PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS

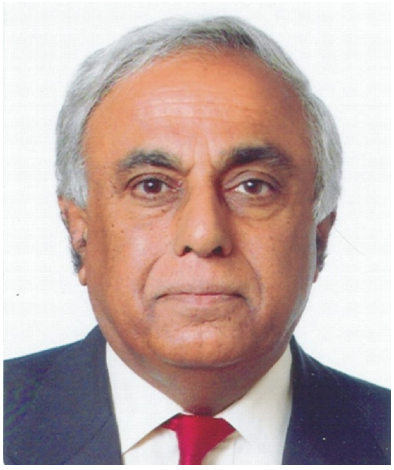
Annual Report 2007-08

© 2008. Edited and published by the Publications Division,
Pakistan Institute of Development Economics, Islamabad.

CONTENTS

		Page
	Preface	iii
I.	**Introduction**	1
	I. Annual Report	1
II.	**Research: Breaking Fresh Ground**	1
	II.1. Development Strategies and Governance Division	3
	II.2. Growth and Environment Division	6
	II.3. Money, Banking, and Finance Division	8
	II.4. Trade and Industrial Organisation Division	12
	II.5. Agricultural Production, Markets, and Institutions Division	15
	II.6. Population, Poverty, and Labour Market Dynamics Division	17
	II.7. Applied Socio-cultural Processes Division	19
	II.8. Applied Policy-related Research	20
III.	**Teaching Programmes at PIDE**	23
	III.1. Department of Economics	23
	III.2. Department of Business Studies	26
	III.3. Department of Population Sciences	27
IV.	**Seminars, Workshops, and Panel Discussions**	30
	IV.1. "Nurturing Minds" Seminar Series	30
	IV.2. "Viewpoint" Panel Discussion Series	31
V.	**Training at PIDE**	32
VI.	**Convocation and Golden Jubilee Celebrations**	35
	VI.1. Convocation	35
	VI.2. Golden Jubilee	36
VII.	**Conferences and International Networks**	36
	VII.1. Activities of South Asian Network of Economic Research Institutes (SANEI)	38
	VII.2. GDNet South Asia Regional Window	41
	VII.3. Other Activities	42
VIII.	**Human Resource Development**	42
	VIII.1. Capacity Building at PIDE	42
	VIII.2. Infrastructure Development	43
IX.	**Publications Division**	45
X.	**Library and Documentation Division**	48
XI.	**Information and Communication Technologies (ICT) Division**	50
XII.	**The PIDE Archives Committee**	52
XIII.	**Extra-curricular Activities of Students**	52
	Annexure	53

PREFACE



A World-class Research and Teaching Institute

Soon after I joined PIDE, we celebrated in March 2008 two important milestones in PIDE's rich history. The first was the Golden Jubilee Celebrations. Former and current research fellows joined the country's leading economists in paying tribute to PIDE's impressive contribution to pioneering new ideas and approaches in economic development and being at the forefront of development research internationally as well as in Pakistan. We brought out three publications to mark the Golden Jubilee, detailing its history (by Dr S. M. Naseem, former Director), contribution to development thinking in the early phase (by Dr A. R. Khan, former Research Director), and policy-making (by Dr A. R. Kemal, former Director). A film and a gallery of historic photographs were also launched on this occasion. We plan to hold two more meetings, in Lahore and Karachi, later this year to celebrate the Golden Jubilee with our fellows, colleagues, and students there.

The second landmark event was the holding of PIDE's first Convocation. PIDE had started its PhD Programme some years earlier and the conferment of ten PhD degrees and one MPhil degree by the Patron, the President of Pakistan, on this occasion was a moment of great pride for those who had contributed to launching this programme, for those who had supervised the candidates, and most important, for those who received the degrees. PIDE will continue this strong doctoral programme in Economics to meet the country's urgent needs both in economic policy-making and the academia.

As I watched and shared the joy in PIDE's record of many achievements, I was acutely aware of the challenge ahead. Stated simply, it is to ensure that PIDE remains at the cutting-edge of new ideas and maintains the highest research standards while gradually expanding its teaching programme to impart quality education that is recognised internationally.

My vision of PIDE is clear. It is of a world-class research and teaching institute building on the strengths and high standards it has achieved over the last fifty years.

My aim is to expand our teaching programme at a pace that helps create maximum synergy between our teaching and research programmes and ensures the best quality of education at all levels.

Research will always remain at the heart of PIDE's activities and provide the life-blood to its current postgraduate programme, as to the undergraduate programme to be launched in 2010. Here my first task, starting early 2008, has been to carefully map out the ongoing activities. The mapping spells out the policy issues being analysed, the value added to knowledge, and the outputs expected from the studies being undertaken. This mapping has been the basis for developing an innovative and exciting research programme for 2008-10.

PIDE is also the research arm of the Planning Commission and a think-tank for the Government of Pakistan. I have strived to build and strengthen this important linkage with policy-makers. At the request of the Planning Commission of Pakistan, PIDE undertook the Mid-term Review of the Medium-term Development Framework (2005-10), working closely with the economic and technical sections of the Commission. This Review was approved by the National Economic Council (NEC), Pakistan's highest economic decision-making body, and published in June 2008. I cite this as one example of the way in which PIDE continues to combine its academic and advisory functions.

As in earlier years, we held the Annual General Meeting and Conference of the Pakistan Society of Development Economists (PSDE), in March 2008. The theme this year was "Natural Resource Management: Issues and Challenges". A number of prominent scholars from Pakistan and abroad presented papers at the Conference. Dr Rehana Siddiqui, Secretary of the PSDE, and the Organising Committee Members made splendid arrangements to ensure a very well-attended and successful meeting.

In the end, I would like to thank our former Chancellor, Engr. Dr M. Akram Sheikh, and our current Chancellor, Mr M. Salman Faruqui, for the encouragement I have received from both of them in carrying out my tasks.

Most important of all, I must thank my fellow PIDE researchers, teaching staff, and students for their valuable support in making 2007-08 an exciting, eventful, and fruitful year.

Rashid Amjad
Vice-Chancellor

I. INTRODUCTION

Pakistan Institute of Development Economics (PIDE) is an internationally recognised research institution. It is the leading institution of its kind in Pakistan. In 2007, it celebrated its fiftieth anniversary. The Charter of PIDE, when it was first set up in 1957, was to undertake applied research in the fields of Economics and Demography with special reference to Pakistan. In the mid-1970s, an additional task was given to PIDE to organise in-service training courses in Project Planning techniques for government servants in BPS Grades of 17–19. This step was based on the need to improve their planning skills, particularly in reference to the preparation of Planning Commission documents related to development projects.

In 2000, the Institute was given the responsibility of initiating the PhD Programme in Economics to meet the shortfall of trained development economists in the country. To fulfil the academic, administrative, and legal requirements for awarding degrees, the Institute was granted a Charter in November 2006 by the Government of Pakistan. PIDE now has strong programmes both in the research and teaching fields. The activities of the Institute in 2007-08 may be categorised as follows:

- Research completed (Economics, Demography, Anthropology);
- Teaching activities at the MSc, MPhil, and PhD levels;
- Training activities.

There are three professional Divisions that are integral to the work done in the Research, Teaching, and Training Divisions. These are:

- Publications Division;
- Library and Documentation Division;
- Information and Communication Technologies Division.

I. Annual Report

The Annual Report presents the major objectives and achievements of each of the Divisions/Sections, and highlights particular events and accomplishments of the year 2007-08 at the Institute.

II. RESEARCH: BREAKING FRESH GROUND

Overall, in 2007-08, 117 research studies were completed by the seven Research Divisions, namely, the Development Strategies and Governance Division; the Growth and Environment Division; the Money, Banking, and Finance Division; the Trade and Industrial Organisation Division; the Agricultural Production, Markets, and Institutions Division; the Population, Poverty, and Labour Market Dynamics Division; and the Applied Socio-cultural Processes Division.

Mr Muhammad Shahbaz, Dr Akmal Hussain, Dr Musleh-ud Din

A measure of the quality of the research undertaken is the number of such studies which were published in internationally recognised journals. While the studies shown in Table 1 do not necessarily reflect the studies undertaken only in 2007-08, as there is always a throw-forward and a lag in publication, it is reflective of PIDE's published work during that year.

Table 1

Research Published

Name of Division	*PDR* Regular Issue	*PDR* Winter Issue	Other Internationally Recognised Journals	Working Papers	Books/ Chapters in Books	Other Publications/ Research Reports	Total
Growth and Environment	–	4	–	2	5	7	18
Development Strategies and Governance	4	3	1	13	5	3	29
Population, Poverty, and Labour Market Dynamics	4	1	–	2	2	9	18
Trade and Industrial Organisation	3	2	–	1	1	3	10
Money, Banking, and Finance	–	3	4	12	1	5	25
Agricultural Production, Markets, and Institutions	–	2	1	–	1	1	5
Applied Socio-cultural Processes	–	–	–	–	–	1	1
Project Evaluation and Training	–	2	–	1	2	6	11
Total	11	17	6	31	17	35	117

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. Most of these studies have now been completed (see Annexure) and will be published in the *PIDE Working Papers* series.

II.1. Development Strategies and Governance Division

The Development Strategies and Governance Division was set up in June 2006 to conduct research in certain new areas of interest, such as governance issues, role of institutions, and civil service reforms. In addition, this Division has also developed new methods of information and research dissemination, through documentaries and policy viewpoint papers, on specific issues of national interest including stock management and property rights. The Division undertook research in the traditional economic fields including education, natural resource management, and trade and regional cooperation.

In today's globalised world, the success of business enterprises depends on the business climate in which the firms operate. A business climate that encourages private initiative within a politically stable framework is the basis of enterprise success. The study by Musleh-ud Din and Ejaz Ghani, titled **"Doing Business in Pakistan: A Case Study of the Organisation of Islamic Chambers of Commerce and Industry (OICCI) Member Firms"**,[1] looks at the business climate in Pakistan. It highlights the factors such as regulatory framework, infrastructure facilities, governance, and social capital, which all play a significant role in lowering or raising the costs of doing business in the country. An appropriate strategy is needed to lower the high costs of doing business in the country. Therefore, a comprehensive plan should be developed to improve the short-, medium-, and long-term prospects of doing business in the country. This could be achieved by relying on the private sector, with the public sector acting as a facilitator to ensure a competitive market structure.

The linkage between pro-poor growth and poverty alleviation is a topic of immediate concern which impacts on the general well-being of the population. The question whether governance contributes to pro-poor growth (Box II.A) explores linkages between governance indicators and pro-poor growth in Pakistan for the period 1996–2005. The results show that weak governance affects pro-poor growth adversely.

Box II.A.

Does Governance Contribute to Pro-poor Growth? Evidence from Pakistan

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. Improving governance indicators such as accountability, the rule of law, and regulatory quality would help in promoting pro-poor growth in the country by improving equality.

Haq, Rashida (forthcoming) PIDE Working Paper.

[1]Din, Musleh-ud and Ejaz Ghani (2007) Doing Business in Pakistan: A Case Study of the Organisation of Islamic Chambers of Commerce and Industry (OICCI) Member Firms. Karachi. (OICCI Report).

The power sector, which is dominated by the Water and Power Development Authority (WAPDA) and the Karachi Electric Supply Corporation (KESC), is affected by institutional and organisational weaknesses, with inefficient and non-optimal tariffs, high line losses, and a high level of corruption. It has been found that weak governance by the National Electric Power Regulatory Authority (NEPRA), resulting form its lack of autonomy, leads to institutional ineffectiveness. In addition, NEPRA lacks the expertise to supervise and control the power sector and establish a rational and equitable pricing regime. "**Regulatory Governance: Electricity Industry in Pakistan"**,[2] by Afia Malik, is a study which analyses various governance attributes with reference to the regulatory authority in the electricity industry of Pakistan. The absence of institutional independence, accountability, and professional staff has adversely affected not only the functioning of the authority but also the overall performance of the electricity industry.

Prof. Aurangzeb A. Hashmi, Dr Sarfraz K. Qureshi, Mr Donglin Li

The study by Nadeem ul Haque and Idrees Khawaja titled **"Public Service: Through the Eyes of Civil Servants"**,[3] suggests that, to be successful, any civil service reform effort must accord centre-stage to the stakeholders—the people, who can either be the architects and beneficiaries of change or the losers and therefore opponents of change. The losers would obviously attempt to object to the reform effort. Design and implementation of the reform effort must be sensitive to these facts. In Pakistan, too, despite various attempts at reforming the civil services, the common perception seems to be that the system essentially remains similar to that inherited from the colonial past. Worse still, little is known about the perceptions of civil servants on various issues in civil service reforms. Against this backdrop, the Pakistan Institute

[2]Malik, Afia (2007) Regulatory Governance: Electricity Industry in Pakistan. *International Journal of Regulation and Governance* 7:1, 1–8.

[3]Haque, Nadeem Ul and Idrees Khawaja (2007) *Public Service: Through the Eyes of Civil Servants*. Islamabad: Pakistan Institute of Development Economics.

of Development Economics (PIDE) conducted a perception survey of civil servants, seeking their views on recruitment, training, performance evaluation, job satisfaction, and any relationship with the private sector. The key findings of that survey are: civil servants are demoralised; they are aware that corruption is a serious problem; they have no trust in the accountability process; they favour portability of pensions and monetisation of perks; and yet, the majority of them are satisfied with the civil service jobs.

The link between good corporate governance and economic development is examined in **"The Relationship between Corporate Governance Indicators and Firm Value: A Case Study of Karachi Stock Exchange"**,[4] by Attiya Y. Javed and Robina Iqbal. This study looks at good corporate governance, which contributes to sustainable economic development by enhancing the performance of companies and increasing their access to outside capital. In emerging markets, good corporate governance serves a number of public policy objectives. It reduces vulnerability of the financial crises, reinforces property rights, reduces transaction costs, the cost of capital; and it leads to capital market development. Corporate governance in this case deals with the relationship between the management, board of directors, controlling shareholders, minority shareholders, and other stakeholders.

PIDE Senate Meeting

[4]Javed, Attiya Y. and Robina Iqbal (2007) The Relationship between Corporate Governance Indicators and Firm Value: A Case Study of Karachi Stock Exchange. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Papers 2007:14)

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. The paper by Rehana Siddiqui, on **"Pakistan's Development and Energy Imperatives"**,[5] is of current importance as the country is facing a large energy shortfall, which is detrimental to its development efforts. Witness the long hours of loadshedding (in officialese, load management) that have been plaguing the country for the past six months (Box II.B).

Box II.B.

Pakistan's Development and Energy Imperatives

The paper describes how the long-term viability of the energy sector is critical for economic growth; hence the need for formulating and implementing appropriate energy development plans to improve energy security in the country. Renewable energy, along with other sources of energy supply, would need to be harnessed to raise the level of energy security in the country and to reduce dependence on imported oil. Regional cooperation can also help the South Asian countries to improve energy security.

Siddiqui, Rehana (2007) Pakistan's Development and Energy Imperatives. Paper given at the Seminar on "The Quest for Energy Security in Asia", Islamabad Policy Research Institute, Islamabad.

Another topic of current concern in Pakistan, the National Finance Commission Awards, has also been researched. This study explores the evolution of fiscal resource distribution in Pakistan. The country is a federation comprising four provinces, federally administered areas, and the Islamabad Capital Territory. The study examines the historical distribution pattern of these awards, as summarised in Box II.C.

Box II.C.

National Finance Commission Awards in Pakistan:
A Historical Perspective

Being a federation, most of the revenues are collected by the Centre and then redistributed vertically between the federal and the provincial governments. Provinces then also redistribute revenues among lower tiers of the government through a revenue-sharing formula. A thorough look at the history of these awards indicates that this process has been complex, and has a far-reaching impact. A less than systematic approach has been adopted to decentralise the financial matters. Over time, the divisible pool has expanded due to heavy reliance on indirect taxes as well as improvement in the general collection of taxes. Population is the sole criterion adopted for distribution in all NFC awards from the divisible pool. This has raised friction among the provinces, necessitating inclusion of other potential variables evolved from international best practices. In addition, the absence of technical experts and the permanency of the NFC are further impediments. The study provides a framework for an amicable distribution of resources between the federal and the provincial governments for the common goal of development and prosperity.

Ahmad, Iftikhar, Usman Mustafa, and Mahmood Khalid (2007) National Finance Commission Awards in Pakistan: A Historical Perspective. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper No. 2007:33).

[5]Siddiqui, Rehana (2007) Pakistan's Development and Energy Imperatives. Paper given at a seminar on "Quest for Energy Security in Asia", Islamabad Policy Research Institute, Islamabad.

Environmental issues are now centre-stage. An intractable environmental problem is the deforestation in a country which already has minimal forest cover. Serious depletion of forest reserves is a continuing issue. The general perception among planners is that overpopulation is the main factor behind forest degradation. Thus the management of forests assumes great importance, as most forests in the country are state-owned. The state needs to improve its management of this scarce resource.

"An Anatomy of State Failures in the Forest Management in Pakistan",[6] by Lubna Hassan, analyses some of these critical issues. People living close to forestlands, and using them for their needs, show imprudent behaviour towards forests and use them in a manner that is not sustainable. There is also a tendency among policy-makers to find ways of keeping people away from this resource, and to strengthen the government's hold over it. As simplistic conception of the issue are not helpful, a proper inquiry into the causes of forest degradation in Pakistan must analyse the state's role in the matter. Putting the entire burden of deforestation on 'other factors' moves attention away from more important causes (such as the failure of government to manage forests) and leads to wrong policy conclusions. This study focuses attention on the important factors behind deforestation.

The role of foreign capital inflows as a means of increasing employment and reducing poverty is a much-discussed topic in the literature. However, the impact on poverty in the recipient economy remains controversial. A static computable general equilibrium model has been developed to conduct simulations in order to assess the impact of increase/decrease in foreign capital inflows on poverty in a study by Rizwana Siddiqui and A. R. Kemal. It is titled **"Poverty-reducing or Poverty-inducing? A CGE-based Analysis of Foreign Capital Inflows in Pakistan".**[7]

23rd Annual General Meeting and Conference, PSDE, 2008

[6]Hasan, Lubna (2008) An Anatomy of State Failures in Forest Management in Pakistan. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

[7]Siddiqui, Rizwana and A. R. Kemal (2006) Poverty-reducing or Poverty-inducing? A CGE-based Analysis of Foreign Capital Inflows in Pakistan. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper 2006:2)

"Dynamic Modelling of Energy and Growth in South Asia",[8] by Muhammad Arshad Khan and Abdul Qayyum, empirically examines the link between real GDP, energy consumption, capital, and labour for four South Asian countries, namely, Bangladesh, India, Pakistan, and Sri Lanka for the period 1972-2005. Applying the bounds testing approach to cointegration, it finds a strong cointegration between real GDP, energy consumption, capital, and labour for each country. The study mainly focuses on the role played by energy in enhancing productivity in the South Asian region. Based on unrestricted error-correction modelling procedure, the study finds evidence in favour of long- as well as short-run causality running from energy consumption to real GDP for each country. The study suggests that the economies of the South Asian region are energy-dependent economies. Hence, the policies for energy conservation need to be formulated in such a way that they do not induce adverse factors for economic growth in the region.

The research report titled **"Pakistan: Promoting Rural Growth and Poverty Reduction"**,[9] by Muhammad Khan Niazi, *et al*., aims to analyse the major constraints in Pakistan to rural income growth and poverty reduction, and offers specific policy recommendations to achieve these objectives. Although much of the report's focus is on agriculture, which is the core of Pakistan's rural economy, the rural non-farm economy is also examined at length, as are government and non-government policies and programmes related to rural service delivery, social mobilisation, and safety nets. The results show that the lack of resources at the lower tiers of government is a barrier to effective decentralisation. Political affiliations at various tiers of the government may increase the flow of funds, but, essentially, local governments lack the capacity for planning and development as well as for monitoring and evaluation. Accountability of local governments can be improved by more information dissemination.

"Renewable Energy in the Global and National Contexts: Developing Pakistan's Energy Mix in the Twenty-first Century",[10] by Adeel Ghayur analyses the three factors behind the push towards renewable energy sources. It does so by providing an overall view of renewable energies in the global context, followed by a discussion of Pakistan's energy mix, and the renewable energy potential. The paper then discusses the initiatives for the utilisation of renewable energies. Pilot projects and village electrification projects are also discussed.

II.3. Money, Banking, and Finance Division

The Money, Banking, and Finance Division has completed important research studies on the stock market, monetary policy in Pakistan, banking sector reforms, exchange rate determination, corporate governance, and assets pricing behaviour. A panel discussion on

[8]Khan, Muhammad Arshad and Abdul Qayyum (2008) Dynamic Modelling of Energy and Growth in South Asia. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

[9]Niazi, Muhammad Khan, Nuzhat Ahmad, and Mahmood Khalid (2007) Pakistan: Promoting Rural Growth and Poverty Reduction. The World Bank, Washington, DC. (Report No. 39303-PK).

[10]Ghayur, Adeel (2008) Renewable Energy in the Global and National Contexts: Developing Pakistan's Energy Mix in the Twenty-first Century. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

monetary policy was organised by this Division in February 2008. This Division also puts together the twice-yearly *PIDE Business Barometer*, as a guide to the perceptions of the business community on the state of the economy (Box II.D).

Box II.D.

PIDE Business Barometer

An innovative step taken in late 2006 was to measure business confidence in Pakistan through the ***PIDE Business Barometer***, which is a biannual publication of the Institute. Three issues have been published to date. This publication provides independent information about the state of economic activities in Pakistan. It is based on the views of a select group of eighty firms listed on the Karachi Stock Exchange. An attempt has been made to disaggregate the analysis sector-wise, to reflect the views of the financial and the non-financial sectors on growth and inflation separately.

The survey conducted by the Division shows that growth has slowed down, and inflation risen, during July-December 2007. A further decline in the growth level and a rise in the rate of inflation are expected during January-June 2008. The report says that high actual prices negate the attempts at curbing the inflationary pressure by the authorities, and the high expected inflation requires strong steps by the State Bank of Pakistan to control this menace. The report concludes by stating that coordinated efforts are needed both by the central bank and the federal government to control rising inflation and falling growth rates.[11]

Current economic concerns also pertain to the banking industry. The study titled **"Determinants of Interest Spread in Pakistan"**,[12] by Idrees Khawaja and Musleh-ud Din, analyses this important issue as the interest spread of Pakistan's banking industry has increased over the last two years. This increase discourages savings and investments, on the one hand, and raises concerns of the effectiveness of bank lending as a tool of monetary policy, on the other. The results show that the inelasticity of deposit supply is a major determinant of interest spread, whereas industry concentration has no significant influence on interest spread. One reason for the inelasticity of the supply of deposits to the banks is the absence of alternative options for the savers. The ongoing merger wave in the banking industry will further

[11]Qayyum, Abdul, Saba Anwar, Umaima Arif, and Usman Ahmad (2008) *PIDE Business Barometer No. 3*. Islamabad: Pakistan Institute of Development Economics.

[12]Khawaja, Idrees and Musleh-ud Din (2007) Determinants of Interest Spread in Pakistan. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper 2007:22).

limit the options for the savers. Given the adverse implications of banking mergers for a competitive environment, it is argued that to maintain a reasonably competitive environment, merger proposals may be subjected to review by an anti-trust authority, with the central bank retaining the veto power over merger approvals.

Monetary policy transparency in Pakistan (Box II.E) is yet another daunting field of inquiry.

Box II.E.

Monetary Policy Transparency in Pakistan: An Independent Analysis

This study analyses monetary policy transparency of the State Bank of Pakistan (SBP). The results show that the SBP needs to improve transparency in a number of areas, such as the quantification of long-term targets of primary objectives, making the policy model on which it bases its decisions explicit, publishing the minutes and the voting records of policy committee meetings, clearly stating the monetary policy strategy, and timely announcing any possible future actions to be taken by the Bank.

Din, Musleh-ud and Wasim Shahid Malik (2008) Monetary Policy Transparency in Pakistan: An Independent Analysis. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper 2008:44).

The role of exchange rates in the performance of an economy is undeniable. The tools by which exchange rates are manipulated are quantitative in nature, and usually dependent on changes in the money supply and interest rates. PIDE has carried out a study which measures exchange market pressure through the money supply or the interest rate. In the paper by Idrees Khawaja and Musleh-ud Din, **"Instruments of Managing Exchange Market Pressure: Money Supply or Interest Rate"**,[13] the sum of exchange rate depreciation and the outflow of foreign reserves is used to define exchange market pressure. The conclusion of the research reveals that money supply is mainly used to manage the exchange market pressure.

The magnitude of the exchange market pressure and the instruments used to manage it have important ramifications for the economy. Typically, the management of exchange market pressure involves the use of instruments such as quantitative controls on the movement of foreign currency, variation in the level of money supply, or interest rate. Evidence from Granger causality suggests that during the active life of foreign currency deposits (FCDs), the interest rate has been used to manage the exchange market pressure. However, the

[13]Khawaja, Idrees and Musleh-ud Din (2008) Instruments of Managing Exchange Market Pressure: Money Supply or Interest Rate. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

instrument changed to domestic credit with the freeze on FCDs in May 1998. The use of domestic credit for managing the exchange market pressure continued in the post-9/11 period. Evidence shows that, by and large, money supply is mainly used to manage the exchange market pressure.

Financial sector restructuring in the country is related closely to the above-mentioned areas. This sector has undergone significant changes in the past two decades, as reflected in its unprecedented growth (Box II.F).

Box II.F.

Financial Sector Restructuring in Pakistan

This study attempts to review the financial restructuring process and its importance to economic growth and macroeconomic stability. The main focus is on the financial restructuring efforts undertaken by the government of Pakistan since 1990. The impact is measured by using different financial indicators. The overall results suggest that the financial industry in Pakistan is showing remarkable and unprecedented growth. Unlike 1990, the performance of the financial sector is much better today (i.e., 2005). After the successful completion of the first generation reforms, the introduction of the second generation reforms is required. These will help to further strengthen the financial system and transfer the benefits of the first generation reforms to society.

Khan, Muhammad Arshad and Sajawal Khan (2007) Financial Sector Restructuring in Pakistan. *The Lahore Journal of Economics* (Special Edition), September, 2007.

The role of monetary policy, whether it should be tight or loose—relative to the objective of stable prices and output growth, is being hotly contested in economic circles these days as the inflation rate climbs into double digits (Box II.G).

Box II.G.

Measures of Monetary Policy Stance: The Case of Pakistan

This study looks at two measures of the monetary policy stance. These are the Monetary Condition Index (MCI) and an overall measure proposed by Bernanke and Mihov. Measuring the stance of the monetary policy as possibly free from any criticism is not an easy task. The results show that an individual coefficient Monetary Condition Index (MCI) performs better than both the summarised MCI coefficient and the Overall measure proposed by Bernanke and Mihov. The results show that in the 21-year period from 1984 to 2004, the demand shocks have dominated for about eight years. The MCI (IS-Individual coefficient) can explain six of them. However, it indicates the negative demand shock in two years as neutral. This analysis suggests that the MCI (IS-Individual coefficient) plays an important role in determining output and inflation when the economy is not dominated by supply shocks. However, the results also show that supply shocks are dominant in the case of Pakistan. The impact on monetary policy is felt more through the exchange rate channel than by changing the interest rate.

Khan, Sajawal and Abdul Qayyum (2007) Measures of Monetary Policy Stance: The Case of Pakistan. (PIDE Working Paper No. 2007:39).

II.4. Trade and Industrial Organisation Division

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, growth in the manufacturing sector, industrial concentration, role of small-scale enterprises in the manufacturing growth, determinants of investment in the manufacturing sector, protection rates, and efficiency and industrial growth. This Division also studies the impact, on the performance of the manufacturing sector, of the characteristics of industrial market structure, changes in market power and the level of development, market size, openness of economy, internal growth, and barriers to entry in the market. One of the important studies carried out by this Division analyses the consequences of high oil prices on the economy of Pakistan (Box II.H).

Box II.H.

How Pakistan Is Coping with the Challenges of High Oil Prices

The paper is a review of possible consequences and challenges presented by high oil prices in Pakistan. Pakistan is heavily dependent on imported fuels and this dependence is expected to increase even further in the future, given the depleting gas resources. Rising oil prices in the international market have affected the balance of payments as well as the budgetary position of the country negatively, and have contributed to creating inflationary pressures in the economy.

The results show that, in the long run, the country will still be dependent on oil as an important source of energy. However, what is required is to make rational choices about the development of the energy mix for the future. Appropriate policies need to be implemented to ensure efficiency of use, development, adequacy, and reliability of supply, as well as the measures to alleviate environmental impacts. From an investor's point of view, a predictable and transparent framework is essential, as improved investor confidence will increase supply and help stabilise prices. The study also highlights the need to rationalise taxation/levies on petroleum products to help reduce the imbalance in the pattern of consumption.

Malik, Afia (2008) How Pakistan Is Coping with the Challenges of High Oil Prices. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

Other research related to topics in the industrial sector is given below as a sample.

"Efficiency of Large-scale Manufacturing in Pakistan: A Production Frontier Approach",[14] a study by Tariq Mahmood, Ejaz Ghani, and Musleh-ud Din examines the efficiency of the large-scale manufacturing sector of Pakistan using the stochastic production frontier approach. A stochastic production frontier is estimated for two periods—1995-96 and 2000-01—for 101 industries at the 5-digit PSIC. The results show that there has been some improvement in the efficiency of the large-scale manufacturing sector, though the magnitude of improvement remains small. The results are mixed at the disaggregated level; whereas a majority of industrial groups have gained in terms of technical efficiency, some industries have shown deterioration in their efficiency levels.

[14]Mahmood, Tariq, Ejaz Ghani, and Musleh-ud Din (2007) Efficiency of Large-scale Manufacturing in Pakistan: A Production Frontier Approach. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper 2007:27).

The issue of increasing exports is of constant concern to the government as the balance of payments has continued to worsen over time. The study on **"Trade-related Challenges Facing Exporters in Pakistan"**,[15] by Musleh-ud Din and Ejaz Ghani, analyses the results of a survey of 157 Pakistani exporting firms in 2007, in the industrial regions of Sindh and Punjab. It examines the exporting behaviour of firms and the challenges pertaining to trade policy, supply-side issues, and implementation factors relating to the capacity to meet market requirements together with proof of compliance with both the standards for products and enterprise management systems. The study makes a number of recommendations aimed at the private sector, government departments, and other relevant bodies including development agencies.

The study on **"Trade-Growth Linkages in South Asia"**,[16] by Abdul Qayyum and Muhammad Arshad Khan, examines the dynamic link between trade and economic growth in four Asian countries covering Bangladesh, India, Pakistan, and Sri Lanka, using annual data over the period 1970-2005. Based on the bounds testing approach to cointegration, the study analyses the existence of cointegration between trade and growth, and vice versa, in the case of Pakistan, Sri Lanka, and Bangladesh. The results show that trade plays a significant role in enhancing economic growth in Bangladesh, Pakistan, and Sri Lanka. Two-way causality between the volume of trade and growth is observed for Pakistan, Sri Lanka, and Bangladesh in the long run. However, in the short run, two-way causality is identified only in the case of Pakistan, and one-way causality running from growth to trade is identified in the case of Sri Lanka and Bangladesh. Based on the Toda-Yamamoto multivariate causality test, the study also identifies the evidence of causality running from trade to growth, in the long run, for India. However, this result is very weak and of marginal significance. In the short run, the standard Granger causality test fails to identify any causal link between trade and growth in India. Based on these results, Pakistan, Sri Lanka, and Bangladesh should continue with the import of capital goods and modern technology to expand their productive capacity and pay full attention to expanding their export sectors. The evidence supports the view that Indian growth is independent of trade. In order to reap the benefits of globalisation and gains from international trade, India should accelerate the pace of trade and economic liberalisation.

Exchange rates play a significant role in determining prices in the external sector of the economy. Achieving equilibrium is a lengthy process if the nominal exchange rate is to be brought in line with the long-run equilibrium

[15]Din, Musleh-ud and Ejaz Ghani (2007) Trade-related Challenges Facing Exporters in Pakistan. (PIDE/UNIDO Research Report.)

[16]Qayyum, Abdul and Muhammad Arshad Khan (forthcoming) Trade-Growth Linkages in South Asia. *European Journal of Scientific Research*.

path, as shown by Muhammad Arshad Khan and Abdul Qayyum in their study, **"Long-run and Short-run Dynamics of Exchange Rate in Pakistan: Evidence from Unrestricted Purchasing Power Parity Theory"**.[17] The main focus of this study is to measure the speed of adjustment of the exchange rate, by means of the persistent profile approach developed by Pesaran and Shin, so as to determine the dynamics of exchange rate behaviour in Pakistan. Using a cointegration and vector error-correction modelling approach, the study finds considerable support for the validity of a weak-form PPP (purchasing power parity) in Pakistan. Furthermore, the symmetry and proportionality assumptions of PPP are not verified. In the short run, exchange rates and foreign prices play a significant role in the convergence process to achieve long-run equilibrium. However, the speed of adjustment is very slow, and the persistence profiles suggest that almost 4-5 years are required to eliminate deviations and bring the nominal exchange rate towards the long-run equilibrium path.

The study on **"Bilateral J-Curves between Pakistan and Her Trading Partners"**,[18] by Zehra Aftab and Sajawal Khan, states that currency devaluation, due to its lag structure, first affects the trade balance adversely, and later improves it, resulting in a pattern resembling the

[17]Khan, Muhammad Arshad and Abdul Qayyum (forthcoming) Long-run and Short-run Dynamics of Exchange Rate in Pakistan: Evidence from Unrestricted Purchasing Power Parity Theory. *The Lahore Journal of Economics*.

[18]Aftab, Zehra and Sajawal Khan (2008) Bilateral J-Curves between Pakistan and Her Trading Partners. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper 2008:45).

letter J. Hence the J-Curve nomenclature. The standard theoretical explanation for the J-Curve phenomenon is: a change in the exchange rate has two effects on trade flows—the price effect and the volume effect. The price effect implies that currency depreciation will cause imports to be more expensive, and domestic exports to be cheaper for foreign buyers, at least in the short run. Since the volume of goods imported and exported might not change drastically in the short run, the trade balance may initially deteriorate. However, the volume of trade changes eventually in response to the depreciation in the currency. In other words, the price effect is generally believed to dominate the volume effect in the short run. In the long run, however, if the Marshall-Lerner condition holds, the volume effect takes over and reverses the price effect, thereby improving the trade balance.

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

The Agricultural Production, Markets, and Institutions Division conducts research on policy-related issues of the growth of agricultural output, rural industrialisation, analysis of agricultural price policy, land reforms, rural income distribution, and related topics.

As the largest sector of the economy, agriculture contributes substantially to the growth process. Rizwana Siddiqui studies some current features of this sector in **"Dynamic Effects of Agriculture Trade in the Context of Domestic and Global Liberalisation: A CGE Analysis for Pakistan"**.[19] Using a small CGE model for Pakistan and the Social Accounting Matrix for 2002 as the data base, simulations are conducted to measure the effects of domestic agriculture trade liberalisation in isolation and in conjunction with changes in the world economy. The novelty of the study is that it introduces dynamics in the Pakistani CGE model through capital accumulation. The results show the effectiveness of agriculture trade liberalisation to promote overall growth by increasing market access.

The study **"Dividends of Liberalisation of Agriculture Trade and the Trickle-down to the Poor in Pakistan"**,[20] by Rizwana Siddiqui, examines the dynamic effects of domestic and global liberalisation of agriculture and agro-based manufactured food items on macroeconomic aggregates, welfare, and poverty in Pakistan. Using a CGE model for Pakistan and the 2002 Pakistan Social Accounting Matrix as data base, the simulations results illuminate the increasing effectiveness of agriculture trade liberalisation along with agro-based manufactured food commodities. The results indicate that agriculture liberalisation benefits farm households in the rural areas. Both indicators—equivalent variation and FGT indices of poverty—improve for rural farm households. However, non-farm rural households and poor urban households are worse off, and poverty increases in these groups of households. When manufactured food items are included in the simulations, urban households, being the major consumers of these goods, gain more in terms of welfare and poverty.

[19]Siddiqui, Rizwana (2007) Dynamic Effects of Agriculture Trade in the Context of Domestic and Global Liberalisation: A CGE Analysis for Pakistan. Pakistan Institute of Development Economics, Islamabad. (PIDE Working Paper 2007:38).

[20]Siddiqui, Rizwana (forthcoming) Dividends of Liberalisation of Agriculture Trade and the Trickle-down to the Poor in Pakistan. In *Trade and Economic Growth Linkages.* Islamabad: Department of Economics, Quaid-i-Azam University.

The study titled **"Land Inequality by Mode of Irrigation in Pakistan, 1990-2000"**,[21] by Rashida Haq, estimates the magnitude of inequality in land distribution by mode of irrigation in two agriculture census periods, 1990 and 2000. It also analyses relative equity performance in the cultivated irrigated area as compared to the total cultivated area. Inequality in the distribution of total cultivated area, total irrigated area, and irrigated area by canals and tubewells is estimated by Theil's index of inequality. It is observed that considerable levels of inequality exist in the distribution of all land variables in all areas. The inequality has also increased over the two agriculture census periods, from 1990 to 2000. There is a significant level of increase in inequality in the cultivated area irrigated by canals, except in the NWFP, whereas inequality in the irrigated area by tubewells has increased in all provinces in 2000. The estimates of the equity performance indices for the two census years for Pakistan and its four provinces indicate that the irrigated cultivated area as well as the area irrigated by canals and tubewells are less inequitable in comparison to the total cultivated area in 1990. The equity index for irrigated area by canals has gone up, indicating that the distribution inequity is increasing in Pakistan (in 2000). In Sindh, the picture is not encouraging for the area irrigated by tubewells, as the distribution inequity is increasing in both periods. The relative equity performance for the irrigated area, both by canals and tubewells, worsened in Balochistan in 2000 as compared to 1990.

It can be concluded that the levels and movements of inequality in the distribution of cultivated land by different modes of irrigation have no overall trend. The present, highly skewed land distribution, provides to large farms disproportionately large shares of incremental benefits from irrigation development. The policy goal, at least in the case of an irrigation command, is to reduce the inequality to a level accepted by society through institutional and policy changes in the operation of the irrigation system.

More recently, the Division has completed research in livestock farming under arid conditions and irrigation water conservation strategies. **"Livestock Farming in Cholistan Desert of Pakistan: Setting the Development Strategies"**,[22] by Umer Farooq, *et al.*, examines the livestock rearing practices and analyses the nature and extent of livestock production limitations. The study explores strategies for enhancing livestock production in Cholistan.

[21]Haq, Rashida (2008) Land Inequality by Mode of Irrigation in Pakistan, 1990–2000. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

[22]Farooq, Umer, *et al.* (2007) Livestock Farming in Cholistan Desert of Pakistan: Setting the Development Strategies. *Annals of Arid Zone* 46:1, 1–22.

"Total Factor Productivity and Agricultural Research Relationship: Evidence from Crops Sub-sector of Pakistan's Punjab",[23] by Adiqa Kiani, *et al.*, measures total factor productivity in the crops sub-sector of Pakistan's Punjab province and analyses the relationship between productivity and agricultural research expenditures over the period 1970-2004. The Tornqvist-Theil Index (TTI) approach is applied for the measurement of total factor productivity (TFP) using outputs and inputs data for 24 field and horticultural crops. Almon distributed lag models involving different lag lengths were estimated, taking the TFP as a dependent variable. Besides research expenditures, the explanatory variables include factors such as road kilometres, number of tubewells, improved seeds distributed, and number of tractors, etc. The results indicate that agricultural research, number of tractors, and tubewells have a significant impact on the TFP in the crops sub-sector.

The study titled **"Environment-friendly Cotton Production through Implementing Cotton-integrated Pest Management (IPM) Approach"**,[24] by Muhammad Azeem Khan, *et al.*, measures the impacts on biodiversity and bio-safety indicators in the context of total pesticide use, toxicity of pesticide use, environmental quotients, health hazards, attitude towards environment, and pest-predator dynamics at IPM locations and areas in Khairpur district.

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

In the Population, Poverty, and Labour Market Dynamics Division, research is focused on poverty and employment, youth employment, reproductive health, changes in age at marriage, and internal migration. Box II.I looks at the gender dimension in the rural to urban migration in the country. The main objective of this study is to examine the gender dimension of the rural-urban migration in the country. The research reveals that more women are migrating because of changes in the agrarian structure and the rural economy as well as the lure of jobs in the urban areas.

Box II.I.

Gender Dimension in the Rural to Urban Migration in Pakistan

The study reveals that until the mid-1980s, the rural-rural flows were the largest category in internal migration; but the recent change is in favour of the rural-urban migration flows. Moreover, the findings of the study reveal that not only the female share in the rural-urban migration has gone up, but there seems to be a trend of family migration to cities.

The results show the gradual adjustment of rural-urban migrant women in the urban labour market. There is a marked difference between female rural-urban migrants and female non-migrants in the occupational composition. The rural-urban female migrants are heavily concentrated in industrial work and elementary occupations. In these occupations, wages are generally low and working condition are not good. However, the rural-urban female migrants consider their current lives to be much better than their earlier economic and social position in rural areas.

Arif, G. M. and Shahnaz Hameed (2008) Gender Dimension in Rural to Urban Migration in Pakistan. Paper presented at the 4th Annual Conference of the Lahore School of Economics, Lahore. April 2008.

[23]Kiani, Adiqa, *et al.* (2008) Total Factor Productivity and Agricultural Research Relationship: Evidence from Crops Sub-sector of Pakistan's Punjab. Paper presented at the "National Conference on Agriculture" at University of Agriculture, Faisalabad, May 28-29, 2008.

[24]Khan, Muhammad Azeem, *et al.* (2008) Environment-friendly Cotton Production through Implementing Cotton-integrated Pest Management (IPM) Approach. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

Demographic transition and youth employment in Pakistan is an important topic in Population Studies. The country has entered the demographic bonus phase; child dependency is declining; and the youth share in the general population is increasing. The impact of these changes is discussed in the study on "Demographic Transition and Youth Employment in Pakistan" (Box II.J).

Box II.J.

Demographic Transition and Youth Employment in Pakistan

This study examines youth employment in the context of the demographic transition evidenced since the early 1990s. Changes in the level of educational attainment have also been analysed. The study uses data from the Pakistan Demographic Surveys and Labour Force Surveys carried out between 1990 and 2005. The findings of the study show that the benefits of the demographic transition in terms of the rising share of youth in the total population have partially been translated through development of their human capital and productive absorption in the local labour market. While the pace of human capital formation seems to be satisfactory in urban Pakistan, it is dismal in rural areas, particularly for females. High levels of both female inactivity across the education categories and unemployment for males as well as females urge a strong youth employment policy in Pakistan to reap the benefits of the ongoing demographic transition.

Arif, G. M. and Nusrat Chaudhry (2008) Demographic Transition and Youth Employment in Pakistan. *The Pakistan Development Review* 47:1 , 27–70.

Do the labour market structures explain the differences in poverty in rural Punjab, particularly for the *barani* areas? An attempt has been made to answer this question in a study carried out in the Population and Labour Market Dynamics Division (Box II.K).

Box II.K.

Does the Labour Market Structure Explain the Differences in Poverty in Rural Punjab?

The results of the study provide fresh poverty estimates for the *barani* areas of Punjab. The study also makes an attempt to explain the poverty differential across the agro-climatic zones of Punjab, focusing on the employment structure. The study presents empirical evidence on how the *barani* districts of Punjab are different from the other districts in terms of overseas migration, which is considered as one of the main sources of household income.

Amjad, Rashid and G. M. Arif (2008) Does the Labour Market Structure Explain the Differences in Poverty in Rural Punjab? Paper presented at the 4th Annual Conference of the Lahore School of Economics, Lahore. April 2008.

The working age population is increasing in developing countries, with a resulting fall in the dependent age population. Pakistan is also going through such a demographic transition (Box II.L)

Box II.L.

Demographic Dividend or Demographic Threat in Pakistan

Pakistan is passing through the demographic transition, and is experiencing a once-in-a-lifetime demographic dividend as the working age population bulges and the dependency ratio declines. This paper looks into the demographic dividend being offered to Pakistan, and its implications for the country, mainly through three mechanisms: labour supply, savings, and human capital. For economic benefits to materialise, there is a need for new policies dealing with education, public health, and those that promote labour market flexibility and provide incentives for investment and saving. On the contrary, if appropriate policies are not formulated, the demographic dividend might in fact be a cost, leading to unemployment and an unbearable strain on education, health, and old age security.

Nayab, Durr-e- (2008) Demographic Dividend or Demographic Threat in Pakistan. *The Pakistan Development Review* 47:1, 1–26.

II.7. Applied Socio-cultural Processes Division

Global trafficking of women and children is now one of the fastest growing and highly profitable enterprises. These enterprises are run by those who belong to organised crime

syndicates around the world (Box II.M). The Applied Socio-cultural Processes Division completed a study on this burning topic that concerns many societies including Pakistan.

Box II.M.

Strategies to Combat Trafficking of Women and Children

Trafficking, which has emerged as one of the most serious international issues, has gained prominence on the human rights agenda. It constitutes the worst form of irregular migration, and is designated as the most lucrative of businesses after arms and drugs. Human trafficking is also the fastest growing transnational commodity of organised crime. The paper discusses the causal link between the phenomenon of trafficking, on the one hand, and poverty and gender discrimination, on the other.

Mumtaz, Soofia (2008) Strategies to Combat Trafficking of Women and Children. Paper presented at the Ninth Annual Global Development Conference, Brisbane, January 27 – February 2, 2008.

II.8. Applied Policy-related Research

II.8.1. *Mid-term Review of the Medium-term Development Framework (MTDF)*

The Mid-term Review of the MTDF, which was initially prepared by the Planning Commission, was sent to the Institute for comments. These were thorough and extensive. So the Planning Commission requested PIDE to undertake a review of the MTDF formally. The senior staff who carried out the task included Dr Rashid Amjad, Dr Musleh-ud Din, Dr Ejaz Ghani, and Dr Muhammad Iqbal. The Review was then presented to the Planning Commission.

The overall results of the evaluation are mixed. While progress has been made in important areas, a number of shortcomings have emerged especially on the implementation front. These have caused a setback to the economy and, more importantly, hardship to the lives of ordinary citizens of the country. These need to be tackled and rectified on an urgent basis. Five important areas have been identified which need to be pursued with due diligence.

The first area of concern is to devise and implement policies for the economy that can adequately deal with the impact of higher energy and commodity prices.

The second area of concern is the quality of the educational system in the country. Particularly in higher education, the programmes need to be evaluated carefully, and consolidated so as to ensure not just the quantity but also the quality of the graduates. A demand-responsive and cost-effective technical education system still remains in its infancy.

The third area of concern relates to the weak physical infrastructure in the country, with particular reference to energy and water needs. These need to be developed through private sector financing, public-private partnerships, and the public sector as and when needed. This infrastructure is essentially to meet our basic needs, as well as to make the economy competitive by reducing the cost of doing business.

The fourth is to take advantage of the “demographic dividend”, and to look upon the youth of this country as an asset that will shape the economic and political future of this country.

Providing the best educational facilities and a favourable business environment, which attracts both foreign and domestic investment, is essential to employ our young people productively. Further, an educated, skilled, and employable workforce also provides the best safety net in an age of economic turbulence and rapid globalisation, both of which tend to subject the economy to frequent external and internal shocks.

The fifth—and this has been a critical shortcoming—is to ensure effective implementation, timely action, and proper management of our development effort. Much *ad hoc* decision-making has contributed to the malaise of economic mismanagement. A strong sense of discipline in economic management needs to be inculcated from the highest to the lowest levels of the decision-making chain.

II.8.2. *Studies Undertaken for Various Government Ministries*

i. Joint Programme for Comprehensive Economic and Trade Cooperation between China and Pakistan

The economies of Pakistan and China have maintained a fast growth trend in recent years. Bilateral economic and trade cooperation between the two countries has also intensified, across the board, in recent years. In April 2005, the then President of Pakistan and the Prime Minister of China reached an understanding to work out the Joint Programme for Comprehensive Economic and Trade Cooperation between the two countries. To implement this consensus and to clarify

the direction of development for the bilateral trade and economic cooperation in the coming five years, the Ministries of Commerce of the two countries signed a *Memorandum of Understanding* in February 2006. In this *MOU*, the two sides decided to set up a Joint Research Team, comprising officials and economic scholars, to formulate the development plan for trade and economic cooperation between China and Pakistan for the coming five years. The project report has been completed by PIDE, in active collaboration with the Development Research Council (DRC) in China. The collaboration covered visits by both sets of researchers to the collaborating partners on three separate occasions to work on the project report, while regular correspondence by email helped develop a healthy working relationship between the researchers of both institutes. The recommendations of the research team, as presented in the report prepared for the governments of both countries, are comprehensive in nature, and represent a set of viable policy options for the governments as they pursue further strengthening of the bilateral cooperation.

Sponsoring Agency: Ministry of Commerce, Government of Pakistan.

Project Status: The project report has been completed in collaboration with the Development Research Council (China) and submitted to the respective Ministries of Commerce for further action.

ii. Pakistan–ASEAN Free Trade Area (FTA) Feasibility Study

There is a concrete possibility of increased trade between ASEAN and Pakistan following the official announcement of the Uruguay Round Agreement (which came into force on January 1, 1995) and progress in the implementation of the ASEAN Free Trade Area (AFTA) in the ASEAN region. These developments present both a challenge and an opportunity to increase ASEAN-Pakistan trade well above the past low trend. As ASEAN is already in the process of negotiating FTA with India, a balance for ASEAN to open up FTA with Pakistan would be considered appropriate.

In light of this fact, the 10 ASEAN member countries and Pakistan have expressed the desire to increase ASEAN-Pakistan trade. At the 37th ASEAN Economic Ministers Meeting (AEM), held on 28th September 2005, in Vientiane, Lao PDR, the AEM agreed that a joint study be undertaken with the object of enhancing and expanding the overall ASEAN-Pakistan economic relations. Pursuant thereto, the First SEOM-Pakistan Consultations held on 21st July 2006 endorsed the project "ASEAN-Pakistan Free Trade Agreement Joint Feasibility Study". The ASEC was authorised by the ASEAN to implement the project, and PIDE was contracted to carry out the study in collaboration with the Malaysian Institute of Economic Research (MIER).

The objective of this study is to evaluate quantitatively the production, trade in goods, trade in services, and welfare effects, as well as to provide a qualitative and sectoral assessment of the effects of a potential ASEAN-Pakistan FTA between Pakistan and the ASEAN member countries. It is expected that the results of the study will enable policy-makers to decide on the feasibility of such FTA. The main benefits of pursuing the so-called "in-depth agreement" should be highlighted. An in-depth agreement is understood to be comprehensive in scope, covering a

wide range of non-tariff barriers (NTBs) issues, as well as providing for a significant degree of liberalisation to promote the flow of goods, services, and capital between ASEAN and Pakistan, while also having the capacity of being concluded and implemented efficiently, taking into account the different levels of development of ASEAN member countries.

One part of the study, therefore, focuses on quantitative aspects and tariff liberalisation of goods, services, and investment. The other part focuses on qualitative aspects by investigating the non-tariff barriers and regulatory issues related to trade in goods, services, and investment.

Sponsoring Agency: Ministry of Foreign Affairs, Government of Pakistan, on behalf of ASEC.

Status: The inception report has been completed in collaboration with the Malaysian Institute of Economic Research (Malaysia) and submitted to the ASEAN Secretariat. The report by PIDE is expected to be completed by end-December 2008.

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 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 PhD Programme in Economics is well-established by now, having been commenced in 1999. Ten students were awarded the PhD in Economics, and one the MPhil, at the first convocation held on 11th March 2008. The degrees were conferred by the Patron of the Institute, the President of Pakistan.

The table below shows the degree awarded, title of thesis, present designation, and name of the organisation where our former students are working.

S. No.	Name of Student	Degree Awarded	Title of Thesis	Designation	Name of Organisation
1	Zahid Asghar	PhD	Sensitivity and Simulation Analysis of Granger Causality and Structural Causality (An Empirical Investigation)	Associate Professor	Department of Statistics, Quaid-i-Azam University, Islamabad
2	Muhammad Idrees Khawaja	PhD	Exchange Market Pressure and Monetary Policy: Pakistan's Experience	Consultant	PIDE, Islamabad
3	Wasim Shahid Malik	PhD	Three Essays on Monetary Policy in Pakistan	Research Economist	PIDE, Islamabad
4	Tahir Mahmood	PhD	Debt Sustainability and Dynamics in Pakistan, Theory and Evidence	Assistant Professor	Department of Economics, University of the Punjab, Lahore
5	Imtiaz Ahmad	PhD	Measuring the Effects of Public Expenditures and Macroeconomic Uncertainty on Private Investment: The Case of Pakistan	Deputy Chief	Economic Appraisal Section, Planning and Development Division, Islamabad
6	Irem Batool	PhD	Balance of Payments: Real vs. Monetary Phenomenon	Research Analyst	State Bank of Pakistan, Karachi
7	Atif Ali Jaffri	PhD	Exchange Rate Pass-through to Consumer Prices in Pakistan: Does Misalignment Matter?	Lecturer	Department of Economics, University of Gujrat, Gujrat
8	Muhammad Farooq Arby	PhD	Some Issues in the National Income Accounts of Pakistan (Re-basing, Quarterly and Provincial Accounts and Growth Accounting)	Senior Joint Director	Research Department, State Bank of Pakistan, Karachi
9	Syed Akhtar Hussain Shah	PhD	Resource Allocation among Consumption, Labour Supply, Human Capital, Social Capital, and Religious Human Capital; Theory and Empirical Analysis	Provincial Finance Controller	Finance Department, Civil Secretariat, Peshawar
10	Muhammad Arshad Khan	PhD	Testing the Monetary Approach to Exchange Rate Determination: The Case of Pakistan	Senior Research Economist	PIDE, Islamabad
11	Babar Shahzad Dogar	MPhil	The Impact of External Indebtedness on Growth and Poverty of Pakistan	Manager, Billing	NADRA, Headquarters, Islamabad

Indeed, with a high placement rating, PIDE graduates regularly find employment in the best teaching and policy-making institutions in Pakistan. Students who have completed their studies have taken up jobs in the following government departments and organisations: The State Bank of Pakistan, the Ministry of Planning and Development, Gujrat University, Quaid-i-Azam University, and last but not the least, the Pakistan Institute of Development Economics.

During the next two years, there will be 29 MPhil and 8 PhD degree candidates, whereas 30 new MPhil students and 10 new PhD students will be enrolled.

There are plans to launch a new Master's degree programme in Environment Economics. This is an emerging area of study that is highly relevant to developing economies facing the challenges of sustainable development. In addition, a BSc Honours programme will be launched in 2010, with a projected enrolment of 200-300 students.

MSc		MPhil		PhD	
No. of Students Enrolled	No. of Students Dropped	No. of Students Enrolled	No. of Students Dropped	No. of Students Enrolled	No. of Students Dropped
22	03	12	02	09	01

Courses Taught in MSc, Economics

Semester	Course	Teacher
First Semester (Fall 2007)	E400 Microeconomic Theory–I	Dr Zafar Mueen Nasir
	E410 Macroeconomic Theory–I	Dr Wasim Shahid Malik
	E420 Statistics for Economists	Dr Zahid Asghar
	E430 Mathematics for Economists	Mr Mahmood Khalid
	E450 History of Economic Thought	Mir Annice Mahmood
	English	Ms Saiqa Yaseen
Second Semester (Spring 2008)	E401 Microeconomic Theory–II	Mr Khalid Mahmood
	E411 Macroeconomic Theory–II	Dr Wasim Shahid Malik
	E440 Econometrics	Dr Zahid Asghar
	E460 Monetary Economics	Dr M. Arshad Khan
	E470 Public Economics	Ms Attiya Yasmin Javid

Courses Taught in MPhil/PhD, Economics

Semester	Course	Teacher
First Semester (Fall 2007)	E600 Microeconomic Theory–I	Dr Rehana Siddiqui
	E610 Macroeconomic Theory–I	Dr Waqar Masood Khan
	E630 Mathematics for Economists	Dr Musleh-ud Din
	E620 Statistics for Economists	Dr Muhammad Iqbal
	E730 International Economics	Dr A. R. Kemal
	E641 Econometric Methods–II	Dr Abdul Qayyum
	E722 Financial Economics	Dr Fazal Hussain
	E750 Industrial Economics	Dr Ejaz Ghani
Second Semester (Spring 2008)	E601 Microeconomic Theory–II	Dr Musleh-ud Din
	E611 Macroeconomic Theory–II	Dr Waqar Masood Khan
	E640 Econometric Methods–I	Dr Eatzaz Ahmad
	E760 Development Economics	Dr Rehana Siddiqui
	E720 Monetary Economics	Dr Abdul Qayyum
	E751 Industrial Policy	Dr Ejaz Ghani
	E782 Resource Economics	Dr Muhammad Iqbal
	E740 Human Resource Development–I	Dr Zafar Mueen Nasir

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.

To complement its teaching activities with a practical input, the Department of Business Studies organised a two-day workshop on "Financial Derivatives and Pakistan's Market" on 16-17 November, 2007. Thirty-four Postgraduate and Master's level students attended this workshop. The faculties of Management, Finance, Business Studies, Economics and Accounts from SZABIST, Air University, NUST Institute of Management Sciences, International Islamic University, Quaid-i-Azam University, and PIDE also participated in the workshop.

Total Number of Students = 16

Courses Taught in MBA

Semester	Course	Teacher
First Semester (Fall 2007)	Business Mathematics and Statistics	Dr Wasim Shahid Malik
	Business Economics	Dr M. Idrees Khawaja
	Business Communication	Mr Khalid Farooq
	Financial Accounting	Mr Matee ur Rahman
	Principles of Management	Ms Ammara Saeed
	English Language Proficiency	Ms Saiqa Yaseen
Second Semester (Spring 2008)	Business Economics–II	Dr M. Idrees Khawaja
	Business Modelling and Analysis	Dr Wasim Shahid Malik
	Organisation Behaviour	Mr Ajmal Waheed
	Marketing Management	Mr Adnan Shabbir
	Cost and Management Accounting	Mr Taseer Subhan
	English Language Proficiency	Ms Saiqa Yaseen

III.3. Department of Population Sciences

PIDE's Population Sciences programme distinguishes itself from other similar programmes by its commitment to collaboration across disciplinary and institutional boundaries. The scope of the programme encompasses traditional topics of interest to demographers, such as fertility, mortality, and migration, along with a much broader range of issues, such as poverty, environmental change, urbanisation, health (including disability and nutrition), gender, family formation and structure, education, labour, ageing, and the epidemiological consequences of the HIV/AIDS epidemic. The aim of the programme is to develop and train population scientists who can professionally tackle the population dimension of the issues facing the country.

The Department has established a two-year Master's in Population Sciences (MPS) programme that offers students an in-depth understanding of the complexities of population processes. The MPS provides balanced academic and professional training in theory and research. In addition to rigorous course work, students have to complete a thesis. All students are encouraged to develop a professional orientation towards instruction, research, and publication through direct involvement in various activities.

The goal of the MPS programme is to produce social scientists who are fully trained in their discipline and have a broad knowledge in population sciences as well as specialised skills in statistical and demographic techniques. Such training enables them to undertake independent

research on a wide range of population topics. The skills learnt equip graduates for many varied roles in government, non-government, and private organisations.

The Department also offers short courses to fulfil the needs of particular groups/individuals interested in enhancing their work performance and skill base without completing a full degree programme.

Students

The programme enrolled its first batch of students in 2007. The class size at this point in time is small, as the inception date did not leave much time to publicise admissions to this emerging discipline in Pakistan. However, the 2008 admissions have resulted in a larger and qualitative selection of students.

	Admissions 2007-2009
Number of Applicants (including candidates having MPS as 1st, 2nd, or 3rd preference)	11
Students selected	5
Students from other institutions/organisations	2 One each from the Population Council, Islamabad, and the Ministry of Population Welfare
Short course candidates	2 One each from the Population Council, Islamabad; courses in "Demographic Methods and Techniques– I and II"

Courses Offered

Courses offered by the Programme include:

- Introduction to Population Sciences
- Statistics for Social Sciences
- Demographic Methods and Techniques–I
- Research Methodology
- Demographic Methods and Techniques–II
- Data Analysis and Computer Applications
- Population and Development
- Health Demography and Epidemiology
- Migration and Urbanisation
- Population Policies, Programmes, Monitoring, and Evaluation
- Gender, Class and Population
- Education and Labour
- Economics of Population
- Business Demography

– Research Essay
– Thesis

Faculty

The commitment to collaborate across disciplinary and institutional boundaries is not restricted to the type of student intake alone. The department boasts having a highly qualified faculty, with various secondary background interests.

Courses Taught

Semester	Courses Taught		Teacher
First Semester (Fall 2007)	MPS-7001	Introduction to Population Sciences	Dr Naushin Mahmood/ Dr Durr-e-Nayab
	MPS-7011	Migration and Urbanisation	Dr G. M. Arif
	MPS-7002	Statistics for Social Sciences	Dr Zahid Asghar
	MPS-7003	Demographic Methods and Techniques–I	Dr Arshad Mahmood
	MPS-7004	Research Methodology	Mr G. Y. Soomro
Second Semester (Spring 2008)	MPS-7013	Population Economics	Dr G. M. Arif
	MPS-7007	Population and Development	Dr Durr-e-Nayab
	MPS-7015	Gender, Class, and Population	Dr Naushin Mahmood
	MPS-7006	Demographic Analysis–II	Dr Arshad Mahmood
	MPS-7008	Statistics–II	Ms Amena Arooj

Number of Students Enrolled = 5
Number of Students Dropped = 2

Faculty Development

Faculty development has always been a priority at PIDE. During the next two years, PIDE will continue its endeavour to develop and upgrade the teaching, analytical, and technical capabilities of its faculty. In particular, PIDE will facilitate its faculty's participation in national and international conferences, workshops, and training courses. Also, international exchange programmes with leading universities will be developed and professors (partly from abroad) would be invited to teach, and supervise research, at PIDE. Also, PIDE faculty members would be going abroad for teaching and collaborative research.

Campus and Infrastructure

PIDE continually strives to upgrade the physical infrastructure for teaching and research activities. During the next two years, PIDE will strengthen its effort to provide state-of-the-art ICT equipment and services, a well-stocked and modern library, and an efficient transport

system. Renovation of the campus building to provide a modern academic workplace and environment is being undertaken.

IV. SEMINARS, WORKSHOPS, AND PANEL DISCUSSIONS

IV.1. "Nurturing Minds" Seminar Series

This is a weekly seminar series organised within the Institute in which PIDE researchers as well as those from other institutions present their research. The 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.	Zehra Aftab	A Documentary on Governance and Institutions	12th July, 2007
2.	Rizwana Siddiqui	Dynamic Effects of Agriculture Trade in the Context of Domestic and Global Liberalisation: A CGE Analysis for Pakistan	18th July, 2007
3.	Muhammad Akram and Faheem Jehangir Khan	Public Provision of Education and Government Spending in Pakistan	25th July, 2007
4.	Adeel Ghayur	Renewable Energy and Pakistani Economy in the Twenty-first Century	1st August, 2007
5.	Nadeem Ul Haque, Khawaja Idrees, and Sofia Ahmed	Entrepreneurship in Pakistan	8th August, 2007
6.	Jesus Felipe	A Note on Competitiveness and Structural Transformation in Pakistan	15th August, 2007
7.	Inayat Ullah Mangla	An Evaluation of the Stock Market and Monetary Policy in Pakistan from a Global Financial Markets' Perspective	17th August, 2007
8.	Wasim Shahid Malik, Ather Maqsood Ahmed, and Ahsan ul Haq	Inflation Dynamics in Pakistan: Evidence Based on New Keynesian Phillips Curve	22nd August, 2007
9.	Henri Lorie	Mobilising Savings for Sustainable Economic Growth: Lessons for Pakistan from Asia	29th August, 2007
10.	Inaamul Haque	Globalisation and International Dimensions of Development	30th August, 2007
11.	Dr Mubarik	Reforms in Punjab Agricultural Research Systems: Opportunity for the Scholars	4th September, 2007
12.	Adeel Ghayur	Computer Animation and Game Industry: An Untapped Potential	9th September, 2007
13.	Adeel Ghayur	Incorporating Computer Gaming Technology in Education	3rd October, 2007
14.	Nadeem Irshad Kiyani	The Consumer Protection Regime in Pakistan	24th October, 2007
15.	Lubna Hasan	On Measuring the Complexity of Urban Living	31st October, 2007
16.	Attiya Y. Javid and Eatzaz Ahmad	Conditional Capital Asset Pricing Model: An Application to Pakistani Stock Market	5th December, 2007
17.	Attiya Y. Javid and Eatzaz Ahmad	Asset Pricing Behaviour with Higher Moments at Karachi Stock Exchange	12th December, 2007
18.	Sabur Ghayur	National Employment Policy 2007	26th December, 2007
19.	Usman Mustafa	Environment Fiscal Reforms	27th December, 2007
20	M. Zulfiqar	WTO's Trade Liberalisation Implications for Pakistan's Cotton Economy	24th April, 2008
21	Khadija Khan and Syed Zaheer Hasan Gardezi	Post-Disaster Water and Sanitation Challenges in Earthquake-affected Areas and the Government of Pakistan	7th May, 2008
22	Mirza Qamar Beg	Pakistan's Trade Policy: An Assessment of the Last Ten Years	28th May, 2008

IV.2. "Viewpoint" Panel Discussion Series

Three sessions were held during the year. The first discussion in the series, on **"Pakistan's Socio-economic Development"**, was held on January 24, 2008, at PIDE. Dr Rashid Amjad chaired the session. Two sessions were held. The first dealt with macro issues, trade, industry, energy, and the social sectors. Ms Shahnaz Wazir Ali, Dr A. R. Kemal, Dr Wasim Shahid Malik, and Dr Khalid Rehman participated in it. The second session dealt with financial and capital markets. Dr Khalid Mirza and Dr Javed Masud participated in it. Both session were highly informative and generated much discussion.

The second panel discussion, on **"Monetary Policy in Pakistan: Issues and Challenges"**, was held on February 13, 2008, in the Seminar Hall of the Institute. Dr Naved Hamid, Director, Lahore School of Economics, Mr M. Ashraf Janjua, former Economic Adviser, State Bank of Pakistan, and Dr Hamza Malik, Director, Monetary Policy Department, State Bank of Pakistan,

were the panelists. It was well-attended, and the discussion was lively and informative. This panel discussion was organised by the Money, Banking and Finance Division of PIDE. The following findings were identified:

- There seems to be a lack of coordination between the fiscal and monetary authorities.

- The reaction functions of the monetary policy seem to be inconsistent over time.
- A proper understanding of issues regarding the monetary policy transmission mechanism—like the state of effectiveness of different channels, lag structure of monetary policy changes, magnitude of pass-through of policy changes to inflation and output—and the nature of the relationship between the instruments and goals of monetary policy (inflation and output) seems to be lacking.
- The use of FCI instead of MCI is expected to provide better results regarding the monetary policy stance.
- The actions of the central bank should be transparent.
- The cost of increasing the interest rate on government's domestic debt does not seem to have been taken into account.

The following issues were raised in the panel discussion:

- Objective of the monetary policy with clear prioritisation.
- Medium-term quantitative targets.
- Instrument of monetary policy.
- Explicit transmission mechanism.
- Restraining the fiscal branch of the government.
- Reducing interest spread.

The participants of the discussion panel included: Dr Abdul Qayyum, Dr Fazal Husain, Mr Muhammad Arshad Khan, Mr Muhammad Idrees Khawaja, Mr Wasim Shahid Malik, Mr Sajawal Khan, Ms Attiya Y. Javid, Mr Saghir Mushtaq, Mr Muhammad Javid, and Ms Umaima Arif.

The third panel discussion, on **"Issues in Current Power Crisis"**, was held at PIDE on April 30, 2008. The panel discussion focused on a number of issues: the current situation with respect to power; the issues and the alternatives available to surmount the power crisis. The issues behind the current power shortage are underestimation of demand, water shortages affecting supply, and increasing prices of fossil fuels, to name a few of these. The impact of power shortage affects the cost of production and negatively impacts on economic growth and quality of life. To meet the shortfalls, alternative sources of energy need to be identified, such as wind power, solar energy, and bio-fuels. Energy conservation also needs to be practised. A review of energy pricing policy and the role of the private sector in power generation needs to be encouraged.

V. TRAINING AT PIDE

The Project Evaluation and Training Division (PETD) of PIDE is conducting specialised in-service Project Planning, Economic Analysis and other training courses/workshops for

development practitioners working in government and semi-government departments and in autonomous development or non-governmental organisations.

The objective of these courses is to increase knowledge, enhance skills, bring positive changes in attitudes, and add to the professional profile of individuals. It is a continuous process which is necessary to run any project or programme effectively and efficiently. The Division also contributes to PIDE's research stream through research activities, projects, and field programmes. Box V.A highlights some of these.

Box V.A.

(1) To plan, design, organise, conduct, co-ordinate, and evaluate training/workshops related to Development Economics and Project Management.
(2) To organise and coordinate demand-driven, tailor-made capacity building training/workshops on technical subjects related to economics and management for various institutions/ organisations.
(3) To continuously update training with modern methods, tools, and equipment. Also to renew training curricula and modules with new knowledge and information.
(4) To build linkages with line departments to enhance training and institutional development programmes.
(5) To develop liaison, coordination, and sharing of information with international and national institutes engaged in training, project planning, preparation, management, monitoring, and evaluation.
(6) To play a role in PIDE research by contributing relevant components.

The training course, on "Gender Mainstreaming in Planning and Development", focused on building the capacity of the government officials to mainstream gender in the (i) formulation, (ii) implementation, (iii) and monitoring and evaluation of government policies, plans, programmes, and projects in all areas of development. Specifically, the course was designed to highlight the following issues: the need for adopting gender in the development approach; to identify gender issues in the project and data collection cycle; to understand gender-sensitive policy; to develop gender indicators, and to ensure that gender is meaningfully integrated in the formulation of the PC-1. Keeping these issues in view, the following topics were discussed in the course: Gender Support Programme Objectives, Gender Policies; Female Labour Force Participation and Wage Rates; Public Policy and Gender Sensitisation; Mainstreaming Gender in Policies, Programmes and Projects; Gender-responsive Budgeting; Development of Indicators with Respect to Gender and Project Identification; Preparation and Appraisal. To maximise the benefits for the participants of this course, the study method consisted of core lectures, discussion groups, and appropriate case studies.

Another course, on "Effective Communication Skills", also organised by the Project Training and Evaluation Division, focused on presentation skills in the development sector of the economy such as industry, agriculture, livestock, water and power, transport, etc. The course taught modern and effective presentation techniques through lectures, case studies, group discussions, and participants' presentations. The topics that were covered included: The Seven Cs of Effective Communication; Type of Presentation Skills; the Process of Effective Presentation and Strategies for Successful Presentation. The target groups that this course was

designed to attract are those who design, select, or finance development projects, and those who measure the financial, economic, and social impact of these projects.

A third course on Project Monitoring and Evaluation highlighted the various concepts that are linked to the subject. Monitoring and Evaluation (M&E) is increasingly recognised as an indispensable tool of both project and portfolio management. The acknowledged need to improve the performance of development assistance calls for close attention to the provision of management information, both to support the implementation of projects and programmes and to feed back into the design of new initiatives. M&E also provides a guideline for making effective and efficient systems enabling sustainable development. That is why now M&E has become an integral part in all projects, programmes, and development activities. Used carefully at all stages of the project cycle, monitoring and evaluation can help strengthen project design and implementation, and also stimulate partnership with project stakeholders.

Monitoring and evaluation has been an area of great concern for development planners in Pakistan. The aim of this course is to develop the managerial skills of the participants so that they can successfully implement all aspects of development projects. This expertise will be particularly useful to people directly involved in executing such projects.

Acquisition of these skills has proved to be advantageous in successfully promoting careers in government ministries, public enterprises, international organisations, and private corporations, which use these skills intensively.

The course covered in detail a range of subjects, which directly dealt with the implementation stage of the project cycle. The topics included: Project Monitoring and Evaluation in the Project Cycle; Key Terms, Concepts, and Purposes of Monitoring and Evaluation; Sources of Data for Monitoring and Evaluation; Identifying Costs and Benefits of Development Projects for M&E; Logical Framework Analysis (LFA); Performance Indicators for Monitoring and Evaluation; Project Monitoring and Evaluation Procedures in Pakistan; PC-1 Proforma for M&E; Result-based Management (RBM); Network Analysis/CPM/PERT and Bar Charts as Implementation and Management Techniques.

This two-week course consisted of core lectures, syndicate group discussions, and case studies.

The type and number of training courses is given below.

S. No.	Title of Course	No. of Participants
1.	5-day Training Course on "Gender Mainstreaming", August 20-24, 2007.	10
2.	5-day Training Course on "Logical Framework Analysis" (LFA), October 22-27, 2007 .	22
3.	2-week Training Course on "Project Preparation and Appraisal (PPA)", 12-23 November, 2007.	22
4.	2-day Training Course on "Strengthening of Monitoring and Evaluation System in the Planning and Development Department, AJK", Nov. 23-24, 2007.	39
5.	2-day Training Workshop on "Financial Derivatives and Pakistan's Market", November 16-17, 2007.	29
6.	5-day Training Course on "Effective Communication Skills" (ECS), March 3-7, 2008.	22
7.	2-weeks Training Course on "Project Monitoring and Evaluation (PM&E)", April 14-26, 2008.	28

8.	3-day Training Course on "Impact Evaluation", June 3-5, 2008.	32
9.	5-day Gender Mainstreaming in Planning and Development, June 16-20, 2008.	12
10.	2-weeks Training Course on "Gender Analysis and Project Preparation", June 16-28, 2008.	31

Two important research studies completed by the Training Division include environmental fiscal reforms (EFRs)[25] and globalisation-driven policies in agriculture.[26] The former study deals with environment degradation, and suggests that environmental fiscal reforms can prevent such degradation as well as reduce poverty. Environment degradation and augmentation of poverty are a peril not only for the present but also for the future generations. The situation is aggravating day by day. This is mainly due to the distortion in the market systems. The EFR, through decentralisation measures, can rationalise tax arrangement and distribute resources effectively and efficiently. The devolution of power is a step forward but requires corresponding fiscal decentralisation and political will. The lower tiers of the government have meager resources and poor skills, infrastructure, and institutions. EFR can generate benefits in terms of fiscal revenue, better environmental outcomes, and poverty reduction in local districts, greater opportunities for empowering and serving the poorest people, and, as a result, sustainable development.

The latter study is designed to analyse the impact of trade liberalisation on agriculture, food security, and social/welfare aspects with special references to poverty in Pakistan. Besides macro level implications, micro level effects have also been discussed by comparing the cost of producing wheat before and after globalisation as a case study of consequences of globalisation for small farmers. It reveals that the plight of wheat farmers had worsened with the decline in real incomes between 1990-91 and 2005-06. Food prices 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 the society to inflation, poverty, and food insecurity.

VI. CONVOCATION AND GOLDEN JUBILEE CELEBRATIONS

VI.1. Convocation

A major event of the year (2007-08) was the holding of the first convocation for the award of the PhD and MPhil degrees; ten students were awarded doctoral degrees, and one student the MPhil degree. The President of Pakistan awarded the degrees to the successful candidates in a simple but impressive ceremony. He complimented PIDE for helping the country towards a knowledge-driven economy. The Chancellor of PIDE and Deputy Chairman, Planning Commission, Engr. Dr Akram Sheikh, said that no country could progress without investing in its higher education sector. He added that several projects were under way for new universities, and for upgrading of the existing ones. The

[25]Mustafa, Usman (2008) Environmental Fiscal Reforms and Decentralisation for Sustainable Development and Poverty Eradication. Paper presented at the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists, Islamabad, March 12–14, 2008.

[26]Mustafa, Usman and Abdul Quddus (forthcoming) Globalisation-driven Policies in Agriculture: An Impact Analysis. *Lahore Journal of Policy Studies.*

Vice-Chancellor, Dr Rashid Amjad, stated that PIDE would meet the demand for experts in Economics.

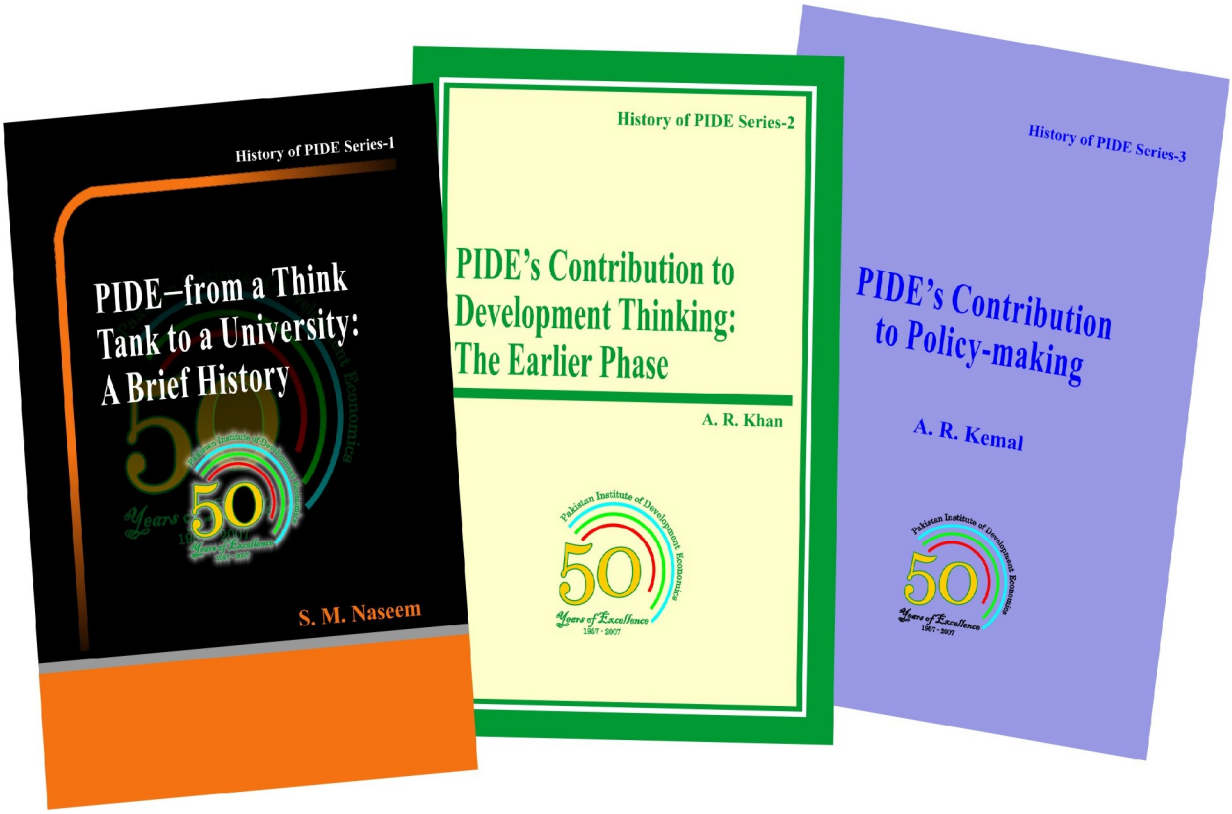
PIDE Graduates.

VI.2. Golden Jubilee

The Golden Jubilee celebrations of PIDE were held at the Marriott, Islamabad, on 11th March (evening), 2008. The first session was chaired by the Chancellor of PIDE, Engr. Dr M. Akram Sheikh, Minister of State and Deputy Chairman, Planning Commission, Islamabad. The second session was chaired by the Governor, State Bank of Pakistan, Dr Shamshad Akhtar. The current Vice-Chancellor, Dr Rashid Amjad, gave the keynote address. The distinguished speakers on this occasion were four former Directors and a former Vice-Chancellor of PIDE (Prof. Syed Nawab Haider Naqvi, Dr Sarfraz K. Qureshi, Dr A. R. Kemal, and Dr Nadeem Ul Haque), the World Bank Country Director (Ms Yusupha Crookes), and Mr Sartaj Aziz (Vice-Chancellor, Beaconhouse National University, Lahore). Three volumes of PIDE History Series were also launched on this occasion. These books have been penned by three distinguished PIDE scholars, Prof. A. R. Khan, Dr S. M. Naseem, and Dr A. R. Kemal.

VII. CONFERENCES AND INTERNATIONAL NETWORKS

The Annual General Meeting and Conference of the Pakistan Society of Development Economists is an occasion for stock-taking of the work carried out at PIDE and elsewhere on different socio-economic problems of Pakistan, the region, and the world, as well as for suggesting new initiatives for further research. These meetings provide for the much-needed



communication amongst the economics professionals, policy-makers, and various schools of interested observers of the ongoing debate related to development. Twenty-three meetings have been held so far, and over 700 papers presented. These annual meetings have come to represent the largest independent forum in the country for the interaction of scholars, policy-makers, and persons connected with the development process. Each year, leading development economists from all over the world are invited to interact with the local development community on issues of direct relevance to Pakistan.

The Pakistan Society of Development Economists (PSDE) held its 23rd Annual General Meting and Conference from 12th March to 14th March, 2008 at the Marriott, Islamabad. The theme of this meeting was "Environment and Natural Resource Management: Issues and Challenges". 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 the Pakistan Institute of Development Economics, and co-hosted by DFID, NRB, UNFPA, NBP, and ZTBL. Among the invited scholars who addressed this meeting were: Dr John M. Gowdy,

Rensselaer Polytechnic Institute, Troy, New York (on "Climate Change and Economic Development: A Pragmatic Approach") and Dr Mansoob Murshed, Institute of Social Studies, The Hague (on "What Turns a Blessing into a Curse? The Political Economy of Natural Resource Wealth").

In the working sessions spread over three days, the theme panels discussed climate change; population: resource or source of depletion; and water and land. The fourth and the last panel discussion was on "The Impact of Forest Degradation". The topics for regular sessions included "Green Revolution and the Gene Revolution in Pakistan"; "Policy Indications, Reforms Productivity, and Efficiency in Banking: The Indian Experience"; "Productivity and Economic Growth"; "Skill and Competitiveness"; "Human Capital Growth in Pakistan"; "Productivity and Skills in Industry and Services—A British and German Comparison"; and "Social Capital and Economic Development". In addition, there were two roundtable discussions: the first was on the theme of the conference, and the second was on "Pro-poor Growth and Governance in South Asia—Decentralisation and Participated Development".

PIDE's First Convocation, 2008.

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

SANEI is a regional organisation that aims to foster networking and collaboration among economic research institutes in South Asia. Since June 1998, SANEI has sought to

establish strong research interlinkages in the region with a view to encouraging a better-informed policy-making process. As such, special emphasis is given to capacity building and formation of a South Asia-wide professional network of researchers engaged in policy-oriented studies.

SANEI organises annual research competitions within the South Asian region. Collaborative research has received strong support. This implies that in addition to stand-alone research, SANEI funds projects which are jointly carried out by at least two research institutes based in two different countries in South Asia. Studies carried out under the auspices of SANEI are published. SANEI holds annual conferences as part of its effort to promote an exchange of ideas on economic research in the region, as well as to disseminate its research findings. The Pakistan Institute of Development Economics is the current Coordinator for the South Asia Network.

The Network seeks to expand its range of activities in future years. It will continue to strengthen collaborative research in the region, and will try to reach out to many more institutes. A summer school and training workshops are also on its agenda in the near future. SANEI expects to act as a nodal agency for the dissemination of information on economic issues, while continuing to be the principal forum for exchange of ideas on current and emerging socio-economic issues in the South Asian region.

Dr Rashid Amjad, Mr Sartaj Aziz

Steering Committee Meeting, December, 2007

The meeting was held on December 8, 2007, in New Delhi, and was attended by all the members. Dr Ishrat Hussain, Chairman of SANEI, was selected as chair of the Steering Committee. The Committee approved membership of the following:

(1) Sardar Patel Institute of Economic and Social Research, Ahmedabad, India;
(2) Social Policy and Development Centre, Karachi, Pakistan;
(3) Centre for Economic and Social Studies, Hyderabad, India.

Decision on two other applications was postponed for technical reasons. SANEI now has a membership of 54 research institutes in the South Asia region. There are 11 from Bangladesh, 24 from India, 3 from Nepal, 8 from Pakistan, and 5 from Sri Lanka. Two more research institutes of Pakistan have applied for membership this year.

Round VII

The Seventh Round is the first round of SANEI that was conducted in Pakistan. Proposals were invited on two themes: "Good Governance" and "Infrastructure". Nine proposals were approved for funding; the reports of the resulting studies have been formally approved by Research Advisory Panel (RAP).

Dr Rashid Amjad, Dr S. M. Naseem, Dr Shamshad Akhtar

Round VIII

The theme of the Eighth Round was "**Financial Sector Reform and Higher Education**". Twelve studies were funded under this theme. These studies were presented by the researchers at the Eighth Annual Conference in Kathmandu, Nepal. The first drafts of these studies are available on the SANEI website. The final review of these studies is still in process.

SANEI - Publication

A book, titled *Social Security for the Elderly*, edited by S. Irudaya Rajan, has been published by Routledge, India. It includes studies which were funded in the Second Round and the Fourth Round of SANEI.

Lecture by Dr Rajiv Kumar

SANEI and PIDE jointly organised a lecture on "Reforms and the Indian Economics Performance" by Dr Rajiv Kumar, Director and Chief Executive of the Indian Council for Research on International Economic Relations, New Delhi, India. Held on 23rd April, 2008, the lecture was attended by members of Planning Division as well as former Directors of PIDE. The heads of the member institutes of SANEI in Pakistan were also invited to the lecture.

VII.2. GDNet South Asia Regional Window

SANEI launched the GDNet South Asia Regional Window in January 2007 in partnership with GDNet. It provides a valuable link between SANEI and the global outreach of GDNet.

The Window provides access to the research publications and documents, profiles of research institutions, and researchers' profiles in South Asia to researchers, policy-makers, and international agencies round the world. At the same time, it provides an opportunity to local researchers to promote and disseminate their research at the international level by posting their articles to the Window. The Window also contains updated information about conferences, job opportunities, calls for papers, and funding opportunities in the region. The South Asia Regional Window covers the following countries: Afghanistan, Bangladesh, Bhutan, Burma, India, The Maldives, Nepal, Pakistan, and Sri Lanka. The South Asia Regional Window Team reports the following activities:

- The Regional Window has been regularly updated, on a fortnightly basis, with featured research papers, organisations and researchers, latest news, upcoming events, jobs, and funding opportunities. Profiles of new research organisations, think-tanks and university research centres, recently published research papers, and researchers' profiles are regularly added. The expanding GDNet knowledge base currently has 1693 researcher profiles, 493 organisation profiles, and 2038 research papers for the South Asia Region.
- Extensive marketing outreach effort of the GDNet South Asia team during the 23rd Annual General Meeting and Conference of the Pakistan Society of Development Economists (PSDE) was greatly appreciated at the Regional Network Partners Meeting at Cairo, held on 2nd-3rd July, 2008. Contact information of 164 researchers was collected during that conference, out of which more than 100 complete researcher profiles were created. As of May 2008, registered researchers of South Asia have also been provided access by GDNet to JSTORE, BusinessI and BusinessII – Arts and Science Collection.

Prof. Syed Nawab Haider Naqvi, Dr Rashid Amjad, Mrs Dr Rashid Amjad

VII.3. Other Activities

- The promotional material for GDNet (including table card, flyer, bookmarks, and pocket calendars) has been designed and printed by the GDNet SA Team.
- A monthly electronic newsletter, *South Asia Research Bulletin*, is released to 1232 contacts on the 15th of every month.
- The SA team also provided both input and feedback to revamp the GDN website in May 2008.

VIII. HUMAN RESOURCE DEVELOPMENT

VIII.1. Capacity Building at PIDE

Two projects were approved by the Government of Pakistan to improve the intellectual and physical capacity of PIDE. The first project was supported by the Planning Commission, whereas the second was supported by the Higher Education Commission.

PC-1 Supported by the Planning Commission

The Government approved the PC-1 of the project "Restructuring Pakistan Institute of Development Economics as a Center [*sic*] of Excellence" in April 2008. The capacity building project had four major components.

The first component related to the provision of an improved academic and work environment to the students and employees of the Institute by the construction of new lecture rooms, seminar rooms, and reading rooms, as well as renovation of the existing building.

The second component dealt with improving the teaching and research capabilities of its staff. Curriculum development was also part of the capacity building programme, which was to be met through participation in national and international conferences, workshops, and meetings. In particular, training in the newly proposed disciplines of health and environmental economics would help build capacity in these new fields. The ambit of the regular training courses offered by the Institute would also be broadened so as to include provision of refresher courses in Economics to college-level teachers.

The third component of this project focuses on the expansion of library facilities through the purchase of the latest core textbooks in the relevant fields for teaching purposes. Likewise, wider subscription to international journals would add to the availability of the most recent research in the subject of Economics and related disciplines both for teaching and research purposes. This is important because of the new disciplines that are being introduced on both the research and teaching sides, such as Business Studies, Health Economics, Environment Studies, and Population.

The fourth component deals with improving the computer and related ICT facilities at the Institute. It is proposed to establish a data bank which would provide a source of information to the staff to conduct research on topics of current concern. A powerful server is needed for this, as well as coordination with the agencies that produce the data, which may be purchased, if necessary. With the expansion of the Institute's work programme, new staff and faculty will be hired. For this purpose, additional hardware, in the form of desktop computers as well as laptops, will be required to fulfil the needs of additional staff.

PIDE research should also be archived and then disseminated through the electronic medium. Archiving will not only help researchers to find data on previous studies but also facilitate them to explore new dimensions of their work. Finally, to keep pace with international developments in this field, the latest software packages will be needed to enhance the productivity of researchers.

The fifth component deals with improving the physical infrastructure by providing up-to-date transport facilities for both staff and students. For this purpose, three buses, two coaches, two cars, and a van will be purchased. The existing transport fleet will be auctioned off as it has completed its functional life—actually it is now operating beyond its functional life.

VIII.2. Infrastructure Development

A heavy-duty electricity generator was purchased to overcome the problem of loadshedding during office hours. Also, a budget amount was set aside for the purchase of a new fleet of buses and wagons, as the existing fleet had become obsolete and the expenditure on maintenance was unreasonably high.

PC-1 Supported by the Higher Education Commission

Pakistan Institute of Development Economics (PIDE) is an autonomous institution and its broad mandate is to carry out theoretical and empirical research on development economics, in general, and on Pakistan-related economic and social issues, in particular. PIDE's work addresses many contemporary issues. Therefore, the research at PIDE has greatly influenced the literature on Development Economics as well as policy formulation in Pakistan. PIDE also enjoys an international reputation as a research organisation. A key factor in its success is the free interaction of its scholars with the outside world. Every possible effort is made to promote this interaction and to keep abreast of the developments in economic and demographic analysis.

Current research in social sciences shows much emphasis on the importance of local-level development, particularly at the Tehsil and District level. This emphasis also agrees with the devolution process in Pakistan, where local development is being given much greater importance. Having collaborative research centres at Lahore and Karachi initially will be of use to researchers, who will have access to information about local area developments first-hand.

Furthermore, introducing a regular series of lectures, seminars, and conferences is expected to lead to the creation of new knowledge. This process would be useful to both young economists as well as policy-makers. These debates would be on topics of current relevance, in particular those affecting the Pakistan economy. Finally, such debates can also be used to highlight policy achievements, or the needs thereof, in the economic sphere.

National as well as overseas eminent scholars will be invited to deliver lectures or hold seminars. The themes of the lectures and seminars will be:

- Natural Resource Management;
- Governance;
- Human Capital, Innovation, and Growth;
- Industrial Organisation, Markets, and Regulations;
- Macroeconomics and Finance;
- Agricultural Growth, Markets, and Storage;
- Social Change/Dynamics.

In terms of further education, 15 research staff members of PIDE are currently engaged in improving their academic qualifications at universities abroad. Their studies are expected to lead to the PhD degrees in Economics, Demography, and Anthropology. The Research Staff of the Institute also participated in conferences and meetings overseas. The table below gives a breakdown by type of research and country visited.

Overseas Visits by PIDE Research Staff, from July 2007 to June 2008

S. No.	Name of Officers	Period		Name of Country
1.	Dr Musleh-ud Din, Chief of Research	08-08-2007	09-08-2007	Brunei Darussalam
2.	Dr Naushin Mahmood, Acting Vice-Chancellor	31-08-2007	01-09-2007	Nepal
3.	Dr Musleh-ud Din, Chief of Research	31-08-2007	01-09-2007	Nepal
4.	Dr Usman Mustafa, Chief, Training Programme	31-08-2007	01-09-2007	Nepal
5.	Dr Abdul Qayyum, Professor	31-08-2007	01-09-2007	Nepal
6.	Ms Saba Anwar, Staff Economist	31-08-2007	01-09-2007	Nepal
7.	Dr Rehana Siddiqui, Chief of Research	06-09-2007	10-09-2007	Bangladesh
8.	Dr Usman Mustafa, Chief, Training Programme	14-11-2007	21-11-2007	Iran
9.	Ms Saba Anwar, Staff Economist	06-12-2007	08-12-2007	India
10.	Ms Amara Saeed, Associate Faculty Member	10-12-2007	13-12-2007	Thailand
11.	Ms Amara Saeed, Associate Faculty Member	14-12-2007	15-12-2007	Sri Lanka
12.	Dr Musleh-ud Din, Chief of Research	24-12-2007	27-12-2007	China
13.	Dr Ejaz Ghani, Chief of Research	24-12-2007	27-12-2007	China
14.	Mr Usman Qadir, Research Economist	24-12-2007	27-12-2007	China
15.	Dr G. M. Arif, Chief of Research	28-12-2007	29-12-2007	Bangladesh
16.	Mr Muhammad Tayyab, Staff Economist	14-01-2008	25-01-2008	Thailand
17.	Dr Soofia Mumtaz, Chief of Research	27-01-2008	02-02-2008	Australia
18.	Ms Nabeela Arshad, Senior Systems Analyst	29-01-2008	31-01-2008	Australia
19.	Mr Usman Qadir, Research Economist	06-03-2008	07-03-2008	Vietnam
20.	Ms Nabeela Arshad, Senior Systems Analyst	18-03-2008	20-03-2008	Egypt
21.	Dr Rehana Siddiqui, Chief of Research	28-05-2008	29-05-2008	Sri Lanka
22	Dr Rashid Amjad, Vice-Chancellor/South Asia Regional Window Coordinator	18-03-2008	20-03-2008	Egypt

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 2007 and 2008 is listed below:

(A) Journal

The Pakistan Development Review, Volume 47, No. 1.
The Pakistan Development Review, Volume 47, No. 2.
The Pakistan Development Review, Volume 46, No. 1.

(B) Books

(1) *Cities—Engines of Growth* edited by Nadeem Ul Haq and Durr-e-Nayab.
(2) *PIDE Research in Print 1957–2007* by Zafar Javed Naqvi.
(3) PIDE Lecture Series. *Understanding Policy* by Arshad Zaman.
(4) *Research at PIDE: Key Messages* by Nadeem Ul Haque, Musleh-ud Din, and Lubna Hasan.
(5) *PIDE: An Introduction* (Eighth Edition, Revised).
(6) History of PIDE Series-1. *PIDE—from a Think Tank to a University: A Brief History* by S. M. Naseem.
(7) History of PIDE Series-2. *PIDE's Contribution to Development Thinking: The Earlier Phase* by A. R. Khan.
(8) History of PIDE Series-3. *PIDE's Contribution to Policy-making* by A. R. Kemal.
(9) *PIDE Business Barometer*, No. 2.
(10) *PIDE Business Barometer*, No. 3.
(11) *PIDE Focus*, Vol. 2, No. 2.

(C) PIDE Working Papers

(1) PIDE Working Papers, No. 28. "International Competitiveness–Where Pakistan Stands? by Uzma Zia.
(2) PIDE Working Papers, No. 29. "Entrepreneurship in Pakistan" by Nadeem Ul Haque.
(3) PIDE Working Papers, No. 30. "Delivering Access to Safe Drinking Water and Adequate Sanitation in Pakistan" by Faheem Jehangir Khan and Yaser Javed.
(4) PIDE Working Papers, No. 31. "Exchange Market Pressure and Monetary Policy: Evidence from Pakistan" by M. Idrees Khawaja.
(5) PIDE Working Papers, No. 32. "Health Care Services and Government Spending in Pakistan" by Muhammad Akram and Faheem Jehangir Khan.
(6) PIDE Working Papers No. 33. "National Finance Commission Awards in Pakistan: A Historical Perspective" by Iftikhar Ahmed, Usman Mustafa and Mahmood Khalid.
(7) PIDE Working Papers No. 34. "The Taylor Rule and the Macroeconomic Performance in Pakistan" by Wasim Shahid Malik and Ather Maqsood Ahmed.
(8) PIDE Working Papers No. 35. "Monetary Policy Objectives in Pakistan: An Empirical Investigation" by Wasim Shahid Malik.
(9) PIDE Working Papers No. 36. "What Determines Private Investment? The Case of Pakistan" by Sajawal Khan and Muhammad Arshad Khan.
(10) PIDE Working Papers No. 37. "Stock Market Reaction to Catastrophic Shock: Evidence from Listed Pakistani Firms" by Attiya Y. Javed.
(11) PIDE Working Papers No. 38. "Dynamic Effects of Agriculture Trade in the Context of Domestic and Global Liberalisation: A CGE Analysis for Pakistan" by Rizwana Siddiqui.
(12) PIDE Working Papers No. 39. "Measures of Monetary Policy Stance: The Case of Pakistan" by Sajawal Khan and Abdul Qayyum.
(13) PIDE Working Papers No. 40. "Public Provision of Education and Government Spending in Pakistan" by Muhammad Akram and Faheem Jehangir Khan.
(14) PIDE Working Papers No. 41. "Household Budget Analysis for Pakistan under Varying the Parameter Approach" by Eatzaz Ahmad and Muhammad Arshad.
(15) PIDE Working Papers No. 42. "Pension and Social Security Schemes in Pakistan: Some Policy Options" by Naushin Mahmood and Zafar Mueen Nasir (2008).
(16) PIDE Working Papers No. 43. "Income, Public Social Services, and Capability Development: A Cross-district Analysis of Pakistan" by Rizwana Siddiqui (2008).
(17) PIDE Working Papers No. 44. "Monetary Policy Transparency in Pakistan: An Independent Analysis" by Wasim Shahid Malik and Musleh-ud-Din (2008).
(18) PIDE Working Papers No. 45. "Bilateral J-Curves between Pakistan and Her Trading Partners" by Zehra Aftab and Sajawal Khan (2008).
(19) PIDE Working Papers No. 46. "On Measuring the Complexity of Urban Living" by Lubna Hasan (2008).

(D) Miscellaneous

(1) PIDE Degrees; participation in design and text forming; printing.
(2) Printing of miscellaneous items (cards, brochures, programme booklets) for all PIDE activities, seminars, courses, workshops, and conferences.
(3) Marketing of PIDE publications in the open market, apart from country-wide presentation of PIDE publications to academic and research institutions as a special campaign.

(E) Further Tasks Accomplished

(1) Scripting and film-making for the PIDE Golden Jubilee (Title of film: "50 Years of PIDE").
(2) Participation in PIDE logo designing.
(3) Forming and choice of PIDE motto.
(4) Division staff assistance in the Golden Jubilee photographic display.
(5) Dispensing advice to PIDE staff and students on their writing projects.

X. LIBRARY AND DOCUMENTATION DIVISION

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

Books, generally purchases or gifts, are continuously added to the collection, which now stands at 35200 volumes. The library also receives research papers from nearly 250 learned institutions. At last count, the total number of such research papers stood at 25500. There are 500 bound periodical titles in the stacks. Currently, the library subscribes to 57 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 550 research documents annually.

The numerical strength of other library collections is follows:

CD Databases	40	(Socio-economic data)
Digital Library	2500	(Full text documents)
Microfiche	6200	(Indian census prior to 1947)
Newspapers	10	

The emphasis in acquisitions is generally on Economics, Management Sciences, Demography, 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 49,000 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 has acquired the DEVINSA database of the SAARC region consisting of 13062 documents.

The Library puts out two regular publications, namely, (i) PIDE Library Bulletin, and (ii) PIDE Information Alert. These publications provide a listing of the soft copies of documents available from the E-Library at the PIDE mainserver. 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.

Under the Capacity Building Programme, the number of foreign journal paid-up subscriptions at PIDE Library has increased from 20 to 57.

XI. INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) DIVISION

The Information and Communication Technologies (ICT) Division of the Pakistan Institute of Development Economics made much progress in all the relevant emerging fields of Information Technology during the report period. 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 I Mbps. Fiber optics cables were laid to further boost the bandwidth from 1.2 Mbps to 6 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 (given in the Box X.A).

Box X.A.

The data bank now consists of 50 data sets, of which 25 data sets have been collected by PIDE. The major data sets are Household Income Expenditure Survey (1990-91 to 1996-97), the Labour Force Survey (1990-91 to 2005-06), the Pakistan Integrated Household Survey (1990-91 to 2001-02), the Pakistan Social and Living Standards Measurement Survey (2004-05 to 2005-06), the Micro Impact of Macro Adjustment Policies (1998-99 to 2001-02 panel data), the Pakistan Rural Household Survey (2001 to 2004 panel data), and the Nutrition Survey 2001. Consultancy services are also provided to the research staff.

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, The Cost of Doing Business in Pakistan, and Student Perspectives on Civil Services. The Division also participated in developing and coding questionnaires for a survey titled "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.

A *PDR* Digital Archive, consisting of articles published in the *PDR* from 1979 to 2006, has been created. Year-wise lists for over 1500 articles were generated. *PDR* issues for the period 1995–2006 were uploaded on REPEC and Econ websites (http://econpapers.repec.org/article/pidjournl/). This led to the placement of PIDE at the top of the ranking list of Economics institutes in Pakistan.

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 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 a part of the student support programme, online application forms for admissions, online examination system, and a student ID cards system has been developed. The websites for PIDE, PSDE, GDNet, and SANEI were designed. Contributions were also made towards graphic designing (conference banners, PIDE logo and degrees) and IT services for 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:

- Basic and advance STATA training;
- Microsoft Certified System Engineer (MCSE Networking training);
- Asterisk open source PBX;
- Effective communication skills;
- Project preparation and appraisal;
- Project monitoring and evaluation;
- GDNet South Asia Window (Egypt);
- SANEI website;
- Advanced IT Management Training.

Training in the following areas was provided to the PIDE staff member as well as students:

- MS Project, MS Office tool;
- GDNet South Asia Window;
- SANEI website.

The following conferences were attended by the ICT Staff members:

- SANEI Conference Kathmandu (Nepal) and Islamabad (Pakistan);
- GDNet Conferences in Beijing (China), Sydney (Australia), and Cairo (Egypt).

A part of the PC-1 for "Construction of New Building of PIDE at Chak Shehzad" relating to ICT was also prepared by this Division. The matters related to PERN project funded by the Higher Education Commission (HEC) have been handled by the Division. Another major project has been the installation of an electricity generator at PIDE.

The ICT Division plans to strengthen its data bank and provide state-of-the-art facilities in line with the international standards for research provisions.

XII. THE PIDE ARCHIVES COMMITTEE

A particular initiative taken during the year was the establishment of the PIDE Archives Committee. As it is necessary to have a sense of the past for future institutional development, the Committee's work has been important in terms of maintaining useful contacts, both past and present, and in building on the strengths developed earlier. Thus far, the Committee has seen completion of the following tasks:

(1) Collection and preservation of PIDE historical records, as PIDE lost nearly all old records in Dhaka in 1971-72. Little known documents pertaining to PIDE's origins and its development as a research institution up to 1972 and in the later period were located and archived.
(2) Apart from print records, a photographic record of relevant persons and events, which were part of PIDE's evolution through the decades, was prepared. A sample photographic display was mounted at PIDE's Golden Jubilee celebrations, and it remains available to view at the PIDE premises.
(3) A film titled "Fifty Years of PIDE" was made, which is probably the best 15-minute historical introduction to PIDE, and has been appreciated by many audiences as such.
(4) The PIDE History Series was launched to mark the occasion (of the Golden Jubilee), and three books by outstanding economists (Dr A. R. Khan, Dr S. M. Naseem, and Dr A. R. Kemal) were published in this series.

XIII. EXTRA-CURRICULAR ACTIVITIES OF STUDENTS

A Debating Society was established by the students in April 2008. The objective of the Debating Society is to highlight issues of contemporary importance affecting the country. In this connection, the first debate was held in May 2008 on the subject of "Education in Pakistan", which was well-attended.

Annexure

PIDE RESEARCH PROJECTS/STUDIES

S. No.	Name of Researcher	Project Title	Completion Date
1.	Dr Soofia Mumtaz	"Renewable Energy Prospects in Pakistan in a Sustainable Development Context".	2008
2.	Dr Fazal Husain	"Capital Inflow, Inflation Sterilisation and Exchange Rate Volatility in Pakistan: An Investigation for Casual Linkages".	30-06-2008
3.	Dr Attiya Yasmin Javed	"Corporate Governance in Pakistan".	30-06-2008
4.	Mr Nasir Iqbal	"Assessment of the Poverty Level in Sargodha Region".	30-09-2008
5.	Mr Iftikhar Ahmad	"Public Demand for Safe Drinking Water: A Case Study of Peshawar District".	30-06-2008
6.	Mahmood Khalid	"Working to Improve Price Indices Development in Pakistan".	30-09-2008
7.	Mr Kalbe Abbas	"Impact of Financial Sector Liberalisation and Deregulation on the Banking Sector in Pakistan".	30-06-2008
8.	Dr Wasim Shahid Malik	"Price Setting Behaviour of Pakistani Firms: A Case Study of Electronic Appliances Industry (Gujrat and Gujranwala)".	30-09-2008

OF THE

Marriott
ISLAMABAD

Marriott

ORGANIZED BY THE
PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS
MARCH 12-14, 2008, MARRIOTT, ISLAMABAD
Marriott
SECRETARY

EXIT

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