting foreign capital.

During Modi’s visit to Japan, Tokyo announced to invest $35 billion in India over five years, mainly in mega infrastructure related projects. China, whose president visited India last month, also announced that it would make substantial investments in the country. India is thus well placed to get heaps and heaps of foreign financing. Again, the question is who will be the principal beneficiary of such projects and at whose expense? 

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It may or may not last long, but the deal on the formation of a national unity government has finally brought Afghanistan out of the deadlock it was facing following the allegations of ‘industrial-level’ fraud in the June 14 runoff polls by one of the presidential hopefuls.

Without giving the vote figures, Chairman of Afghanistan’s Independent Election Commission Ahmad Yousaf Nuristani declared Dr. Ashraf Ghani Ahmadzai as the winner. Hours later, a statement was issued from Hamid Karzai’s Presidential Palace that welcomed the deal between Ashraf Ghani Ahmadzai and Dr. Abdullah Abdullah, congratulating the former over his victory as the new Afghan president.

Commending both Ghani and Abdullah, U.S. Secretary of State John Kerry said in a statement that this was a moment of extraordinary statesmanship. “These two men have put the people of Afghanistan first, and they’ve ensured that the first peaceful democratic transition in the history of their country begins with national unity.”

Although Ashraf Ghani was leading his rival Abdullah with more than a million votes, the result was kept pending till an agreement was reached with Dr. Abdullah, who refused to accept the validity of the elections.

The final outcome is the deal under which Dr. Ghani has become president while Dr. Abdullah is the chief executive officer, a newly-created position with functions almost like a prime minister.

Although the power-sharing deal between the two rivals has resolved the political stalemate in Afghanistan for the time being, the key question is how this setup led by the president and the CEO, who are poles apart in their thinking and strategies, will work and for how long?

One of the major tasks before the new Afghan president is the signing of the Bilateral Security Agreement with the United States, which allows a small number of U.S. soldiers to stay in Afghanistan beyond 2014.

President Hamid Karzai, who had developed serious differences with the United States – they key backer of his...
government – in the last years of his rule, had refused to sign the agreement. In their election campaigns, both Dr. Ahmadzai and Dr. Abdullah had spoken in the favor of this agreement and promised to sign it after coming to power.

Many Afghan analysts are of the view that the signing of the BSA will ensure the flow of money for reconstruction projects and the defense needs of the country. In fact, it will also prove a morale-booster for the Afghan security forces, which are facing the resurgent Taliban in several cities and provinces in the southern and eastern regions of the country.

Pointing to the signing of the BSA, John Kerry said in his message of felicitation that this “will open a new chapter in our enduring partnership with Afghanistan.”

The BSA apart, there are several visible glitches as the two former rivals move ahead with their government of national unity. According to some details made public, Ashraf Ghani, as president of Afghanistan, will be chairing his two deputies, the central cabinet and the CEO, while the CEO will be chairing the new council of ministers.

While the CEO will be answerable to the president, he will have a reasonable share in making appointments to key positions. In fact, the authority to appoint people to senior positions was one of the key demands of Dr. Abdullah during the negotiation process.

Ethnically too, both rival-turned-partners belong to different parts of Afghanistan. Ghani is an ethnic Pashtun who won more votes in the Pashtun majority areas in the south and eastern regions, while Abdullah is an ethnic Tajik whose vote bank exists in the Tajik majority areas in the west and northern zones. It is likely that both rulers will strive to focus more on their respective ethnicities instead of the country as a whole.

It is a fact that the political deadlock had caused ethnic tension in the country where ethnic and clan rivalries date back to the civil strife and the Taliban regime in the 1990s. Since the majority of the Taliban belonged to the Pashtun parts in the south and east, the Taliban regime was seen as a Pashtun movement by their Tajik countrymen. Besides, the Taliban atrocities against the Shia (Hazara) minority also sowed the seeds of hatred among members of these communities.

One of the key points of Ashraf Ghani’s agenda during his election campaign was administrative reforms. However, now that he has to share power with Dr. Abdullah, it is difficult to say whether the plan will be a success.

One of Dr. Abdullah’s key supporters during his election campaign was Governor of Balkh Atta Muhammad Noor – a former warlord running the province since 2001 who paid little heed to some of President Hamid Karzai’s orders. Many wonder if Ghani will be successful in reining in Noor who is popularly known as Ustad Atta.

In the same token, Ghani’s key supporter was Uzbek warlord Abdul Rashid Dostum, who will be his deputy for the next five years. Both Ustad Atta and Rashid Dostum are known for their bitter rivalry. How the two partners in the new national unity government will manage the rivals in their closest circles is a matter of concern for many.

While the agreement on the formation of a national unity government has resolved the crisis and paved the way for the signing of the BSA, analysts believe that only a very high degree of patience and tolerance on the part of the new team can enable the government to complete its four-year term.

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The phenomenon of enforced disappearance of people is not exclusive to Bangladesh but it has reached alarming proportions there, drawing protests from human rights organizations, including the Amnesty International.

Bangladesh, however, is a late arrival in this infamous field in South Asia as Pakistan has been there much before.

In Pakistan, the victims of forced disappearances are allegedly young Baloch insurgents and separatists. They are supposedly apprehended by military and paramilitary agencies. In some cases, their mutilated bodies are found by the roadside after some days into their disappearance. In other cases, they are killed and buried in a mass grave. The Supreme Court takes notice, tries to recover the missing persons, is frustrated by the players behind the disappearances and gives up.

In Bangladesh, the main targets of such disappearances are the political opponents of the ruling Awami League. Their bodies are often found floating in a river.

It all began with the second coming of Sheikh Hasina in power as prime minister of the country through a walkover election boycotted by the opposition parties, including the Bangladesh Nationalist Party.

In eight out of the 20 cases investigated by the Amnesty International, it was learnt that the disappearances were politically motivated and targeted the members of the BNP and the Jamaat-e-Islami. The Amnesty International accused the Rapid Action Battalion (RAB) of abducting people and claimed that many disappearances seemed politically motivated “with prominent members of the opposition parties targeted.”

In at least nine cases, the AI found simple corruption as a factor, where RAB personnel were “paid to disappear or murder people to settle political or economic scores.” The RAB routinely denies the charges while the superior judiciary has shown a supine attitude in the matter.

In an interview with Deutsche Welle (DW), AI’s researcher Abbas Faiz spoke of a gradual deterioration in the human rights situation in Bangladesh since 2013 as well as the rise in the number of enforced disappearances and curbs on freedom of expression.

After a thorough investigation of 20 cases of disappearance, AI found “overwhelming” evidence of RAB’s direct involvement in these incidents. For the first time, in May this year, the RAB was forced to admit that some of its personnel were implicated in enforced disappearances. The evidence was just too overwhelming. As a result, three RAB personnel were arrested.

There is a common pattern. In almost all cases of enforced disappearance, “people dressed in civilian clothes forcefully abduct the victim using the identity of the law enforcers. The abducted person stays missing for some days.” Sometimes a corpse is found. Otherwise, they remain traceless. Most of the missing people are believed to have been assassinated.

Despite several complaints by family members of the victims against law enforcement agencies – the Rapid Action Battalion and the Detective Branch (DB) – the government remains unmoved. It has not conducted any investigation into the matter and neither has it taken any action to prevent disappearances.

The AI has cited a few specific cases of disappearances involving politicians, businessmen and even a student. The first case is that of BNP leaders Saiful Islam Hiru, Humayun Kabir Parvez and Jashim Uddin. On November 27, last year, their car was stopped by some people wearing black uniforms. They were transferred to another vehicle and taken away. Later, RAB handed over Jashim Uddin to the police. The other two leaders, Saiful Islam Hiru and Humayun Kabir Parvez, are still missing.

In May this year, a businessman Muhammad Faqrul Islam was taken away by some RAB members in uniform...
“in a car labeled RAB-3.” Faqrul’s family sent petitions to various departments of the government including the Home Ministry, RAB-3/1, the Ramna Police station and the DB office, but to no avail.

Amazingly, even the ruling party’s workers are not safe. Ruhul Amin, the Awami League’s joint-convener of ward no 56 Dhaka Metropolitan, was taken away “by people in civilian clothes wearing identity cards of the DB police” on May 26 and remains untraced. On June 26, Nurul Amin, a student of the Jagannath University, was reported missing. He was arrested “in front of the Gulshan police station allegedly by members of a law enforcement agency dressed in civilian clothes.” He, too, remains traceless ever since. The family members of both victims have knocked every door but found no relief.

The AI report claims 53 disappearances in 2013. The dead bodies of five missing persons were found, two were released, three were handed over to police and two were sent to jail. According to the report, 229 people were victims of enforced disappearance or abduction between 2010 and 2013. Out of these, 37 were traced in custody while abandoned bodies of 31 were found later.

It is not the Amnesty International alone that highlights the crime. The media of Bangladesh has been reporting these abductions for a long time. For instance, a leading Bangladeshi newspaper The Daily Star reported that 74 people were picked up allegedly by law enforcement agencies like RAB in the first six months of 2014; abandoned bodies of 23 of them were found later.

Reacting to the AI’s report, the RAB released a statement which quoted its spokesman Mufty Mahmud Khan as saying: “The allegations are baseless as RAB is never involved in incidents of enforced disappearance or secret killings.”

He said the people arrested by the RAB on different charges were always handed over to the police in line with the legal procedure to be exposed to subsequent legal actions and that “we never arrested those who are said to be victims of enforced disappearance.”

The RAB spokesman was backed by State Home Minister Asaduzzaman Kamal who is also in charge of the RAB. He questioned the authenticity of the media reports and claimed that “50 to 60 percent reports of enforced disappearance or secret killings were baseless.”

In such a situation, especially when the superior judiciary remains a mute spectator instead of defending the fundamental rights of the citizens, Bangladesh may descend into further chaos.

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It is said that in politics two factors often determine a politician’s career trajectory – his words and his body language. Sometimes they are even more important than action. But even among the two, it is the body language that at times speaks louder and clearer than words.

By this standard, Sri Lankan President Mahinda Rajapaksa has come across as a very confident head of state in his public appearances during the last few months. Mahinda Rajapaksa has appeared in complete control of the situation in the company of some of the big players of international politics such as the Indian prime minister, the prime minister of Japan or the president of China.

The question is why should he look otherwise?

Political analyst from inside and outside Sri Lanka believe that the last year was quite rough for President Rajapaksa. Although Sri Lanka successfully hosted the Commonwealth Heads of Government Meeting, its efforts to investigate the war crimes – allegedly committed by the Sri Lankan Army in the last few months of the decades-long civil war – were continuously questioned by world leaders. Some Commonwealth countries even boycotted the CHOGM for the same reason.

In what can be termed a particularly embarrassing diplomatic blunder, UK Prime Minister David Cameron harshly criticized the Sri Lankan government for not doing enough to bring the culprits to book. Around the same time, leading UK newspapers, such as the Independent and the Guardian, ran news stories with eerily similar headlines: ‘Who is Mahinda Rajapaksa?’ (The Independent) and ‘Mahinda Rajapaksa: Sri Lanka’s savior or war criminal?’ (The Guardian).

However, despite minor hitches, the meeting took place and was
largely successful. But the months that followed were rough for the country – and more so for its president.

The calls for a credible investigation increased as time passed. Another reason for the mounting intensity was the annual meeting of the United Nations Human Rights Commission in Geneva in March 2014. The U.S. had announced that it would present a motion against Sri Lanka for severe violations of human rights. There was an unprecedented build-up to the meeting with the U.S. proactively lobbying to get as many countries to vote in the resolution’s favor as it could.

Many countries had already expressed their willingness to side with the U.S. resolution. Sri Lanka’s closest and crucial neighbor India had also given mixed signals. While India refrained from voting in the resolution’s favor, it was nonetheless passed at the Geneva meeting, paving the way for an international investigation into allegations of war crimes in the final phases of the civil war in 2009.

From November 2013 – when the CHOGM had taken place – to March 2014, when the UNHRC meeting took place, Sri Lanka was in a hard place as it faced criticism and pressures from left, right and centre.

Clearly, the noose around President Rajapaksa was tightening. But he did not seem to budge an inch from his long held stance: no country or organization has the right to interfere in Sri Lanka’s internal matters.

While he was still battling on that front, the state of affairs on the domestic side was not too bright either.

Communal tensions had been simmering between the Sinhalese Buddhist organization Bodu Bala Sena and the minority Muslim community for some time. The conflict started in early 2013 when the BBS objected to halal certification on certain products. This certification is issued by a group of Islamic clerics called the All Ceylon Jamiyyathul Ulama (ACJU). A compromise was reached between the ACJU, the Ceylon Chamber of Commerce and Buddhist clergy and it was announced that “the ACJU would stop putting the halal logo on products for local consumption but will continue to use them for products being exported to Islamic countries” where the certification is compulsory. However, the BBS later walked out of the agreement and demanded an end to “the entire halal process.” Giving in to the organization’s pressure, the government declared in March 2013 that the ACJU did not have the authority to issue the certification. Although the issue was not discussed after that, the tension between the two communities thrived.

Rajapaksa has proved himself invincible time and again. He has managed to govern the country on his terms despite the pressure of the international community to conduct a fair and transparent investigation into the allegations of war crimes.

It culminated in the June-July 2014 religious riots, termed as “the most serious anti-Muslim violence in at least two decades” by some analysts. As many as four people were killed, 10,000 people – 8,000 Muslims and 2,000 Sinhalese – were displaced from their homes and various shops and business centers, mostly owned by the Muslims, were looted and gutted.

With the international media’s attention squarely focused on ethnic violence in Sri Lanka, President Rajapaksa was in trouble once again as his party was accused of covertly supporting the Buddhist organization. The basis of the allegations was the reported proximity of presidential sibling Defense Secretary Gotabaya Rajapaksa, to the BBS.

Regardless of the government’s efforts to dismiss such notions, the Sri Lankan media continued to allude to a link between the two. A Sri Lankan columnist Kalana Senaratne wrote, “It is necessary not to underestimate the power of the state. It is a state that has tremendous military might. And it is one which is so powerful that it can effectively suppress any movement if it really wants to, and has every power to do so; legally, constitutionally, militarily, judicially or in any other imaginable way. The fact that it’s not happening with regard to the BBS tells us precisely what the BBS is all about.”

President Rajapaksa faced problems on his foreign trips as well. During the UN General Assembly meeting in 2014, a large number of Sri Lankan Tamils gathered outside the UN building to protest against President Rajapaksa who was there to attend the meeting.

However, Rajapaksa has proved himself invincible in failing to do so, he may face the unsavory prospect of saying goodbye to his main calling - politics.
The Government of the Maldives has recently passed the Special Economic Zone Act 2014 to give protection to foreign investors. The bill offers extraordinary benefits and incentives to attract foreign investment that can be crucial for the country’s economic growth. Though the law has been criticized by the Opposition and termed as controversial by many analysts, the real issue is whether it is economically rational or not. By adopting the law, the Maldives has followed a policy of adopting good practices. It also proves that the country is willing to learn from success models around the world which validate that foreign direct investment (FDI) cannot be ensured unless a proper legal framework is provided.

President of the Maldives Abdulla Yameen ratified the Special Economic Zone Bill on September 1, 2014. The bill was passed by the parliament at its 29th sitting, on August 27, along with six amendments. It was approved with a majority as 60 members voted in its favor and 15 members against. The Maldivian Democratic Party suggested 245 amendments to the government’s flagship special economic zone legislation but was unable to muster enough votes to include them in the proposed law. Another opposition party, the Jumhoory Party, headed by business tycoon Gasim Ibrahim, initially opposed the legislation but changed its stance at the last minute, backing the government.

The MDP’s main argument against this law was that it would pave the way for money laundering and other criminal enterprises and undermine the decentralization of the system by authorizing a board formed by the president to openly sell off the country without parliamentary oversight. It also objected to exempting investors from paying import duties or taxes for 10 years as well as allowing companies with foreign shareholders to purchase land without paying sales tax. The government countered the objections by contending that relaxed regulations and tax incentives were necessary to make foreign investors select the Maldives over other developing nations and to launch mega projects there.

On his return from an official tour to China in August, President Yameen informed the legislators that he had...
managed to obtain concessional funding for a key bridge project and had discussions about expanding investment and trade links with China. His special focus was the expansion of the international airport in Male, building an iconic youth city, a harbor that could tie up with China’s 21st century maritime Silk Road policy and 50 new hotel resorts in the next five years for which the SEZ law was pivotal.

He said, “We are no longer trying to bring in $100,000 or $200,000 investments. Today, we are trying to bring in consortiums willing to bring in hundreds of investments,” adding that “living in over 190 islands, we are not able to provide the same quality of services in all islands. This is the biggest challenge to the development of the country.”

The passing of the SEZ law is, therefore, aimed at winning the confidence of investors and tourists as well as revival of the economy which is not in good shape. The country needs to overcome all kinds of difficulties, especially those related to tourism. At the moment, the government spends substantial sums in attracting foreign visitors with big purses. In the past, building a tourist resort required $2-$3 million, but now it takes no less than $80 million or even more.

The increase in the prices of materials and services has necessitated the passing of a law that forgoes taxes to attract huge investments. President Yameen explained it in these words: “I am talking about a guesthouse island developed through the tourism industry. The benefits will not be specific to those who run the guest houses, but to the island as a whole. Citizens knowing how to work is the biggest fortune a country could possess.”

The main apprehension of the businessmen willing to invest huge sums in the Maldives was the question of the period of lease. They were not willing to invest their money if the lease period was 33 years. The government was of the view that “we do not even get the opportunity to sit down and hold discussions with such major investors.” President Yameen believes that his government has now created the legal environment needed to attract major investments.

After the passage of the law, the MDP described it as an attempt to “sell the country.” It alleged that the bill “has opened doors for the government to gain profits through corruption.” Government sources countered these allegations by saying that the bill would bring in major investments and would open doors for economic prosperity “the likes of which the country has never seen before.”

Abdulla Haleel, chairman of the Economic Committee, said that the SEZ law over which the opposition had raised a lot of concerns had been amended as suggested by members and government institutions, though without any changes made to its main concept.

The critics of SEZ legislation have not taken into account the fact that the Maldives is facing tough challenges on the front of accelerating economic growth, which is projected at around 4 percent in 2014. The country also faces significant fiscal and balance of payment problems. The recent projections of its central bank estimate that the country’s current account deficit will widen to about $270 million in 2014 or 11 percent of GDP.

The International Monetary Fund is surprised by the Maldives’ economic resilience despite its longstanding economic problems. In December 2009, the IMF approved a $93 million loan for the country. After the first two disbursements, the IMF withheld subsequent disbursements due to concerns about the budget deficit and demanded that it must be further reduced. The Maldives’ economy depends largely on tourism. President Abdulla Yameen rightly argues that the SEZ law would “transform the economy through diversification and mitigate the reliance on the tourism industry.”

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Bhutan is a mountainous country with extremely high altitudes and irregular terrain, varying in elevation by several thousand feet within a short distance. With perennial and fast flowing rivers and a fair climate, the country has enormous potential for harnessing hydro-electric power. The exploitation of this renewable source of electricity production at comparatively cheaper rates has greatly contributed to the uplift of the economic profile of Bhutan which set up mega hydropower projects in the early 1980s with technical

Prosperity Through Power

Bhutan is the only South Asian country with surplus power and a hydropower sector that produces 40 percent of the government’s revenues.

By Malik Muhammad Ashraf
and financial assistance from India. Bhutan has a potential for production of 30,000 MW of electricity from its rivers, out of which the feasibility for production of 23,670 MW has already been ascertained. Presently, Bhutan is producing 1500 MW electricity during the summer. Nearly 70 percent of it is exported to India while the domestic consumption is in the vicinity of 250 MW.

Resources generated from the export of hydropower to India have been utilized to finance schemes and projects relating to socio-economic development of the country and attaining increased self-reliance. There is, however, a downside to this situation. The low level of water in the rivers during dry winter results in a steep fall in the power and the country becomes a marginal net importer of energy. To make up for this deficiency, the Bhutanese government began exploring alternative energy sources such as solar, wind and bio-gas.

Solar energy in Bhutan has received direct investments from a number of domestic and international sources. In 2010, the Asian Development Bank made a grant of over US$ 21 million for electrification of rural homes, aiming to provide power both on-grid and off-grid bases. The Bhutan Power Corporation provided solar electrification training to villagers of the rural eastern areas. Solar powered lighting is also available to many nomads living within the protected areas of Bhutan. A five year trial program (2011-2015) is running side by side to produce bio-gas from cow dung. Similarly in 2010 wind mill programs were implemented to investigate the feasibility of using wind energy to alleviate hydropower shortages during dry winter season.

Bhutan was one of the poorest countries of the world prior to 1960, with no industrial base and paved roads. It was a closed society relying mostly on agriculture with primitive farming practices. Its exports included cardamom, gypsum, timber, cement, fruit, precious stones and spices before it started producing and exporting hydropower. Bhutan ended its isolation in 1960 to begin its journey towards modernization through economic planning prepared and supported by India. By 2002, it had a network of 3,285 km of roads while it also established railway links with India in 2005. However, there is no railway network within Bhutan.

Bhutan launched its first mega hydroelectric project known as the Chuka Hydropower Project with a production capacity of 336 MW in 1986 with financial assistance from India. It was followed by the Kurichu Hydropower Plant (60 MW) in 2001-2002. The Tala Hydropower Project, with a 1020 MW capacity, was commissioned in 2007 and proved to be a game changer as it gave a tremendous lift to the Bhutanese economy. Another mega project named Punatsangchhu with a 1200 MW production capacity was initiated in 2008 and is scheduled to become operative in 2015. At present, Bhutan has 27 hydropower stations, including four major power plants, 12 mini-hydo units and 10 micro plants. Seven projects were initiated early this year.

Most of the hydropower projects are run-of-the-river installations and are regarded as cost-effective and environment friendly. Hydropower now forms the backbone of Bhutanese economy. Besides being affordable and a clean renewable source of energy for domestic consumption, it is the biggest source of government revenues. In 2011, 60 percent of rural households had electricity as compared to 20 percent in 2003. Nearly 2500 people use solar power. The country does not possess natural petroleum or natural gas reserves but it has 1.3 million tons of coal reserves. However, only 1000 tones are mined per year for domestic consumption.

In South Asia, Bhutan is the only country with surplus power generating prowess and a hydropower sector that contributes to 40 percent of government revenue, 45 percent of export earnings and 25 percent of GDP, as per statistics compiled in 2009. In view of the huge potential for hydropower production in the country and the consequent extensive scope of electrification to improve living conditions of the rural population, the government has introduced far-reaching institutional reforms to attract investment for export-oriented hydropower projects and to provide cheap electricity to the rural population.

The exponential boost that hydropower has given to the GDP can be gauged from the fact that in 1970 the GDP of Bhutan was in the vicinity of $0.62 billion which jumped to $1.9 billion in 2012. Similarly, its per capita GDP increased from $212 in 1970 to $2505 in 2012. Bhutan's economy, though one of the smallest in the world, has grown at a rapid pace. It recorded a growth rate of 8 percent in 2005, 14 percent in 2006 and 22.4 percent in 2007 when the Tala Hydro Project was commissioned. Its per capita income was $2420 in 2012.

Bhutan is in the midst of launching three new hydropower projects with a view to generate an additional 10,000 MW electricity to be exported to India. As Bhutan does not have enough internal human resources, infrastructure and financial strength to propel their construction on its own, the government is contemplating to work on a two-pronged strategy. The projects would be either built on the basis of inter-governmental loans or as joint ventures.

According to this plan, the government of India will install power plants of capacity between 7000 to 8000 MW while the rest 2000 to 3000 MW would be generated through joint ventures between the Indian Public Sector and the DGPC as partners. The Indian partners would provide equity of 70 percent and the DGPC would contribute 30 percent, which again would be provided by India as a grant to the government of Bhutan.

No doubt the completion of the power production facilities, envisaged to produce an additional 10,000 MW of electricity within the next six years, will be an arduous undertaking but their completion on time would give an exponential boost to the economy of Bhutan. The plan actually envisages a nearly seven times increase in the power production of the country by 2020. Once it is achieved, it is likely to raise the export earnings by the same margin with all the accompanying trickle-down effects on the overall economic profile of the country and the economic situation of its citizens. India, which needs electricity to propel the wheels of its industry, would also be better off after this development. In fact, this is going to be a win-win situation for both countries.
Invitation to Doom

Al Qaeda Chief Ayman al-Zawahiri has released a video message which is an open invitation for militant outfits in South Asia to seize the reins of power and challenge the writ of state.

By Taha Kehar

Through a video released on an online jihadist forum, Al Qaeda Chief Ayman al-Zawahiri announced a South Asian branch for the global militant organization. The new wing will serve as a catalyst that will strengthen the yoke of Islamic radicalism in the region. However, the decision is bound to stoke communal tensions and navigate the region towards an uncertain future.

According to al-Zawahiri, the newly announced wing will blur the ‘artificial boundaries’ that divide the Muslims of the region. Qaedat al-Jihad, a splinter group of the militant organization, has been designed to extend the reach of Al-Qaeda’s struggle to India, Myanmar
and Bangladesh.

However, the overall focus of this mission remains, at best, dubious. Conventional wisdom would have us believe that a political outfit crumbles in the absence of a leader. Al-Qaeda’s mission to restore a Muslim caliphate has been significantly compromised after Osama bin Laden’s capture and subsequent killing by U.S. commandos in May 2011.

Initially, the militant group’s offshoots in Africa and the Arab Peninsula had given it a run for its money. However, the rise of the Islamic State (IS) in Iraq and Syria has led to its mission being appropriated and revamped. The introduction of a new wing with an ambitious goal comes across as an attempt to restore the militant organization’s monopoly and bring it back into the limelight.

In the video message, Zawahiri claims that the entity has been in the works for the last two years. Al-Qaeda has billed the new splinter group as an attempt to unite the mujahedeen in the Indian sub-continent and reinvigorate the Islamic caliphate. Despite the fact that the mission is based on a clear and consistent philosophy, it takes advantage of the growing prevalence of communal unrest in Kashmir and Myanmar.

Zawahiri’s call to wage jihad and restore the sovereignty of Islam follows a familiar rhetoric and compels Muslims to break away from the deception of secular democracy and the rule of law.

The 55-minute video message uses the current state of the world as the main plank to gain support for their cause and portrays the anti-state sentiments in a number of countries in a radical and sensational manner. At a time when a right-wing agenda has become the order of the day in India, Ayman al-Zawahiri’s exhortations to Muslims in India will strengthen the polarization based on religion. As a result, Zawahiri’s call could temporarily serve the narrow interests of the Bharatiya Janata Party’s government on the electoral front and provide an impetus to Hindu consolidation in India.

Given the threat of further communal unrest, Shyam Saran – a former Indian foreign secretary who heads the Research and Information System for Developing Countries – expressed his concerns over the spillover effects of militancy in Pakistan and Afghanistan on India. Saran condemned Zawahiri’s message, terming it as an attempt to compete with the IS. He billed the competition as a frightening prospect that would weaken progress in the region as it would use violence as a yardstick to determine clout.

These warnings cannot be ignored simply because the Muslims in India are generally moderate. Although recent acts of terrorism in the country – including the 2008 attack on the Taj in Mumbai by Pakistani gunmen – were orchestrated by Muslims from abroad, the expansion of Al-Qaeda will have strong implications for Indian society. After all, young people are more susceptible to accept the radical mindset and orchestrate a damaging wave of militancy.

Interestingly, this is not the first time that Al-Qaeda has made an attempt to raise the stakes of Islamic extremism in the region. Nearly seven months ago, Zawahiri released an audio message addressing the Muslims of Bangladesh. Through the online message, he chalked out a strategy to induce a social awakening in Bangladesh, India and Myanmar.

However, Zawahiri’s latest video message will only be lauded as an open invitation to seizure the reins and challenge the writ of the state by militant outfits. Al-Qaeda’s message may offer a blanket justification for radicalism and trigger violence. The main reason for this is that the militant organization has directed its attention towards volatile countries that are susceptible to disorder.

Law enforcement agencies in Bangladesh have made consistent efforts to resist the emergence of this trend. Shortly after the video was released, The Dhaka Tribune, a newspaper in Bangladesh, spoke to Monirul Islam, joint commissioner of the Detective Branch of the Dhaka Metropolitan Police. The official – who had previously made efforts to quash the rise of terrorism in the country – provided assurances that the activities of the militants would be checked and undermined. Monirul Islam raised doubts about the authenticity of the message. However, the significance of a threat cannot be undermined simply because it is difficult to trust its source.

At this critical juncture, terrorism has emerged as a force to be reckoned with. State actors cannot undermine its relevance at any cost.

Furthermore, it is difficult to accept the argument that most militant groups are fragmented and have no official links with Al-Qaeda. This does not automatically reduce the likelihood of militant activity increasing in the country. In addition, the absence of a clear framework to implement the intentions of the militant organization cannot weaken the yoke of Islamic radicalism.

Analysts believe that the presence of personal ties between Bangladeshi militant leaders and Al-Qaeda can stoke tensions in the country. They have raised some pertinent points to verify this theory. For instance, the Harkat-ul-Jihad-al-Islami – the first militant outfit in Bangladesh – has allegedly started building links with Al-Qaeda. Moreover, a new militant group named Hefazat-e-Islam allegedly allowed and helped Zawahiri to release an audio message in Bangladesh.

Despite the lack of organizational links with Al-Qaeda in Bangladesh, militancy and the rise of Islamic radicalism is a creeping threat that will give rise to a dangerous mindset. Zawahiri’s video message serves as a portent of doom. It is based on the agenda to revive the scope of Al-Qaeda in the region and consequently stir up existing tensions by exploiting religious sentiments.

The writer is a poet and author. He is a law graduate of SOAS.
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Stolen Art

The government of Nepal needs to be much more serious about bringing back the country’s stolen treasures.

By Samina Wahid
It was cultural historian Lain Singh Bangdel who first noticed that the 13th century Uma-Maheshwor statue at the Musee Guimet in Paris was, in fact, Nepalese. The figurine in question depicted the divine couple on the Kailash Parbat and had reportedly been taken from its 900-year resting place in Nasamna Tole, Bhaktapur, in 1984. When the museum learnt that the artifact was stolen, it immediately removed it from display. Now, along with a 12th century stone statue of Vishnu, the Uma-Maheshwor gathers dust in a storeroom at the Musee Guimet, far from appreciative eyes and even farther from its centuries old home.

Statues like these once graced the Kathmandu Valley – they could be found on ancient plinths and various nooks and crannies. Sadly, as years went by, the artifacts slowly ‘disappeared’. It all started when Nepal opened its doors to trade in the 1950s. The global Asian art market saw a number of Nepali statues and other art pieces stolen by local thugs and trafficked out of the country by elite, development workers and even some unscrupulous diplomats.

It was only because of the efforts of crusaders like Bangdel – whose book of photographs of idols, ‘Stolen Images of Nepal’, is a primer on the theft of Nepali art – that the Nepali intelligentsia came to know of the barefaced robbery of the country’s culture. According to Bangdel, almost all Nepali art that came into the international market over the last 30 to35 years was obtained through theft. Many of these idols ended up in museums, such as the New York’s Metropolitan Museum of Modern Art, or in the hands of private collectors and high-end auction houses. In September 2012, 10 Nepali artifacts, collectively worth over $200,000, were up for auction at Christie’s in London and New York.

Some western museums and private collectors, to their credit, have voluntarily returned the stolen art. In 1994, an American collector returned four idols – a 9th century Buddha, a 10th century Vishnu, a 12th century Saraswati and a 14th century Surya – after being shown Bangdel’s photographs. Similarly, four 12th century wooden manuscript covers were removed from auction at Christie’s in March 2013 after evidence of their having been stolen emerged. Paris’ Musee Guimet has also professed interest in returning the two statues in its possession and claims that it is waiting for official documentation from the Nepal government.

The government of Nepal has a lot to do internationally. So far, not a single attempt has been made by it to recover the stolen artifacts, which are prized possessions in museums around the world. Although Nepal has ministries of culture and foreign affairs, no diplomatic efforts have been made so far to communicate to the foreign countries, their museums and private collectors, that Nepal wants the statues back. Perhaps the government is not aware that Nepal is a signatory of the UN Convention on the Means of Prohibiting, and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property, which allows a country to ask other UN member states to return stolen artifacts.

It is not difficult to find these artifacts. The biggest museum in the west, the Metropolitan Museum of Art, has a separate Nepal section that exhibits a number of stolen statues and artifacts. If the Nepali government is serious about bringing the stolen art home, it should start with this museum and give it the evidence. Considering the benefit the museum has reaped from the stolen Nepali art, it is the duty of the museum to return the stolen images to their rightful place and perhaps even to assist the Nepali government in their future preservation.

As for Nepali art being sold through auctions to private collectors at high-end auction houses like Sotheby’s in the UK or Christie’s in the U.S., the government should deal directly with the experts who work there and demand that the art they have sold be returned home.

It is now up to the department of archaeology, the ministry of culture and the national archives to initiate proper legal procedures to repatriate these cultural heritages. But the authorities must also ensure that they develop the expertise and have resources required to adequately maintain them and, more importantly, keep them from getting stolen again.

One way perhaps could be to enter into a reciprocal relationship with western museums – the museums could periodically display the artwork and in return provide maintenance. It is also necessary to supplement repatriation efforts with the documentation and cataloguing of the existing artwork. Initiatives such as archaeologist Sukra Sagar Shrestha’s online Nepal Art Register, which contains easily accessible photographs of Nepali statues, must be encouraged and supported.

No one knows who the thieves are. Historians assume that the actual theft may have been carried out by bands of Nepalese or Indians. But who is behind them? Who organizes these operations and pockets the profit? No one knows for sure. Rumors are rife that high-placed individuals from the Nepalese side are involved. In fact, at the peak of the statue smuggling trade during the Panchayat years, some of the royals themselves were allegedly engaged in smuggling the ancient heritage of the country. It was dangerous to dig too deep to uncover what was happening. Many who tried to investigate were threatened repeatedly for poking their noses into the smuggling. As incredulous as it may seem, it actually makes sense or how else would such a huge quantity of stolen art pass undetected through airport and border checks?

Of course, this does not mean that the west is only the purchaser and procurer of this art. A classic example is the case of the Polish diplomat who, having been expelled from Indonesia for such activities, came to Nepal and immediately founded a Polish-Nepalese Friendship Society, the main activities of which in the following years consisted of transporting art stolen from Kathmandu safely to Warsaw.

In the current situation, where thieves are enjoying powerful patronage, the concern for the safeguarding and preservation of the artistic heritage and art treasures of Nepal does not diminish a bit, looking into the future.

The writer is a freelance journalist who contributes regularly to various leading publications.
Opium, a narcotic drug that is obtained from the unripe seedpods of the opium poppy is one of the world’s oldest pain relievers. Statistics suggest that Afghanistan is the world’s leading opium-producing country with Burma and Laos ranking second and third, respectively.

Traditionally, illegal opium production thrives on war economies and poverty. Afghanistan provides ideal circumstances for poppy production, especially following the invasions of the Soviet Union and the United States. However, since the 2001 U.S. invasion and the lifting of the opium ban placed by the Taliban regime, Afghanistan’s share in the crop’s production has increased from 70 percent of the overall global illegal opium production to 92 percent.

There are reasons for this rapid increase.

To start with, it is important to note that opium has a history in this region, dating back to the promotion of its cultivation and globalization of its trade by the British in India. In the 1960s and 1970s, opium cultivation shifted to Southeast Asia, a decade later to Turkey and Pakistan and then to Afghanistan.

Secondly, and perhaps more importantly, the opium market is driven by demand. The demand is largely, and evenly, concentrated in the east and west. While recording demand it is important to take into account the fact that there is also a legal market for opium. This market largely comprises pharmaceutical companies as opium is considered a source of morphine – still the most effective painkiller in the world.

With opium being in legal demand, Afghanistan takes advantage of the opportunity due to its status of being the highest opium producing country in the world.

In the grand scheme of affairs, Afghanistan’s opium-driven economy speaks much about the state-building process in the country. Opium arguably has done more than anything else to reduce poverty, drive the rural economy upwards and, perhaps more controversially and surprisingly, support conflict resolution processes.

However, while Afghanistan produces opium in high volumes, there is a need to accurately gauge its consequences. First, there is no doubt that opium poppy is considered the best form of ‘cash transfer’, which means it has done more to reduce income poverty and assure food security than anything else on offer.

The growth of the opium economy has had important multiplier effects on the rural economy, creating access to land and employment both on and off the farms. There is no other crop that could have done this. It can be argued that opium has arrested a historical trajectory: it has kept people attached to the rural economy.

Furthermore, opium certainly has been a lubricant for the existing social structures, since it assists conflict resolution processes and eases the underlying social tensions between different ethnic and social groups. It has also supported the rise of a shadow state, where the distinction between using the official position for the public good and private gain merges. But one needs to be careful while separating the pre-existing patterns and structures of bureaucratic

The Narco

Afghanistan is considered the world’s largest opium producing country. At what cost is it pursuing this activity?

By Asra Khurshid
behavior which have always been distinctly patrimonial in Afghanistan (which some would refer to as government by relationships) from the direct consequences of the opium economy.

While Afghanistan’s opium economy seems to have experienced a skyrocketing rise in recent years, certain policy responses and interferences also need to be analyzed. It is said that U.S. foreign policy supports the workings of “a thriving criminal economy in which the demarcation between organized capital and organized crime has become increasingly blurred.”

The heroin business is not “filling the coffers of the Taliban” as claimed by the U.S. government and the international community. Quite the opposite, a large part of the proceeds from this illegal trade are a source of wealth for powerful business and criminal interests in western countries. These interests are sustained by U.S. foreign policy.

Afghanistan’s economy has evolved to the point where it is now highly dependent on opium. Today 2.9 million Afghans from 28 provinces of the country are involved in opium cultivation in one way or another. This figure represents about 10 percent of the population.

Although Afghanistan’s overall economy is being boosted by opium profits, less than 20 percent of the profits actually go to the farmers, while more than 80 percent are pocketed by opium traffickers and the big names involved in the business. Even heftier profits are generated outside Afghanistan by international drug traffickers and dealers. Hence Afghanistan seems to be handicapped as it cannot fully exploit the substantial profits gained by the mass production of opium.

One of the most important arguments is that the Afghan drug economy is seen as “protected.” The heroin trade was a part of the war agenda. What this war has achieved is to restore a compliant narco-state. Now, the powerful financial interests behind narcotics are supported by the militarization of the world’s major drug triangles (and transshipment routes).

While Afghanistan is considered the world’s largest opium producing country, it needs to be seen at what cost it is pursuing this activity. That opium is supported and nurtured as a tradable commodity in Afghanistan is a fact. But is it the only worthwhile commodity that this country produces? This is a question that the Afghans themselves need to explore.

The writer is a student at the Lahore School of Economics. She regularly writes on social issues.
Putting thought to paper is an art while turning these thoughts into reality is an achievement. That is exactly what Rishad Ahmed, a young graduate of the Dhaka University did – turning his positive approach to life into an idea that is now benefitting hundreds of students from remote villages across Bangladesh.

Rishad hails from Narayongonj. His idea of the Roshnee Kit was a result of a long struggle with studying in poor light because of electricity shortage. As a primary student he experienced darkness for hours as he staggered to keep pace with his curriculum. But, instead of losing hope, he turned his despair into motivation that fueled the invention of the groundbreaking Roshnee Kit, a device that produces electricity by transforming chemical energy from bio-convertible substrate.

The Roshnee Kit project became famous when Rishad, along with his team, presented the idea at the Dell Social Innovation Challenge, an investment platform that provides social entrepreneurs with an opportunity to think and implement ideas that can improve society. Out of the 600 projects submitted from over 50 countries, Rishad’s Roshnee Kit made it to the semifinals.

Though the project did not win the competition, it was promoted by Dell across the world through its consumer learning program. The kit received attention from likeminded individuals, helping it to become a catalyst for change.

What led Rishad to invest his time and effort in the kit was the growing number of school dropouts who couldn’t pursue their studies because they didn’t have electricity. Only a few students in rural areas could make it to college while the majority quit after secondary level.

Most villages in Bangladesh are off the electricity grid because of their location. The residents of such villages use generators that are run on cheap fuel. These generators do not produce sufficient electricity and cause problems for everyone, especially students who can’t study after dark. In areas where electricity is available, power breakdowns are frequent while the means for alternative sources are very expensive. A large number of students in these remote villages study at night in the light of kuppi, a kerosene lamp that costs about 6.8 Taka per 100 ml. Studying in the dim light of the lamp is difficult and also very costly.

Contributing to the problem are other social factors. Education is an either/or choice where parents have to choose which child will go to school. They see investing in their son’s education as a better option as they can reap a payoff in the future as opposed to educating their daughters. Therefore, the number of girls dropping out of school is 36 percent greater than boys.

Rishad’s endeavours to eliminate this hindrance to education started from the areas of Narayongonj, Subdi and Alinagar. Along with his peers, Rishad took on the Roshnee Kit project to address the electricity problems faced by students who belonged to the remote villages of Bangladesh.

The initial phase involved research to gauge the magnitude of the problem and possible ways to resolve it. With Subdi and Alinagar as the focal points of learning, a few additional realities of the areas were also uncovered. The villages suffered from electricity shortage as well as lack of clean water as most of the water bodies were polluted by industrial waste.

A solution emerged when Islam Tapu, a chemical engineer from the Bangladesh University of Engineering and Technology, helped Rishad and his team in coming up with a method to create electricity from bacteria. This method was translated into a prototype known as the Roshnee Kit.

The mechanics of the Roshnee Kit thrive on polluted water and the bacteria that are found in it. When industrial waste is discharged into a water source, the organic waste goes through the natural process of decomposition which produces small amounts of charged particles. These particles become integral to power generation with the help of the Roshnee Kit which allows them to produce electric current.

The amount of current produced with the help of Roshnee Kit can provide about 12 watts of electricity per refill for up to three hours. Unlike other alternative sources of energy, the Roshnee Kit provides an eco-friendly solution with no destructive by-products, not even carbon dioxide, formed during the conversion.

The kit offers an affordable solution with a cost bracket of up to $4, including the costs of a frame, a salt bridge, wires, two one-liter bottles, a pair of electrodes and a bulb to go with it. Initially, the idea was to provide 800 to 900 kits to families in remote villages in collaboration with an NGO and the Rural Service Department. However, Rishad, who now runs a marketing blog called Rishadology, believes that the kit can be improved to make it more useful. He wants to spread the Roshnee Kit to all remote villages of Bangladesh that do not fall on the grid, so that the students there have a simple and affordable way to study, especially at night.

With Roshnee Kit, many students will be able to see glimpses of their bright future way past the darkness that poses a threat to their dreams.

The writer is a marketing student with a strong interest in culture and society.
T he Asian Development Bank (ADB) was established in 1966 with the aim to facilitate economic development of Asian countries. The multilateral development institution is owned by 67 members - out of which 48 are in the region - and has a multitude of professionals with expertise in a wide range of fields, such as engineering, economics, environmental sciences and sociology.

Since its foundation, the ADB has been committed to the cause of improving standards of living, reducing poverty and ensuring sustainable growth across Asia and the Pacific. The main tools used to help achieve these aims are loans, equity investments, policy dialogue and technical assistance.

The Maldives consists of over 1,100 mostly thinly populated or uninhabited islands, stretching 900 kilometers north to south in the Indian Ocean. With its population of approximately 0.43 million people, the Maldives has been benefitting from the developmental partnership of the ADB since 1978. The ADB has played a vital role in the country’s developmental progress by providing it with financial assistance amounting to $201.5 million up till 2010.

In 2011, the Maldives was promoted to a middle income country and is now among South Asian nations with the highest average income. For 2014, the ADB has projected a GDP growth of 4.5 percent for the Maldives and 5.4 percent in 2015. The bank has approved eight projects in the last five years, including projects to strengthen the capacity for operations management, prepare the outer islands for sustainable energy development and enhance the country’s tax administration capacity.

However, the Maldives is often labeled as a country at risk of extinction as climatic changes threaten its very survival and continue to harm its economy, which is heavily dependent on the tourism industry. In June 2014, the ADB published a book titled “Assessing the Costs of Climatic Change and Adaptation in South Asia.” Although the report does not focus on the Maldives only, it mentions how the Maldives will be hit the hardest in terms of loss in GDP and may lose up to 12.6 percent of its economy because of climate change in Asia. This, coupled with the annual population growth rate of 1.9 percent, may cause serious economic problems for the country.

Another ADB report dealing specifically with the Maldives does not give much hope either about the changes its economy is likely to face due to climatic alterations. The very first sentence of the report, titled “Maldives Most At-Risk Economy in South Asia from Climate Change,” declares that “the Maldives, with its pancake-flat islands, is the most at-risk country in South Asia from climate change impacts, which, if left unchecked, could cause annual economic losses of over 12 percent of GDP by the end of this century.” By the year 2100, the estimate rise in sea level has been predicted to be 1 metre. This is particularly worrying since the highest natural point in the island country is just over 2 metres above sea level.

This rise would adversely affect the tourism industry and might also inundate 66 percent of the archipelago’s total land area. The report mentions the possibility of dengue, already endemic in the country, becoming even more common. Diseases such as diarrhea and malaria may also spread if such conditions manifest.

Changes in the rainfall patterns have been predicted as well. This could pose serious problems to households that are heavily dependent on rainfall as the main source of drinking water. Storm surges, the erosion of beaches and the rising saline contamination of groundwater supplies add to the disastrous results of these climatic changes.

Another important aspect is the potential energy crisis that could worsen as a result of climate change. The average temperature is expected to rise, which will increase the energy requirements for cooling as well as irrigation purposes. If natural disasters, such as storms, hurricanes and floods increase in frequency and intensity, then power failures will become common, adding to the strain on the government to provide power and sustain it. The import of fuel and other sources of energy will also need to be increased, worsening the country’s balance of trade.

If the situation continues, the South Asian region will have to pay $73 billion every year up till the year 2100 in order to adapt to the changing situation and minimize the disastrous effects of climate change. This may become progressively difficult since the change is expected to negatively affect the tourism industry, which plays an integral part in the region’s overall revenue collection and contributes to more than 30 percent of the GDP.

However, it should not be assumed that corrective measures cannot be taken. In fact, they should be encouraged and considered with utmost urgency. The Copenhagen-Cancun Agreement calls for countries to act together and keep the rise in global temperatures below 2 degrees centigrade. If this is implemented, the cost of adaptation and minimization can halve, and the impact on the economy can be milder.

The report mentions several measures that should be taken in order to respond to climate change. These include the use of recycled water, protection of groundwater resources, use of drought, flood and saline resistant crop varieties as well as improved disease monitoring.

Many think that the Maldives is nearing its end. It will succumb to the forces of nature and will be geographically swept away from existence within a century. However, the issue can potentially be solved or at least alleviated if other South Asian countries also contribute to the projects being conducted by the ADB.

Tourists of future generations will certainly need to be careful where they plan their vacations, at least as far as South Asia is concerned.

The writer is a freelance contributor. He writes on social and cultural issues.
Sports are an essential part of the national culture of Bhutan. As a matter of fact, the Bhutanese people encourage participation in a variety of sports since childhood. Due to this enthusiasm at all levels, professional sports in Bhutan have become a part of everyday life. Bodybuilding is the latest rage in the country along with other sports.

Bodybuilding is all about developing the physique through exercise and diet, often for competitive exhibition. It aims at displaying pronounced muscle tone and exaggerated muscle mass for an overall aesthetic effect. Weight training is the principal exercise whereas high protein foods and vitamin and mineral supplements contribute to the diet. Bodybuilders often take part in competitions which are held across the globe and are now considered a sport.

Bodybuilding grew largely out of the 19th century European theatrical and circus acts. The first important international competition was the Mr. Universe contest, which started in 1947. It was followed by the even more prestigious Mr. Olympia contest in 1965, while competitions for women began in the 1970s. In 1998, bodybuilding was granted provisional status by the International Olympic Committee. Since then, athletes from all over the world participate in bodybuilding and weight lifting competitions which are held at local, national and global level.

With the sport gaining immense popularity among the Bhutanese, more and more young people are coming forward and participating in professional bodybuilding competitions, according to the Bhutan Bodybuilding and Weight Lifting Federation. The number of bodybuilders, fitness and cover models who join gymnasiums both for the purpose of becoming professional athletes as well as hobbyists is increasing with time.

Ever since Bhutanese athletes started representing their country at international competitions, the sport has become exceedingly well-liked by the masses. Seeing sportsmen making Bhutan proud with their fitness and weight lifting skills, many young athletes as well as hobbyists is forward and participating in professional competitions.

According to Sangay Tsheltrim, an ex-armed forces officer, athlete and executive member of the Bhutan Bodybuilding and Weight Lifting Federation, some of the participants show initial wariness but as they continue with the training and the required diet, they begin to develop interest. Seeing other athletes working out in the gym also motivates young men to attain the ideal fitness level to participate in the competition. However, there are many bodybuilding enthusiasts in Bhutan who do not necessarily want to take part in competitions, but want to pursue it as a hobby. After all, who doesn’t want to look good?

In Bhutan, the first national-level bodybuilding competition took place in 2008. Since then, athletes from Bhutan have been participating in various national and international competitions. Recently, four Bhutanese athletes, including a female, participated in the 48th Asian Bodybuilding and Physique Sports Championship and Annual Congress in Macau, China.

Their enthusiasm has also increased because Bhutan will be hosting the 2016 Asian championship, which will definitely provide more opportunities to the people of Bhutan. This is because the event will not only attract more participants to take interest in bodybuilding but those participating will receive more exposure internationally, which is much needed for the promotion of the sport in Bhutan and for the country's image.

“It is not only about participating and winning, but it is more about representing your country,” Tsheltrim says.

On the challenges faced by bodybuilders in Bhutan, he adds that in order to succeed, artists need a lot of time, dedication, discipline, effort and support from the family to dedicate themselves to this field.

Some people, who might not have an interest in competing on stage, still take up bodybuilding as an activity. For all such hobbyists, professional athletes are always there to give tips.

Earlier, bodybuilding and weightlifting was solely considered a male-dominated field and female participation in bodybuilding was confined to the west. However, with the increasing popularity of the sport, women from Asian countries have also started participating in professional bodybuilding competitions.

In Bhutan, participation of women in the sport was unheard of in the past. In 2013, however, the first ever Bhutanese female athlete took part in the World Bodybuilding and Physique Sports Championship in Hungary. The athlete, Yeatoeh Lhamu Penjore, aged 22, was a school teacher by profession. She won a medal of appreciation for representing Bhutan for the very first time in the category of model physique. Owing to her passion for fitness and

The Body Challenge

Bodybuilding is becoming a popular sport in Bhutan – and contributing to national unity.

By Sarah Batool Haider
for being the first female to take such an initiative, Penjore is seen with respect by the masses as well as her male counterparts. Participation of a female in bodybuilding is a particularly difficult task because in Bhutanese culture a female with a bodybuilder’s physique is not considered feminine and desirable.

Moreover, due to cultural inhibitions, many women in Bhutan do not feel comfortable in exposing their bodies on stage. However, the love of sports and fitness among the Bhutanese people can be gauged from the fact that they wholeheartedly supported Yeatoeh Lhamu Penjore when she competed and represented Bhutan at an international level. This year, she again participated in the 48th Asian Bodybuilding and Physique Sports Championship and Annual Congress in Macau, China.

Although bodybuilding has become quite popular in Bhutan, there are many people who want to participate in the sport but are held back because of some prevalent myths.

It is believed that bodybuilders use steroids excessively to gain weight. When people hear about bodybuilding, they immediately assume all kinds of negative things about bodybuilders but their assumptions are mostly wrong, especially with regard to natural bodybuilders.

people consider it fake. It takes a lot of dedication and training outside the gym that contributes to natural bodybuilding and not all athletes use steroids.

Though performance-enhancement supplements are always required but what is more important is that it actually takes a lot of hard work and intelligence to learn about nutrition and to apply different exercise techniques in the gym.

“It is important to remove some myths so that people can make informed choices if they want to take up bodybuilding and weight lifting as a profession. Young people understand this fact and I can see a bright future for all athletes in Bhutan,” Tsheltrim said.

The writer is a Karachi-based journalist.
At a time when there is a dearth of good quality science-related books in Urdu, obviously because of low demand of such books, it is indeed quite daring of Prof. Dr. Syed Riaz Baqar to write a very comprehensive book that deals with an important issue – the evolution of human life. His book ‘Insani Irtiqa Ki Kahani’ is a valuable addition to the small pool of well-researched Urdu books written on the subject.

Knowledge is the key to progress and science and history are perhaps the most important components of knowledge. Without history, the human race couldn’t have known how its ancestors lived and progressed over centuries and without science, it would have been impossible to give a logical explanation of the evolution human beings have undergone since the beginning of time. Although the study of various other disciplines is equally important, for a nation to progress, it is essential that its people are well-versed in the afore-stated subjects.

Man has always been curious about his origin as well as the origin of the planet he calls home. In his quest to find answers about life on earth, he has travelled to all corners of the planet and even beyond. He has been successful in finding most answers; however, there still are many mysteries that remain unresolved. Not the one to give up, man has pursued the mission to seek knowledge and, as a result, he has unearthed some basic realities.

From its earliest single unit form to today’s complicated human body, the evolution of life is an amazing phenomenon. During the course of this significant discovery, one has learned amazing facts about the surroundings and other forms of life. The west is lucky in the sense that it has recorded, and continues to do so, the wealth of such information and knowledge in the form of books. Take any topic and you are likely to find a book on it in English, one of the most widely spoken languages in the world. This is perhaps the main reasons for the west’s success in every field – from engineering to medicine, information technology, etc.

It is a misfortune of those who speak Urdu – another widely spoken language in the world – that there are very few books available in this language that deal with science and scientific research. In Pakistan, for instance, text books make up perhaps the largest number of science-related books in Urdu. This fact increases the value of Dr. Baqar’s book as it is written in a simple and easy to read manner and is equally enjoyable for both an academic and a common reader.

Although the subject matter of the book – the evolution of life – is heavy in itself, the writer reveals that what motivated him to write the book were the childish queries of his grandchildren about how human life started on the planet. Encouraged by these inquiries, he started making a list of questions about the origins and evolution of human beings. The book also answers some basic questions such as what evolution is, what the origin of life was, how a single cell became the most important unit, the mutual relation between humans, the birth of the concept of society, the equation of relationship between man and animal and hundreds of other similar topics.

It is a treasure trove of useful and, at times interesting, information such as at what point man was called a human, why one human race is different from another and how man has strived to better his conditions. A special feature of the book is that it does not dwell on the question of evolution from the biological perspective only – although the writer apportions the most space to summarizing the origin of life as explained by famous biologists. Instead, it also explores human evolution from the linguistic and social perspectives. For instance, while describing how the ancient people of Australia and Polynesia travelled, the writer shares interesting insights into their expertise in making boats and canoes.

The author says he got the idea of writing the book from different phenomena which demanded scientific explanation and sometimes perplexed the common man. The book is, however, more likely to attract readership among academia rather than the ordinary reader because of its scholarly subject and also because despite the best efforts of the author to keep the language simple, it is impossible to do away with certain difficult terminologies. However, to solve this problem, the writer has tried to give the English variants of uncommon Urdu words such as pollen for ‘zar gul’ and sling for ‘falakhan’, which hardly a few would understand in Urdu.

The writer has included some interesting personal information about famous people – biologists, paleontologists and scientists mostly – for those who intend to read the book to increase their knowledge. This concise information provides refreshing breaks in the otherwise serious read.

Another interesting feature is the compilation of photos related to the subject being discussed as well as some personal photos of the author and his family – the latter taken at places which hold historical importance for various reasons. However, a little distracting factor is the transition in tenses in some chapters where the writer has apparently mixed the past with the present which can confuse the reader.

Overall, the book can be a good read for those who are interested in expanding their knowledge. Going through the bibliography, one learns that the writer has read extensively to collect material from hundreds of different sources and has credited them duly. It also goes to the publishers’ credit that they agreed to print the book in Urdu on the subject of evolution.

The writer is assistant editor at Southasia. She focuses on issues of political and social interest.
UPCOMING B2B EVENTS . . .

**INTERTRANS**
17 February 2015,
4th International Multi-Modal Transportation,
Logistics Conference
Website: www.intertranspakistan.com
E-mail: info@intertranspakistan.com

**SAFE SECURE**
10-12 March 2015
Pak-China Friendship Centre, Islamabad
11th International Safety & Security
Exhibition & Conference
Website: www.safesecurepakistan.com
E-mail: info@safesecurepakistan.com

**MEGATECH**
2015, Expo Centre Lahore
12th Edition of the International Machinery
Exhibition of Garment & Textile Technology
Website: www.megatechpakistan.com
E-mail: info@megatechpakistan.com

**POGEE**
23 - 25 April 2015, Karachi Expo Centre
13th International Exhibition for the Energy Industry
Website: www.pogee.com.pk
E-mail: info@pogee.com.pk

**PLASTI&PACK PAKISTAN**
6 - 8 October 2015, Karachi Expo Centre
13th International Plastics & Packaging
Industry Trade Fair
Website: www.plastipac.com.pk
E-mail: info@plastipac.com.pk

**PRINT PAPER & LABEL**
6 - 8 October 2015, Karachi Expo Centre
3rd International Printing, Labeling,
Paper & Paper Converting Industry Exhibition
Website: www.plastipac.com.pk
E-mail: info@plastipac.com.pk

**Pakistan food+hospitality**
6 - 8 October 2015, Karachi Expo Centre
4th International Food, Beverages &
Hospitality Trade Fair
Website: www.foodtech.com.pk
E-mail: info@foodtech.com.pk

**Tech Pakistan food + bev tec**
6 - 8 October 2015, Karachi Expo Centre
12th Edition of the International Food, Beverage
& Packaging Technology Trade Fair
Website: www.foodtech.com.pk
E-mail: info@foodtech.com.pk

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Pegasus Consultancy (Pvt) Ltd
2nd Floor, Business Centre, Mumtaz Hassan Road, Karachi - Pakistan
Tel: +(92-21) 111 734 266 (PEGCON)  Fax: +(92-21) 3241 0723
E-mail: info@pegasus.com.pk  URL: www.pegasus.com.pk
Politics of Floods

Sargodha flood victims yell ‘Go Nawaz Go’

Azad Kashmir flood victims shout ‘Go Nawaz Go’

Bilawal Bhutto visits Sukkur, reviews flood situation

Bilawal distributes relief goods among flood victims in Multan

While Nawaz Sharif was not welcomed by flood victims wherever he went, Bilawal Bhutto took advantage of the situation and sympathized with the people – though however cosmetic the ploy may be.
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