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MACRODATA

December Newsletter Graphs

In our regular monthly newsletters, we report macro data on a month-by-month basis available [here](#). Annual trends are only reported in the December edition.



INSIGHTS FOR CHANGE

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FINDING THE RIGHT BALANCE

Pakistan's large budget deficit and high public debt burden often make headlines. Less well known is that our overspending—the degree to which expenditures exceed revenues—is among the highest in the world. Similarly, the share of our governments' attention on vulnerabilities that need to be paid to pay interest on debt is higher than in almost all other countries. Our own history demonstrates that these imbalances can be addressed, but it will not be easy in today's environment.

Read More

RE-STOKING THE FIRE: PAKISTAN'S EXPORT IMPERATIVE

In recent decades, Pakistan has faced recurrent economic crises whose common feature is the severe depletion of international reserves to a level where serious economic disruption seems but weeks away. This leads the Government to seek emergency supplies of foreign currency from friendly governments and from the IMF. While there are numerous reasons for the policy approach the country has taken, alarming regularly, an important one is certainly the inability to generate enough foreign exchange through exports to avoid repeated reserves crises. Dr. Iqbal suggests that we recognize external financing constraints to be our highest priority and redouble efforts to expand exports accordingly.

Read More

IS PAKISTAN A NORMAL ECONOMY?

The 2020s started out on an ominous note and the balance of the decade does not promise to be smooth sailing. Global recovery could surge in the second half of the decade if new variants of the coronavirus prove to be weaker and less infectious, if geopolitical tensions subside, if deglobalization can be averted, and if green and digital technologies revive investment, productivity and growth momentum. But the future is hostage to many 'ifs'. In the face of so much uncertainty, every developing country needs to take stock of its strengths and weaknesses and to focus policy attention on vulnerabilities that need to be paid to pay interest on debt is higher than in almost all other countries. Our own history demonstrates that these imbalances can be addressed, but it will not be easy in today's environment.

Read More

THE POLITICAL ECONOMY OF PAKISTAN'S ECONOMIC RECOVERY

The unprecedented turnout at rallies across Pakistan protesting corruption and poor job prospects underscores the frustration among the rapidly growing middle class with governance failures. Pakistan's economic growth exceeded India's for over four decades after its independence in 1947, but since the 1990s, its growth rate has been consistently lower than India's. And, given Pakistan's higher population growth, its per capita income—a third higher than India's in 2000—is now, 20 years later, a third lower. Pakistan has transitioned from the poster child of development to the sick person of emerging markets. For a country with a population of 220 million and on the frontlines of the fallout from global warming, this is not encouraging.

Read More

RE-IMAGINING PUBLIC PRIVATE PARTNERSHIPS FOR BETTER HEALTH AND SECURITY

Public private partnerships are embraced by successive Pakistani policymakers as a panacea for improving health delivery, but beyond the first headline shout, there is much to be done in moving from promising ventures to impactful ventures.

Success of public private partnerships lies in repositioning partnerships within Pakistan's efforts to meet the global Sustainable Development Goal Agenda of Universal Health Coverage (UHC) and global health security. UHC involves expanding affordable access to quality care with foremost attention to basic primary health care services. More recently with the pandemic outbreak causing major health and economic disruptions, there is a call for building disease detection, risk communication and community engagement within.

Read More

GENDERED GEOGRAPHIES AND VACCINE HESITANCY AMONG INFORMAL WORKERS

Trust in state institutions—and, as a consequence, in the vaccines that they seek to administer—is often thought to be a key determinant of vaccine acceptance. However, a particular gap in our understanding is acceptance amongst marginalized groups in low income countries, who have tenuous connections to the state and to credible information and support networks. Ensuring that everyone is vaccinated across the globe requires that we better understand vaccine hesitancy amongst such groups, especially when these represent large populations.

The authors report on a project that explores health-seeking behavior and, in particular, attitudes towards Covid-19 vaccination programmes, from the perspective of a group that is typically located at some 'distance' from the state—informal workers in the lower-middle-income context of Lahore, Pakistan.

Read More

ANNUAL EVENTS

Pathways to Development

Pathways to Development is a multidisciplinary conference that brings together empirical and historical research by economists, political scientists, sociologists, legal and constitutional scholars, and law and policy reform experts, within and outside Pakistan, to document and describe the scale of challenges facing Pakistan and to organize discussion about ways in which these can be mitigated.

Finding pathways for mitigating and overcoming challenges requires engagement with knowledge and evidence on what works (a growing corpus of work in terms of economic and social strategies and policies for Pakistan's context). This conference brings together a founding group of historical and applied primary research from different disciplines to take stock of the country's trajectory and the reform strategies available to put it on track for development.

The Conference Focuses on

EQUITABLE AND SUSTAINABLE GROWTH IN PAKISTAN

With Work Presented on The Following Themes

» Catalysing Sustainable Economic Growth

» Macro-economic Stability

» Fiscal Foundations for Sustainable Development

» Human Capital

» Climate Change

» Politics, Governance and Accountability

» Energy for Development

» Gender

» Political Economy of Service Delivery

» Law and Social Justice

This conference is hosted jointly by the following institutions:

Institute of Development & Economic Alternatives (IDEAS), Chaudhry Nazar Muhammad Department of Economics at LUMS, Mahbub ul Haq Research Centre at LUMS, Institute of Development Studies at University of Sussex (IDS), Consortium for Development Policy Research (CDPR), International Growth Centre, and Centre for Economic Research in Pakistan (CERP).

This year the conference was held during:

DEC, 19-21, 2022

Lahore University of Management Sciences (LUMS)

CDPR NEWSLETTER DECEMBER 2022

WEBINARS

WEBINARS

Municipal Finance—How Can Cities Generate Own-Source Revenue?

CDPR held a webinar on 'Municipal Finance: How can cities generate own-source revenue?' that took place on Thursday, February 3.

The webinar focused on how local governments can identify viable sources of own-source revenue including property tax and user charges, in addition to provincial transfers. Panelists discussed the key challenges in the design and administration of revenue-generation mechanisms.

The Panelists Were
Dr. Rizwan Akram Sherwani
DG Excise & Taxation, Government of Punjab

Dr. Aisha Ghaus Pasha
Economist, MNA, Former Finance Minister for the Government of Punjab

Dr. Anwar Shah
Nazar Bank, and Director of the Centre for Public Economics, Chengdu/Wenjiang, China

Mr. Altaf Sarjo
Administrator, Karachi Metropolitan Corporation

Dr. Mahvish Shaoukat (Moderator)
Economist at the World Bank

The Session Was Co-chaired by
Mr. Najib Benhassine
(Country Director for Pakistan, World Bank)

Dr. Ijaz Nabi
(Country Director, IGC and Executive Director, CDPR)

Watch Here

Resilience and Inclusion in Education—Bridging the Learning Gap

CDPR held a webinar on 'Resilience and Inclusion in Education—Bridging the Learning Gap' in the Pakistan Development Policy Series, in collaboration with the World Bank. The webinar took place on Tuesday, March 29.

This webinar focused on the effects of the pandemic on the education sector and outlined cost effective interventions for immediate learning recovery.

The webinar included a panel discussion, chaired by Dr. Ijaz Nabi (Country Director, IGC and Executive Director, CDPR) and Dr. Jaime Saavedra (Director, Global Education Practice, World Bank).

The Panelists Were
Koen Geven
(Economist at the World Bank)

Rachel Glennerster
Associate Professor of Economics at the University of Chicago, and ex-Chief Economist at FDCO

Shahram Tarakai
Minister for Education, Khyber Pakhtunkhwa

Riaz Kamili
Executive Vice President, The Citizens' Foundation

Sabrin Beg (Moderator)
Assistant Professor of Economics at the University of Delaware

Watch Here

A Conversation on Pakistan's Current Economic Crisis

CDPR in collaboration with IGC and Mahbub ul Haq Research Center held a webinar titled "A Conversation on Pakistan's Current Economic Crisis" on Thursday, August 4.

At the webinar three top experts discussed Pakistan's current economic challenges.

Georgetown University's Dr. Shanta Devarajan, who advises the Sri Lankan government, discussed how Sri Lanka got into economic difficulties and the way forward.

Dr. Reza Baqir, recent State Bank Governor and former chief of IMF's sovereign debt division, discussed the IMF's approach to handling sovereign debt distress and assessing the situation in Pakistan.

Dr. Homi Kharas, Senior Fellow in the Center for Sustainable Development at the Brookings Institution, discussed the role of international finance, including the IMF, in avoiding economic crises in low income economies.

The conversation was moderated by Dr. Ijaz Nabi, IGC-Country Director and CDPR Executive Director.

Watch Here

CDPR NEWSLETTER DECEMBER 2022

WORKSHOPS

WORKSHOPS

Roundtable on Water Governance and Sustainability

CDPR in collaboration with IGC hosted a virtual roundtable discussion on 'Water Governance and Sustainability' on Thursday, September 15.

The roundtable brought together a small group of experts, academics, and policy stakeholders together for a structured conversation around key challenges surrounding water management that are compounded by the impacts of climate change. The discussion focused on two distinct impacts of climate change and pollution on overall water supply in the country:

- Floods
- Droughts

The objective was to understand the trends, causes, and impact on human settlements, food security and economic activity and explore solutions as a collaborative effort between experts, researchers and policymakers with the underlying objective that improved management and governance can help Pakistan mitigate the impact of climate change.

Watch Here

REMIT Tax Workshops in Lahore and Karachi

CDPR held two workshops on, "Reforming Pakistan's Taxes for Sustainable and Inclusive Growth", in collaboration with the Revenue Mobilization, Investment and Trade Program (REMIT) funded by Foreign Commonwealth & Development Office (FCDO) on April 15 and April 25, in Lahore and Karachi.

The purpose of the workshops was to generate a dialogue on tax reform with a focus on improving the performance of various federal taxes in terms of both willingness to pay and collection. They also aimed to provide input into the upcoming budget to support the Federal Board of Revenue (FBR).

The workshops consisted of three panel discussions in each session, on income tax, sales tax performance and customs tariff. These were followed by interactive sessions with relevant stakeholders including representatives of the private sector, relevant government officials, academics and members of the civil society.

CDPR NEWSLETTER DECEMBER 2022

PROJECTS

PROJECT HIGHLIGHTS

Recent Developments in Climate Finance: Implications for Pakistan

The Government of Pakistan (GoP) has ambitious plans for reducing 2030 greenhouse gas (GHG) emissions to 50% of baseline projected levels. These plans anticipate USD 151 billion of investment just for energy sector mitigation projects by 2040. In the GoP's view, any 50% reduction below baseline projected emissions should be financed 15% from domestic sources and 35% from international sources. International financing should be mostly on a concessional basis.

Despite Pakistan's relatively high emissions and relatively low GDP per capita, accessing concessional international climate finance (CF) will require meeting stringent qualifying criteria. Globally, the volume of concessional finance is modest. Of the total CF of USD 632 billion in 2019-20, USD 65 billion was concessional finance by multinationals to East Asian economies and only USD 20 billion was granted to the poorest countries. The Ukraine war clouds prospects for substantial increase in overall volume of funds.

Of about USD 325 billion in recent worldwide annual funding for renewable energy (RE), the great majority was private equity and market-rate debt. With decreases in per-KWH costs to within the range for fossil fuel alternatives, RE is now expected to cover its costs and provide an adequate return on investment (ROI). By contrast, only 13% of recent CF came in the form of concessional debt or grant financing—focused on more challenging geographies (e.g., Sub-Saharan Africa) and sectors (e.g., agriculture, forestry, or other land-use projects).

This project suggests developing a strategy to target private external CF both for RE and for other climate change investments. Concessional CF may well be limited to non-remunerative climate adaptation projects (e.g., agricultural, or women participation in economic activity have deprived low-income households the opportunity to increase and diversify sources of income that can create a path to sustained economic growth.

However, the vulnerability of low-income households is further exacerbated because low-income households are more susceptible to the high costs of pollution (air and water) and income shocks associated with climate change, and low levels of women participation in economic activity have deprived low-income households the opportunity to increase and diversify sources of income that can create a path to sustained economic growth.

This project reviews existing literature and datasets to investigate how to make Kamyab Pakistan Programme an intervention that strengthens low-income households' ability to manage economic vulnerability through lowering environmental costs and diversifying income sources by increasing the participation of women in the labor force. The team analyzed the sources of vulnerability differently, focusing on environmental risk factors affecting health and women's contribution to household income. Existing data and papers were reviewed to better understand Pakistan's current health burden linked with environmental risk factors and the situation with respect to gender inclusion, with a particular focus on vulnerable, low-income households. In doing so, the report also comes out with conclusions that go beyond Kamyab Pakistan Programme and appear to be foundational steps for any development program that strives to support Pakistan citizens to be healthier and more productive.

The report "The Path to a Successful Pakistan" was prepared by a team comprising Kulsam Ahmed (Director, Integrated Learning Means (LIM), CDPR fellow), Ijaz Nabi (Executive Director, CDPR and Country Director, IGC and former Sector Manager, World Bank), Sarwat Nasim (Assistant Professor, Colby College), Farah Said (Assistant Professor, LUMS) and, Anna Mahmood (Country Economist, IGC).

THE PATH TO A SUCCESSFUL PAKISTAN

This project highlights the key features of the Kamyab Pakistan Programme launched by the Prime Minister on October 4, 2021 to address low-income households' vulnerability to income shocks. Under KPP, the government will provide subsidized, interest-free microloans to 3.7 million families over a period of five years to support growth of small firms and farms. The KPP aims to reduce poverty and transition families towards sustainable livelihoods by building skills, making health insurance mandatory for all borrowers, and providing the opportunity to avail low-cost housing.

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Financing Sustainable Tourism in Khyber Pakhtunkhwa

The FCDO funded Sustainable Energy and Economic Development (SEED) program collaborated with CDPR to formulate a policy note on financing sustainable tourism in Khyber Pakhtunkhwa. The policy note explores how local resources can be mobilized to finance tourism development. It gives a preliminary assessment of ring-fencing revenue generated in the tourist areas of Khyber Pakhtunkhwa for developing specific tourism related infrastructure and services to promote sustainable tourism in these areas.

The lead author of this report was Dr. Turab Hussain (LUMS) with support from Emaan Hafeez (CDPR) and Zohra Aslam (CDPR). Key input was provided by Hina Shukh (International Growth Centre) and Zara Salamat (CDPR). The report benefited from contributions from Dr. Ijaz Nabi (CDPR).

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