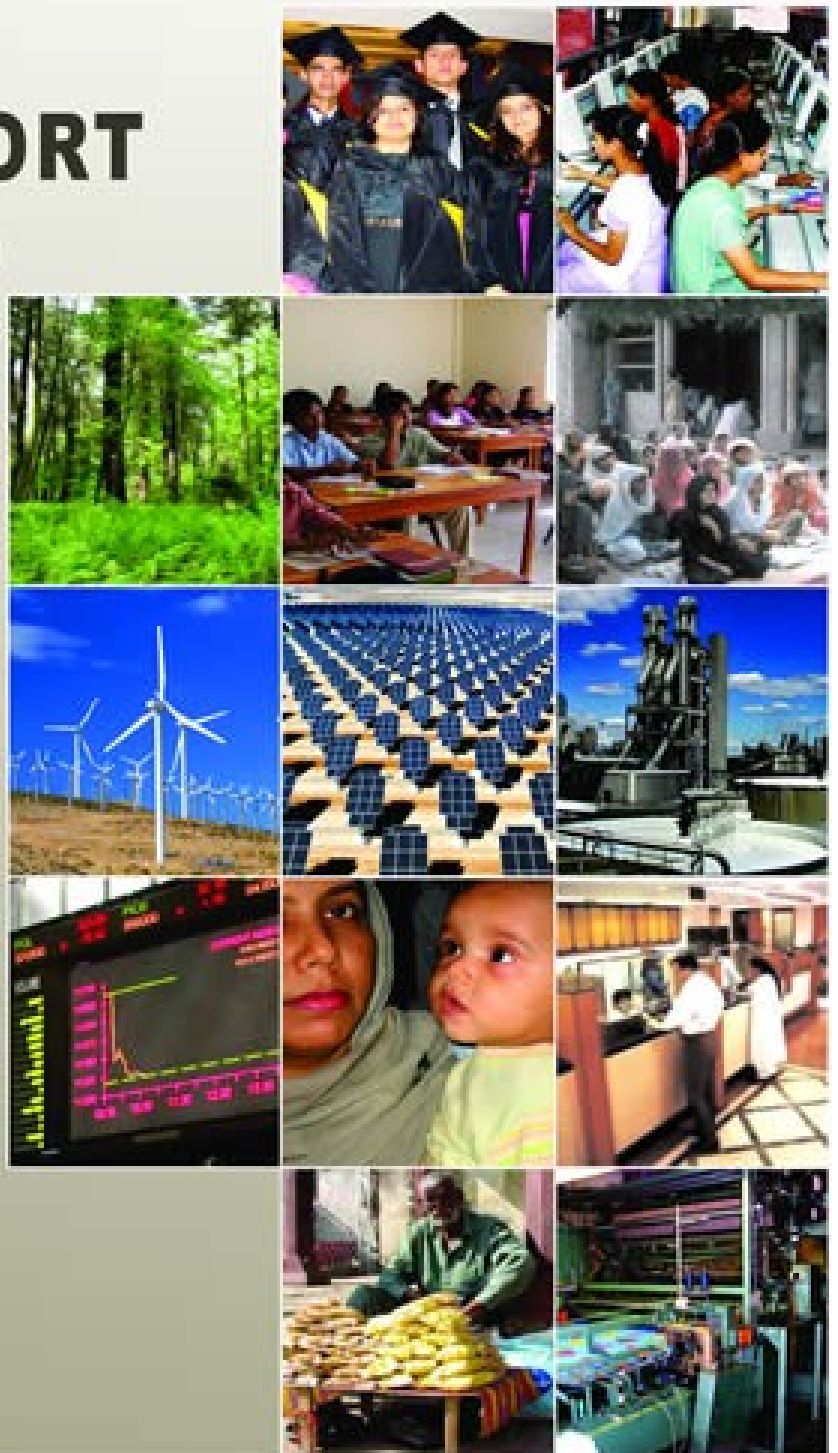




ANNUAL REPORT 2008-2009



PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS



PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS

**Annual Report
2008-2009**

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PREFACE



This has been a very satisfying year for PIDE with a number of new initiatives launched and some very impressive achievements in our research, teaching and policy advisory work.

During 2008-09, our research programme was focussed on a number of critical issues faced at the national and global level under a two-year research programme which will go into next year. These included issues related to the energy crisis, inflation, food security, poverty, remittances, regional trade, governance and the impact of the global financial crisis on Pakistan and South Asian economies. PIDE also made a presentation to the Economic Coordination Committee of the Cabinet (ECC) on the major causes of high inflation and measures needed to curtail them. PIDE also completed an important study on China-Pakistan trade with the Chinese Academy for Social Sciences for the Ministry of Commerce in the two countries.

PIDE's first batch of Masters in Economics, Business Administration, and Population Sciences completed their degrees at the end of 2008-09. It was a proud moment for PIDE as its first crop of graduate students were offered employment in prestigious private and public sector institutions. Some of the graduates have stayed on and joined the MPhil and PhD Programmes.

PIDE launched in 2008-09 three research centres in areas which are of critical concern: food security; conflict, security and development; and economics of environment and climate change. We are developing exciting research programmes in each of these areas, together with an advisory board (national and international) of eminent economists and social scientists to help guide the work of each of these centres.

It will continue to be PIDE's endeavour to maintain a healthy balance between our research and teaching activities so that they draw strength from each other and ensure that we continue our research programme at the cutting edge of new ideas together with attaining the highest teaching standards.

PIDE, as in earlier years, was host to the Pakistan Society of Development Economists (PSDE) 24th Annual Conference on **“Economic Sustainability in a Globalised World”**. The Prime Minister inaugurated the Conference which saw papers presented by internationally recognised economists followed by very interesting and lively discussions. As in earlier years the proceedings will be published in a special issue of our prestigious and internationally recognised journal, *The Pakistan Development Review*.

Let me in the end say that all this has been made possible by the considerable effort put in by our highly dedicated research and teaching staff and administration. To them all, including our students, I wish to convey my heartfelt thanks.

Rashid Amjad
Vice-Chancellor

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I. INTRODUCTION

The discipline of development economics has made tremendous progress in the past five decades. These advances have been reflected in the activities of the Pakistan Institute of Development Economics (PIDE), the leading research institute of the country which recently celebrated its fiftieth anniversary. During this time, the Institute had expanded its role from conducting basic research in economics and demography to other areas, in particular economic anthropology with the setting up of the Applied Socio-cultural Processes Division. In the mid-1970s, the Institute was given the task to train middle and senior level government officials in the field of project appraisal, monitoring and implementation. The next major task undertaken by the PIDE was in the year 2000 when the PhD Programme in Economics was launched. The policy-makers felt that such a programme was necessary to build the indigenous pool of trained economists to assist in analysing the complex economic and social issues confronting the country. Since its inception, the PhD programme has been going from strength to strength, with ten scholars being awarded the doctoral degree in Economics and two having completed all formalities for the award of a doctorate degree. The programme has now been expanded to the MSc level with plans in the future to start a 4-year undergraduate course in Economics. A new teaching programme, the MS Environmental Economics was initiated in 2009. The objective of this programme is to sensitise students to an interpretation and analysis of economic issues related to the environment.

PIDE continues to be well known for its flagship journal, *The Pakistan Development Review* (PDR). With almost 50 years of continuous publication, it reflects both domestically as well as internationally the essence of PIDE's identity. The Institute also has a regular *PIDE Working Papers* series where the initial output of the research staff is published after going through a rigorous internal vetting process, including seminars.



The research agenda of the PIDE has revolved around the current issues of the day. The current Annual Report highlights these areas which include poverty alleviation, regional and bilateral trade, environmental degradation, the impact of globalisation and the effects of the energy crisis. Inflation, and food inflation have also been major topics of research. The total output of research in the form of papers published, conference papers, working papers, reports etc. both in *The Pakistan Development Review* and overseas journals is given in Table 1.

The new initiatives that the institute has undertaken in the past year is the establishment of three Centres of Excellence:

- (1) Centre for Environmental Economics and Climate Change.
- (2) Economics of Conflict, Security and Development Centre.
- (3) Food Security Centre.

These Centres are expected to focus on research related to their specific field and for providing a policy input to the government, an activity that is part of the Institute's charter. This year also, the PIDE contributed substantially to the Approach Paper for the 10th Five Year Plan (2010-15) as well as to a number of working groups set-up by the Planning Commission including the Panel of Economists which submitted an Interim Report on "Stabilisation with a Human Face", as well as those set-up for the framing of the 10th Five Year Plan (2010-15).

In 2008-09, PIDE started operating a two-year Programme of Work (2008-10) under a "Result Based Management System" and at the end of this year a rigorous mid-term evaluation of progress made in implementation and results achieved was undertaken. This continues to be a 'learning by doing' process and lessons learnt this year in implementation are being built into our way of doing business so as to achieve continuous improvements in PIDE's work performance.

International links through SANEI, GDN and research collaboration with leading international universities also enhance the prestige of the Institute.



II. RESEARCH

PIDE has developed a two-year research programme for the 2008-10 period, based on inputs from its all research divisions. In total 146 studies have been included in this programme, engaging all researchers of the Institute. The studies completed during the first year of the research programme, 2008-09 are reported in Table 1 by Division. Approximately half of the total studies included in the programme have so far been completed during 2008-09. The other studies are in progress. A number of the completed studies have been published in the internationally recognised journals, including *The Pakistan Development Review*.



Empowering Researchers

To encourage initiative and to generate new ideas, PIDE launched an “Empower the Researcher” programme in the second half of 2008. Researchers were asked to submit research proposals for which resources would be made available both for field surveys and external collaboration. A committee reviewed the proposals that emerged and selected eight of them. These covered issues in energy, poverty, corporate governance, financial sector liberalisation, and price-setting behaviour of Pakistan. These studies have now been completed (see Annexure) and will be published in the *PIDE Working Papers* series.

Table 1
Research Published

Name of Division	Internationally Recognised Journals	Working Papers	Books/ Chapters in Books/Conference Papers	Other Publications/ Research Reports	Total
Growth and Environment	4	1	–	5	10
Development Strategies and Governance	3	3	1	4	11
Population, Poverty, and Labour Market Dynamics	2	4	–	–	6
Trade and Industrial Organisation	6	1	–	2	9
Money, Banking, and Finance	12	2	1	9	24
Agricultural Production, Markets, and Institutions	–	5	–	–	5
Applied Socio-cultural Processes	1	1	1	1	4
Fiscal Policy	1	–	–	3	4
Total	28	16	2	24	73

*Seven studies have also been completed under ‘Empowering Researchers’ Programme of PIDE.

II.1. Development Strategies and Governance Division

The PIDE has taken a lead role in initiating a programme of research that focuses on the role of institutions and governance in the development process. The Development Strategies and Governance Division not only aims to explore new ideas and themes on governance, role of institutions, and civil service reforms but also to study how quality of institutions and governance structures can be placed at the heart of various development strategies. Within the overarching theme of governance, the Division is conducting research on education, natural resource management, globalisation and development, and poverty dynamics. A key initiative of the Division is the development of a Macro-econometric Model of Pakistan’s Economy which is expected to prove very useful for public policy analysis and for exploring alternative growth and development strategies and policy options. The Division is also involved in collaborative research with other research divisions and government agencies.

Research

Amid growing concerns on the popularity of the civil service among the students, the study “**Students’ Attitude towards Civil Services of Pakistan**” by Faheem Jehangir Khan and Musleh ud Din reports the findings of a perception survey of enrolled university students. Contrary to common perceptions, the results suggest that the civil service still retains its allure among the potential entrants. Those who prefer the civil service as a career are more concerned with job security than those who prefer a job in the private sector. The Foreign Service of Pakistan appears to be the most favourite group whereas the Accounts Group is the least preferred. The District Management Group (DMG) seems to no longer enjoy a coveted position perhaps due to the implementation of the devolution plan which has stripped the group of its power and privileges.

The software of society, that is, governance and institutions is now being considered as the key determinant of growth. However, the institutions of a society are endogenous and if one sets about the task of reforming institutions, the immediate difficulty that comes to the fore is: From where to start the process of reform. In the study, “**Reforming Institutions: Where to Begin?**” by Idrees Khawaja an attempt has been made to understand how institutional reforms can be designed and to draw lessons for initiating institutional reforms in Pakistan from history and theory. Similarly, the issue of corporate governance is important with respect to economic development (see Box 1).

Box 1. Does Corporate Governance Affects Firm Performance in the Case of the Pakistani Market

This study investigates whether differences in quality of firm-level corporate governance explain firm-level performance in a cross-section of companies listed on the Karachi Stock Exchange. The relationship between firm-level value and total Corporate Governance Index (CGI) is analysed using three sub-indices: board composition, shareholdings and ownership and disclosures and transparency for a sample of 50 firms listed on the Karachi Stock Exchange. The firm value is measured by Tobin’s Q, return on asset and return on equity. The results indicate that corporate governance does matter in Pakistan. However, not all elements of governance are important. The board composition and ownership and shareholdings enhance a firm’s performance, whereas disclosure and transparency has no significant effect on firm performance. However, the study points out the adequate firm-level governance standards which can not replace the solidity of the firm. The low production and bad management practices can not be covered with transparent disclosures and transparency standards.

Attiya Y. Javid and Robina Iqbal (2008) *NUST Journal of Business and Economics*.

The study, “**Global Financial Crisis: A Tale of Moral Hazards**” by Idrees Khawaja seeks to critically examine the literature to settle on the root cause of the financial crisis and to distinguish between causes and consequences. Perverse incentives of the financial intermediaries and the regulatory failure to control for moral hazards are the main causes of global financial crisis. It is hoped that the knowledge gained will help facilitate regulators in developing countries to guard against the recurrence of something like the global financial crisis when economic fundamentals require that monetary policy be accommodative for sufficient length of time and new financial products are being designed by the financial sector.

The transport sector has received much attention from the government, in the context of creating a competitive and efficient sector that will benefit the regional cooperation and trade efforts being undertaken. The study “**Quantifying the Impacts of Development of Transport Sector in Pakistan**” by Rizwana Siddiqui finds that tax financed investment in transport reduces transport cost of movement of passengers and improves safety and reliability of transport operations.

Two important issues relating to public expenditure and macroeconomic uncertainty and the impact of the global financial crisis in economic and social terms have been discussed in Box 2 and Box 3 respectively. The latter study, on the global financial crisis examines the economic and social implications for South Asia. The former study analyses the role of macroeconomic uncertainty and public expenditure in determining private fixed investment in the country.

**Box 2. Do Public Expenditure and Macroeconomic
Uncertainty Matter to Private Investment?
Evidence from Pakistan**

This study examines the role of macroeconomic uncertainty and public expenditure in determining private fixed investment in Pakistan. It is found that individual series are non-stationary. There is a long-run relationship between private fixed investment, public consumption expenditure, public development expenditure, and market activities. It is revealed that public development expenditure stimulates private investment, whereas public consumption expenditure is detrimental to private investment. The referred dynamic private fixed investment function, confirms that, in the short run, public development expenditure enhances private investment. Moreover, macroeconomic instability and uncertainty depresses private investment in Pakistan.

Imtiaz Ahmed and Abdul Qayyum, *The Pakistan Development Review*. No. 2.

**Box 3. Economic and Social Impact of Global Financial Crisis: Implications for
Macroeconomic and Development Policies in South Asia**

The global financial crisis came at a time when South Asian economies were under severe strain due to global fuel and food price hikes. The crisis has exacerbated the macroeconomic imbalances and has led to a slowdown in economic growth. In this scenario, putting the regional economies back on track has become a major challenge. This paper spells out macroeconomic and development policies to mitigate the adverse impact of the crisis in the short to medium term and to enhance competitiveness in a longer term perspective. The paper also provides a comparative perspective on regional economic performance before and after the crisis with a view to identifying initial conditions—including shock absorbers and shock amplifiers—that prevailed before the crisis. It is argued that an economy's ability to cope with the financial crisis critically hinges on the initial conditions in the domestic economy. Prospects for regionally coordinated policy measures to deal with external economic shocks are also highlighted.

Rashid Amjad and Musleh ud Din, ADB/SANEI (forthcoming).

The poorest countries are located in Sub-Saharan Africa and South Asia. These countries also carry a disproportionate burden of endemic diseases like malaria. This geographic concentration of underdevelopment has led many to ascribe it to the disease environment of the country. Research on the relative impact of disease *vis-à-vis* institutions on economic outcomes for countries has not come to a definite conclusion. While the jury is still out on the direct/indirect effect of disease on growth, a study undertaken by Lubna Hasan; “**Disease, Institutions and Underdevelopment**” adds to the debate and tests the validity of this hypothesis to make informed opinion about development policies.

This paper on “**Does Governance Contribute to Pro-poor Growth? Evidence from Pakistan**” by Rashida Haq and Uzma Zia explores linkages between governance and pro-poor growth in Pakistan for the period 1996 to 2005. The analysis indicates that governance indicators for Pakistan have low scores and rank at the lowest percentile as compared to other countries. The dimensions of pro-poor growth, which include poverty, inequality, and growth, demonstrate that the poor do not benefit proportionately from economic growth. The study finds that poverty and inequality have worsened and the share in income and expenditure for the bottom 20 percent has also decreased, while inflation for this lowest income group is high as compared to the highest-income group. It is also observed that approximately 25 percent households reported that

their economic status was worse than in the previous year (2004-05). The results of the study show that a strong link exists between governance indicators and pro-poor growth in the country. Econometric analysis shows that there is a strong relationship between good governance and reduction in poverty and inequality. It is concluded that greater voice and accountability, political stability, regulatory quality, and rule of law can control corruption and the pro-poor policies, which ultimately reduce poverty and inequality in the long run.

This study titled **“Size of Government Spending and Human Capital Inequality: Evidence from Cross Sectional and Panel Data Analysis”** by M. Jehangir Khan, Asif Javid, Usman Ahmed, and Shujatt Farooq examines the Meltzer and Richard’s model regarding the role of income inequality in determining the size of government spending which argue that a wider income distribution leads to larger size of state. The research incorporates alternative inequality measures to test the hypothesis using cross-sectional as well as panel data regarding sixty countries including Pakistan. The panel estimation was undertaken at the level of the whole sample. Inequality measures constructed from the human capital data set stood consistent at the level of cross section and panel estimation as compared with inequality measures from the inequality data set. Control variables also showed consistency with the inclusion of inequality measures from human capital data set. It is also interesting to note that the ratio of bottom to top human capital quintiles gives robust and significant coefficient both at the level of cross section and panel estimation. Furthermore, our graphical analysis portrays a consistent relationship between size of government spending and inequality measures computed from the human capital data set as compared with that estimated from the income inequality data set.

II.2. Growth and Environment Division

This Division deals with research linked to energy and development issues. Environmental concerns are also considered as these are now in the forefront of the debate on sustainable development. Within the country, the availability of a reliable supply of energy is important if growth rates are to be maintained.



Research

It is well recognised that energy is the backbone of an economy and plays a crucial role in enhancing socio-economic development. Pakistan faces the challenge of how to fuel the growth of industry and agriculture sectors for meeting growth targets and providing energy at affordable prices to poor households, especially to those living in the rural areas. The availability of energy at affordable prices is a critical factor that determines a whole array of productive activities and leads to increased economic growth and reduces poverty.

The past year has seen the country experience a substantial and significant shortfall in electricity supply. This has had a negative impact on economic activity which the study **“Economic Cost of Load Shedding: A Case Study for Selected Firms at Four Industrial Cities of Punjab”** by this Division aims to evaluate. Four industrial cities in Punjab, i.e., Faisalabad, Gujranwala, Gujarat and Sialkot form the focus for this study.

Furthermore, at the national level, efforts are being made to utilise existing energy resources more efficiently through improvements in technology and controlling the cost of energy and its wastage. Considering this important issue, Muhammad Arshad Khan and Abdul Qayyum conducted a study entitled **“The Determinants of Demand for Electricity in Pakistan”** at aggregate and disaggregate levels. The conclusion of the study revealed that income exerts a positive impact on electricity consumption, while price exerts a negative impact on electricity consumption (see Box 4).

Box 4. The Demand for Electricity in Pakistan

This study examines the patterns of electricity demand in Pakistan over the period 1970–2006 using autoregressive distributed lag technique to cointegration. Long run and short-run price and income elasticities are examined at the national level and for the three major consumer categories—households, industry and agriculture. The overall results suggest that income and price elasticities possess expected signs at aggregate and disaggregate levels in the long run as well as in the short run. The error correction terms possess expected negative signs and are highly significant with reasonable magnitudes. Furthermore, the estimated long run and short-run electricity demand functions remains stable over the sample period. The results thus convey important information to the agents operating in the electricity market regarding pricing policies and helps in planning the future strategy of electricity demand management.

Muhammad Arshad Khan and Abdul Qayyum (2009) *OPEC Energy Review*, Issue 1, pp. 70–96.

The study on “**Power Sector Reforms in Pakistan: A Critical Review**” by Afia Malik, Mir Annice Mahmood, and Ayaz Ahmed has critically evaluated the performance of the power sector in the post-reform period in comparison with the pre-reform period. The study discusses major policy changes undertaken by the government since the initiation of these reforms and the impact these policies have had on the overall performance of the sector.

The study “**Energy Demand in Pakistan: A Disaggregate Analysis**” by Muhammad Arshad Khan and Usman Ahmed, examines the demand for energy at the disaggregated level (gas, electricity, and coal) for Pakistan over the period 1972–2007. The results suggest that electricity and coal consumption responds positively to changes in real income per capita and negatively to changes in own prices. Gas consumption responds negatively to real income and price changes in the short run, however, in the long-run real income exerts a positive effect on gas consumption, while price of gas has an insignificant effect. Furthermore, in the short-run the average own price elasticity and income elasticity for gas consumption (in absolute terms) are greater than those for electricity and coal consumption.

The study “**Consumer Willingness to Pay and Analysis of Existing Laws for Safe Drinking Water in Pakistan**” by Usman Mustafa, is based on the Contingent Valuation Method (CVM) to analyse drinking water services and quality in Abbottabad city, North-West Frontier Province of Pakistan. An in-depth analyses of the existing laws in the drinking water sector were also made. In an attempt to measure, how much households are willing to pay for improved water services, we use the CVM and apply binomial logistic regression. The data used in the study was collected by a PIDE survey team from district Abbottabad during 2007–08. A systematic random sampling technique was adopted for the collection of data. Two hundred and eighty two households, which consist of 1670 households’ members, were interviewed at their premises through a well-structured and pre-tested questionnaire.

The existing system of drinking water in Abbottabad is not reliable in both services and quality to meet the requirements of the households (HHs). Similarly, there are a number of laws related to safe drinking water but their implementation is not as desired. The research finds that there are statistically significant effects of education on the HH’s WTP for safe drinking water. As expected, the study finds that there is a strong relationship between the disease history of a family as well as satisfaction from current services and their willingness to pay (WTP). Education and disease history

play an important role in determining WTP of HH in the sample district. Apart from the above variables above, satisfaction from the available system can play an effective role in influencing the general public perception towards the opportunity cost for using unsafe water.

Water is linked to poverty in many ways, affecting health, income and education, and impacting broader development concerns such as gender disparity and social exclusion. Securing universal access to safe and reliable drinking water is today one of the leading challenges for sustainable development. Currently, over a billion people around the world lack access to safe drinking water, with nearly 80 percent of all diseases in developing countries thought to be water related, leading to an estimated 1.7 million deaths annually. It is predicted that by the year 2030, global water use will rise by as much as 30 percent in developing countries alone, while two thirds of the world's population will live in 'water-stressed' regions with per capita availability at less than 1,700 m³/year.

In Pakistan, access to water supplied through pipelines rose from 25 percent to 29 percent of the population between 2001 and 2005. But water resources across the country are coming under increasing pressure. Water availability has declined dramatically, from as much as 5,000 m³ per capita in 1951 to just 1,100 m³ per capita in 2005, with current per capita availability only slightly higher than the internationally recognised scarcity level. What is of even greater concern is that, according to recent projections, the availability of water in this country will fall to just 700 m³ per capita by 2025.

Supply is unlikely to be able to keep up with rising demand in the future. Poor households will be the hardest hit and this is particularly worrying, given Pakistan's slow progress in poverty reduction. Besides the impact of water scarcity on poverty, there is also the concern that competition for scarce water resources, combined with diminishing water quality, will exacerbate conflict in the country, creating a destabilising effect on economic development. These issues are discussed in the study on **"Environmental Fiscal Reforms in Abbottabad: Drinking Water"** by Usman Mustafa.

The improper disposal of municipal waste has a serious and dangerous impact on a wide range of areas. Garbage thrown in the street or in open spaces creates a public health hazard, while waste dumped near rivers, lakes and streams contaminates the water supply. Rubbish that is burned in the open rather than disposed of properly creates pollution and releases toxic fumes into the environment. Non-biodegradable materials thrown into open drains make their way into the sewerage system, clogging pipelines and damaging infrastructure. The hazards posed by the dumping of untreated hospital and industrial waste are even greater, with the release of pathogens and toxic compounds posing a grave threat not just to human life but also to plants and animals. Garbage dumped in the countryside is not simply an eyesore; entire landscapes are ruined and unique habitats for flora and fauna are lost.

All of these problems are common in Abbottabad, where vast quantities of solid waste remain uncollected in the streets, along major roads, in empty plots of land, down hill slopes and in illegal dumps as detailed in the study titled **"Environmental Fiscal Reforms in Abbottabad: Solid Waste Management"** by Usman Mustafa.

The study titled **"Impact of Income Inequality and Defence Burden on Economic Growth"** by Zainab Iftikhar and Amanat Ali explores how income inequality and defence

burden affects economic growth in different parts of the world. An endogenous growth model has been followed that suggests a negative relationship between growth and income inequality and the defence burden. The implications of the model are tested using panel data. The results suggest a negative relationship of growth with income inequality and defence burden, around the world. A by-product of the analysis is the conclusion regarding convergence. The study finds no support for convergence across the world.

II.3. Money, Banking, and Finance Division

The research conducted by the Money Banking and Finance Division has covered important areas including electricity demand, macroeconomic uncertainty and investment, role of energy in the development process, monetary policy and the stock market, corporate governance, foreign aid, and foreign direct investment. The Division also organised a Panel Discussion on the global financial crisis and its impact on the Pakistani economy during the 24th AGM Conference of the Pakistan Society of Development Economists.

The researchers from the Division also participated in the Business Barometer Survey and the Inflation Expectation Survey since March 2009. The inflation expectation report was presented before the Economic Coordination Committee (ECC) meeting on May 19, 2009. Both the **Business Barometer** and **Inflation Expectation Survey** provide guidance to policy-makers regarding the perception of the business community and the public on the state of economic activities (see Box 5).

Box 5. PIDE Inflation Expectation Survey

The PIDE Inflation Expectation Survey reveals that people are expecting low inflation during the next six months as compared with the previous months. The study shows that food, oil and utility prices are the main contributors to the current inflation in Pakistan. According to the survey, current monetary policy actions have not been effective in curbing inflation, highlighting the need for coordinated fiscal and monetary policies to control inflation.



Private investment is considered to be the engine of economic growth. An increase in private investment is taken as a barometer of private sector's confidence in government policies. In this context, a study conducted by Imtiaz Ahmed and Abdul Qayyum on **"Public Expenditure, Macroeconomic Uncertainty and Private Investment"** revealed that public development expenditure stimulates private investment but public consumption expenditures are detrimental to private investment. The study also found that macroeconomic instability and uncertainty depress private investment in Pakistan. Other important studies that deal with subjects of current concern are: **"Determinants of Food Inflation in Pakistan"** by Henna Ahsan, Zainab Iftikhar and M. Ali Kemal; and **"Working to Improve Price Indices Development in Pakistan"** by Mahmood Khalid and Zahid Asghar.

The former study explores the demand and supply-side factors that increase food prices in Pakistan. The long-run relationship is analysed by using the autoregressive distributed lag model (ARDL) for the period 1970-1971 to 2007-2008. The results indicate that supply-side factors (output, money supply, subsidies and world food inflation) strongly affect food prices. Demand-side factors, such as per capita income, cause a decrease in the food price in the long run. The error correction is statistically significant and its sign shows that market forces play an active role to restore long-run equilibrium, when there is a short-run disturbance in food prices.

The latter study by Mahmood Khalid and Zahid Asghar primarily aims to start a debate on improving Consumer Price Index (CPI) construction in Pakistan. It considers many factors that introduce biases in the CPI. It explores the factors that may limit the reliability of CPI and then suggests possible recommendations to manage these limitations. According to the study, there are five main index biases which exist in the CPI not only in developing countries, but also, in developed countries where sufficient attention is paid to overcome these biases. These biases are; Commodity Substitution Bias, Outlet Substitution Bias, Quality Adjustment Bias, Index Calculation Bias and New Product Bias. Other limitations include; Issue of selecting a representative product (or good), Defining issue of average quality, Data collection, weights determination and Base year change.

The study on “**Crude Oil Prices, Monetary Policy and Output: Case of Pakistan**” by Afia Malik analyses the impact of rising oil prices along with the changing macro conditions on output using IS, monetary policy and augmented Phillips curve for Pakistan.

II.4. Trade and Industrial Organisation Division

Globalisation leading to further integration of the world economies holds promise for improved resource allocation, higher levels of technical efficiency, wider options for consumers and exposure to new ideas, technologies and products. However, to reap the benefits of globalisation, Pakistan must enhance their share of exports in the world markets through better productivity, improved product quality, and greater supply capacity.



Against this backdrop, the research programme of this Division is aimed at addressing a variety of issues in the area of Industrial economics and International economics. The research programme relating to industrial economics includes industrial restructuring, implications of changes in growth in the manufacturing sector, industrial concentration and role of small-scale enterprises in the manufacturing sector etc.

The division plans to carry out research on a number of themes including:

- (1) Market structure and pricing behaviour;
- (2) Domestic commerce;
- (3) Competitiveness; and
- (4) Global strategies.

The importance of bilateral and regional trade on the Pakistan's economy is reflected in the following studies (see Box 6 and Box 7). The trade with China is important because of the longlasting economic relationship that these two countries have engaged. A closer economic relationship would foster more sustainable growth and development for both nations.

Box 6. Recent Experience and Future Prospects of Pakistan's Trade with China

This study examines the prospects of expanding bilateral trade between Pakistan and China particularly in the context of the recently signed free trade agreement between the two countries. Using the augmented gravity model, the paper shows that there is a significant potential for expansion of bilateral trade between the two countries as a result of the free trade agreement. The study also analyses the bilateral trade flows between the two countries in terms of the trade specialisation index and the Grubel-Lloyd index of intra-industry trade. It is shown that bilateral trade between the two countries is heavily tilted in favour of China and this situation may persist in a short term perspective.

Musleh ud Din, Ejaz Ghani, and Usman Qadir (2009) Pakistan Institute of Development Economics (PIDE), Islamabad.

Box 7. Pakistan—China Economic Cooperation Study

The study explores the possibility of enhancing economic and trade cooperation between Pakistan and China. To identify viable areas of bilateral trade and investment. The study concludes by proposing policy recommendations for enhancing trade relations

Ejaz Ghani, Musleh ud Din, Usman Qadir, and Tariq Mahmood (2008) Pakistan Institute of Development Economics (PIDE), Islamabad.

The study “**Changing Revealed Comparative Advantage: A Case Study of Footwear Industry of Pakistan**” by Naseem Akhtar, Nadia Zakir, and Ejaz Ghani looks at the issues facing the footwear industry regarding its competitiveness in the global perspective and its potential for growth. The methodology of Revealed Comparative Advantage (RCA) is used to analyse the comparative advantage at 2-digit and 4-digit levels of industrial classification. The paper highlights the problems faced by the footwear industry and identifies the role of entrepreneurship for the progress of the industry. The analysis shows that in recent years, specifically the period from 2003-06, the footwear industry has moved from a position of disadvantage (as compared with China and India) to one of comparative advantage. The study indicates that a potential exists for higher growth of the industry and it can become a source of export earnings. The study suggests that in the rapidly changing global economic environment and in the face of increasing cost of doing business in Pakistan, there is a need to strengthen the competitiveness of the footwear industry in Pakistan. Another important aspect of trade, that of trade liberalisation and labour demand elasticities is examined in a study by Naseem Akhtar and Amanat Ali. The study finds so empirical support for the hypothesis about the relationship between trade liberalisation and labour demand elasticity in the country (see Box 8).

**Box 8. Does Trade Liberalisation Increase the Labour Demand Elasticities?
Evidence from Pakistan**

This study measures the linkage between trade liberalisation and labour demand elasticities. Using Pakistan firm-level data for the period of trade liberalisation, the study determines whether trade liberalisation increases the own price labor demand elasticities in the manufacturing sector of Pakistan. Elasticities are measured for production and non-production workers for the major eleven industries at individual level and then are measured by pooling data across the industries at the aggregate level. However, in most of the industries, the study is unable to find any empirical support for the hypothesis of relationship between trade liberalisation and labour demand elasticities in Pakistan.

Naseem Akhtar and Amanat Ali. Submitted for publication in *The Pakistan Development Review*.

Regional cooperation on the trade and economic front has taken centre-stage in the foreign policy of the country. This is reflected in the study on Intra-regional trade among the countries of the South Asian region (SAARC). The study deals with the trade benefits from free trade agreement of SAARC countries. It assesses the trade potential and trade creation with member and non-member countries. The gravity model tool has been used to measure the bilateral trade flows and to assess the trade effect for member and non-member countries (see Box 9).

Box 9. Intra Regional Trade Among SAARC Countries: A Gravity Model Approach

The study has made two analyses to estimate the gravity model. The first analysis is based on cross-sectional data to capture the trade effect individually each year and the second analysis utilises the pooled data to measure the overall trade effects and trade flows for the period 2003 to 2006. The results from the two approaches show that estimated coefficients are consistent with the assumptions of the model. Both analyses show that the regional trade agreement between the SAARC countries could divert the trade for member countries as well as for the non-member countries. However, the level of trade will increase only if the major partners (Pakistan, India, and Sri Lanka) make regional trade agreements.

Naseem Akhtar and Ejaz Ghani (2009) Submitted for publication in *The Pakistan Development Review*.

Pakistan and the ASEAN region are pursuing closer economic and trade relations with their trading partners. One component of this policy stance is the setting up of Free Trade Associations (FTAs) with major trading partners. Current trade flows between Pakistan and ASEAN have not reached their full potential as yet, and an FTA may stimulate further trade. Prepared in collaboration with the Malaysian Institute of Economic Research (MIER), the study “**ASEAN—Pakistan Free Trade Agreement: A Feasibility Report**” by Musleh ud Din, Ejaz Ghani and Usman Qadir investigates the feasibility and potential impact of the proposed FTA between Pakistan and the ASEAN region.

Foreign aid is considered to be an important source of income in developing countries and carries the potential to play a key role in promoting economic growth. During the decades of the 1960s, 1970s, and 1980s, Pakistan was among the largest aid recipient countries, but the benefits of this aid could not reach major sections of society. Muhammad Arshad Khan and Ayaz Ahmed

raise the question whether foreign aid is a blessing or curse for Pakistan. The results of this study suggest that foreign aid is not a blessing for Pakistan (see Box 10).

Box 10. Foreign Aid—Blessing or Curse: Evidence from Pakistan

The role of foreign aid in promoting economic growth is a debatable issue and remains unsettled at both the theoretical and empirical levels. Pakistan has received a substantial amount of foreign aid since its independence in 1947 but little improvement has been observed in its socio-economic development. This study considers the question as to whether foreign aid is a blessing or a curse for Pakistan. The empirical analysis is based on the ARDL cointegration approach. We examine the aid-growth link at the aggregate and disaggregate level for the period 1972-2006. The results show negative and insignificant effects of foreign aid on the growth at the aggregate as well as at the disaggregate level. The findings further suggest that domestic investment, export growth, and inflow of foreign direct investment are important contributors in enhancing economic growth in Pakistan.

Muhammad Arshad Khan and Ayaz Ahmed, *The Pakistan Development Review*, Vol. 46, No. 3, pp. 215–240.

Protection of intellectual property rights (IPRs) is important for the encouragement of foreign direct investment (FDI) inflows. A study “**Intellectual Property Rights and Foreign Direct Investment: Analysis of 14 South and South East Asian Countries, 1970-2005**” on this important issue was conducted by Muhammad Arshad Khan and Ghulam Samad for a panel of 14 South and South East Asian countries. The study concludes that IPRs exerts a positive and significant impact on FDI (see Box 11).

Box 11. Intellectual Property Rights and Foreign Direct Investment: Analysis of 14 South and South East Asian Countries, 1970-2005

The main focus of this study is to examine the impact of intellectual property rights (IPRs) and economic freedom of the world (EFW) on inward foreign direct investment (FDI) on a panel of fourteen developing South Asian and Southeast Asian countries over the period 1970-2005. The study finds that besides other variables, IPRs exert positive and significant impact on FDI while EFW produces negative impact on FDI. This implies that property rights protection, good quality institutions and more economic freedom encourages foreign investors to invest more in production sectors and focus less on distributional networks.

Muhammad Arshad Khan and Ghulam Samad, *Applied Econometrics and International Development (AEID)* Vol. 10-1, Jan-Jun 2010 (forthcoming).

Globalisation of world agriculture brings new challenges as well as opportunities to Pakistan’s agriculture. The study “**World Trade Organisation (Post Doha) and Regional Trade Agreements: Opportunities and Perils for Pakistan’s Agriculture**” by Usman Mustafa, examines these opportunities. World agriculture is changing quickly with new rules of the game under the WTO agreements. The Doha WTO round of negotiations mainly focused on agriculture. Despite having comparative advantage in agricultural products, the economies of this region are unable to realise their agricultural export potential mainly due to heavy subsidies provided by rich countries including Japan, the European Union, and the United States. Although, there has been a substantial

increase in the overall trade in the world but but this has been in favour of the developed countries. The open and free economies promised by WTO have not materialised. There are a number of international constraints/agreements imposed by WTO (SPS, AOA, TRIPS, TBT, etc.) and environment-related agreements and protocols i.e. KYOTO, BASEL, WSSD, CBD, etc. These are not favourable to developing countries because they lack the capacity to fulfill the conditions of these agreement. A number of countries are trying to sign bilateral/multilateral and regional trade agreement (RTA). Pakistan is a member of ECO, SAFTA and bilateral agreements under RTA. Agriculture is the mainstay of the economy and the majority of the people's livelihood directly, and indirectly, depends on it. In this era of globalisation, the role of Pakistan's agriculture in international trade is quite marginal except in some crops where we have a comparative advantage. Pakistan is a net food importing country, therefore, even a small change in agricultural employment opportunities, or prices can have major socio-economic effects in the country. It is important to measure the impact on the economy and on land distribution, cropping pattern and intensity, tenure system, income and employment distribution, crop diversification, migration, etc. to find out policy recommendations to cope with the challenges and reap the benefits from the emerging opportunities.

The study on **“Effects of Private Initiatives in Infrastructure on the Macro-economy of Asia”** by Afia Malik empirically analysed the impact of private investment in the infrastructure sectors on the macro economy of Asian countries.

II.5. Agricultural Production, Markets, and Institutions Division

The research in this Division focused on issues related to food security, profitability of food production, and conservation of water resources. The study on **“Food Security in South Asia: Strategies and Programmes for Regional Collaboration”** by Muhammad Iqbal and Rashid Amjad identifies factors influencing food security in South Asia. Country level and regional level food security indices (FSI) were constructed to track progress in achieving food security keeping in view its availability, stability, access, and nutritional status dimensions. The FSI for the SAARC region showed an overall upward trend till 2000 with fluctuations in individual years. The regional index declined for the next couple of years after which it improved but by 2008 it was only marginally better as compared to 1990. It also confirms that indicators of economic growth, increases in food production and availability and decline in overall poverty may have marginally improved the situation for South Asian countries. The lack of progress in terms of improving food security and reducing hunger and malnutrition in some countries also shows that their economic structure in terms of asset and income distribution; low investment in health, education, and agricultural research and development (R&D); and slow progress in Human Development Index (HDI) and gender disparities may be key factors in explaining their relative lack of progress.



The study “**Economic Analysis of Wheat Profitability in Peshawar Valley, NWFP**” by M. Jehangir Khan, Sarfraz Ahmad, and Khurram S. Nawaz, is based on data collected from a survey of 136 wheat growers from six villages in three districts of Peshawar valley of the North West Frontier Province (NWFP). Cost and returns (gross margins) of wheat producers were estimated for the 2006-07 crop using the farm budgeting technique. The average wheat yield was 1365 kilograms per acre. Total cost of wheat production amounted to be Rupees 10758 per acre. Operations like harvesting/threshing and land rent were major cost components in wheat production and accounted for 14.3 and 45.5 percent of the total cost, respectively. The net returns from wheat production were about Rupees 5226 per acre.

Water is an essential element for survival of all living things and is a vital factor for economic development of a country. In Pakistan, per capita water availability is decreasing at an alarming rate. The study “**Water Resources and Conservation Strategy of Pakistan**” by Henna Ahsan analyses in-depth the water resources of Pakistan for the articulation of a water conservation strategy for the country in order to fulfill future requirements.

The past couple of decades has seen significant changes in world agriculture as a consequence of globalisation, and the new rules of the game are formulated by the World Trade Organisation. The result of these changes have been analysed by Usman Mustafa and A. Qudus in the study entitled “**Globalisation Driven Policies in Agriculture: An Impact Analysis**” (see Box 12).

Box 12. Globalisation Driven Policies in Agriculture: An Impact Analysis

World agriculture is changing fast under the new rules of the game with the WTO agreement on agriculture. The present study is designed to critically analyse the impact of trade liberalisation on agriculture, food security and its social/welfare aspects with special references to poverty in Pakistan. Beside macro level implications, micro level affects have also been discussed by comparing the cost of producing wheat before and after globalisation as a case study to dig out the consequences of globalisation on small peasants. It reveals that the plight of wheat farmers had worsened with decline in real incomes between 1990-91 and 2005-06. Food as well as inputs prices are getting higher and higher. Government policies are neither farmer nor consumer friendly. Globalisation calls for competitiveness and openness. Entering globalisation without competitiveness can expose society to inflation, poverty and food insecurity.

U. Mustafa and A. Qudus. *Lahore Journal of Policy Studies*. Vol. 2, No.1. September 2008.

II.6. Population, Poverty, and Labour Market Dynamics Division

Poverty reduction is a major challenge in Pakistan. Several steps including the income transfer programmes have been initiated at the state level to assist the poor. The ongoing demographic transition in Pakistan has also provided society an opportunity through the growing share of working age population and lowering dependency ratios to achieve high and sustained economic growth and reduce poverty as happened in East Asia. Investment in young population, particularly in their skill development, and provision of productive employment to youth, are the prerequisites to seize the opportunity provided by the demographic transition. The research in the Population, Poverty, and Labour Market Dynamics Division has focused on demographic transition, poverty dynamics, youth employment, reproductive health, and internal and international migration.



The study on **“Chronic and Transitory Poverty in Pakistan: Evidence from a Longitudinal Household Survey”** by G. M. Arif and Faiz Bilquees analyses the incidence of chronic and transitory poverty in Pakistan in both urban and rural settings. The findings are that rural poverty is severer and also chronic as compared to transitory poverty in urban centres. The main factor behind this phenomenon is the homogeneity of the rural set-up which affects the employment and wage levels adversely. On the other hand, in the urban areas, heterogeneous population with diverse occupations provides better employment and wage opportunities. The findings of this paper have significant implications for the poverty reduction strategy of the Government of Pakistan.

Pakistan, like other developing countries in the region is currently facing the problem of rural-urban migration, causing rapid urbanisation. The study carried out by Shahnaz Hamid shows that over time the incidence of internal migration (age 10 years and above) remained unchanged. Female migrants dominate in internal migration (age 10 years and above) and marriage plays a vital role in their migration. The direction of migration reveals that over time in internal migration the share of rural to urban migration has increased while urban to urban migration has declined. The key recommendation of the study is that government must pay attention to rural development and give importance to agriculture, infrastructure, skill development training coupled with easy borrowing, so that the rural population specially the landless class can get employment opportunities in rural areas. (see Box 13)

Box 13. Urbanisation, City Growth and Quality of Life in Pakistan

The role of migration in improving the quality of life has been assessed in this study by five indicators; female labour force participation, income differentials of working migrants before and after migration, household consumption expenditures of migrants compared with those of non-migrants, infant mortality, and child malnutrition. The study shows that urban migration has made a difference in the lives of women and their families.

G. M. Arif and Shahnaz Hamid (2009) Urbanisation, City Growth and Quality of Life in Pakistan. *European Journal of Social Science*. Vol. 10, No. 2.

The study ‘**Measuring Human Well-being in Pakistan: Objective versus Subjective Indicators**’ by Rashida Haq explores objective indicators versus subjective perceptions of human well-being in ranking of the districts of Pakistan. Human well-being is examined in four domains: education, health, living conditions, and economic situation. The study demonstrates the importance of the domain of education in determining human well-being. The objective indicators of education, literacy rate, net primary enrolment and gender equality in education are positively correlated with subjective satisfaction in education facilities. The economic status of households and communities are important variables in the subjective perception of well-being. The results indicate a substantial variation in objective well-being between districts of Pakistan. It may be considered that disparity in objective conditions and in subjective perceptions adequately depict differences in well-being.

The study on ‘**Impact of Migration on the Economic and Technological Development of Pakistan and Bangladesh**’ by Naim and Zainab Iftikhar examines the impact of the dynamics in job-seeking behaviour of scientists and engineers on the economy of these nations and predicts the trends in 5-10 years.

The following two boxes (Box 14 and Box 15) deal with the subject of reproductive health and the contribution of demographic research at the institute in various areas such as mortality and fertility patterns, migration and urbanisation, remittances and capital flows, important issues that affect human well-being in the country.

**Box 14. Self-reported Symptoms of Reproductive Tract Infections:
The Question of Accuracy and Meaning**

Based on a bio-demographic survey conducted in the Rawalpindi city, the study compares women's self-reports regarding their experiences with reproductive tract infections (RTIs) and the medical diagnosis that they went through to ascertain the presence or otherwise of the infections. Weak concordance was found between women's self-reports and the medical diagnosis, with the former over representing the presence of disease. Some of the self-reported symptoms were pathogenic in nature but the majority of the symptoms were false positives when compared to the medical diagnosis. The conventional health surveys, relying solely on verbal responses do not essentially represent the actual health situation of a population studied, and any policy intervention formulated exclusively on this information would be flawed. There is a need to understand the non-medical context of illnesses to understand the disease fully.

Durr-e-Nayab (2007) Self-reported Symptoms of Reproductive Tract Infections: The Question of Accuracy and Meaning. *The Pakistan Development Review*. Vol. 46, No. 3, pp. 241–266.

Box 15. Population and Development: Demographic Research at PIDE

This study examines the contribution of demographic research at PIDE. It has reviewed the research carried out during the last fifty years. It shows that demographic research at PIDE gradually emerged from empirical work on population growth and vital rates estimation and expanded into broader analysis of interrelationships between population and development parameters of the time. This process included the study of changes in mortality and fertility patterns that marked the beginning of fertility transition in the late 1980s. PIDE research on these issues indicated that Pakistan is experiencing once-in a lifetime opportunity of demographic dividends, which might turn out to be a demographic threat if appropriate policies are not pursued to enhance human capital, especially education up to the secondary level and an increase in employment opportunities in combination with acceleration of fertility decline. A notable contribution of PIDE research to population and development was on migration and urbanisation which showed how this process influenced the labor market structure and productivity levels, while remittances and capital flows affected the consumption and investment behavior of the recipient households. Indeed interdisciplinary research has been a strong forte of PIDE since the 1970s as reflected by studies on the relationship between poverty and demographic factors. The evidence supports the view that poor socioeconomic status was closely associated with high child mortality, morbidity, low education levels, and high unemployment. All this research has been enriching and policy-relevant, suggesting a shift towards socioeconomic policies that focus more on subgroups below the poverty-line and provide the rationale to undertake pro-poor growth initiatives to improve the quality of life and well-being of Pakistan's population.

Naushin Mahmood (2009) *Population and Development Demographic Research at PIDE* History of PIDE Series -4.

Pakistan, being a major recipient of remittances, it is worth investigating the role of remittances in overall development. The study, **“Do Remittances Reduce Poverty and Stimulate Growth? Evidence from Pakistan”** by Rizwana Siddiqui, measures the impact of remittances on poverty and growth. It uses a CGE model developed on the basis of data collected from the Social Accounting Matrices for the years 1990 and 2002. The analysis helps in restructuring migration policy based on observed changes in the structure of remittances over time.

The study of remittances and poverty in Pakistan is examined by Rashid Amjad. Two significant results emerge from the study which would help in formulating policy and poverty reduction (see Box 16).

Box 16. Remittances and Poverty in Pakistan

The paper on Remittances and Poverty in Pakistan by Rashid Amjad makes two major points based on analysis of data covering the period from 1975-2008: First, that the impact of remittances on poverty depends on who sends the remittances. If those who send it come from poorer households (semi-skilled and unskilled workers), its impact on poverty would be greater. Second, that if remittances are sent through legal channels its overall impact on the economy and through this on poverty is much greater as compared to if they are sent through illegal channels .

Rashid Amjad (2009) Remittances and Poverty in Pakistan: A Note. In R. Islam, *et al. Development, Equity and Poverty: Essay in Honour of Azizur Rehman Khan*. Macmillan Publishers, Ltd.

Revenue-neutral trade liberalisation benefits women by increasing wage employment of unskilled labor. The study **“Modeling Gender Effects of Pakistan’s Trade Liberalisation”** by Rizwana Siddiqui finds that it increases wages of women more than those of men. But it hurts women by increasing their work-load, worsening their capabilities, and increasing relative income poverty in poor households. The study **“Tariff Reduction, Fiscal Adjustment and Poverty in Pakistan: A CGE-based Analysis”** by Rizwana Siddiqui has investigated the relationship between tariff reductions, fiscal adjustment and poverty levels in Pakistan using CGE-based analysis and found that revenue-neutral trade liberalisation reduces poverty in Pakistan, with most of the benefit accruing to the export-oriented sectors, and, in particular to the textile sector. The study **“Do Dividends of Liberalisation of Agriculture and Manufactured Food Trade Trickle Down to Poor in Pakistan?”** by Rizwana Siddiqui has looked at the question of whether the dividends of liberalisation of agriculture and manufactured food trade trickled down to the poor in Pakistan or not? The findings of the study suggest that agriculture trade liberalisation benefits farm households while manufactured food trade liberalisation benefits urban households.

A number of studies have been undertaken looking at various aspects of poverty levels in Pakistan and their interaction with other economic indicators, such as infrastructure and human capital, with implications for the country’s future growth prospects. Given the lack of data on city poverty, the study **“Assessment of Poverty Level in Sargodha Region”** by Nasir Iqbal seeks to fill the gap for Sargodha region by developing a city-level profile of urban poverty levels, examining the determinants of urban poverty level, and helping in the formation of concrete policies for eradicating poverty in the study area.

The missing component in the literature regarding the differences in poverty across rural regions is the role of infrastructure. Infrastructure investments, particularly in rural areas, lead to higher farm and non-farm productivity, employment and income opportunities, and increased availability of wage goods with lower prices, thereby reducing poverty by raising income and consumption. The study **“Infrastructure and Poverty Nexus: The Case of Rural Pakistan”** by G. M. Arif and Nasir Iqbal examines the relationship between infrastructure and poverty with the aim of contributing to the existing debate on infrastructure-poverty nexus.

The study **“Impact of Human Capital on Poverty: Case of Sargodha City”** by Nasir Iqbal examines the impact of human capital, especially education and experience, on the income level of an individual, including gender-wise analysis so the knowledge gained of the relationship between poverty and human capital can help in designing appropriate poverty alleviation policies.

The issue of inequality, welfare and growth are interrelated. It is this relationship that has been studied in the paper by Nadia Zakir and Muhammad Idrees. (see Box 17).

**Box 17. Trends in Inequality, Welfare and Growth in Pakistan;
1963-64 to 2004-05**

The study investigates trends in inequality, welfare and growth based on per capita household income/consumption in Pakistan and its rural-urban areas from 1963-64 to 2004-05. It has employed Gini coefficient to measure inequalities and Sen welfare index to estimate welfare. Real per capita mean incomes/consumptions are worked out to analyse growth. The study finds fluctuating trends in inequality, and rising trends in both welfare and growth. In general inequality, welfare and growth remained higher in urban areas. The study found income inequality to be more severe as compared with consumption inequality.

Nadia Zakir and Muhammad Idrees, *PIDE Working Papers No. 2009:53*.

The study “**Size of Government Spending and Human Capital Inequality: Evidence from Cross Sectional and Panel Data Analysis**” by M. Jehangir Khan, Asif Javid, Usman Ahmed, and Shujatt Farooq examines Meltzer and Richard’s model regarding the role of income inequality in determining the size of government spending which argue that a wider income distribution leads to a larger size of the state. The research incorporates alternative inequality measures to test the hypothesis using cross-sectional as well as panel data regarding sixty countries including Pakistan. The panel estimation was undertaken at the level of whole sample. Inequality measures constructed from the human capital data set stood consistent at the level of cross section and panel estimation as compared to inequality measures from the inequality data set. The graphical analysis portrays a consistent relationship between size of government spending and inequality measures computed from the human capital data set as compared with that estimated from the income inequality data set.

The main focus of the study “**Does the Labour Market Structure Explain Differences in Poverty in Rural Punjab?**” by Rashid Amjad, G. M. Arif and Usman Mustafa is rural Punjab and it contributes to regional poverty research in two ways; first, using a more recent household survey data, carried out in August 2007 by the Pakistan Institute of Development Economics (PIDE), it provides fresh poverty estimates for the rural areas of the Punjab. Second, the poverty differential across the agro-climatic zones of Punjab have been explained by urbanisation, overseas migration, and the labor market structure operating in these zones. This study shows four major factors that explain inequalities in poverty levels. First, the rural areas of two zones, barani and rice/wheat, are well integrated with urban settings. This integration has allowed their rural populations to work in the industrial sector of Central Punjab and the services sector in North Punjab primarily Rawalpindi and Islamabad. Second, the belt from Lahore to Attock in the Punjab has benefited the most from overseas migration. The flow of remittances has helped in reducing poverty levels. Third, the cotton/wheat and low intensity zone still largely depend for employment on the agricultural sector while this dependency is very low in the barani zone, which has good opportunity to seek job opportunities for its labor force in the armed services and government departments. Finally, demographic and social factors including education are less

favourable in the cotton/wheat and low intensity zones which negatively impacts on a breakthrough in poverty reduction.

II.7. Applied Socio-cultural Processes Division

The aim of the Applied Socio-cultural Processes Division is to use the local perspective of ethnography to examine the economic, political, social and cultural aspects of a given configuration for the purpose of recommending interventions that seek to bring about positive socioeconomic changes that do not undermine the ecological and social systems upon which communities and societies are dependent.



Analysis is invariably based on empirical data collected through fieldwork. A primary concern is with improving the quality of life of the community addressed. The adoption of a holistic perspective enables consideration of broader consequences which link the local with the national and international contexts. This entails the interface between the community addressed and the diverse stakeholders involved in the development process and therefore the necessary partnerships between the latter for a sustainable and meaningful impact of interventions on the local community.

The research plan of the Applied Socio-cultural Processes Division for 2008-2010 focuses on the four following domains:

- Humanitarian Concerns
- Alternative Energy

- International Migration
- Dynamics of Conflict
- Water and Democracy

Humanitarian Concerns

The studies conducted under this theme pertain primarily to Human Trafficking, Slave Trade and International Migration. The analysis is conducted primarily from the human rights perspective. (See Box 18).

Box 18. Strategies to Combat Trafficking of Women and Children

Human trafficking constitutes the worst form of irregular migration. It is said to be the most lucrative of businesses after arms and drugs. Trafficking is also the fastest growing transnational form of organised crime. The paper looks at Pakistan as a country of origin, transit, and destination and seeks to explore strategies, from a human rights perspective to prevent the crime, protect the victims, and prosecute the multiple actors involved in the organisation and execution of the process. Since human trafficking is a multidimensional phenomenon no single measure to fight the menace is judged sufficient. A comprehensive counter trafficking strategy includes legislation that protects the human rights of citizens and prosecutes the victims; and policies that seek to reduce the inequality between men and women, create greater opportunities to empower women socially, politically and economically. The responsibility of protecting the rights of citizens is placed on the state, making it accountable for the fight against trafficking. Law enforcing agencies are required to be sensitised into treating trafficked persons as victims and not as criminals, regardless of the nature and purpose of trafficking, or whether the case deals with a smuggling situation turning into trafficking, the intention is always to help and protect the victim. The paper takes stock of who the victims are, what are the factors that render them liable to trafficking, and what are the mechanisms and venues whereby trafficking in humans takes place. The forces and circumstances that foster or create an enabling environment for flesh trade to flourish, and the consequences of the crime for the victim are similarly discussed.

Soofia Mumtaz, Paper presented at the 9th GDN Conference, Brisbane, Australia. 2008.

An updated version of the paper presented at the 9th GDN Conference in Brisbane entitled “**Transnational Organised Crime**” has been translated into Russian and published by The State Economics University, Vladivostok, 2009. The article cuts across all stages of the trafficking spectrum where women are discriminated against in access to resources, information and access to justice in attaining their basic human rights. The eventual goal of the strategies proposed is to create a society that is sensitive to the serious consequences of trafficking in humans, and is a partner in combating the crime. Reference of the book in which the article appears is: “**Beyond Tolerance. Slave Trade and Slave Labour: New Metamorphoses of Old Crimes and New Methods of Combating It**”. Pacific Ocean, State Economics University (POSEU) Vladivostok, 2009.

International Migration

A study on the subject of International Migration is expected to be undertaken in collaboration with scholars from other SANEI member countries under the tenth call for research

proposals by SANEI on the intra/inter regional theme of **Migration**. For main thrust of study (see Box 19).

Box 19. Regular versus Irregular Migration in a Security-Threatened Globalised World

Lack of education and employment opportunities constitute the major reasons for migration across international borders. States that not allow legal migration of workers to their country for security reasons create an incentive for irregular migration. From a rights to employment and growth perspective, this study will seek to determine how migrant sending and receiving countries can get more of what they want without the sending countries reneging on their responsibilities or the receiving countries committing to a new stream of permanent migration.

Soofia Mumtaz, Research Assistant (to be hired), *PIDE Working Paper 2010*.

Preliminary readings for the study have begun. Funding is awaited to cover the costs of the study.

Alternative Energy

Given the urgency to address both the causes of climate change and the rapid depletion of fossil fuels as sources of usable energy, alternative energy has begun to look like an increasingly viable option. Given soaring oil prices and increasing demands for enormous amounts of energy, the transition to alternative sources, operating at sufficiently large scales, are becoming an imperative. The energy crisis currently affecting Pakistan is likely to accelerate in the absence of adequate power generation. Reconfiguring the fuel economy to renewable sources to cater to the country's household and commercial needs, not only harbours the possibility of releasing the strain on the current indigenous production of oil and gas exploration efforts, but it also presents a means of reducing energy import bills as well as developing the potential for clean and sustainable energy.



Whereas the scope for the introduction of different renewable energy technologies in any given area is subject to a number of variables, their greatest utility is in evidence in the off grid areas, or those without a regular supply of electricity or gas connection network access. Targeting the latter areas by priority serves not only to highlight the potential, within prevailing socioeconomic and environmental conditions, for the introduction of one or more alternative energy technologies, but also provides the guidelines for the possible replication, or otherwise of the technology introduced, in other parts of the country on the basis of the ‘success’ or ‘failure’ of the earlier experience.

The potential of renewable energy use in the five villages of Union Council Battian in the Kotli Sattian *tehsil*. The examination is undertaken from the point of view of the community’s energy requirements as well as human development prospects. The potential of replicating the model in other parts of the country constitutes an underlying concern. The study is based on fieldwork undertaken in June, 2008. (see Box 20)

**Box 20. Exploring Renewable Energy Prospects for Sustainable Community Development:
A Pilot Study in Union Council Battian**

The tendency in Pakistan, and elsewhere in the world in general, has thus far been to design and implement programmes of well proven renewable energy technologies without first taking into account the conditions prevalent in the area in question or carrying out a needs-based analysis to establish their relevance. In the absence of reference to the feasibility of a technology not only in terms of the availability of the source (wind, solar, hydro, biomass) on which it is dependent, but also factors such as the resources of the population to avail the technology, their social organisation, willingness to participate etc. many well intended programmes have failed to meet with success. The present seeks to address that failing. It is based on a survey designed to analyse the conditions and advocates needs-based relevance of the renewable technologies introduced.

The potential of renewable energy use in the five villages of Union Council Battian in the Kotli Sattian *tehsil* is undertaken from the point of view of the community’s energy requirements as well as human development prospects. The potential of replicating the model in other parts of the country constitutes an underlying concern.

Soofia Mumtaz, Rehana Siddiqui, and Adeel Ghayur, *PIDE Working Papers*.

The *sociological analysis* that was to be undertaken by the Applied Socio-cultural Division was completed in August 2008. The cost benefit analysis to be undertaken by Dr Rehana Siddiqui and ICT component to be provided by Adil Ghayyur remain to be incorporated.

On the basis of the data analysed for the above study, the potential for replicating the model of environment friendly renewable sources of energy proposed for Kotli Sattian *tehsil* will be examined with reference to the rest of rural Pakistan in keeping with sustainability considerations and variations in typography. A paper based on the analysis is expected to be presented at the PSDE conference to be held in March 2010.

Social Dynamics of Conflict

Conflict, and violence related to conflict, is manifested in Pakistan in a number of spheres, for instance: ethnicity, sectarianism, religious militancy, and nationalist movements. The social component of the larger study entitled “**The Economic Cost of Conflict and its Socio-demographic Causes and Implications for Pakistan**” was undertaken in Sindh, Balochistan, and the NWFP. It examines the

social drivers and impacts of this multi-faceted phenomenon on the basis of a sample survey and qualitative techniques such as Focus Group discussions and Key informant interviews. (see Box 21)

Box 21. The Social Cost of Conflict

Instead of empowering liberal, democratic voices, respective governments in Pakistan have co-opted the religious right and continue to rely on it to counter civilian opposition. By depriving democratic forces of an even playing field and continuing to ignore the need for state policies that would encourage and indeed reflect the country's religious diversity, the government has allowed religious extremist organisations, *jihadi* groups and the religious seminaries or *madrassas* that provide them an endless stream of recruits, to flourish. It has failed to protect a vulnerable judiciary and equip its law enforcement agencies with the tools they need to eliminate violence in the name of religion.

Soofia Mumtaz, Usman Mustafa, and G. M. Arif, Report submitted to the British High Commission, 2009.

Water and Democracy

Another study on the subject of “**Water and Democracy**” is scheduled to begin by June 2010. Access to clean drinking water, along with the climate crises is the most crucial environmental issue of the 21st century. The proposed study will explore plans that need to be instituted to avert the coming battle for the right to water. Hence, the need to see beyond borders to conserve and share this precious resource and access technology that helps in conserving through agriculture, infrastructure, and basic education.

The preparation for the study is in the formative stage. It is expected to be completed by December 2011.

II.8. Fiscal Policy Division

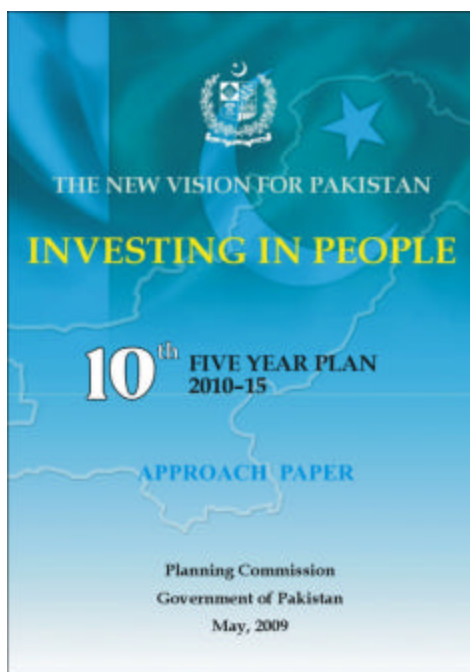
This Division is one of the core departments of the PIDE. The aim of this Division is to promote and conduct research in empirical and policy-related matters relating to:

- Tax Policy and Administration etc.;
- Revenue Potential and Forecasts;
- Public Expenditure Sustainability and Constraints;
- Public Debt and its Management; and
- Fiscal Federalism and Fiscal Relations.

II.9. Applied Policy-related Research

II.9.1. Investing in People: 10th Five Year Plan 2010-15 Approach Paper

The PIDE contributed a significant input into the preparation of the 10th Five Year Plan 2010-15 Approach Paper. The paper focused on improving the quality of life of the people with special emphasis in the fields of education, health and environment. Raising the level of educational attainment, improving the access and delivery of health services as well as bringing about changes in the environment are all expected to enhance the quality of life of the people. This, in turn, is expected to increase productivity levels which will lead to economic growth.



The high rates of economic growth expected will have a positive impact on poverty, by reducing it appreciably—one of the present government’s medium-term goals. Other areas of concern that were dealt with in the Approach Paper are governance issues, safeguarding and promoting the culture and heritage of the people, improving energy supplies, preparing for the effects of climate change, promoting competitiveness in international trade for Pakistani exports, and ultimately focusing on the establishment of a knowledge-based economy to meet the challenges of the 21st Century.

III. TEACHING PROGRAMMES AT PIDE

The teaching and education programmes at PIDE are a major investment in human resource development to attain the goal of a globally competitive, knowledge-driven economy. A PhD Programme in Economics has been a long-felt need in Pakistan. In recent years, the number of qualified economists has fallen below the requirements of the country. Out-migration of economists to take up attractive jobs abroad has only aggravated this professional vacuum in various government departments, teaching institutions, and research organisations. The PhD Programme at the Pakistan Institute of Development Economics has been developed to educate and train economists within Pakistan. Given the existing asymmetrical situation, where only a small percentage of the entire population has access to higher education, the PhD programme at the Institute is a step forward in a critical field of knowledge and expertise. This programme, which commenced in 1999, is aimed at imparting a full range of knowledge, awareness, and expertise in Economics to meet the challenges of the new millennium, as well as equipping students with the analytical tools necessary for policy-oriented research.

The Institute was given degree-awarding status in November 2006. Thereafter regular classes at the Master’s and the MPhil levels were also started in the Department of Economics,

Department of Business Studies, Department of Econometrics and Statistics, and Department of Population Sciences. A brief picture of the number of students enrolled/dropped together with the courses taught is given below.

III.1. Department of Economics

The Department of Economics has the unique distinction of the largest faculty with PhDs from leading universities around the world. The Department achieved a significant milestone as ten students were awarded the PhD degree in Economics and one MPhil at the First Convocation held in March 2008. The degrees were conferred by the Patron of the Institute, the President of Pakistan. Moreover, two students have completed all the requirements of the PhD in Economics during the year 2008-09. Currently, Fifteen PhD candidates are working on their Dissertations (see Table 3). PIDE initiated on MSc in Economics in the year 2007. Sixteen students have completed all the requirement of MSc in Economics during 2008-09.

The following students have completed all requirements of PhD in Economics during the year 2008-09:

Sr. No.	Name of Students	Title of Thesis
1.	Mr. Sajawal Khan	Channels and Lags in Effects of Monetary Policy's Transmission Mechanism: A Case of Pakistan.
2.	Mr. Muhammad Nadim Hanif	Financial Development and Economic Growth: Evidence from Heterogeneous Panel Data.

The following students have been admitted during Fall 2009.

No. of Students Enrolled in PhD	No. of Students Enrolled in MPhil	No. of Students Enrolled in MSc
05	17	33

The following students have dropped-out during the year 2008-09:

No. of Students Dropped-out in PhD	No. of Students Dropped-out in MPhil	No. of Students Dropped-out in M.Sc.
01	01	05

Table 2 presents in summary from the number of students admitted, awarded degrees and expected to be awarded degrees in 2009 by category: PhD, MPhil and MSc.

Table 2

Summary of PhD, MPhil and MSc Students

Name of Classes	Students Awarded Degree in the Year 2008	Students Expected to be Awarded Degrees in the Year 2009
PhD in Economics	10	02
MPhil in Economics	01	08
MSc in Economics	–	16

Table 3

DEPARTMENT OF ECONOMICS
(List of PhD Candidates and Dissertation Titles)

No.	Name of Student	Dissertation Titles (in progress)
1.	Mr Muhammad Sarwar Zahid	Analysing the Effect of Policy Intervention in Agriculture Markets
2.	Mr Tariq Mahmood	Productivity Analysis of Banking Sector in Pakistan
3.	Mr Sajid Ullah Babar	Role of Foreign Aid in Promoting Economic Growth and FDI in Pakistan
4.	Sheikh Saeed Ahmad	An Analysis of the Effects of Economic Reforms and Openness on Structure Conduct and Performance of Agro-based Industries in Pakistan
5.	Mr Abdul Sattar	Intellectual Property Rights, Technology Transfer and Economic Growth
6.	Mr Mehmood Khalid	Does Fiscal Policy Matter? Evidence for Pakistan
7.	Mr Saghir P. Ghauri	The Impact Analysis of Pakistan's Financial Sector Reforms Using CGE Modelling
8.	Mr M. Waheed	Three Essays on Monetary Policy and Exchange Rate
9.	Mr Tasneem Alam	Three Essays on Monetary Policy
10.	Mr Shujat Farooq	Educational Mismatches: Monetary and Non-monetary Consequences in Pakistan
11.	Mr Rehmat Ali	Genuine Saving and Sustainability Analysis of Pakistan Economy
12.	Mr Miraj-ul-Haq	Trade Openness and Economic Growth: A Critical Analysis of Pakistan and other Developing Economies
13.	Mr Ghulam Saghir	Issues in the Design of Monetary Policy Rules for Pakistan Economy
14.	Mr M. Tayyab	Regional Climate Change and Health: A Cross-country Analysis and a Case Study with Reference to Pakistan
15.	Ms Saima Mahmood	Efficiency Wage Theories and Non-monetary Motivational Strategies: An Experimental Approach

Department of Economics, PIDE
Courses & Teaching Faculty: Fall 2008 and Spring 2009

Masters in Economics

Semester Fall 2008

➤ Microeconomic Theory I (E-501)	Mr Mahmood Khalid
➤ Macroeconomic Theory I (E-505)	Dr Wasim Shahid Malik
➤ Mathematics for Economists (E-512)	Mr Mahmood Khalid
➤ History of Economic Thought (E-518)	Mir Annice Mahmood
➤ Statistics for Economists (E-509)	Dr Zahid Asghar
➤ WTO, Globalisation and Economic Integration (E-557)	Ms Anjum Asad Amin
➤ International Economics (E-527)	Dr Ejaz Ghani
➤ Research Methodology (E-530)	Dr Usman Mustafa
➤ Labour Economic (E-571)	Dr Zafar Mueen Nasir
➤ Economics of Regulations (E-565)	Ms Afia Malik
➤ Financial Economics (E-561)	Dr Attiya Yasmin Javed

Semester Spring 2009

➤ Microeconomic Theory II (E-502)	Mr Mahmood Khalid
➤ Macroeconomic Theory II (E-506)	Dr Wasim Shahid Malik
➤ Econometrics (E-515)	Dr Muhammad Iqbal
➤ Monetary Economics (E-521)	Dr Muhammad Arshad Khan
➤ Public Economics (E-524)	Dr Attiya Yasmin Javid
➤ Industrial Organisation (E-565)	Dr Ejaz Ghani
➤ International Finance (E-567)	Dr Faiz Bilquees
➤ Managerial Economics (E-559)	Dr Fazal Husain
➤ International Economics (E-527)	Dr Ejaz Ghani
➤ Development Economics (E-553)	Ms Anjum Asad Amin
➤ Advanced Econometric Techniques & Forecasting (E-579)	Dr Wasim Shahid Malik
➤ Economics of Envir & Natural Resource (E-577)	Mir Annice Mahmood
➤ General Equilibrium and Welfare Economics (E-581)	Mr Amanat Ali

Department of Economics, PIDE
Courses & Teaching Faculty: Fall 2008 and Spring 2009

PhD/MPhil

Semester Fall 2008

➤ Microeconomic Theory I (E-600)	Dr Rehana Siddiqui
➤ Macroeconomic Theory I (E-610)	Dr Waqar Masood Khan
➤ Mathematics for Economists (E-630)	Dr Waseem Shahid Malik
➤ Statistic for Economists (E-620)	Dr Muhammad Iqbal
➤ Econometric Methods–I(E-640)	Dr Eatnaz Ahmad
➤ Econometric Methods–II (E-641)	Dr Abdul Qayyum

- Financial Economics (E-722)
- International Economics (E-730)
- Economics of Governance (E-840)

Dr Fazal Husain
Dr Zafar Mahmood
Dr M. Idress Khawaja

Semester Spring 2009

- Microeconomic Theory II (E-601)
- Macroeconomic Theory II (E-611)
- Econometric Methods I (E-640)
- Environmental Economics I (E800)
- Trade Policy (E-732)
- Human Resource Development –I(E-740)
- Monetary Economics (E-720)
- Resource Economics (E-782)
- Public Finance (E-710)

Dr Musleh ud Din
Dr Waqar Masood
Dr Eatzaz Ahmad
Dr Rehana Siddiqui
Dr Zafar Mahmood
Dr Zafar Mueen Nasir
Dr Abdul Qayyum
Dr Muhammad Iqbal
Dr M. Idrees Khawaja

III.2. Department of Business Studies

The MBA programme at PIDE is quite demanding and requires of students solid preparation for each class session. Teaching sessions are interactive; diversified work experience and creativity are highly valued during in-class discussions. Some of the development skills that our programme provides are improved time management, a network of contacts that will outlast the management career, and increased motivation at work as things start to make sense. Above all, the learning and reflective habits developed will ensure that even long after graduating, those with the MBA degree will be outperforming those without it.

Students Enrolled 2008-09

Programme	No. of Students Enrolled	No. of Students Dropped
MBA Fall 2008	26	7
MBA Fall 2009	45	2



Faculty and Courses

Semester Fall 2008

No.	Name of Scholars	Name of Courses
1.	Ms Saiqa Yasin	English Language Proficiency
2.	Mr Ayaz Ahmed	BUS-501 Business Economics
3.	Mr Akmal Pasha	BUS-502 Principles of Management
4.	Dr Muhammad Arshad Khan	BUS-504 Business Mathematics and Statistics
5.	Mr Asad Ullah	BUS-507 Financial Accounting
6.	Syed Adnan Shabbir	BUS-509 Marketing Management
7.	Mr Noman Shafi	BUS-510 Financial Management
8.	Mr Imran Ashraf	BUS-563 Financial Statement Analysis
9.	Mr Naveed Satti	BUS-512 Financial Markets and Institutions
10.	Dr Atiq-Ur-Rehman	BUS-522 Human Resource Management
11.	Mr Khalid Farooq	BUS-532 Entrepreneurship
12.	Mr Ali Javed Naqvi	BUS-571 Change Management
13.	Dr Usman Mustafa	BUS-570 Project Management

Semester Spring 2009

1.	Mr Tahir Masood	BUS-535 Strategic Management
2.	Mr Akmal Pasha	BUS-523 Business Ethics and Legal Environment
3.	Mr Usman Kemal	BUS-562 International Financial Management
4.	Mr Dilawar Malik	BUS-559 Bank Management
5.	Dr Attiq Ur Rehman	BUS-574 HRD
6.	Syed Naeem Ather Abbas	BUS-573 Performance Management
7.	Mr Anser Ali Rajput	BUS-575 Leadership
8.	Dr Idress Khawaja	BUS-561 Investment and Portfolio Management
9.	Mr Zubair Iqbal Ghori	BUS-503 Business Communication
10.	Syed Waqar Akber	BUS-510 Financial Management
11.	Mr Arshad Hassan	BUS-511 Cost and Management Accounting
12.	Mr Hasan Rasool	BUS-514 Organisational Behaviour
13.	Dr Usman Mustafa	BUS-515 Business Research Method
14.	Dr Zafar Mueen Nasir	BUS-521 Managerial Economics

Semester Fall 2008 (September 01, 2008 to January 10, 2009)

1.	English Language Proficiency	Ms Saiqa Yaseen
2.	BUS 501 Business Economics	Mr Ayaz Ahmed
3.	BUS 502 Principles of Management	Mr Akmal Pasha
4.	BUS 504 Business Mathematics and Statistics	Dr M. Arshad Khan
5.	BUS 507 Financial Accounting	Mr Asad Ullah
6.	BUS 509 Marketing Management	Syed Adnan Shabbir

Semester Spring 2009 (February 16, 2009 to June 10, 2009)

2nd Semester

1.	BUS 503 Business Communication	Mr Zubair Iqbal Ghori
2.	BUS 510 Financial Management	Syed Waqar Akbar
3.	BUS 511 Cost and Management Accounting	Mr Arshad Hasan
4.	BUS 514 Organisational Behaviour	Mr Hasan Rasool
5.	BUS 515 Business Research Method	Dr Usman Mustafa
6.	BUS 521 Managerial Economics	Dr Zafar Mueen Nasir

4th Semester

1.	BUS 535 Strategic Management	Mr Tahir Masood
2.	BUS 523 Business Ethics and Legal Environment	Mr Akmal Pasha
3.	BUS 561 Investment and Portfolio Management	Dr Idrees Khawaja
4.	BUS 562 International Financial Management	Mr Usman Kemal
5.	BUS 559 Bank Management	Mr Dilawar Malik
6.	BUS 573 Performance Management	Syed Naeem Ather
7.	BUS 574 HRD	Dr Attiq Ur Rehman
8.	BUS 575 Leadership	Mr Anser Rajput

Semester Fall 2009 (September 07, 2009 to January 10, 2010)

1st Semester

1.	BUS 500 English Language Proficiency	Ms Saiqa Yasin
2.	BUS 500 English Language Proficiency	Ms Mina Gul
3.	BUS 501 Business Economics	Dr Zafar Mueen Nasir
4.	BUS 502 Principles of Management	Mr Hasan Rasool
5.	BUS 504 Business Mathematics and Statistics	Ms Shahana Khalil
6.	BUS 507 Financial Accounting	Mr Abdul Hai
7.	Computer Application for Business	Mr Mansoor Zaib Khan

3rd Semester

1.	BUS 500 English Language Proficiency	Ms Mina Gul
2.	BUS 512 Financial Markets and Institutions	Syed Waqar Akbar
3.	BUS 522 Human Resource Management	Mr Naukhez Sarwar
4.	BUS 523 Business Ethics and Legal Environment	Mr Usman kemal
5.	BUS 558 Credit Analysis and Investment Banking	Mr Dilawar Malik
6.	BUS 561 Investment Portfolio Management	Mr Arshad Husain
7.	BUS 563 Financial Statement Analysis	Mr Noman Shafi
8.	BUS 575 Leadership and Team Management	Mr Anser Rajput
9.	BUS 576 Organisation Development	Mr Khursheed Yusuf
10.	BUS 572 Industrial Relations	Dr Sabur Ghayur

Workshop on Brand Marketing and Distribution Channels

The students of MBA (3rd Semester) organised a workshop on “Brand Marketing and Distribution Channels” on 31st October 2009. The event was coordinated by Mr Waqar Akbar, a faculty member at PIDE. Mr Mohammad Imran Sharif, currently working as Area Sales Manager, Nestle Pakistan Ltd., conducted the workshop. During the session, different prospects of brand marketing were highlighted and discussed and the students actively participated. Several exercises were practiced during the course of the event. A case study on the title was also solved. The occasion, though the first in the series of planned workshops, was well-attended by students of the Business Studies department.

Workshop on Win/Win Model of Thinking

The department of Business Studies organised another workshop on 14th November 2009 for the students of the department. The workshop aimed at providing knowledge to the students regarding Stephen Covey’s famous book “The Seven Habits of Highly Effective People” and mainly focused upon interpersonal skills. The idea of thinking Win/Win was modelled in a very effective way. The model was presented and explained by Mariam.

III.3. Department of Population Sciences

As the Government grapples with a range of problems having population dimensions, there is an urgent need to train population scientists who can tackle these issues professionally in a rapidly changing environment. In response to this need, PIDE has established a two-year degree programme in Population Sciences (MPS).

PIDE’s MPS programme offers students an in-depth understanding of the complexities of population processes, including fertility, family planning, morbidity, mortality, migration, urbanisation, demographic dividend, family formation, and the relationships between such processes and the broader socio-economic context. The MPS, while maintaining its core of basic demographic description, includes new areas such as, reproductive health, HIV/AIDS, aging, adolescence, gender and the environment. The MPS provides a balanced academic and professional training in theory and research.

In addition to rigorous course work, students have to complete a thesis. The thesis is written individually under the supervision of a faculty member. All students are encouraged to develop a professional orientation towards research and publication through direct involvement in the activities of the faculty. The relationships between many aspects of population such as health, education, fertility, mortality, economics of household structures, economic development and population growth, poverty, and status of women development constitute the major part of the study programme. Similarly, the development of family planning programmes and their evaluation, female education and the need for gender mainstreaming would be dealt within the programme.

Demographic research methods included in the curriculum cover data problems, data sources, data collection methods, their evaluation and statistical analysis. The issues and problems relating to youth, elderly and economically active population with reference to their labour force participation, absorption in the labour market and employment status will also be covered so that students have greater insight to the problems.

Students

The number of applicants increased by four fold in the intake conducted in 2008, as compared with the previous year, allowing the department to select better and more students.

	Batch 2008-2010
Number of Applicants	46
Students Selected	11
Students from other Institutions/Organisations	1
	(From Ministry of Population Welfare)
Drop-outs	0

Faculty

The Department of Population Sciences prides itself in an outstanding faculty having doctorate degrees from universities of international repute, including the Australian National University, Australia, Michigan University, USA, and Cornell University, USA.

Semester	Course	Teacher
Fall 2008	Introduction to Population Sciences	Dr Tauseef Ahmed
	Demographic Methods and Techniques -I	Dr Arshad Mahmood
	Research Methodology	Mr Mubashir Ali/Mr Mehboob Sultan
	Migration and Urbanisation	Dr G M Arif
	Population Policies, Programmes, Monitoring and Evaluation	Dr Naushin Mahmood
	Computer Applications in Social Sciences	
	Health Demography and Epidemiology	Dr Durr-e-Nayab
	Education and Labour	Dr Muhammad Irfan
	Statistics for Social Sciences-I	Dr Imtiaz Ahmed
	Population and Development	Mr Shujaat Farooq
Spring 2009		Dr Durr-e-Nayab
	Demographic Methods and Techniques -II	Dr Arshad Mahmood
	Statistics for Social Sciences-II	Ms Amena Arooj
	Gender, Class and Population	Dr Naushin Mahmood
	Economics of Population	Dr G M Arif
	Business Demography	Dr Durr-e-Nayab
	Research Essay	
	Thesis	

III.4. Department of Econometrics and Statistics

The discipline of Econometrics and Statistics is the key to an understanding and analysis of theories of Economics and their constituent components. Over the years, this role has been fortified due to the active infusion of mathematical, statistical and computational methods in the subject matter of Economics. Econometrics is distinguished from statistical analysis more generally by its use of economic concepts and theories as basis for empirical investigation.

The Department of Econometrics and Statistics at PIDE offers for the first time MSc degree in Econometrics and Statistics in Pakistan. It is a new, but emerging discipline, in Pakistan. The MSc in Econometrics and Statistics at PIDE aims to focus on teaching and research in econometric theories, methodological and conceptual issues and the relevant statistical methods applied to socially relevant economic issues and policies. The

Econometrics and Statistics programme offers a well balanced training in quantitative methods, economic theory and applied economics. These include basic econometric theory, applied econometrics, probability theory, statistical methods, sampling, time series analysis, financial econometrics and micro econometrics. There is an emphasis on the application of econometrics and statistics, through exercises and seminars, to policy issues and empirical questions. The rigor of analysis, empirical validation of economic hypotheses and contributions to business and public policy have been the main pillars which strongly emphasises the need for this discipline.



Employment opportunities for Econometricians are growing more rapidly than the average for all occupations. The application of various Econometric tools is widespread in diverse fields like law, administration, and public service, and especially those involving quantitative/computer-related activities. The graduates will find employment as Marketing Analysts, Econometricians and Statisticians in research departments, the financial sector, teaching institutions, and business organisations. This programme also provides an ideal background for admission and scholarship into a PhD programme.

Students

The programme enrolled its first batch in 2008. Seven students were enrolled in 2008. However, the 2009 admissions have resulted in a larger batch and qualitative selection of students.

Admission 2008-09

Number of Students Selected in 2008	7
Number of Students enrolled in 2009	13

Courses Taught in MSc Econometrics and Statistics

Semester	Courses Taught	Teacher
First Semester (Fall 2008)	Microeconomic Theory-I	Mr Mahmood Khalid
	Macroeconomic Theory-I	Dr Wasim Shahid Malik
	Probability & Probability Distribution-I	Dr Muhammad Aslam
	Mathematical Methods for Statistics	Ms Saima Bashir
	Statistical Methods	Ms Amena Urooj
Second Semester (Spring 2009)	Basic Econometrics	Dr Muhammad Iqbal
	Probability Theory-II	Dr Muhammad Aslam
	Official Statistics	Dr Imtiaz Ahmad
	Sampling Techniques	Dr Javaid Shabbir
	Statistical Inference-I	Ms Amena Urooj

III.5. MS Environmental Economics Programme

For sustainable economic development, profound knowledge of the issues of the environment and resource use are critical. The aim of the teaching programme in Environmental Economics is to create awareness and train the students, researchers and practitioners to conduct research, using the concepts and tools of Economics, on issues related to Environmental Economics and Climate Change.

The teaching curriculum focuses on developing the role and application of economic approaches for environmental issues, essential features of the market mechanism to control environmental degradation for sustainable economic development, the nature and treatment of environmental effects in economic reasoning and decision-making, and the application of environmental policy instruments based on economic analysis. The course work is based on contemporary environmental management approaches (e.g. ecological modernisation, ecological economics, and industrial ecology) with substantial (physical) economy dimensions.

Keeping in view the current lack of awareness and knowledge of environmental issues, the MS Environmental Economics Programme is designed to:

- Impart a sound understanding of the nexus between the economy and the environment;
- Teach major concepts and theories to explain and describe the economic behaviour of human beings and its impact on the environment.



- Outline and contrast the major economic schools of thought on the environment, and highlight the weaknesses of each market system (especially with regard to environmental aspects) and discuss the associated role of the government in the economy.
- Supply high quality personnel to the federal and provincial governments, to educational institutions, to research institutions and to the private sector.

After successfully completing this programme the students should:

- Have a basic understanding for the measurement of net social impact of alternative environmental options.
- Be able to apply economic tools for valuation and other non-economic decision-making tools; and also distinguish between economic valuation tools and policy instruments.
- Describe, critically review, and engage in the appropriate selection of the major existing economic tools for environmental management.
- Be familiar with the essential features of the range of contemporary conceptual frameworks and sustainability assessment approaches with a significant economic component.

IV. SEMINARS, WORKSHOPS, AND PANEL DISCUSSIONS

IV.1. “Nurturing Minds” Seminar Series

This weekly seminar series is meant to stimulate intellectual discourse on pertinent and important issues relating to various aspects of the development process. The comments and suggestions generated by the discussions often lead to revisions and improvement in the quality of research. Some recent topics discussed in these seminars were:

1.	Mahmood Khalid, Dr Zahid Asghar, Ahsan ul Haq and Nasir Hameed Rao	Panel Discussion on "Construction of Consumer Price Index- Issues and Challenges in Pakistan"	July 2, 2008
2.	M. Ali Kemal	Inflation Targeting in the Presence of Fiscal Imbalances: The Case of Pakistan	July 3, 2008
3.	Atiq Ur Rehman	Model Specification, Observation Equivalence and Performance of Unit Root Test	July 09, 2008
4.	Ms Ina Pietschmann	Youth Employment Trends	July 22, 2008,
5.	Social Research Unit (SRU)	STATA TRAINING	August 11-13, 2008
6.	Social Research Unit (SRU)	STATA TRAINING	August 23-28, 2008
7.	Ms Rizwana Siddiqui	Gender Dimensions of the Impact of Trade Reforms in Pakistan	August 27, 2008
8.	Dr Muhammad Idrees Khawaja and Sajawal Khan	Reforming Institutions: From Where to Begin?	September 25, 2008
9.	Dr Manzoor Ahmad	WTO: Key Issues of Pakistan	October 17, 2008
10.	Dr Ali Chaudhry	Risk-Averse, Firms and Employment Dynamics	November 11, 2008
11.	Dr Binayak Sen and Dr Nobuo Yoshida	Pakistan Poverty Assessment: Preliminary Findings	November 25, 2008.
12.	Nadia Zakir	Trends in Inequality, Welfare and Growth in Pakistan: 1963-64 to 2004-05	December 2, 2008.
13.	Dr Ejaz Qureshi	Impact of Water Scarcity in Australia on Global Food Policy	December 3, 2008
14.	Dr Naushin Mahmood	The Demographic Dividend: A Perspective on the Education Effects of Population Change in Pakistan	December 24, 2008
15.	Dr Soofia Mumtaz	The Energy Revolution of 21 st Century	December 30, 2008
16.	Ms Ina Pietschmann	Achieving MDG Target (1b) – Productive and Decent Work for All	January 14, 2009
17.	Ms Zainab Iftikhar	Impact of Defence Burden on Economic Growth	
18.	Dr Usman Mustafa, Iftikhar Ahmed and Mirajul Haq	Poverty Alleviation Through EFR: A Case Study of Solid Waste Management Sector	February 4, 2009
19.	Dr Ather Maqsood Ahmed	Twenty-Five Years of Tax Reforms in Pakistan	
20.	Ms Hina Nazli	Implications of High Food Prices for Poverty in Pakistan	March 4, 2009
21.	Mr Shafqat Kakakhel	Addressing Climate Change Role of Clean Development Mechanism	June 3, 2009

PIDE-IMF Seminar on Global Financial Crisis

The PIDE in collaboration with the IMF organised a seminar on the Global Financial Crisis in December 2008, the venue being the Auditorium of the Planning Commission. The seminar was divided into two parts: The first part dealt with the issue of the global financial crisis and its implications for emerging market countries and the main speaker was Mr Masood Ahmed, Director, Middle East and Central Asian States, IMF. The second part of the seminar discussed Pakistan's response to the global financial crisis. Mr Shaukat Tarin, Adviser Finance was the main speaker. Dr Rashid Amjad, Vice-Chancellor, PIDE and Dr Shamshad Akhtar, Governor, SBP were the discussants on Mr Masood Ahmed's presentation while Mr Juan Carlos di Tata was the discussant on Mr Shaukat Tarin's presentation. Mr Sardar Aseff Ahmed Ali, Deputy Chairman, Planning Commission chaired the seminar.



The seminar was well attended both by members of the economic discipline as well as by the policy-makers in the government. A wide-ranging discussion which was lively and informative followed the presentations.

Pre-budget Seminar

The Pakistan Institute of Development Economics arranged a Seminar on Pre-Budget Consideration for Revenue, Expenditure and Deficit Management. Speaking on the occasion Dr Rashid Amjad, VC PIDE and Chief Economist, stressed the need to stabilise the economy through increase in development expenditure and completion of ongoing projects rather than starting new projects. Dr Ashfaque Hasan Khan, Dean, NUST Business School, talked about expenditure, fiscal deficit and major issues in fiscal management. He suggested that the size of Public Sector Development Programme (PSDP) should be consistent with the macro-economic structure. He said that funds should also be allocated for the maintenance of physical infrastructure and third party validation should be made for public projects. Dr Ather Maqsood Professor at NUST, said that the GDP and FBR taxes are increasing and decreasing following a similar trend showing the absence of efforts to collect more taxes. He also said that tax compliance rate is poor such as Rawalpindi pays more taxes compared with Gujranwala, which is industrialist. Mr Mohsin Khalid, Islamabad Chamber of Commerce, suggested that corporate taxes should be reduced from 35 percent to 25 percent. Dr Akhtar Hussain from the Government of NWFP emphasised the role of incentives for taxpayers by reducing tax rate and simplify the payment procedures. The seminar was attended by professionals and students from various universities of Islamabad.

V. TRAINING AT PIDE

Project Evaluation and Training Division

Human Resource Development and innovative research are crucial elements for the economic development of a nation. Being the Project Evaluation and Training Division, this section fulfils both the aims which are necessary for professional as well as economic growth. Project Evaluation and Training Division (PE&TD) of PIDE conducts specialised training courses/workshops for in-service officers, for example, development practitioners, working in the government sector, semi-government departments, autonomous development organisations and non-government organisations. Training increases knowledge, enhances skills, brings a positive change in attitude, and adds to the attributes of individuals. It is a continuous process which is necessary for effective and efficient application of their designated duties or preparing/running any project or programme. The Division also provides special tailor-made training courses parallel with its regular training programmes throughout the year. In the recent past, this section has been successful in attracting various training and research projects for PIDE. Research is an innovative process and cannot be stopped or bounded. Thus, along with fulfilling its obligatory duties of providing the best quality training programmes, the PE&T Division has embarked upon various burning research issues and have planned to conduct various research studies in the coming two years.

Overall Objectives

The overall objective of the division is to provide quality training programmes which are in line with market and organisational needs. It also aims to provide the best competitive environment for participants of various training courses. The Division also plans to conduct research on divergent issues in collaboration with other divisions and development partners. The Division is in the final stage of Environmental Fiscal Reforms studies with the IUCN and a research project with the British High Commission, entitled “**An Analysis of Economic Cost of Conflict and its Socio Demographic Causes and Implications for Pakistan**”.

The Division has prepared Training manuals for the following training courses:

- (1) Project Monitoring and Evaluation
- (2) Gender Mainstreaming in Planning and Development

Training Courses Conducted (July 2008 to June 2009)

S.No.	Title of Course	No. of Participants
1.	One week Training Course on “Result Based Management” (RBM), (June 15-19, 2009)	12
2.	Five days Training Course on “Effective Communication Skills” (ECS) (May 04-08, 2009)	13
3.	Two weeks Training Course on “Project Monitoring and Evaluation” (April 13-25, 2009)	12
4.	Four days Training Course on “Gender Sensitive Project Planning Skills” (March 25-28, 2009)	30
5.	Four days Training Course on “Gender Sensitive Project Planning Skills” (December 15-18, 2008)	22
6.	Four days Training Course on “Gender Sensitive Project Planning Skills” (Oct. 27-30, 2008)	20
7.	Two weeks Training Course on “Project Preparation and Appraisal” (October 13-25, 2008)	25
8.	Five days Training Course on “Result Based Management” (August 18-22, 2008)	18

VI. NEW INITIATIVES

Centre for Environmental Economics and Climate Change (CEECC)

Efficient use and conservation of environmental resources are critical for long term sustainable economic development and for the survival of mankind. Rapid degradation of these resources has raised several critical concerns, viz., the water scarcity/insecurity and pollution, air pollution, waste management, deforestation, inefficient use of energy, loss of biodiversity and

climate change. The change in atmospheric concentration of greenhouse gases (GHGs) has affected the global climate. Carbon dioxide CO₂, Methane (CH₄) and nitrous oxide (N₂O) emissions have increased sharply in recent years due to human activities. For example, currently 56 percent of the GHGs emissions are a result of fossil fuel use and 17.3 percent are a result of deforestation and decay of biomass. The global consequences of climate change include decline in agricultural productivity, increase in water shortages, deforestation, loss of biodiversity, adverse impact on ecosystem, and on health.

Thus, environmental degradation and climate change are becoming critical in the debate on sustainability of economic development and maintaining quality of life. Keeping in view the importance of these issues and to bring the researchers and students closer to the frontier of knowledge the Centre for Environmental Economics and Climate Change (CEECC) is established at Pakistan Institute of Development Economics, Islamabad, Pakistan.

Vision: Creating best alternative applied solutions to Human-Nature interactions

Mission: Conducting and facilitating research through the applied CORE: Conservation, Optimisation, Reduction and Exploration

The main objectives of the CEECC include:

- (1) Conduct and supervise research on key issues of environmental degradation and climate change.
- (2) Disseminate the results of the research among the researchers and policy-makers.
- (3) Set up an academic programme in Environmental Economics.
- (4) Establish a data bank on environmental indicators.



Economics of Conflict, Security and Development Centre (ECSDC)

The purpose of this centre is to encourage and promote academic discourse on peace and security issues that affect the South Asian region and Pakistan in Particular. Some of the areas of concern that require researching into are human displacement as a result of both military and civil conflict, migration and security; the costs of post-conflict reconstruction; the criminalisation of conflict; environmental degradation as a source of conflict; corruption, governance, and other related issues, all of which need to be addressed in the context of current events. A sound understanding of the nature of conflict would help in devising the appropriate policy response. The Economics of Conflict, Security and Development Centre (ECSDC) would be collaborating with governments; international bodies; research centres and non-governmental organisations.

Vision : Achieve regional peace, harmony, human security and development in South Asia.

Mission: To produce policy relevant research on regional conflict problems in general and Pakistan based in specific.

Food Security Centre (FSC)

A strong upward trend in world food prices, resulting from supply and demand imbalances, has been observed over the past few years. It has put millions of people at risk of food insecurity and poverty across the world. Despite the recent decline in oil and food prices in the international market, food security has become a serious concern in many developing countries. Pakistan is not considered a food-secure country either. The Government of Pakistan also realises the importance of food security and attaches a high priority to it in policy formulation and development plans. The situation demands a comprehensive analysis of different dimensions of food security, continuous monitoring of its indicators, as well as consideration of policy options. However, the analysis of food security is a complex exercise involving multidisciplinary expertise and diverse data reporting by a range of organisations and agencies. The compilation of required data and convenient access by users, through close coordination of the relevant institutions/organisations, is a prerequisite for a comprehensive analysis of the issues and sound policy formulation. The newly established Food Security Centre (FSC) at PIDE will develop such collaboration, build a data bank, conduct research on issues related to food security, and provide the guidelines for designing a food policy.

Vision: An all-time food-secure society at the national, household, and individual levels.

Approach

- (1) To conduct research focused on better understanding of food security issues and to provide guidelines for designing policies aimed at making Pakistan a food-secure country.
- (2) To establish a food data bank at the FSC and to link it to other data sources to provide user-friendly access to researchers, policymakers, and other national and international stakeholders.
- (3) To collaborate with global agencies and centres and exchange information and ideas on food security.
- (4) To extend technical support to social scientists and other scholars and facilitate their research on food security in Pakistan and other relevant areas.
- (5) To provide a forum for informed public debate regarding food security and to encourage dissemination of research findings and sharing of experiences.

Progress Report 2008-09

The research at the Food Security Centre during 2008-09 focused on price policy analysis and issues related to food security in Pakistan and the SAARC region. The study on “**Impact of Domestic Policies towards Agricultural Trade Liberalisation and Market Reform on Food Security in Pakistan**” concludes that despite significant improvement in food supply in the aggregate, caloric-based poverty and malnutrition are widespread phenomena in Pakistan. The government of Pakistan had been pursuing interventionist policies quite actively in agricultural

input as well as output markets to ensure food security. Though most of these interventions now stand as abolished, some are still being pursued. Particularly, wheat marketing mainly is being handled by the public sector. The government-owned departments involved in procurement and distribution show high levels of inefficiency.

In spite of inefficiencies in the government departments, the results of computable general equilibrium (CGE) model show that eliminating government interventions will result in: (1) too high a price of wheat to be affordable to consumers; (2) wheat production may not increase much to compensate the loss in consumer surplus; and (3) all consumer groups will face lower welfare except the urban non-poor. Though the existing system of procurement and distribution creates disincentives for the private sector to invest in wheat trade, it however may not be advisable to leave the wheat economy fully at the behest of the markets owing to the importance of wheat in household consumption and production.

The study on **“Food Security in South Asia: Strategies and Programmes for Regional Collaboration”** identifies factors influencing food security in South Asia. Country level and regional level food security indices (FSI) were constructed to track progress in achieving food security keeping in view its availability, stability, access, and nutritional status dimensions. The FSI for the SAARC region showed an overall upward trend till 2000 with fluctuations in individual years. The regional index declined for the next couple of years after which it improved but by 2008 it was only marginally better as compared to 1990. It also confirms that indicators of economic growth, increases in food production and availability and decline in overall poverty may have marginally improved the situation for South Asian countries. The lack of progress in terms of improving food security and reducing hunger and malnutrition in some countries also shows that their economic structure in terms of asset and income distribution; low investment in health, education, and agricultural R&D; and slow progress in HDI and gender disparities may be key factors in explaining their relative lack of progress.

The study on **“Inflation and Food Security: Stimulus, Causes, Linkages and Implications for Pakistan”** found that the factors triggering recent food crises include shortages created by unfavourable weather leading to decline in world food reserves due to low food production, deteriorating food availability in food deficit countries due to discouraged exports by food surplus countries to protect their national food security. The effect of this shock still continues and poses a serious hindrance for poverty and malnutrition reduction efforts in many of the developing countries including Pakistan.

The food prices increased sharply during 2006 to 2008 although prices decline for some commodities during July-December 2008. World is expecting higher production of wheat and maize. However, relatively less wheat may be traded due to strategic-reserves-building measures by exporting countries. It is also expected that food production cycles may continue for 2-3 years before it settles at a new equilibrium. However, high food prices offer an opportunity for the farmers to harvest the dividends by producing more of food commodities. In this respect, Pakistan’s agriculture has been slow in responding to rising food prices because of the agrarian structure and the capacity of the farmers to respond to high prices in the presence of higher input prices and water shortages.

VII. CONFERENCES AND INTERNATIONAL NETWORKS

The Pakistan Society of Development Economists (PSDE) held its 24th Annual General Meeting and Conference from 31st March to 02nd April, 2009 at the Marriott, Islamabad. The conference was inaugurated by Syed Yousaf Raza Gilani, Prime Minister of Pakistan. The theme of this meeting was “Economic Sustainability in a Globalised World”. Dr Rashid Amjad, President, Pakistan Society of Development Economists, and Vice-Chancellor, Pakistan Institute of Development Economics, delivered the Presidential Address.

The Conference was hosted by Pakistan Institute of Development Economics, and co-hosted by Department for International Development (DFID), Higher Education Commission (HEC) and Friedrich Ebert Stiftung (FES). Among the invited scholars who addressed this meeting were: Professor John W. Mellor, President, John Mellor Associates Inc., USA (on “Agricultural Development and Food Security”), Professor Siddiquir Osmani, Professor of Economics, Social Policy Research Institute, University of Ulster, UK (on “Inclusive Growth: Lessons from South Asia”), Dr Parvez Hasan (on “State of International Development Progress, Shifting Policy Paradigms and Lessons for Pakistan”), Dr Hafiz A. Pasha (on “Public Policy and Development”) and Professor Yu Yongding, Director and Senior Fellow, Institute of World Economics and Politics (IWEP), Chinese Academy of Social Sciences (CASS), Beijing, China (on “Global Financial Crisis, China’s Macroeconomic Situation and Policy Response”).

Three Panel Discussions were also organised on the topics of “Energy Security for Pakistan”, “Food Security” and “Global Financial Crisis”. The Conference addressed important topics, including: Implications of the global financial crisis, energy demand and security, sustainable economic growth, agricultural development, governance and the role of institutions, comparative advantage in trade, government and fiscal reforms, inclusive growth and poverty, social sector development, and various macroeconomic issues in Pakistan.

The PSDE and PIDE encourage students from all over Pakistan to participate in the Annual Conference. Participation in conferences provides students with an opportunity to learn from the quality research presented on the critical and current economic issues. The AGM also gives students a platform to interact with leading local and international researchers and policy-makers.

VII.1. Activities of South Asian Network of Economic Research Institutes (SANEI)

SANEI – Activities

As per the decision of the Steering Committee (SC) meeting in Kathmandu, a one year activity plan including the training workshops was prepared by Dr Govinda Rao and the SANEI Secretariat. The following activities were approved by the members for the year 2008.

The activities as per proposed programme were held though not on the suggested date. Changes were unavoidable due to administrative constraints. The suggested 10th Annual

Conference of SANEI could not materialise, as all the members of the SC and Research Advisory Panel (RAP) at the last minute conveyed their inability to attend the Annual Conference.

The SANEI has completed its five years in Pakistan in August 2009. It has been decided in the Steering Committee meeting that SANEI will be transferred to Bangladesh Institute of Development Studies (BIDS), Bangladesh from 1st October 2009. SANEI affairs have been closed in Pakistan from 30 September 2009.

Steering Committee Meeting November 2008

The meeting was held on Nov. 13, 2008 in Lahore and was attended by six members of Steering Committee. Dr Ishrat Hussain was selected as chairman of the Committee.

Steering Committee Meeting May 2009

The meeting was held on May 8, 2009 in Lahore and was attended by all members of the Steering Committee.

SANEI Membership

The Committee approved the membership of the following and decision on two other applications was held up for technical reasons.

- (1) Centre for Research in Economics and Business, Lahore School of Economics, Lahore, Pakistan.
- (2) International Management Institute, New Delhi, India.

SANEI now has a membership of 55 research institutes in the South Asia region. These are 11 from Bangladesh, 26 from India, 3 from Nepal, 10 from Pakistan and 5 from Sri Lanka.

SANEI – X Round

Call for Proposals

In the earlier rounds, SANEI funded studies which were collaborative in nature involving two or more countries. Owing to the difficulties in the completion of such studies, most of the proposals that were submitted in the later rounds, were the single country studies.

New guidelines for the research proposals emphasised more on encouraging collaborative research rather than the single country studies. It was decided that there will be two categories of research grants.

The themes for X round were as follows:

- (i) Ensuring Health for All
- (ii) Perspective on Inter / Intra-regional Migration

To obtain maximum response, advertisements were placed calling for papers as per standing procedure, outlined above. To widen the scope of the collaborative efforts, it was decided for the

first time to allow Triple Countries studies. The last date of submission of proposals was 15 July 2008, but to widen the scope of Participation, the date was extended to September 15.

The total number of proposals received was 48. Out of these, 6 proposals were from Nepal, 23 from India, 8 from Pakistan, 8 from Sri Lanka and 3 from Bangladesh. On the basis of the Research Advisory Panel's evaluation, the Chairman RAP approved 20 proposals for funding under SANEI X.

SANEI 11th Round

SANEI XI call for proposals witnessed an outstanding response on the theme of **“Growth, Employment, and Poverty Nexus in the Current Financial Crisis”**. The call for proposals was widely advertised among member institutes and South Asian scholars in five countries of the region. The total number of proposals received was 48. Out of these, 14 proposals were from Nepal, 13 from India, 20 from Pakistan and 1 from Sri Lanka. In these 48 proposals PIDE selected 28 proposals for final review by RAP. Out of these, 11 proposals have been finally approved by RAP to be funded under 11th Round.

SANEI Session in GDN Tenth Annual Conference

SANEI organised a joint session on “Cases of Natural Resource Management in Mainland and Archipelagic Asia” in the 10th GDN Annual Conference held in Kuwait on February 3–5, 2009. Papers on ground water depletion and management of fisheries were presented in the session. Dr Rehana Siddiqui and Dr Soofia Mumtaz from PIDE participated in the Conference. The focus of the session was on natural resource use and how some countries were able to exploit the resources for economic growth while others were lagging behind. Diversification of economic structure and investment in human capital are major factors in the growth of the economies dependent on natural resource wealth like oil. It was proposed in the session that there is a need to conduct research to understand the dynamics of economic growth in the natural resource dependent countries and the role of the international community to facilitate the process.

South Asian Regional Window

The South Asia Window is being produced by the SANEI in partnership with GDNet. The window features news and funding opportunities, policy related social science research papers and profiles of researchers and organisations based in the South Asian region. The window also contains updated information about conferences, jobs and calls for papers by international researchers and policy makers. The website of South Asia Regional Window is <http://www.gdnet.org/middle.php>

Lecture by Dr Abusaleh Shariff

SANEI & PIDE organised an invited lecture on **“Growth and Safety Net in Tandem: A Case of India's National Rural Employment Guarantee Scheme”** delivered by Dr Abusaleh Shariff, International Food Policy Research Institute, New Delhi Office, New Delhi, on August 12, 2009. The lecture was attended by members of Planning Division, and former Directors of PIDE. The heads of the member institutes of SANEI in Pakistan were also invited to the lecture.

VII.2. GDN Net South Asia Regional Window (www.gdnet.org/~southasia)

GDN Net South Asia Regional Window

After intensive planning and training, SANEI launched the GDN Net South Asia Regional Window in January 2007 in partnership with GDN Net. It provided a valuable link between SANEI with its focus on the South Asian region and the global outreach of GDN Net. The SANEI-GDN Net contract was renewed for the year starting from May 01, 2008 to April 30, 2009 and then from May 01, 2009 to April 30, 2010. However, the project has been shifted to Bangladesh Institute of Development Studies (BIDS) on November 01, 2009 as SANEI Secretariat has moved to Dhaka, Bangladesh.

The South Asia Network of Economic research Institutes (SANEI), as the Global Development Network Partner in the region, coordinated, administered and managed the South Asia Regional Window (www.gdnet.org/~southasia) for the last three years in collaboration with the GDN Net Cairo team.

The regional window is a static, portal-style, html page with links to the GDN Knowledge Base. The page highlights:

- The latest and the best of the breed research documents from the region that have been added to the Knowledge Base.
- Selection of profiles of researchers and organisations based in the region from the Knowledge Base.
- News, jobs, events and conferences, and funding opportunities that are of relevance to social science researchers within the region and are in accordance with the stated objectives of the window.

Objectives

Playing a major role in achieving the overall objectives of GDN Net, the specific objectives of the regional window are as follows:

- To provide a visible regional dimension to GDN Net and encourage regional ownership and input to the project.
- To create an authentically representative regional vehicle for disseminating regionally generated social science research.
- To raise the profile of regional researchers to policy makers and donors at the national, regional and international levels.
- To highlight issues of importance to the region and encourage debate.
- To share relevant information within the regional social science research community.
- To facilitate South-South communication and information-sharing in research and knowledge management.
- To promote a multi-disciplinary and inclusive approach in the regional window, to embrace the different perspectives, organisations and individuals that are involved in the regional social science community.

Apart from submitting new content to the Knowledge Base, the SA team has also updated/revised abstracts of some of the existing documents and organisation profiles, posted any research output resulting from the GDN-related activities, e.g., Regional Research Competition (RRC), the GDN Knowledge Base (KB), GDN Library, Access to JSTOR, Awards and Medals and new website launch announcement, etc.

Selected material to highlight on the website and to include in the KB, ensuring that regional content is multidisciplinary and represents the wide regional social science research community.

As a result of these activities, a large number of South Asian researchers have registered/updated their profiles on the GDN.

To summarise, the GDN SA Regional Window team has been successful in timely delivery of the desired deliverables.

VIII. HUMAN RESOURCE DEVELOPMENT

Participation in International Seminars

- (1) Dr Ejaz Ghani, Senior Research Economist (BPS-19), participated in the ‘First mid-year Regional Network Partners’ meeting of the Global Development Network at Cairo, Egypt from July 2-3, 2008.
- (2) Dr Ghulam Muhammad Arif, Chief of Research (BPS-20), participated as Resource Person for the Plenary Session 2: Promoting Fair Recruitment Practices for Safe and Regular Migration in the High-Level Regional Symposium on “Development of Migrant Workers: As Shared Responsibility” at Dhaka, Bangladesh from July 15 and 16, 2008.
- (3) Dr Rashid Amjad, Vice-Chancellor (MP), participated as a Coordinator, South Asia Network of Economic Research Institutes (SANEI) in Inception Workshop on “Supporting Network of Research Institutes and Think Tanks in South Asia Phase II” (RETA 6417) at Bangkok, Thailand from September 08 to 09, 2008.
- (4) Dr Usman Mustafa, Chief, Training Programme (BPS-20) participated and presented a paper at “The Ninth Annual Global Conference on Environmental Taxation and Challenges of the Urban Environment-Exchange of Experiences between Developed and Developing Countries” at Singapore held from November 05 and 06, 2008.
- (5) Dr Durr-e-Nayab, Acting Chief of Research (BPS-20), participated in the “Regional Conference on Demographic Scenarios, Employment and Social Security Issues of Aged and Vulnerable in South Asia” at New Delhi, India held from November 10 and 11, 2008.
- (6) Dr Zafar Mueen Nasir, Chief of Research (BPS-20), participated in the “Workshop (A352058) Regional Visioning” at Bangkok, Thailand held from November 25 to 27, 2008.

- (7) Dr Ejaz Ghani, Chief of Research (BPS-20), participated in the “Joint Study Group Programme for Comprehensive Economic and Trade Cooperation between China and Pakistan” in Beijing, China from December 01 to 03, 2008
- (8) Mr Usman Qadir, Research Economist (BPS-18) participated in the “Joint Study Group Programme for Comprehensive Economic and Trade Cooperation between China and Pakistan” in Beijing, China from December 01 to 03, 2008.
- (9) Mr Usman Qadir, Research Economist (BPS-18) participated in the “ARTNeT Capacity Building Workshop for Trade Research: “Behind the Border” Gravity Modeling in Bangkok, Thailand from December 15 to 19, 2008.
- (10) Dr Soofia Mumtaz, Chief of Research (BPS-20), participated in the “Renewable Energy Programmes” in France from October 15 to November 20, 2008.
- (11) Dr Rehana Siddiqui, Chief Research (BPS-20) participated in the “10th Annual Global Development Conference in Kuwait City, Kuwait” from February 02 to 06, 2009.
- (12) Dr Soofia Mumtaz, Chief Research (BPS-20) participated in the “10th Annual Global Development Conference in Kuwait City, Kuwait” from February 02 to 06, 2009.
- (13) Dr Rehana Siddiqui, Chief Research (BPS-20) participated in the “Roundtable on the Social Policy Research Environment” at Kathmandu, Nepal on March 05 and 06, 2009.
- (14) Dr Rashid Amjad, Vice-Chancellor, presented the preliminary results of the study on “Food Security in South Asia” in the Midterm Review Workshop on “Supporting Network of Research Institutes and Think Tanks in South Asia Phase II” in Nepal on April 23 and 24, 2009.
- (15) Dr Rashid Amjad visited Geneva to discuss research collaboration between PIDE, International Labour Organisation, World Trade Organisation and South Center in Geneva from June 18 to 20, 2009.
- (16) Dr Rashid Amjad visited the London School of Economics and the International Institute of Environment and Development in London to discuss collaboration with them in developing Masters in Environmental Economics and starting a Diploma in Health Economics at PIDE from June 21 to 24, 2009.
- (17) Dr Rashid Amjad participated in the Global Annual Meeting organised by the World Bank in Prague from June 29 to July 02, 2009 as a Coordinator of the South Asia Network of Economic Research Institutes (SANEI).
- (18) Ms Naseem Akhtar, Staff Economist (BPS-17), participated in training on “CGE Modeling” in Nepal from April 18 to 23, 2009.
- (19) Dr Muhammad Iqbal, Chief of Research (BPS-20) presented the preliminary results of the study on “Food Security in South Asia” in the Midterm Review Workshop on “Supporting Network of Research Institutes and Think Tanks in South Asia Phase II” in Nepal on April 23 and 24, 2009.
- (20) Ms Zainab Iftikhar, Staff Economist (BPS-17), participated in the Introductory Course on “Environmental and Natural Resource Economics” in Thailand from May 05 to 21, 2009.
- (21) Ms Rizwana Siddiqui, Senior Research Economist (BPS-19), participated in the conference titled “Perspectives on Impact Evaluation: Approaches to Assessing

Development Effectiveness-2009” at Semiramis International, Cairo, Arab Republic of Egypt from March 29 to April 02, 2009.

IX. PUBLICATIONS DIVISION

The Publications Division is responsible for all publishing undertaken by PIDE in the form of books, journals, newsletters, and research reports, as well as miscellaneous publications for the PhD Programme, the programmes of the PSDE, PIDE Seminar Series, and the training courses.

PIDE publications are widely subscribed the world over. Electronic access to a fair amount of publications is also available.

The Division brings out *The Pakistan Development Review (PDR)* quarterly. Books, monographs, and research reports appear from time to time. At the *PDR*, generally, a year’s processing takes an article from the submission trays into the permanence of print, with rigorous internal screening and external refereeing in between. Some of the research published during 2008 and 2009 is listed below:

Periodicals

The Pakistan Development Review

- Volume 47, No. 1 (2008).
- Volume 47, No. 2 (2008).
- Volume 47, No. 4, Part I and II (2008).
- Volume 48, No. 1 (2009).

PIDE Working Papers

- (1) PIDE Working Papers No. 47. “Growth Diagnostics in Pakistan” by Abdul Qayyum, M. Idrees Khawaja and Asma Hyder (2008).
- (2) PIDE Working Papers No. 48. “The Conditional Capital Asset Pricing Model: Evidence from Karachi Stock Exchange” by Attiya Y. Javed and Eatzaz Ahmad (2008).
- (3) PIDE Working Papers No. 49. “Test of Multi-moment Capital Asset Pricing Model: Evidence from Karachi Stock Exchange” by Attiya Y. Javed and Eatzaz Ahmad (2008).
- (4) PIDE Working Papers No. 50. “Reforming Institutions: Where to Begin?” by M. Idrees Khawaja and Sajawal Khan (2009).
- (5) PIDE Working Papers No. 51. “Human Capital vs. Physical Capital: A Cross-Country Analysis of Human Development Strategies” by Rizwana Siddiqui (2009).
- (6) PIDE Working Papers No. 52. “Does Governance Contribute to Pro-poor Growth? Evidence from Pakistan” by Rashida Haq and Uzma Zia (2009).
- (7) PIDE Working Papers No. 53. “Trends in Inequality, Welfare, and Growth in Pakistan, 1963-64 to 2004-05” by Nadia Zakir and Muhammad Idrees (2009).
- (8) PIDE Working Papers No. 54. “Pakistan’s Wage Structure during 1990-91 – 2006-07” by Mohammad Irfan.
- (9) PIDE Working Papers No. 55. “Pakistan’s Trade Policy, 1999–2008: An Assessment” by Mirza Qamar Baig.



PIDE Business Barometer

- PIDE Business Barometer No. 3.
- PIDE Business Barometer No. 4.
- PIDE Business Barometer No. 5.
- PIDE Business Barometer No. 6.

Books

- Annual Report 2008-09.
- “*PIDE: An Introduction*” (2008) (Eighth Edition Revised).
- The New Vision for Pakistan “Investing in People” (10th Five Year Plan 2010-15) Approach Paper (2009). (Editing, Translation, and Designing).
- *Population and Development: Demographic Research at PIDE* by Naushin Mahmood.

Miscellaneous

- PIDE Calendar 2009.
- Dispatches of gifts/donation of books throughout Pakistan. (580 large packets).
- Editorial consultation and advice to PIDE staff and other institutions.
- Marketing initiatives and accrual effort.

- Other printed material, i.e., Brochures, Invitation Cards, Reports, Programme Booklets etc. for the 24th Annual General Meeting and Conference of the Pakistan Society of Development Economists (31st March to 02nd April, 2009) and other occasions.

X. LIBRARY AND DOCUMENTATION DIVISION

The Library and Documentation Division serves the Institute's library needs and possesses a medium-size specialised/academic library besides a documentation service.

Books, generally purchases or gifts, are continuously added to the Library's collection, which now stands at 35750 volumes. The library also receives research papers from nearly 250 national and international learned institutions. At last count, the total number of such research papers stood at 26000. There are 500 bound periodical titles in the stacks. Currently, the library subscribes to 23 journals, and receives another 102 journals on exchange basis. The Institute also has ready access to international scholarly literature based on electronic (online) delivery, providing access to high-quality, peer reviewed journals and articles across a wide range of disciplines through the Higher Education Commission, Islamabad. On average, there is an intake of about 400 books and 500 research documents annually.

The numerical strength of other library collections is as follows:

CD Databases	40 (Socio-economic data)
Digital Library	2700 (Full text documents)
Microfiche	6200 (Indian census prior to 1947)
Newspapers	10



The emphasis in acquisitions is generally on Economics, Management Sciences, Demography, Environmental and Health Economics and Anthropology, with a sprinkling of other social sciences. It is not a general lending library but has inter-library loan links with certain institutions. The library holdings comprising books, reports, and journal articles are available on the computer keyboard. More than 50,000 books, reports of World Bank/IMF, Asian Development Bank, and OECD, as well as some journal articles have been entered in the database, namely CDS/ISIS and LAMP. It is a UNESCO-based library software package. All documents in the databases are retrieved by Author, Title, Subject, and Classification number. Free-text search is also possible in the database. PIDE students, teachers, and researchers can also access library resources directly from their own computers within the PIDE premises. The designated website access is as follows:

<http://mainserver/wwwisis/PIDELib/form.htm>.

As a 'Depository Library' for the World Bank, Asian Development Bank, International Development Research Centre (IDRC), Canada, and International Labour Office (ILO) publications, the Library receives nearly all relevant publications. In the past, the Library participated in the DEVSIS, POPIN, and ISIS information systems. It also cooperated with the ILO to disseminate information concerning the Human Resource Development (HRD) Network.

The Library puts out two regular publications, namely, (i) PIDE Library Bulletin, and (ii) PIDE Information Alert. The PIDE Information Alert provides a listing of the soft copies of documents available from the E-Library at the PIDE main server. Thus the research community keeps itself informed of the current literature available in the PIDE Library. Copies of these publications are distributed among the researchers of the Institute.

XI. INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) DIVISION

The Information and Communication Technologies (ICT) Division of the Pakistan Institute of Development Economics has made much progress in all the relevant emerging fields of Information Technology during the past year. The Division not only remained alive to the latest developments but also tried to provide all possible research facilities to the members of the Institute. In the process, the Wi-Max technology was applied to increase internet bandwidth from 256 kbps to 1 Mbps. Fiber optics cables were laid to further boost the bandwidth from 6 Mbps to 8 Mbps. In order to economise on resources, file and printer sharing were made possible through networking of shared resources. The data bank has been improved by adding more data sets (see Box 22).

Box 22.

The data bank now consists of 57 data sets, of which 30 data sets have been collected by PIDE. 7 data sets were added during the year. The major data sets are Household Income Expenditure Survey (1990-91 to 1996-97), The Labour Force Survey (1990-91 to 2007-08), the Pakistan Integrated Household Survey (1990-91 to 2001-02), the Pakistan Social and Living Standards Measurement Survey (2004-05 to 2006-07), the Micro Impact of Macro Adjustment Policies (1998-99 to 2001-02 panel data), the Pakistan Rural Household Survey (2001 to 2004 panel data), the Nutrition Survey 2001, the Multiple Indicator Cluster Survey Punjab (2003) and (2008), NWFP and Balochistan and Time Use Survey 2008.

The ICT division also assists in conducting field surveys. It developed applications for data entry, for cleaning data, for preparing work files for surveys, namely, Household Survey for Assessment of Economics Cost of Conflict (A research study), Household Survey of Overseas Migration and Remittance, 2009, and Sustainable Livelihood in the *Barani* Area Project. It also contributed to improving the accounting system of PIDE by automating the payroll additions and deductions made from time to time. The Division also started work to design, develop, and implement Personal Information System of the PIDE employees.

Articles published in *The Pakistan Development Review* (PDR) from 1960-1969 now form part of the PDR Digital Archive. About 150 PDR articles were uploaded on the REPEC website (<http://econpapers.repec.org/article/pidjournl/>) during the current year raising the total number of uploaded PDR articles to 1650. This led to the placement of PIDE at the top of the ranking list of Economic institutes in the country.

In order to economise on resources, as well as for the convenience of users, soft copies of the reading material were prepared on CDs for distribution among the participants of various training courses and the 24th Annual General Meetings of the PSDE. The Division also prepared several presentations for the Senate, the Syndicate, and the PSDE meetings. To ensure security of the databases, it managed the maintenance of weekly backups for 260 home drives of LAN users.

With the introduction of educational activities, multimedia projectors were provided for lectures and training workshops. As part of the students support programme, online application forms for admissions, online examination system, and a student ID cards system has been developed. During 2008-09 about 240 students ID cards, 300 security cards for staff and 250 e-mail accounts and new user accounts have been created and maintained. A new website of PIDE has been designed and uploaded during this year. The websites for PSDE, GDNet, and SANEI were updated and maintained. Under the GDNet project 250 organisational profiles and 240 abstracts of research articles were added to the GDNet data base during 2008-09. Contributions were also made towards graphic designing (conference banners, PIDE logo and degrees). The division also extended IT services for PIDE students residing at the Hostels.

The ICT Division availed of all possible opportunities for its capacity building and human resource development. The following training /certificate courses were attended by the ICT staff:

- Certified Net 3.5 Specialist
- Object Oriented Analysis and design
- Effective Communication Skills
- Introduction to Project Management PMP® Certification Course
- Graphic Designing

New hardware was also added to the present stock at PIDE through the purchasing of 25 PCs, 15 printers, 25 UPS 25 and 16 laptops during 2008-09.

The ICT Division plans to strengthen its data bank and provide state-of-the-art facilities in line with the international standards for research. Consultancy services for data analysis and software use were also provided to the research staff and students at PIDE.

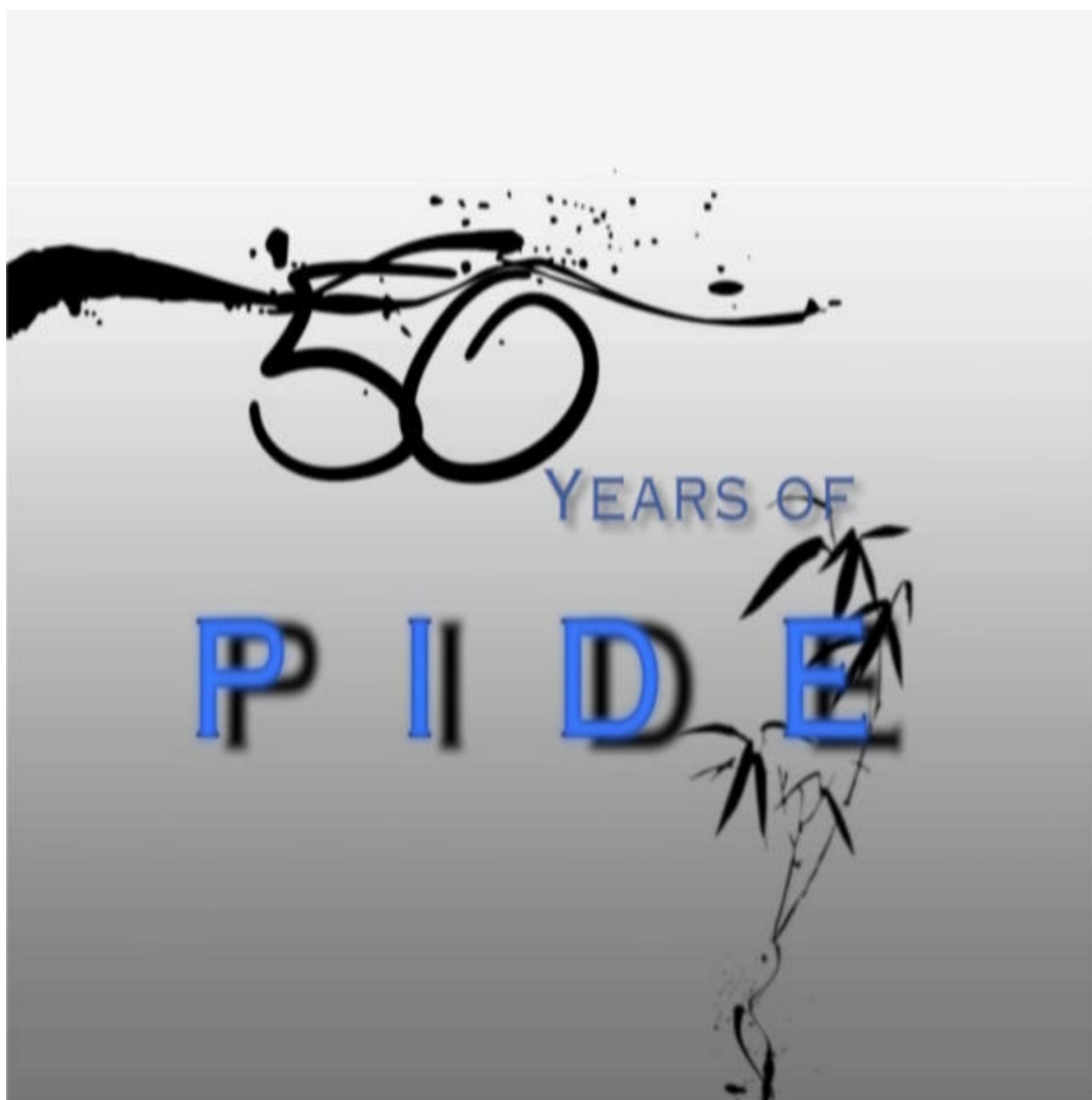
PIDE RESEARCH PROJECTS/STUDIES

S. No.	Name of Researcher	Project Title
1.	Dr Soofia Mumtaz	“Renewable Energy Prospects in Pakistan in a Sustainable Development Context”.
2.	Dr Fazal Husain	“Capital Inflow, Inflation Sterilisation and Exchange Rate Volatility in Pakistan: An Investigation for Casual Linkages”.
3.	Dr Attiya Yasmin Javed	“Corporate Governance in Pakistan”.
4.	Mr Nasir Iqbal	“Assessment of the Poverty Level in Sargodha Region”.
5.	Mr Iftikhar Ahmad	“Public Demand for Safe Drinking Water: A Case Study of Peshawar District”.
6.	Mr Mahmood Khalid	“Working to Improve Price Indices Development in Pakistan”.
7.	Mr Kalbe Abbas	“Impact of Financial Sector Liberalisation and Deregulation on the Banking Sector in Pakistan”.
8.	Dr Wasim Shahid Malik	“Price Setting Behaviour of Pakistani Firms: A Case Study of Electronic Appliances Industry (Gujrat and Gujranwala)”.









A 15-minute documentary (DVD) available from The PIDE Archives Committee