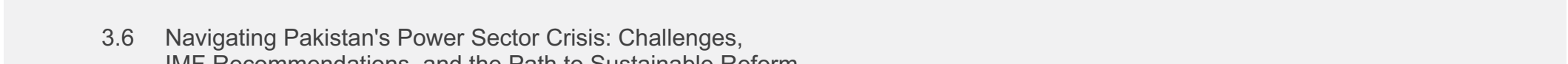




# CDPR NEWSLETTER 2023 YEAR IN REVIEW



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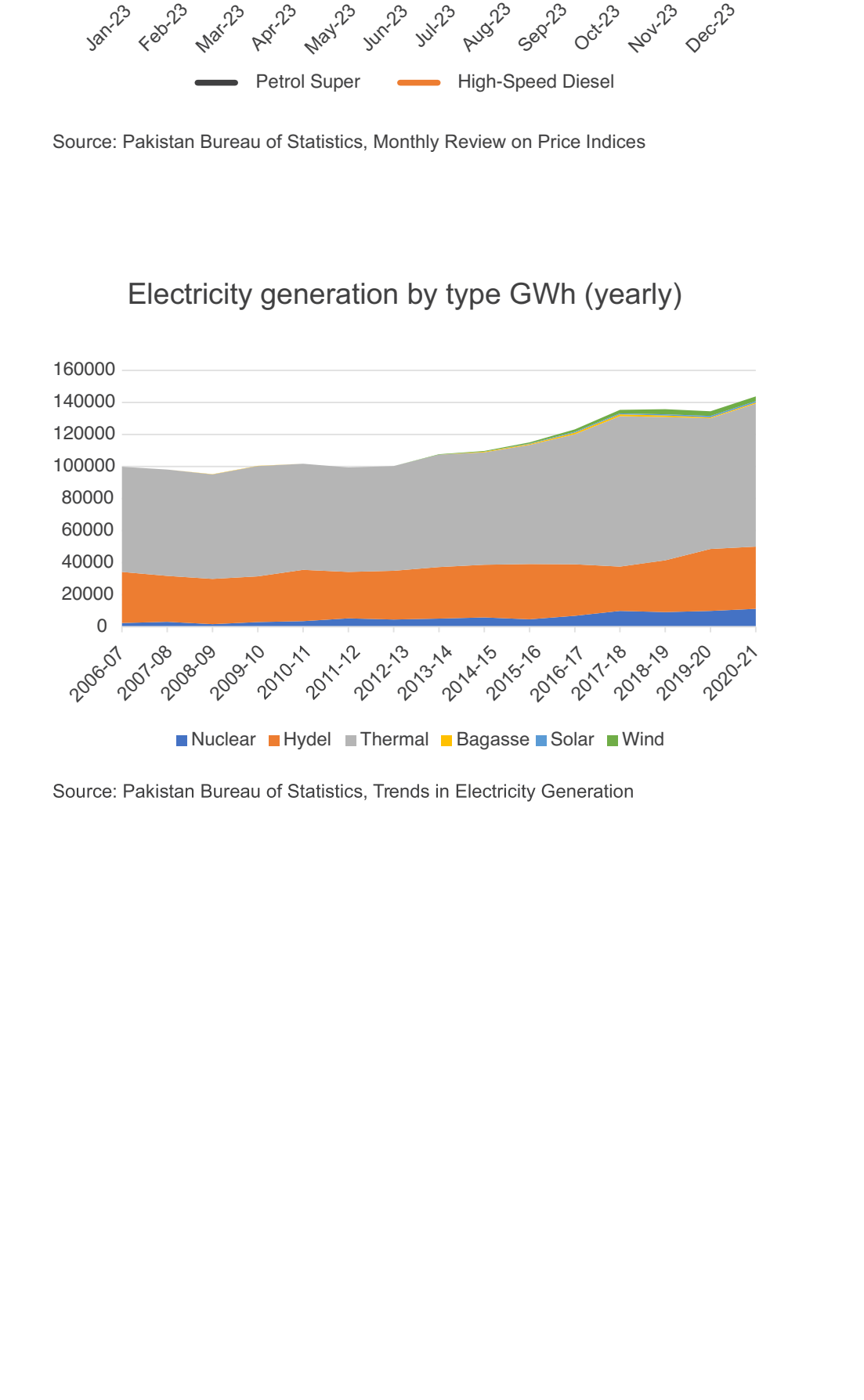
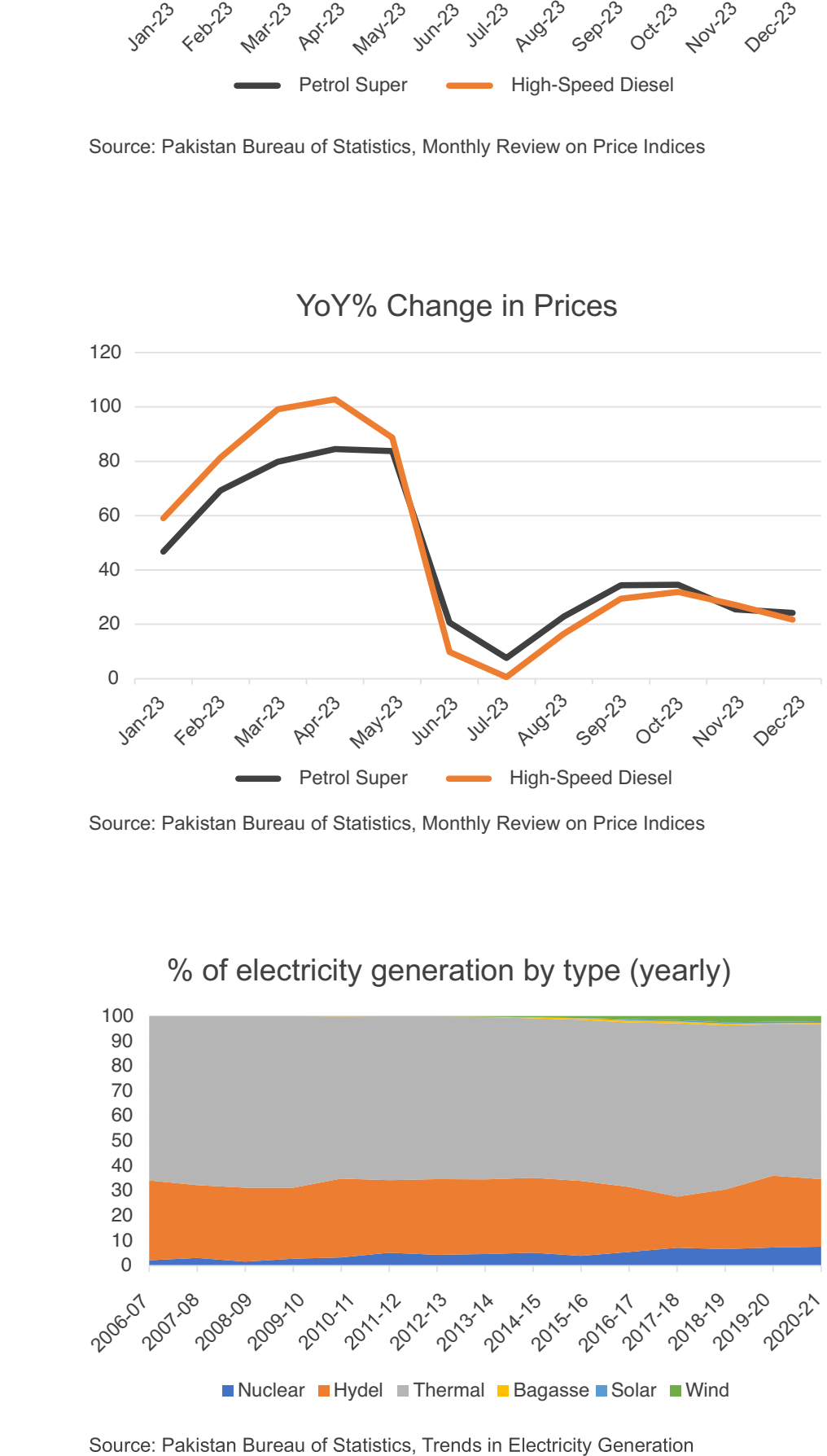
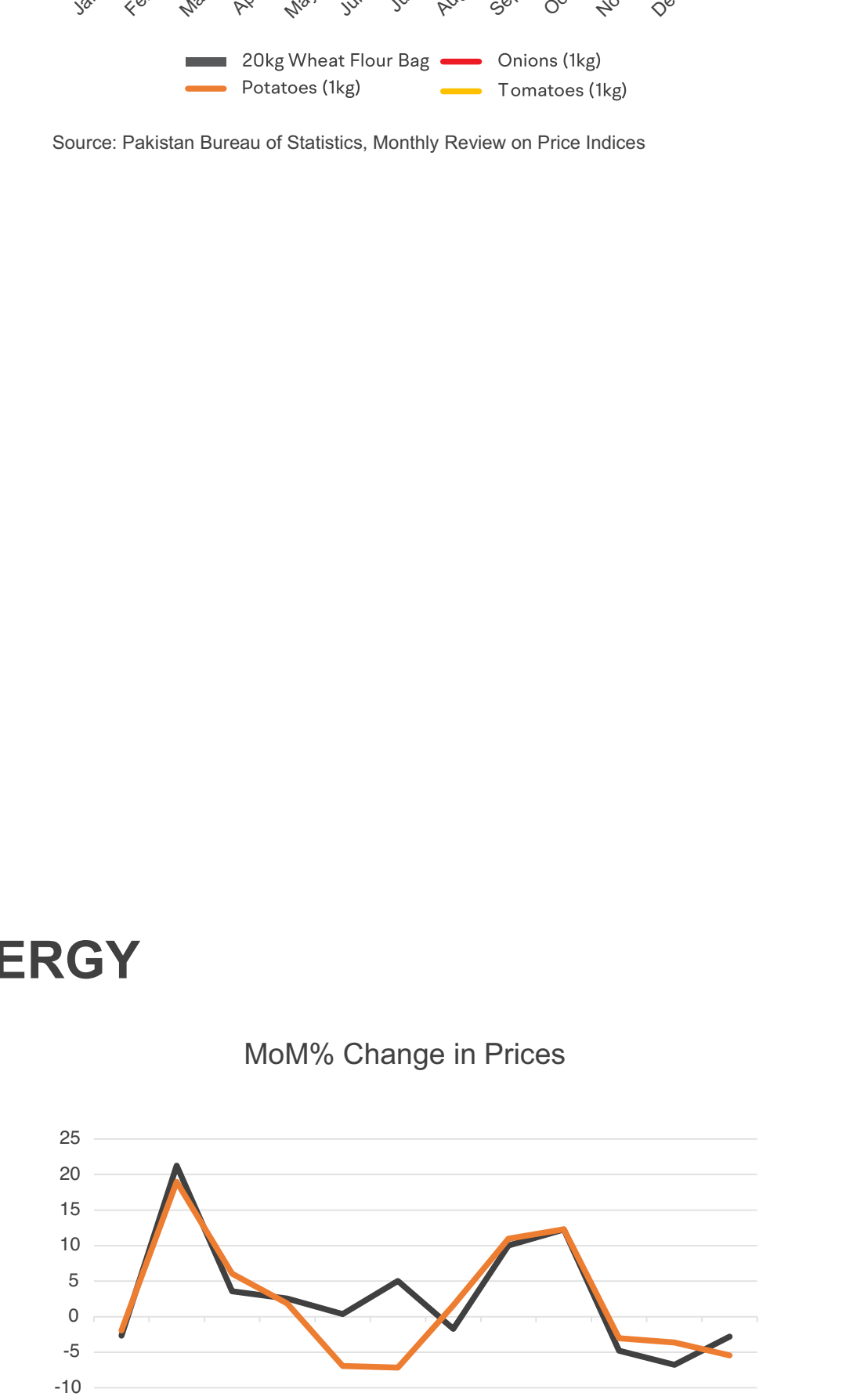
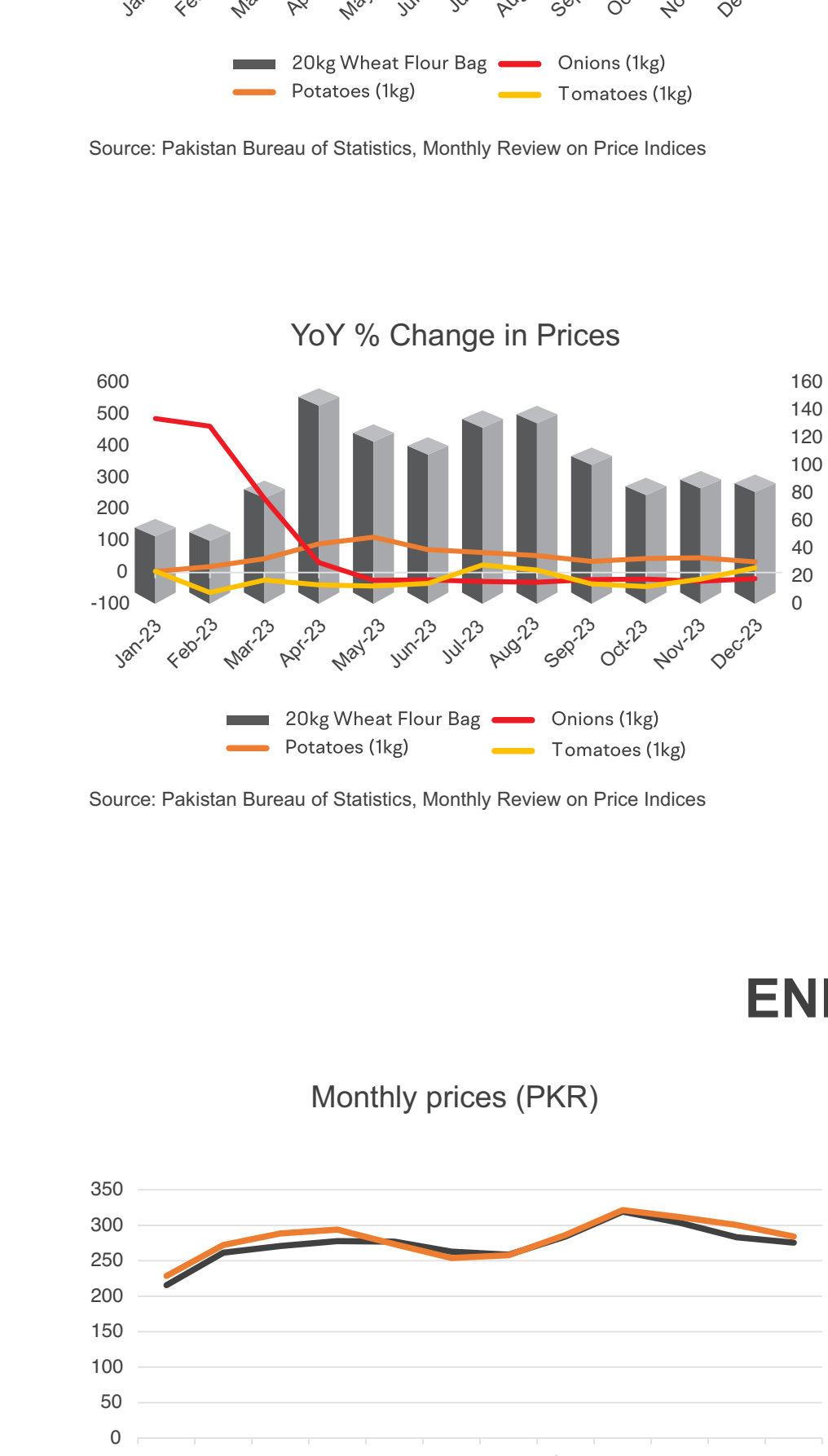
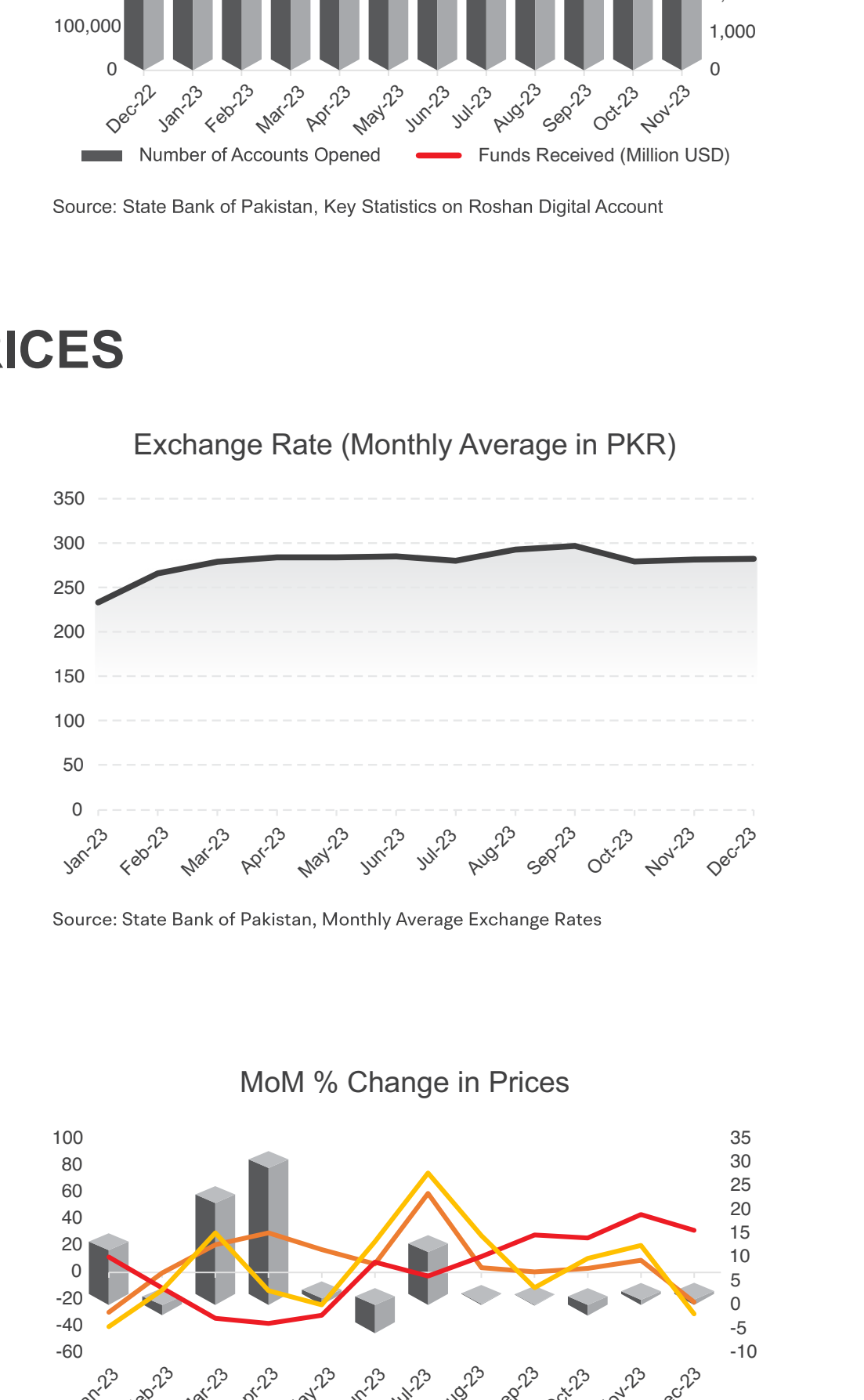
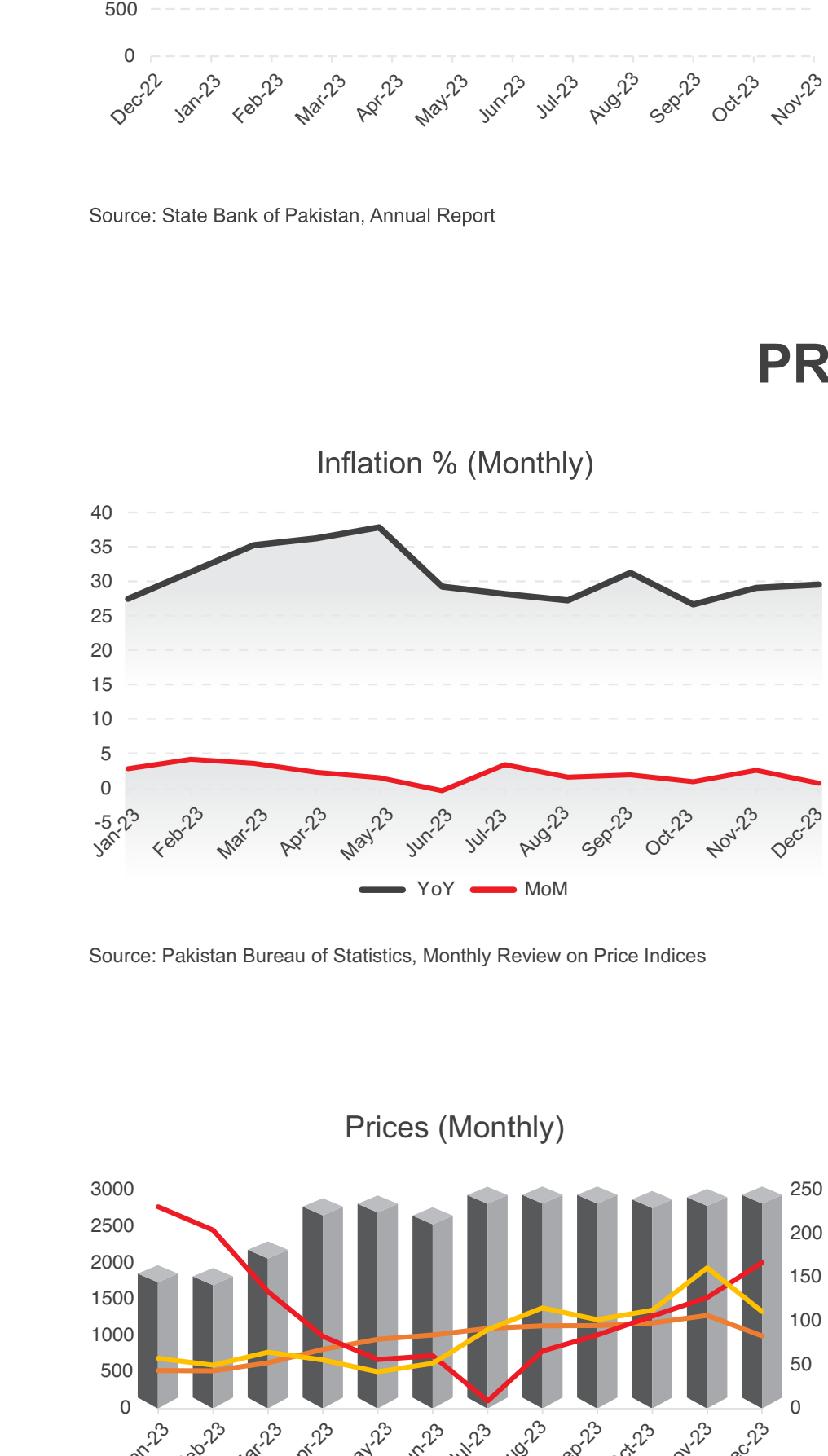
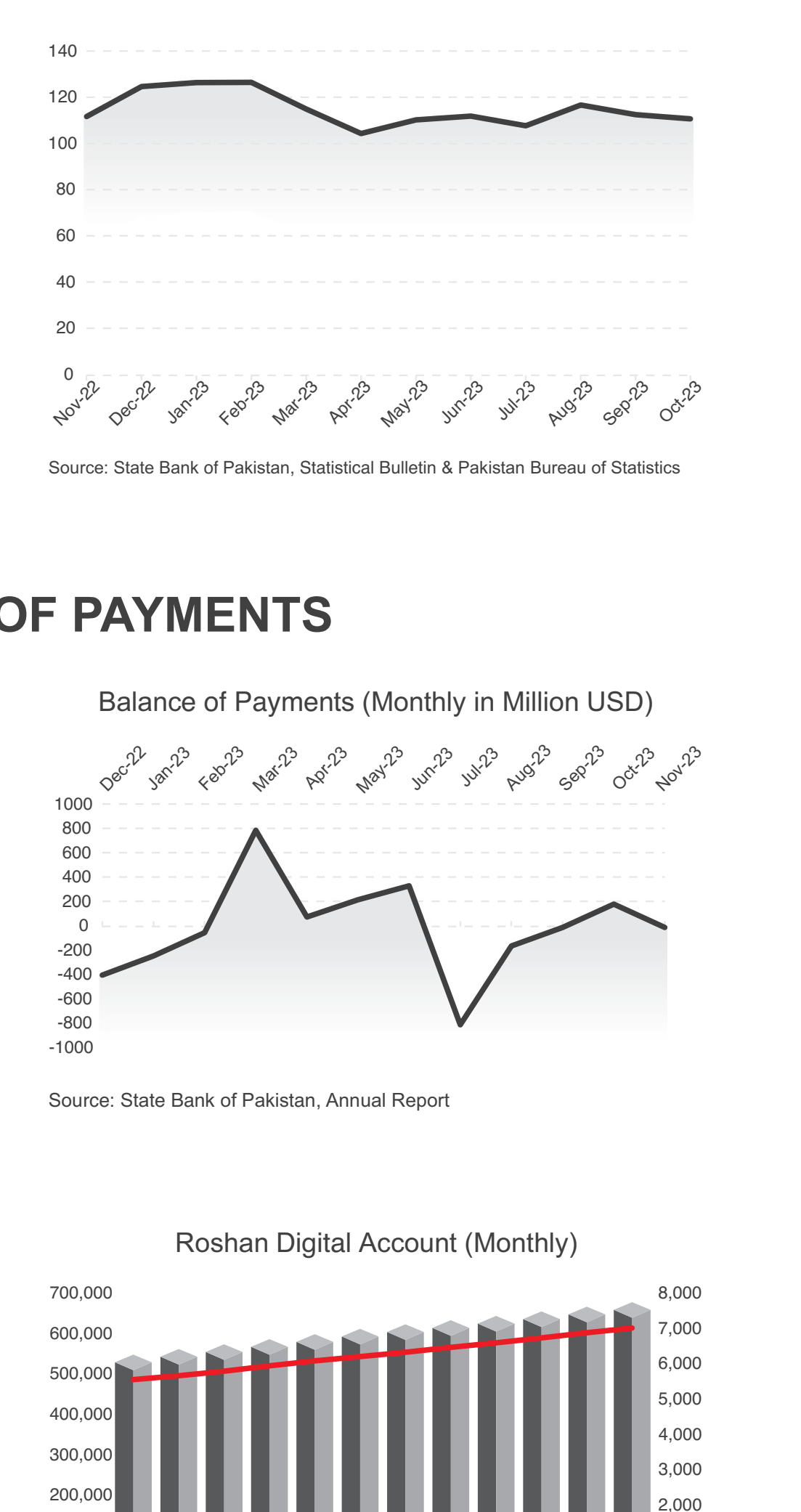
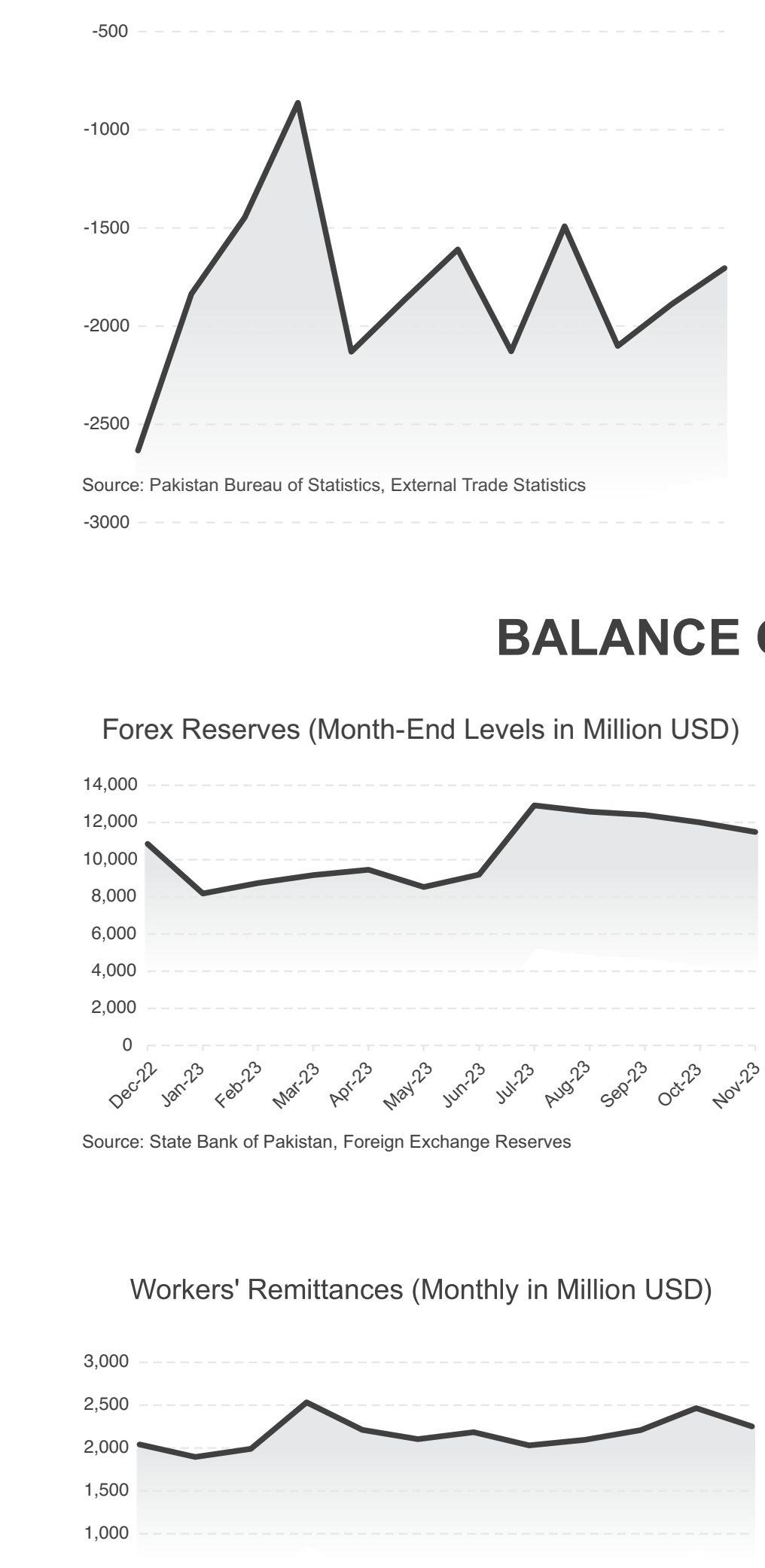
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CDPR's and IGC's 'Insights for Change' series attempts to take an analytical approach to deriving action-oriented policy solutions. They are authored by economists and practitioners who are experts in their field. Here are the top picks of 2023:

## PROJECTS RECAP

### Understanding Informality in the Wholesale Retail and Real Estate Sectors

The Consortium for Development Policy Research in collaboration with the Pakistan Business Council (PBC) recently worked on a Study titled: "Understanding Informality in the Wholesale, Retail and Real Estate Sectors." The team of Researchers from CDPR included Dr. Umar Javed (LUMS), Dr. Sher Afghan Asad (LUMS) and Dr. Hamid Azeq Sanwar (REMIT).

The primary objective of the Study was to identify how these three sectors, i.e., the wholesale, retail & real estate continue to operate for the most part in the informal economy. The Study also makes recommendations for bringing these three sectors into the formal economy.

A launch event of the Study was held in Islamabad on May 3rd, 2023. The Presentation made by the CDPR team is attached as a soft copy of the Study.

### The Economic Effects of Inter-sectarian Conflict

The Shia-Sunni economic divide within Islam has recently become of great importance economically and politically, not just in the Middle East but globally. The aim of this project was to implement a pilot to increase contact in a very natural setting (mosques) in Pakistan and to evaluate its effect on beliefs and preferences of mosque-goers about the other sect as well as their economic behavior.

The experiment showed that if the state tried to implement policies that led to a reduction in incorrect perceptions of others the general public, with support from the international community, can find a balance between imperatives of economic growth and development while prioritizing meaningful climate action.

The Government of Punjab has in the past shown interest in such a policy and it is feasible for the state to implement because it owns and manages a large number of mosques in the country with many Imams on its own payroll. Hence, the state can encourage the Imams to make statements in favor of religious harmony and support members of different sects visiting each other's mosques.

### Informing the Design of a Conditional Cash Transfer to Improve Mother and Child Health Outcomes in Sindh

Improvements in maternal and child health indicators remain a priority area in developing countries. However, progress in the healthcare utilization during and after pregnancy continues to be a struggle in the south-eastern province of Sindh in Pakistan. To improve the state of health outcomes in Sindh, the provincial government has decided to launch 'Mother and Child Health Conditional Cash Transfer (CCT)' program as a policy response, the pilot of which is underway in the poorest and most rural districts of the province. This project looks at the impact of the cash transfer on healthcare utilization and health outcomes, focusing on the interaction of cash receipt with the underlying norms captured by a household's decision-making structure and attitudes towards formal obstetric care.

In the second round of investigations the PPI developed extensive household modules on exposure to flooding, coping mechanisms, sources of assistance, and food security which were added to the survey questionnaire.

The Principal Investigators of this report are Syeda Warda Riaz (PhD Candidate, University of California – Davis), Michael R. Carter (Distinguished Professor of Agricultural and Resource Economics, University of California – Davis), and Rashid Ahmed (Assistant Professor, Qatar University).

This project has been funded by the International Growth Center (IGC) and housed at the Consortium for Development Policy Research.

## INSIGHTS FOR CHANGE RECAP

CDPR's and IGC's 'Insights for Change' series attempts to take an analytical approach to deriving action-oriented policy solutions. They are authored by economists and practitioners who are experts in their field. Here are the top picks of 2023:

### Responding to Pakistan's Floods

The floods of August 2022 could not have come at a worse time for Pakistan, caught up in deep macroeconomic and political turmoil. A ballooning trade deficit, impending debt service obligations and fast depleting reserves had put a lot of pressure on the exchange rate, which had depreciated 24 percent in the last few decades has to examine carefully whether it can benefit from evolving an industrial Policy of a kind different from the earlier policy which we would characterize as Industrial Policy 1.0.

Part 1: Recent developments in the Western countries have reopened the discourse on the need for an industrial Policy. Pakistan which has gone through 'Deindustrialization' in the last few decades has to examine carefully whether it can benefit from evolving an industrial Policy of a kind different from the earlier policy which we would characterize as Industrial Policy 1.0.

### Towards Industrial Policy 2.0 – Part 1

Part 1: Recent developments in the Western countries have reopened the discourse on the need for an industrial Policy. Pakistan which has gone through 'Deindustrialization' in the last few decades has to examine carefully whether it can benefit from evolving an industrial Policy of a kind different from the earlier policy which we would characterize as Industrial Policy 1.0.

### Towards Industrial Policy 2.0 – Part 2

Part 2: Whether Pakistan should pursue an industrial policy or not is a question that has not yet been debated seriously. There are clear ideological divisions among those who believe that the state should have a better control over generation and allocation of resources and others who are of the view that the state should have the discretion and incentives structure and let the households, private firms, businesses, and farmers make the choices.

### How would Avoiding Child Marriages Affect Human Capital Outcomes in Pakistan?

The last few decades have witnessed tremendous progress in global human development: since 1990, the percentage of the population living in extreme poverty has declined from 38% to 9.2% in 2022; neonatal mortality rates are down by 51%, and global maternal mortality has declined by 38% (since 2000). Despite such Dr. Samra Nasim (Assistant Professor, Colby College) moderated the discussion and Dr. Parvez Hassan (Senior Partner, Hassan and Hassan) delivered a keynote speech.

### The Dark Side of Real Estate: Uncovering its Malevolent Influence on National Economic Progression

If one can pin down the challenges of Pakistan's economy to one issue, it would be a low level of productivity compared to the rest of the world. The country's low productivity is responsible for the stagnation of manufacturing, dismal exports, and recurrent balance of payments problems. Unfortunately, the real estate activities, particularly investment and trading of plots, are partly responsible for the low productivity of the country as it has displaced capital away from the innovative and job-creating sectors of the economy into the empty plots of land.

### Foundational Learning During Emergencies- Learning is Not a Lost Cause in Pakistan

A year on from the unprecedented floods of 2022 that affected 33 million people (50% children), a humanitarian crisis persists in Pakistan. Aid has been slow to reach, given competing challenges in an era of multiple crises. Sindh, with a population of 35 million, was hardest hit. In addition to massive loss of housing, crops and livelihoods, there was extensive damage to education infrastructure. Almost 80% of schools in the region were affected.

### Navigating Pakistan's Power Sector Crisis: Challenges, IMF Recommendations, and the Path to Sustainable Reform

Pakistan's fiscal turbulent times as it grapples with a looming sovereign default brought on by maturing external debt payments and a shortage of foreign reserves. To avoid a potential sovereign default, Pakistan is seeking assistance from the International Monetary Fund (IMF). An important issue that concerns the IMF is the debt crisis in Pakistan's electricity sector for whose solution the IMF has made certain recommendations.

## ANNUAL CONFERENCE

### 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 discourse about ways in which they can be mitigated.

The second Pathways to Development Conference brought together empirical work in economics, sociology, politics, and political economy, to find solutions to the grand challenges constraining sustainable growth in Pakistan and the region. The focus of this conference was Inequalities & Social Justice.

Consortium for Development Policy Research arranged a plenary session "India, Pakistan and Bangladesh: Where did their growth trajectories diverge?" as Panel session 1 on Day 1.

### Panel Convenors

- Sajid Naei (Country Head (IGC))
- Hadija Majid (LUMS)

### Panelists

- Sadiq Ahmed (Policy Research Institute of Bangladesh)
- Ishrat Hussain (Former Governor State Bank of Pakistan)
- Rakesh Mohan (Partner for Social and Economic Progress India)

This conference was hosted jointly by the following institutions: Institute of Development & Economic Alternatives (IDEAS), Chaudhry Nazir Muhammad Department of Economics at LUMS, Mahbub ul Haq Research Centre at LUMS, Institute of Development Studies at IGC, Sussan (IGC), Consortium for Development Policy Research (CDPR), International Growth Center, and Centre for Economic Research in Pakistan (CERP).

Date: December 18-20, 2023 Location: Lahore University of Management Sciences (LUMS)

## EVENTS RECAP

### MOU Signing on Climate Change

On 27th July 2023, in a meeting led by then Chairman Planning & Development Board (P&D), Punjab Dr. Ali Sarfraz Hussain, and with invaluable support from the International Growth Center (IGC), CDPR successfully signed an MOU with P&D Punjab. They are currently collaborating on a journey to devise a comprehensive climate change agenda.

Zara Salmaan (CEO, CDPR) and Dr. Sohail Anwar (Secretary, P&D) signed the MOU on behalf of their organizations.

At the meeting, team CDPR and IGC made presentations on the importance of addressing climate change with a focus on three thematic areas: Sustainable Cities, Energy, and Agriculture and Food Security.

The P&D team also presented the work that was being undertaken at that time as well as planned initiatives and identified areas for synergistic work between the organizations.

### Punjab's Air Pollution: Research, Policy, and Practice

The Consortium for Development Policy Research (CDPR) held a consultative workshop to discuss the findings of recent research on air quality in collaboration with the International Growth Center (IGC) and Mahbub ul Haq Research Centre (MHRC) on July 20, 2023, at LUMS.

The workshop was divided into two sessions, each of which intended to generate a dialogue on the policy challenges and practical solutions that can improve the lives of Pakistani citizens vulnerable to the harmful impact of poor air quality. Dr. Samra Nasim (Assistant Professor, Colby College) moderated the discussion and Dr. Parvez Hassan (Senior Partner, Hassan and Hassan) delivered a keynote speech.

### Session 1

Date on Air Quality and Pollution

The first session focused on measuring the type and sources of pollutants in Punjab and understanding citizens' beliefs about air pollution and how it shapes their behavior.

The presenters for this session included:

- OMAR MASUD, CEO, Urban Unit
- NAZISH AFRAZ, MAZAHIRI ECONOMIC SEED
- SHOTARO NAKAMURA, PhD Candidate, University of California, Davis
- MOHAMMAD MALICK, Lead Surveying VIEWS IDEAS

### Session 2

Regulatory Challenges

The second session focused on understanding local policy and regulatory challenges in tackling air pollution and identifying new areas for research and policy work to support regulator's mitigation and adaptation efforts.

The presenters for this session included:

- AMINA SHAHAB, Director, ICRI/CRI/CRI/CRI
- AHMAD IMRAN ASLAM, World Bank

### Setting the Agenda for Climate Change and Development in Pakistan

The Consortium for Development Policy Research in collaboration with the International Growth Center (IGC) and the World Bank held a session of Lahore Policy Exchange on Setting the Agenda for Climate Change and Development in Pakistan. The session was held on Thursday, 15th June 2023 at the Consortium for Development Policy Research.

The World Bank recently launched the Country Climate and Development Report (CCDR) for Pakistan that provides recommendations on how to integrate climate resilience with development planning and investment while maximizing opportunities for emissions reduction.

One of the leading champions of the CCDR, John Roodie, presented the key messages and recommendations of the report and, together with the panel and the audience, explored the constraints that have prevented Pakistan from achieving this climate-development convergence so far.

Climate Change and Population Growth in Pakistan

The Consortium for Development Policy Research in collaboration with the International Growth Center (IGC) and the Mahbub ul Haq Research Centre (MHRC) held a session of Lahore Policy Exchange on Climate Change and Population Growth in Pakistan. The session was held on Friday, 10th February 2023.

Climate change over the coming decades is expected to affect the ability of land to support the lives and livelihoods of much of the world's population, and an increasing population will compound these impacts. The impacts of rising population pressure as many of the countries expected to suffer degradation in land quality due to climate change.

LAHORE POLICY EXCHANGE

A curated conversation with:

- Dr. Parvez Hassan, Senior Partner, Hassan and Hassan
- Dr. Raza Bakhsh, Raza and Asad Rahim Khan talk about the importance of protecting the rights of Afghan refugees in the country who are exploring the causes behind the changes in policies regarding these refugees.

WATCH

RECAP

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Baia Raza Jamil & Fatima Hafeez Shamsi

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