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1st International Conference on Economics and Sustainable Development Conference Proceedings

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School of Economics and Social Sciences

Economics and Sustainable Development

Conference Proceedings



1st International Conference

Karachi, Pakistan

2nd – 4th April, 2021

1st International Conference
on
**Economics and Sustainable
Development**
Conference Proceedings

2nd – 4th April, 2021

Edited by
Shagufta Shabbar

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Institute of Business Administration University Enclave,
University Road Karachi - 75270, Pakistan

Tel: +9221 3810 4700 | Fax: +9221 3810 2008

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Organization
Dr. S. Akbar Zaidi (Conference Chair)
Dr. Asma Hyder
Dr. Laila Farooq
Dr. Adnan Haider
Sarah Nizamani
Shagufta Shabbar

Overview

The IBA School of Economics and Social Sciences (SESS) and the Center for Business and Economic Research (CBER) organized the 1st International Conference themed "Economics and Sustainable Development", in the month of April, 2021. The conference brought together academics, practitioners and advocates to have a dialogue on creative ideas, local and global best practices, and evidence-based solutions for sustainable development.

The highlight of the conference was a captivating keynote speech by Dr. Lant Pritchett in which he presented solutions for building for State capacity based on the Donut model. There was also an insightful discussion with the ADB Chief economist, Yasuyuki Sawada, on post COVID-19 challenges and opportunities in Asia. In addition, there were three thought provoking Panel Sessions on the following themes:

1. Growth and Economic Stability: Challenges and Prospects
2. Human Development and Inequality
3. Urban Resilience and Impact on Utility Services

Academics presented their research papers on development and its challenges in themed technical sessions. The main themes were:

1. Firms, Trade and Globalization
2. Economic Uncertainty and Financial Inclusion
3. Governance, Finance and Fiscal Policy
4. Labour Market and Career Choices
5. Tourism, Culture and Economic Growth
6. Socio-economic Impact of COVID-19

The last day of the conference was dedicated to doctoral student research. Students presented their projects and got detailed feedback from discussants.

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Conference Message from the Chair

Conducting research and holding related policy dialogues with relevant stakeholders on key issues is important in these critical times. Conversations across sectors lead to effective solutions and prompt actionable policies. As one of Pakistan's leading educational institutions, it is our responsibility to bring much-needed debate regarding our economy. To achieve these objectives, it gives me immense pleasure to welcome you all to this first International Conference on Economics and Sustainable Development. This has been organized by the IBA Economics Department in collaboration with the Center for Business and Economics Research (CBER).

I welcome our esteemed keynote speakers, panelists, presenters, and participants. Thanks to our sponsor and Conference partners. I want to appreciate the effort made by the Conference management team, staff and student volunteers for organizing such a prestigious international Conference. The Conference program includes enlightening talks, reflective information, professional networking opportunities and dialogue between delegates, both national and international. It also has a special segment for budding scholars where they present their ideas in a special poster session. The theme of the Conference has been chosen to respond to current economic challenges. I hope the participants will find this Conference a useful and productive exercise.

We look forward to your constructive suggestions, encouragement, and active engagement in this event.

Professor Dr. S. Akbar Zaidi
Executive Director
IBA

Message from Governor Sindh, H.E. Mr. Imran Ismail

Pakistan has suffered from difficult times over the last year. Although the world moved towards lockdown, but the Pakistani government did not opt for this way forward in order to reduce the devastating impact of Covid-19 on the poor people. The hardships faced by Pakistani households had increased manifolds and the households adopted adverse coping strategies to deal with this shock. They reduced their expenditure on health, and education and switched to lower quality or decreased quantity of food. The government gave cash transfers to help the poor. Now we see the Pakistani economy on the rise and exports have increased. The trade deficit has reduced after 17 years. In this context, I appreciate the lead taken by the IBA to discuss and bring to the table the economic and social issues in the current times. This was the need of the hour. I hope that this conference can help Pakistan set its future path and I look forward to a comprehensive report being produced out of it.

Acknowledgement

On behalf of the School of Economics and Social Sciences (SESS), IBA, I would like to thank the Asian Development Bank, K-Electric, Engro Corporation and UNDP for their generous support in holding the 1st International Conference on Economics and Sustainable Development. The conference was a great success in terms of participation from academia, corporate sector, government, and international organizations. We received 150 papers across the globe; however, only 36 papers were accepted after a rigorous review process for the oral presentation. The technical sessions provided a detailed discussion on the most pressing issues in the economy with a varied perspective. In addition, the doctoral symposium provided an opportunity for young economists and students to showcase their work. Similarly, the panel discussions and poster sessions received much attention across all disciplines.

This conference is a step towards academic dialogue on societal issues. We look forward to maintaining our relationship with all our sponsors of this conference; and once again, thank you to them.

Regards,
Dr. Asma Hyder
Dean School of Economics & Social Sciences
IBA

Keynote Speech, Dr. Lant Pritchett

“Building state capabilities: dos, don’ts and donuts.”

“Thank you very much for the introduction. Now every time I hear I’ve written 100 papers; I think that’s too many. But I am very pleased to be with you remotely. I was literally on my way to Pakistan, and the government made the decision to not open things. So, I am coming to you from London. I will come another day in person. I am gonna share my screen because like most men, almost all economists have become dependent on PowerPoint as a communication tool for translation of economics to regular human talk.

One of the downsides of not being there in person is, I was hoping that we could combine the presentation on Dos, Do nots and Donuts with serving the actual donuts to the attendees. So that even if the metaphoric donut does not come off as useful, one could actually eat a real donut and be happy with the presentation on that. So, I am going to tell you things that I hope are completely contradictory to things you often hear. I like to state out clearly what the differences are and different ways of thinking and different ways to approaching state capability. At the very least, I hope that you will decide you understand why I’m wrong. Maybe you will decide that I am right.

So, the overview of the presentation and what I’m saying, and I’m going to emphasize how what I’m saying, is different from what I call the perceived wisdom—conventional wisdom. I want to emphasize the do, and do not of donuts. So, the first do is to actually pay attention to state capability. As my argument is that state capability in itself is key to achieving even higher levels of well-being in countries. And I want to make it clear that this is not at all conventional. The conventional wisdom often missed attention to policy and program design and to worry about the what, whereas my argument is that low capability environment policy doesn’t matter, doesn’t matter what the policy says— or not, you can do it. That makes a difference in whether or not you can do it as a capability. And academics and others, infinite time talking about what would work if one were able to do it without actually focusing on how or what you can do. So that is the first do.

The second is a do not. Do not adopt best practice. Best practice not only doesn’t work, it can often put you in the position of actively destroying state capability by overambitious adoption of formal rules and regulations that can be implemented, at which point it trains a dynamic that actually destroys the capability. You have and you get caught in a low capability trap. So, I’m sure you have people coming all the time to Pakistan from other places to tell Pakistan what the International Best Practices are. Just don’t listen to them. It is not the right way for Pakistan to move forward. Then finally, I want to talk about donuts. And what I mean by donuts is an organization is often an integral thing that has as its heart a core. And at the core of any effective organization is a combination of purpose and a set of certain technical practices that lead to effectiveness of the purpose.

What produces low capability traps? When you can’t reform successfully an organization, is when the organization becomes a donut. It loses its technical core. And one thing that is very popular in the world today and this is the first do not about a donut, is reforms that try and fix organizations from the outside in. Again, I will drive to organizations that are ineffective. I will drive through effectiveness, through IT systems and control action. Or I’ll tie them to effective compliance driven, sharper, tighter regulation about human resource policy, like how people are hired. Or, I will drive them through greater effectiveness through greater regulatory control over their procurement practices or their accounting. And all of those are just fundamentally ineffective. They will provide a shell and an appearance of action that will keep the top management happy. They will provide a steady flow of

income to outside experts and consultants. But they won't fix the problem. The do about donuts, unfortunately, is something that I call PDAA with co-authors who have written a book on problem-driven iterative adaptation. And the main point I want to stress about this, although we have an entire book about PDAA and how to do it, is that it is only by a rededication to a core purpose of an organization that one has any hope of fixing and restoring its capability. So that is a super overview of what I want to say. I'm gonna walk through each of those things with mostly illustrative evidence. Often times academics give a presentation where they overwhelmingly prove beyond the shadow of a doubt one tiny, tiny little thing. My objective today is kind of the opposite. It is to give a big picture with some indicative and illustrative evidence that is far from technically compelling, but at least sets up and I think frames the issues in a way that hopefully can further your own thoughts and discussion.

'Do' focuses on state capabilities and let me say why is that a do? Organizational capability. What does one mean by an effective police force or ineffective regulatory agency that regulates environmental control or an effective tax agency? Well, to be effective, an organization has induced its agents. People who work for and around the organization. To induce the act and to take actions that further, the goals of the organization. Fundamentally, a capable organization induces its agents to do things that makes the organization effective at a purpose. That's why when I just think capability, that's what I mean. There is important distinction between what I mean by capability and what is often called capacity. Capability is practiced. Now the main thing is that once we measure an even rough and ready broadway state capability of countries, it turns out that nearly every goal about human well-being of the people living in the country is dramatically furthered by having a more capable state. A state more capable of achieving its goals. That relationship is really with capability rather than with program design. In fact, it may well be that if you have a capable organization, but kind of importance of that organization, adopting or not adopting less effective programs is much less important than we think. Which is the opposite of the conventional wisdom.

So let me show you the kind of evidence that is emerging from a paper that I haven't yet finished. Which is hopefully my view of the objective of conferences to focus on what's not known yet. So, focus on the new, and this is a paper so new it's not even written yet. Although I have all the key results., There is this organization and I start with what was called the Social Progress Index and what this organization thinks development is. People have been wronged, focused on economics, have been robbed of focus on economic growth instead of focus on development. Our countries achieving or not achieving economic growth. They should focus on specific indicators of well-being. And they went through years of effort, to create indices of human well-being. The way it starts is with an overall social progress index. That is a component of three subcomponents; basic human needs, foundations of well-being and opportunity is their elements of well-being. Then there are four subcomponents under basic human needs. Water and sanitation, personal safety, nutrition, and medical care. So, I am picking on this particular set of indicators now because I believe they are better than others that what might exist out there. But that it was a sophisticated effort to create an indicator of human well-being that was completely independent of any economic measure.

You will notice that in none of these is any measure of either GDP per capita or average income, or even poverty rates. They do not appear. It is concrete. Things like whether households have access to water. Education system achieves gender parity, so it's a whole set of concrete indicators of well-being, not economic. Again, go to this organization's website. Their purpose is to show in some sense that economics isn't the key thing of development. And I support this. So, what one finds starting from this index. So, let's start from an index sentence structured in a way that is grounded in concrete, physical indicators of well-being. And then ask. I am going to take just three indicators about a country. Ask how much of the variation across countries and social progress, however major, go down, whichever is

indicators. What is it driven by at the country level? So, I wanna think about national about how would I classify country or more or less developed? And what is the relationship between that and measures of human well-being? But turns out, that if we ask, why do countries have high or low levels of social progress? Answer is completely and totally and entirely the result of three different indicators. One what is the country's GDP per capita? Two, let's take an omnibus measure of state capability that combines standard indicators of rule of law control of corruption, government effectiveness, and bureaucratic quality. Which are standard indicators of the capability of the state and an indicator of whether or not the country is a democracy. And ask how much of the variation in social policy is associated with variation in what I call the National Development Index. Which is just using you know, just predicting social progress with these three national development indicators. And what I find is that essentially all of the variation whether or not countries achieve social progress or not, is accounted for by nationals. And I want to be clear. This is much, much stronger than saying these things are good for human development. I'm not saying that. What I'm saying is as all there is. The correlation or the association between simple measures of whether a country has national development, and the omnibus indicator of social progress is 0.945. It means there's nothing left to really be explained.

If we ask: why are countries higher/low on social progress conditional on GDP, state capability and democracy? The answer is there's nothing left to be explained really. There is no independence of those three factors variation to be explained. And secondly or another way of putting this is national development which is GDP per capita, state capability and democracy is a necessary and sufficient condition for high levels of well-being. What I mean by empirically necessary and sufficient is if you look at the graph on the right-hand side. It is just a relationship between the national development index which is just a regression based weighted index of the three factors GDP, state capability and democracy. There is just nobody in the northeast. There is literally no country that is high human well-being without having high national development. It just doesn't happen. You cannot get into the north of high human well-being without being to the east of national development. That second graph is a graph I have just invented which is inside that narrow envelope. No country is outside that envelope of combinations of national development. So, there is you know, potentially that's all just noise inside and potentially there is some movement inside, but nobody is in the northwest. Nobody is in the southeast. No one achieves national development and doesn't reach high human development. So that's the first thing I want to stress on, programmatic features or budget allocations or anything. That isn't one of these three factors, just doesn't explain that much of why countries do well, and why countries do badly in achieving human well-being.

Now more particularly to the goal of my exercise, and now these graphs are getting more complicated. I ask of the four aggregate indicators: social progress, overall basic human needs, foundations of well-being and opportunity. What matters most is countries go through the development process. Debate about the relative importance of growth versus other things. And so, what this shows is, if I divide countries into terciles on each of these indicators GDP state capability and democracy, as you move across thirds of those distribution. How much does it matter for improving these indicators of well-being? And the orange bar is how much does the improvement in state capability matter for achieving overall progress, basics, foundations, and opportunity? And what you find is that state capability matters a lot for everything. So, whereas economic growth of which I am an unreconstructed fan, economic growth also contributes to human well-being but does so much more differentially. Some components will be like, in the Northeast of how these three factors affect basic human needs problem, low levels, low to medium, medium to high levels. What you see is that basic human needs growth is extremely important at low ends and then ceases to be important. Not surprisingly, as people achieve it.

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But state capability is modestly important for all three. Whereas if one looks in the Southwest and looks at foundations of well-being. And actually, at the lowest levels of the moment, it's actually more important to achieve state capability, than economic growth. Almost as important in the middle and becoming more important, as one becomes more developed and if one looks at opportunity it's actually state capability that matters all the way across. State Capability matters more than economic growth or achieving human well-being.

This graph I will skip, provided that these can be distributed later. This just takes every one of those 58 indicators in the chart above aggregated over all three indicators. Basically, it shows that the state capability matters for everything. Economic growth matters a lot for some things like basic needs. For things like personal safety and state capability that matters, and economic growth in and of itself is not a bit more horribly. So now the reason I say this is that this is not, not, not the way things are typically discussed. So, I have drawn this entirely hypothetical relationship. Suppose we have policy design talking about how we design taxes in the optimal structure of taxes. What is the optimal structure of taxes? We are gonna have Excise taxes, which commodities they should be on? We are gonna have property taxes. What should the property tax rate be and how we should assess it? We have you know import tariffs. You know what should get high tariffs, what should get low tariffs etc etc.

We have on that vertical axis, we have some hypothetical policy design feature and then we have what kind of outcomes that leads to, and we could be talking about education, we could talk about health. So, we want to, I am just trying to establish the idea that there is this design. What should we be doing? What's the optimal design of an infrastructure policy or a or a health policy? With respect to underline design features. Now then we can imagine that there are only certain of those policies that can the government actually have the capability to implement. You know no government can do everything. So, on the left-hand side of the graph, I illustrate what I am calling the capability first approach. We have that curvilinear diagram that says, here's how well you do in achieving outcomes at a given policy design. The red rectangle shows the initial instance of low capability; the government could only do what's in the red sphere, and the blue is what in modern jargon would be called the local average treatment effectiveness. Which is suppose one did an experiment or other way of eking out what was an effective set of actions? Knowing what the link is secondary to being able to do it. So even if I knew what the whole link function looks like, that doesn't help me. If I can only do the red shaded part of an expanded capability organization to implement programs that involve a broader range of policy design is my parameters. I can lead to much higher effectiveness, so that wasn't knowledge about policy. It wasn't even the policy that could have been adopted.

I can lead to much higher effectiveness, so that wasn't knowledge about policy. It wasn't even the policy that could have been adopted. Measuring effective, in practice I could have adopted any of those policies, but without being able to practice, it wouldn't have made any difference. So, the kind of right-hand side illustrates focusing on what the policy should be across its range policy design parameters is completely totally irrelevant to achieving high levels of outcome. What matters is expanding the array of the space of the policy design that the organization's actually capable of implementing. So, if we push from the reds to the green by expanding to the green. We can now move up to implementing more effective practices. It was not the result of evidence, which was not understanding the latter, it was just being able to do it. Whereas on the right-hand side we have what I typically call Denmark. We have a country that can do anything within that broad range that has super high capability. In which case, the choice over which of the policy group chooses the important thing. So, I feel that the received wisdom puts way, way too much attention on the what. And acts as if every country has this very broad array of actual organizational capabilities, and the main objective of analysis and academic support is to decide what this blue line looks like, what is it? What is it that you

know? What is it that if we were to do it would lead to effectiveness? Whereas I had increasingly have come to view that most countries only have a very narrow range of what they can do. And so, the question is what can I do in practice and how fundamentally do I think of the dynamics of expanding capability of what I can do? Now I am faced with this complete wide range of capability and therefore have to decide what to do.

So, let me just give you one example over the kinds of evidence one would induce to say one was in a capability world and not in the policy world. And for those of you that are technically minded we can ask ourselves. What's the derivative of outcome with respect to relaxation of various constraints—which is the binding constraint? In the first graph, the binding constraint, the derivative of outcome with respect to expanded capabilities is super high. The second capability allows us to do basically anything we want. So, the derivative of outcome is important with respect to the policy adopted. So those are just two different entirely, I think different ways, about what the fundamental core problem faced is. That this is what I mean by focus on capability. It is focus on capability itself. Rather than focus on the policy to be adopted.

Let me just give one piece of evidence on what the capability approach means, and this is a silly but very informative paper that some colleagues did. In which they just said let's take a phenomenon which every country in the world already has. Exactly, the same policy. And ask how much variation in outcome performance is there, conditional on every country having the same policy. So, every country in the world essentially is a member of the international post postal union. And hence every country in the world, if they receive a piece of misaddressed letter, they'll return it to the home country. So, every country has legally adopted the same policy. So, they just mailed 10 pieces of misaddressed mail to each country in the world. And the results range from zero to 100. So, and you know the zero percent of achievement of the outcome dictated and promised in the policy. It includes Tanzania, Ghana, Cambodia, Honduras. So, it is just not failed states like Somalia from which mail doesn't return if it is misaddressed but lots of countries. From 25 of the countries in the study, none of the letters came back. But again, the conceptual point I'm trying to say is that this isn't policy that explains outcomes. You have all the possible variation of outcomes. Whereas every country has exactly the same policy. So as someone said, well only the explanatory variable is implementation. Does one implement, and actually do the policy in practice? Not looking at policy.

So, I'm gonna skip the next slide as well which you can look at your leisure 'cause I want to get it on the next point. Which was: Do not attempt to adopt best practice. And to explain this, I wanna do an example and again this is an illustrative example from some research of mine and this is a very small example, but I think again, I am more interested in some conceptual illustration and conceptual clarity at this point than being compelling or persuasive that this is the case. So, what we do is we are doing business indicators of The World Bank. Which I think, are very famous. They try and say what are good countries to do business with. One of the elements of their measure is how many days would it take you if you were to follow the law to get a construction permit for a warehouse in the capital city? So, they tried to take a generic sort of construction project and ask. Again, it's a du jour measure according to the policy of how much days it would take you.

I worked for World Bank for a long time and one of the beauties of the World Bank was that it's not very well organized and not very strict, so you can get a lot of stuff done. So, in addition to the World Bank doing its own business surveys, they also went and asked firms who actually got construction permits how long it took them. So, we kind of have a de facto measure of if you got a permit, how long did it take you? And we have this technically assessed measure of if you were to follow the law you know all the steps that it took. How long would it take you? And the reality is this is the distribution over all countries

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of the days to get a construction permit according to firms that got a construction permit and the legally required days that doing business reports it would take you to get a construction permit. So, the underlying thing is massive differences between actual reported days. If we start from the law, the median country doing business days to get a construction permit is 190 days. A third of the countries in the world that actually constructed something reported getting the permit in less than 15. So, like this is in order of magnitude, this isn't like a minor quibble about how long it takes. In reality, it takes less than 15. The law says it would take 190. Another third of the firms report between 15 and 45, the 90th percentile of what firms' report is a 145. Which is still less so we are looking at this distribution of this thing with the bumps in it which is the reported even the 90th percentile of the actual reported is less than that.

Now our argument is that this happens, in fact, in countries where the law is not well enforced. Countries that accommodate themselves in a variety of ways to carry out their construction without going through the process of legal compliance. This could be variety of things. But you find is that low capability countries often have very stringent laws and complete non-enforcement of the law, so Sudan is an example. The law for doing business, according to the World Bank, requires 270 days to get a construction permit. But 93% of firms that did anything, report taking less than 15. So just zero compliance or appears to be zero compliance. Zero reporting affirms that they were actually taking a lot of time to reply getting against construction permit. And then, we ask OK, suppose we look at the variation across countries in the law. And ask how the variation in this stringency of the law affects how long firms report in taking. And in particular we focus on how many firms get what we can call 'quick deals.' Which is less than reporting less than 15 days to a construction permit. And we find this super interesting double interactive relationship. First of all, and if we kind of norm this to suppose your law was 100 days more restrictive. So instead of having the median of 190 days for construction permit you had very restrictive laws that said 290 days. So, 100 days more restrictive. Now first of all, we asked how many less firms or more firms getting under 15. I would assume in some sense if you increased the law by a 100 that would eliminate basically anybody from getting 15. But then we interact that mistake that low capabilities states increasing stringency in law, increases the number of firms saying they took less than 15 days. And the obvious understanding of that is that as the law gets stricter you have deteriorated the efficacy with which the government actually enforces the law, and everything becomes a deal.

No firm actually worries about legal compliances in deciding where and what and how to build. They come to some deal with regulatory authority of the local state and once you have a deal, legal compliance becomes irrelevant. And once, you're in an ideal world then what happens to the law has no effect on actual outcomes. And in fact, you get this kind of perverse situation in which making your law more restrictive actually reduces the extent to which the law has any effect on practice. So, and the reason for that argument and the mechanism of that is when you think of what a policy is as a mapping from, and this is an abstract way of thinking about it but that's what we do. It's a mapping from facts about the world to actions. What is a tariff policy? A tariff policy says if you import thread, the tariff on thread is 10%. If you import a spoon the tariff on spoons is 15%. So, it's a mapping from the fact about the world what is this thing that you're reporting to an action by an agent of mistake. What level of taxation on the value of that are they entitled to and legally obligated in some sense to collect this tax? And again, I am using tax because it is a clear example you know. We have an excise tax. This is the tax on a car, this is the tax on a boat, this is the tax on food, this is the tax on that.

Now what happens when your law exceeds the capability of your organization to enforce the law is that the fact adjusts most of the malfunctions in customs collection. For instance, through misdeclaration. It's not that the customs agents collect bribes and then don't collect the tax but declare

correctly the value and classification of the good. They just reclassify the good into a lower tariff category. They will say the spoon is thread. So, and once, you lost control of the facts so the juridical fact on which the agents are acting is wildly different than the empirical fact on the ground then you lose control of your organization. You can no longer control what the agents do because you have lost control of the facts.

So, when I think about policy implementation, I want to think about policy implementation as having 2 dimensions. There is a robustness of policy implementation. So, imagine and, I am using a military example, which is what an army can do on the parade ground. How accurately your soldiers can shoot on the practice field with no pressure on them? And that's one level of capability-- that's the stress-free capability. But the nature of army is that when they sometimes fight each other and when they fight each other they put stress on the capability of the other organization to inflict damage and often what makes military history interesting is a nonlinear dynamic to the capability of an army. And once the army loses its effective organization it goes from quickly being effective to being a disorganized mob. Wars are never won by killing the opponent's army. Wars are won when the organizational effectiveness of your opponent's army disintegrates. And when it disintegrates it often disintegrates and becomes a mob. So, the conceptual point is the capability of your organization is not an abstract single number. It's a mapping between the stretch you are putting your organization under and its robustness to this stress. So, one can think of what one calls a paper tiger. It is an organization that looks really good on the parade field but actually has no resistance to stress and so collapses immediately when put under stress. Now what is all this got to do? My point is many times when you attempt to induce organizations to enforce the jury and policies and regulations that may have been best practice if they were implemented in the high capability environment, they put your organization under more stress for noncompliance than the organization can resist. And they essentially cause your organization to collapse by losing control of the fact facts. And you lose essentially de facto control of the organization. And you have destroyed state capability by attempting more than it can do.

So, I want to just again conceptually stress two completely different views of in some sense how organizational practices get better. So, say we have this kind of observed relationship between effective practices here's what effective organizations do in practice and the policy is that these organizations are implementing. And we see that high capability countries like Denmark have really effective health practices and achieve high health outcomes and affected health services. Or-- and they do collect enormously impressive fractions of GDP in tax revenue because they have an effective tax agency and then there's a connection between the policy. The policies actually are very sophisticated in terms of attempting to collect revenues and ways that have horizontal and vertical attitude.

Now if you believe that the real question for development purposes is what the off-equilibrium path adjustment dynamics are and produce these different people equilibria in organization effectiveness. Now one belief is that you have simple dynamics such that if you adjust the policy that is gonna create pressure to improve the practices to comply with the policy. So, if you're off equilibrium dynamics and all of you that are PhD in economics had to spend some time, I am presumably thinking about phase spaces and the off-equilibrium dynamics. Mainly if you took macroeconomics. But if it's the case that the dynamics are simple and linear across the entire space, then what you should do is jump as far as you can. As fast as you can. Wherever you can. And that's going to create organizational pressures to improve practices. And you know this is often what people come and they say oh here's the optimal tax, here is the optimal bank regulation, here is optimal regulation of the financial sector, here is the optimal regulation of the environmental, here's the optimal schooling policy to build an effective school. You know let's take a study tour to Finland and learn what Finland does and come back to Pakistan and

do that in Pakistan. So, this is a ubiquitous way of thinking about it and my argument is that I think that way is wrong. I think it's just wrong. It's wrong about what happens. Which is I think there's much more likely to be what I call a narrow corridor. And this is a new book and idea of Acemoglu and Robinson about the narrow corridor of the development of the relationship between the state and civil society. But I want to bring it into the space of policy and practice which is there's a narrow corridor and if I improve policy a little, it might create some stress on organizations. But if I improve policy too much, I actually created negative dynamics with respect to organizational capability. I actually create pressures to destroy organizational capability and my off-equilibrium path dynamic make things worse not better by adopting better policies. So, if I adopt policies that are associated with much higher and better outcomes in other countries that are high capability countries, I will actually worsen my internal conditions rather than improve my conditions.

So best practice can easily be worst practice and the focus should be achievable practice. How do I make my small capability jumps such that I am improving my basic approach to the dynamics of policy and practices? It is good practices that drive good policy not vice versa. So, a capability first says: what are the practices that I can induce my organization to achieve that are going to lead to better outcomes? Once I can achieve those practices pretty broadly, then I can consolidate those practices into the law. Whereas if I jump the law, it creates a trap dynamic. I am skipping this slide again so people can see at their leisure. You create a jump dynamic that creates de facto non-compliance because politically powerful actors buy or manipulate their way out of compliance with the law. By undermining the integrity of the organizations responsible for enforcing it and once that happens you are in a trap.

Because no one wants to relax the law. Because the law is good and has all these wonderful features to it and it is best practice. It is what other countries do. The politically powerful actors aren't affected by the implementation of the law at all. So, they're perfectly happy with a proof of stringent law because it prevents competitors from emerging that could threaten their intrinsic position. Politicians often make money from the differential enforcement of the law hence granting favors to their friends. It's a discretionary thing that is made possible by lack of compliance to the law. And hence you get trapped in a, you get caught in a low capability crappy outcome equilibrium that is very difficult to get out of. That's my second point. That's the very much 'do not' and again the perceived wisdom is completely the opposite.

I am sure Pakistan is visited all the time. And by people who wanna tell you how Finland runs at school. This is how Singapore runs anti-corruption organization. This is you know the tax policy of Denmark. Like no, don't listen to them. Because it potentially sets you on to a dynamic that creates a mismatch between capability and law. And that mismatch can create a negative dynamic from which it is very hard to recover. Final point and I am hoping I am roughly on time. I was going to speak for maybe an hour, is donuts. My argument is and this is more of an argument and less evidence at this stage. Is that organizations are affected from the inside out. If you look at an organization that is effective, it is effective from the core. And what is the core of most effective organizations is a combination of shared purpose to which the organization is committed. And a set of technical practices that the organization believes in. It achieves those purposes and therefore the core of the organization's commitment to purpose and commitment to a set of practices that promote that purpose. Everything else about the organization: the legal, the IT, the human resource policy, the procurement policies, the way they budget, the way they attract finance is driven from the inside out. If all, those things are meant to support the technical core. Now organizations can lose their core and become a donut.

How do they lose the core? Well one of the two ways: either they lose purpose, they lose track of a

common and shared understanding of the purpose of the organization. Either from the inside. People inside the organization overtime just become less committed to its purpose. Or from the outside. It's affected by viruses or parasites that invade the organization and use it for other purposes. Or you could lose actually commitment to the set of technical practices. The people inside the organization can stop believing that what they are doing furthers their purpose. And either of those creates a donut organization. And these donut organizations are particularly in the public sector, where you don't have to continually attract customers and revenue in order to survive. The donut organizations become like zombies. They can survive forever. Losing your core does not necessarily kill the organization. But there are in some sense an empty shell. They are a zombie.

Now if your organization becomes a donut, it is susceptible to hijack. If I have this larger organization and there's really no commemorative one can really answer the question of what the organization's about or what does it do or there is no real commitment to it. Then clientelism, patronage, corruption, malfeasance, rent seeking all of those things to some extent creates a vacuum. Nature hates a donut. And so, if you have an organization that doesn't have the immune system of a core committed purpose, it will be invaded and used for other purposes and this virus will fill the heart of the core and then you know a police force can easily become organized crime. It continues to wear uniform; it continues to look like a police force, but it doesn't have a committed purpose of providing public safety and without that committed core purpose the actions of the people inside the organization become unconstrained by purpose. And then it gets filled by doing something else. So the do not about donuts is that you can't fix a donut without fixing the middle. And again, everything I'm saying I am hoping, it sounds like common sense but it's the same time as a common sense that's violated routinely by practice. So, you have some low functioning public sector organization and people say oh we need to strengthen human resources, so the people hired into this organization are hired strictly on meritocratic basis with respect to some examination-based assessment of their competency to be civil servants. That is just dumb. That is just completely wacky. That is not gonna fix a donut organization. Because you can hire anybody into it but and as soon as they are inside the organization, they are going to be subject to exactly the same nonfeasance malfeasance dynamics of everybody else in the organization.

You cannot fix an organization through you know procurement reform. If you undertake procurement reform where the organization isn't convinced and committed to a purpose, who cares about how you procure things for an organization if you don't say hey if we procure it well, we will do our will. Accomplish our purpose better. You can't drive organizations that are donuts into effectiveness through outside driven best practice reforms in the support services to the organization. So, an outside kind of organizational reform often just produces like what we call the camouflage of isomorphic mimicry. You just pretend to do it. And anybody who has been successful in a dysfunctional organization knows precisely what I'm talking about-- precisely how to do it. You go through the motions of talking to outside, external agents your organization needs for support. You convince them that these organizational reforms that you're undertaking, or international best practice are needed. You go through the motions of implementing those reforms without ever changing the underline nature of the organization. And so, you actually can, you know continue a zombie organization for decades and decades. That's always engaged in reforms. It's never that it's static. It's never that they are denying that they need to reform. You just implement serious activities or reforms with no change in the underlying behavior.

I have lots of examples from the field of education where I work where you know Madhya Pradesh. We just have a recent example of an evaluation of a program in Madhya Pradesh. Every school was to produce a school improvement plan about what is their weakness. What its strengths were? What it

<https://ir.iba.edu.pk/conference-proceedings/1>

was? What was targets for the coming year? They would file the school improvement plan in public, on the Internet with the ministry. That plan would become the basis on which school management and the school inspector. It would cooperate in improving. All of this happened on paper. Every school had a school improvement plan but literally nothing else happened. Literally nothing else happened. Once the school improvement was blue, was concluded and it was filed, and the school improvement plans were reasonably kind of factually based on the conditions of the school. But once it was filed according to the compliance with the program nothing else happened. School changed its behavior. In no ways learning outcomes didn't improve. And of course, learning out firms didn't improve not because the school improvement plans wouldn't have improved learning perhaps how they have been implemented. They just didn't get implemented.

So, the do of donuts is a core part of what we call in our book about Building State Capabilities: the four principles of problem-driven iterative adaptation. Which is when you begin searching for local solutions for local problems and the only part of this, I want to emphasize is that it has to be a locally owned problem. The way one fixes the donut organization is by revivifying the core around a shared understanding of the problem the organization solves this. And if you don't have that nothing else to do is going to matter because effective organizations have become extraordinarily effective at resisting change. If you have a long-term ineffective education system or if you have a long-term ineffective tax collection agency or if you have a long-term corrupt police force. They have maintained that status by being an animal analogy. By being a turtle and having a very hard shell to resist any external attack organizations often have a hard shell around them to where they can easily resist external attack on the organization. So, donut organizations often have a hard shell around them to where they can easily resist external pressures for reform. Hence the only potential way of generating a more effective organization is to get the people inside the organization and their outside supporters to adopt a core problem that is defined, prioritized in which they believe is important for an organization that they want to accomplish. And only then can one talk about acquiring the capability to accomplish it. Talking about an organization's capacity or capability independently of a core commitment to a purpose is just completely ridiculous.

So, I am concluding there. The do's, the do nots and the do's and do nots of donuts. First independently of what your policy is, you should be focused on capability. Can we, do it? How do we do it? How do we gain a more robust and reliable capability of state organizations? Second, do not adopt best practices. Do not, do not look for the best policies. Looking for the best policy independently of where your capability now is, is the perfect recipe to destroy state capability-- not build state capability. Last thing is that donuts and what low capability countries consist of is a large number of public sector organizations that are donuts. That are existing organizations. They have all the trappings of the state organization but in fact have lost a commitment of purpose and commitment to technical practices that accomplish the purpose. And donuts are hard to fix. The key most pressing intellectual challenge in the world maybe in the world today is how do we fix donuts. Now the one way that has been tried to fix donuts is from the outside in but strengthened civil service reform let's strengthen procurement, let's adopt anti-corruption policies, let's it's always a waste of time. But only way to rebuild the dome is from the inside out. How do we engage a dynamic of creating capability and a commitment to core purpose in a set of practices inside the organization and then build the surrounding surface the surrounding service functions around that capability? Thank you very much."

Note: The accompanying slides can be found on the CBER website

Conference Paper Abstracts

Theme 1: Firms, Trade and Globalization

Exports Creation and Diversion: An Analysis of Free Trade Agreements of Pakistan After Adjusting for Exports Misinvoicing

Tehseen Ahmed Qureshi¹

Anwar Shah²

Abstract

This study examines whether free trade agreements (FTAs) of Pakistan have created new exports after adjusting for misinvoicing. We collect trade data for 9 partner countries of Pakistan in FTA and 15 partner countries in most favored nations (MFN). We examine the magnitude of misinvoicing in 91 exports oriented industries. The study finds annual exports overinvoicing of USD283 million and exports underinvoicing of USD209 million from Pakistan. We also find that the magnitude of both misinvoicing is greater with FTA partners as compared to MFN partners. After adjusting for misinvoicing we find that 45 to 51 industries are exports creating, while about 10 to 12 industries are exports diverting. Moreover, 22-33 industries show decline in exports with the FTA partners when adjusted for misinvoicing. The findings show that on average FTAs are beneficial in creating new exports for Pakistan. However, the worth of new exports is very low relative to total exports. The total amount of exports creation ranges between USD351-390 million per annum which is only 1.5 percent of Pakistan's total annual exports. The results of exports creation and diversion are consistent as we found them to be similar in 61 out of 91 industries after adjusting for misinvoicing.

Keywords: Free trade agreements, exports creation, exports diversion, trade misinvoicing

JEL Classifications: F1, F14, F68, K42, H26

Does Aid-for-Trade Enhance Exports of the Recipient Country? A Disaggregate Analysis of Pakistan

Muhammad Shahid Waheed³

Aamir Hussain Siddiqui

Abstract

Although it is recognized that Aid-for-Trade (Aft) is a steadfast source to promote trade and especially exports in developing countries, its usefulness on exports is not completely proven. This work analyzes whether different sub-categories of Aft increase or decreases the Export flows to the Aft-Donor and Non-Donor countries, from Pakistan, using a panel of its top 60 trade partner countries (covers 90% trade flows), by using the random-effect panel Gravity model, over the period 2005 to 2017. The result concludes that overall Aid-for-Trade has negative and significant impact on exports of Pakistan. Only aid received in sectors "Industry, Fishing and Tourism" have significant and positive impacts on the bilateral export of Pakistan. Transport & storage, Communication, Energy, Trade Policy & Regulations, Business & Other services, Banking & Finance, Agriculture, Forestry, Mineral & Resources and Tourism sectors have negative impact on the Bilateral Exports of Pakistan. The total trade flows in term of their Exports are decreased with Aid, side by side, comparatively more to the Non-Donor Countries. So, Aid

¹PhD Scholar, School of Economics, Quaid-i-Azam University. tehseenahmedjamal@gmail.com

²PhD Scholar, School of Economics, Quaid-i-Azam University. anwar@qau.edu.pk

³PhD Scholar, Applied Economics Research Centre, University of Karachi

Donor Countries gets more benefits from Aid-for-Trade program as compared to the Pakistan (the Aid-Recipient Country).

Keywords: Official-development-assistance, aid-for-trade, aid-for-trade initiative, aid effectiveness, pre-conditions for aid effectiveness, categories of Aid for Trade

Does Innovation Affect Firm-level Export Performance? An Empirical Analysis

Muhammad Luqman⁴

Abstract

In the progressively globalized world, firms and nations are ceaselessly endeavoring for competitiveness in international market to increase their export earnings. This study is intended to investigate the effects of different types of innovation— product, process, management and marketing— on margins of exports by using data of manufacturing firms operating in four South Asian countries. The study is based on a simple theoretical model that successfully predicts the effects of innovation on extensive and intensive margins of exports and guides our empirical analyses. We use the probit, fractional response model, and control function approach for endogenous treatment as estimation strategies. The findings of the study uncover that different types of innovation have positive and significant effects on both extensive and intensive margins of exports. Our results are robust to alternative specifications and estimation techniques. These findings suggest that different innovative activities— process, management, and marketing innovation— provide a sustainable, competitive advantage for firms in international market.

Keywords: Globalized world, margins of exports, innovation, endogenous treatment, South Asia

JEL Classifications: F12, F14, F23, O31

Globalization-Inequality Nexus in Developing Countries: Evidence from SAARC Countries

Ayesha Khan⁵
Malik Umair Khan

Abstract

Globalization emerged as a socio-economic phenomenon in late eighteenth century and it affected the income distribution between the countries and within the countries. The literature on globalization and income distribution postulates that international economic freedom might lead to income convergence at global level, however, the proposition of 'global integration causing income equality' is being debated now. This paper examines the impact of globalization on income inequality in SAARC countries using a panel data set of eight countries for the years 2000-2019. It uses KOF index for globalization and SWIID index for income inequality. The estimated model also includes few control variables, it suggests that there is positive and significant link between globalization and income inequality. SAARC countries need to revise their economic policies in order to resolve the issue of rising income inequality.

Theme 2: Economic Uncertainty and Financial Inclusion

Raising Capital Under Economic Uncertainty: An Empirical Investigation

Dawood Ashraf⁶

Mohsin Khawaja

M. Ishaq Bhatti⁷

Abstract

Due to the uncertain geopolitical environment under Covid-19, the demand for debt instruments is rising in the wake of direct intervention by central banks in the capital markets. This paper addresses a timely question, 'how does economic uncertainty affect the decisions of US firms to raise capital?' We use a three-step sequential framework to investigate the binary decision of firms to raise capital, their choice of financing instrument, and the subsequent decision about the volume of financing. The simultaneous equation model helps to remove endogenous selection bias and shows that firms implement the three decisions sequentially. Using a sample of 45,635 firm-year records from 6,834 publicly listed US non-financial firms beginning 2000 to 2018, we find that during periods of high economic and political uncertainty, firms raise capital more frequently with a preference toward debt-based instruments. The results of this study provide empirical evidence that economic policy uncertainty stirs demand for capital, particularly for securities with lower ownership dilution risk. In addition, we find that ownership by institutional investors is associated with a tendency to avoid equity financing, supporting the ownership control hypothesis.

Keywords: economic policy uncertainty, political uncertainty, capital issuance, debt and equity markets, ownership structure, governance mechanisms

JEL Classifications: C54, D81, E41, G32, G34, P16

Do Innovation-Activity and Regional Economic Complexity Lead to Greater Stability of Companies?

Konstantin Grasmik⁸

Abstract

This paper is concerned with firm sustainable development. Does innovation activity stipulate more sustainable development of a firm which means that a firm could resist more successfully to economic crisis? Or innovation-active companies have better performance only in good time but when economic conditions worsen dramatically, they become more vulnerable than non-innovative companies? So, the research question is to analyze how adherence to innovation strategy influences firm sustainability in short-term and mid-term periods. And economic crisis is a good occasion to check validity of a firm strategy.

The aim of this paper is to analyze if innovation activity of individual companies and regions where companies are situated influences its performance. We hypothesize that if a firm is innovation-active it performs worse in short-term period only. In mid-term its performance is the same or better as of

⁶Islamic Research and Training Institute (A member of the Islamic Development Bank Group), Jeddah, Saudi Arabia. dashraf@isdb.org

⁷PhD Scholar in Marketing, La Trobe University, Australia. m.khawaja@latrobe.edu.au

⁸PhD Scholar in Management, Ca' Foscari University of Venice, Italy. konstantin.grasmik@unive.it

non-innovation companies. Also, we test hypotheses on the impact of the regional knowledge–exploitation and knowledge–exploration competences and regional economic complexity on firm development. To test these propositions panel dataset of 227 companies for seven years was compiled. Results indicate that economic crisis influence innovation–active firms harder than non-innovation ones, but the influence is opposite to hypotheses. Innovation–active firms are resilient to the economic crisis in short-term period but perform worse in mid-term. Regional knowledge–exploitation and knowledge–exploration capacities do not influence significantly firm performance but if regional innovation system possesses both competences its impact is significant and positive. Influence of regional economic complexity is ambivalent and depends on the type of model. In models with RE economic complexity of ith region influences negatively and indirect impact of other regions is insignificant. For FE-models results are opposite.

Keywords: organizational innovation, economic crisis, regional innovation system, regional resilience

Income Differentials in the Police and Taxation Department Employees in Peshawar

Sanam Khan⁹

Faisal Jamil

Abstract

The study examines wage–risk relationship among the employees of Police and Excise & Taxation Departments in Peshawar, Pakistan. The city paid the highest price in the countries' war-on-terror with the largest death toll and miseries of inhabitants belonging to all walks of life. Working in police is considered risky whereas, employment in Excise & Taxation department is non-risky. The salary structures are similar in both the Bureaus except for receipts due to facing on-job hazards. Primary data are collected from Peshawar city through structured questionnaires and a Probit risk selection model is estimated for both the organizations to assess the effects of injury compensations and social security packages provided to the employees. Inverse-Mills-Ratio is calculated through the model estimation and incorporated into the hedonic wage models separately for both departments. Inverse-Mills-Ratio is induced to reduce the sample selection bias. Furthermore, Oaxaca-Blinder decomposition analysis is employed for comparing incomes in the departments to find the difference between the incomes of the respondents. The employed methodology enables us to decompose the differential into explained and unexplained parts. The study finds that higher injury compensations and social security packages are provided to employees in risky jobs, which is consistent with the theory.

Keywords: Hedonic wage model, compensating wage differentials, risky job, war-on terror, Pakistan

Financial Inclusion in Sub-Saharan Africa: Pan-African Banks vs Developed Country Banks

Muhammad Hammad Ezad¹⁰

Abstract

Sub-Saharan African economy is moving towards a roadmap of financial integration where many Pan-African banks have established subsidiaries in other African countries. After the financial crisis of 2007/08, major foreign banks from developed countries retreated and that gave room to Pan-African banks to expand their operations in the region. The paper explores if the increase in the share of Pan-African banks, after the financial crisis, has been instrumental in easing out the access to finance for firms as compared to foreign banks from developed countries through a Probit model. The situation of the access to finance is being analyzed before and after the financial crisis of 2007/8. It has been found that Pan-African banks have quite beneficial for the firms where there is a larger share of these banks whereas the developed country banks cater to the borrowing needs of large and well-established firms. For the overall financial stability and development of the economy, access to finance and financial inclusion of firms at all levels would be beneficial for the overall health of the economy. The whole process of financial integration would have its benefits for the region, but it will be associated with risks that need to be catered with proper mechanisms and regulations to protect it from external and internal shocks.

Theme 3: Governance, Finance and Fiscal Policy

Nexus Between Government Effectiveness and Technological Innovation: Empirical Evidence from Cross Countries Panel Data

Waheed Ali

Wen Jun¹¹

Abstract

Literature on relationship between government effectiveness (GE) and economic growth is in bulk; however only a few studies have focused on nexus between GE and technological innovation, among them most of the studies have analyzed the same case for firm level innovation in a single country. While the studies on the link between GE and national technological innovation for cross countries is very limited. Thus, this study aims to investigate the impact of GE on technological innovation for cross countries. We employ OLS, Panel negative binomial and panel quantile regression on a panel data set of 58 economies for 2002 to 2018. The results of the study suggest that effective governance significantly increases national technological innovation in cross countries. Furthermore, the results from various robustness tests and different groups of countries (OECD and Non-OECD) also support our baseline results. The outcomes of this study are important for policymakers in framing better policies for fostering national technological innovation through effective governance.

Keywords: government effectiveness, technological innovation, panel negative binomial, panel quantile regression, panel data

Political Economy of Resources Distribution: Theory and Evidence from Baluchistan, Pakistan

Manzoor Ahmed¹²

Naseer Ahmed¹³

Abstract

The paper aims to critically evaluate the political economy of resources (public sector budgetary resources) distribution in Baluchistan province, Pakistan. The paper examines the overarching influence of “elite capture” – the influences of the chief minister, the cabinet members of provincial government, and senior bureaucrats – in resources distribution during the period of fiscal years 2008-09 to 2018-19. The study applies plausible theory and strong evidence from Baluchistan province. From empirical investigation a balanced panel approach shall be applied using district level data. The preliminary results suggest a strong elite capture and biased interventions in the process of budget making and the allocations of resources/projects to districts, as incumbent politicians and senior career officials at the helm of affairs make disproportionate budgetary allocations of public resources to their home districts or constituencies. The evidence further suggests that districts, which are represented neither in political nor senior officials’ incumbency, receive far lesser budgetary allocations than their proportionate share despite prevailing poor social and economic indicators.

¹¹Xian Jiaotong university, China. talpurwaheed@yahoo.com

¹²Ph.D. in Economics, Government College University, Faculty of Management and Social Sciences Lasbela University, Baluchistan. economist.talpurwaheed@gmail.com

¹³Research Officer, Planning and Development Department, Government of Baluchistan

Such an “unbalanced” and politically motivated resources allocation is bound to create an inter-regions and inter-districts disparity in terms of economic and social development within the province.

Keywords: Political economy, elite capture, distribution of resources, disparity, deprivation

Fiscal Sustainability Challenges in South Asian Countries

Swati Jain¹⁴

Abstract

Government across countries are facing fiscal stress despite of declining interest rates and larger scope for government expansion. According to the IMF (2020) “emergent pandemic has again shifted the focus towards fiscal policy and the need for structural changes in the fiscal policy design. According to the Yicai Global (2020) report, mean social security spending as percent of GDP has remained the lowest in the South Asian countries across all major groups of nations in the world. South Asian countries together spend 0.9 percent of their GDP on social safety nets as compared to the World average of 1.54 and 1.1 of East Asia. Discretionary Fiscal Response for COVID-19 has been around 1.1 to 2.0 percent of GDP in South Asian Countries as against the world mean of above 5 percent. Due to the prevailing economic slowdown, fiscal stress has deteriorated coupled with the social vulnerabilities. For last one decade or so South Asian nations have been focusing on maintain the countercyclical fiscal policy stance due to the rigid fiscal sustainability rules. The present paper aims to analyze the status of fiscal stress and fiscal responses in the seven south Asian countries. the second objective is to analyze the fiscal policy stance through selected structural fiscal indicators. The paper further estimates the impact of fiscal sustainability rules on economic growth and fiscal space in terms of public revenue growth and public debt burden for these countries. The paper uses the panel data set with fixed effect model. An initial panel data analysis reveals that south Asian countries adopt a procyclical fiscal policy and the sustainability indicators are insignificant with respect to economic growth and fiscal space. Alternative if the fiscal sustainability rules are more based on expenditure-based parameters as compared to deficit and debt, there are larger significant impact on fiscal space and economic growth. The paper uses the Fiscal Monitor data set of IMF since 2003.

Keywords: Fiscal policy, fiscal response, fiscal rules, panel estimations, structural parameters.

Theme 4: Labour Market and Career Choices

Micro-econometric Analysis of Private Return and Job Mismatch of the Labor Market: A Case Study of Pakistan

Rabia Kanwal¹⁵
Ambreen Fatima¹⁶
Faisal Sultan Qadri¹⁷

Abstract

The purpose of this study is to highlight the impact of over and under-education (mismatch) in the labor market of Pakistan. In this regard, it is crucial to understand the rate of returns that an individual will receive from investment in education which often leads to over-education or under-education problems prevailing in the labor market. For this purpose, the study will examine and evaluate if a mismatch in the job market exists or not. For analyzing the above-stated objective, data is taken from the Labor Force Survey (LFS) and Pakistan Social and Living Standards Measurement (PSLM) for the time-period 2003-04 to 2014-15, the study has performed the analysis on the disaggregated level. Pseudo Panel approach is employed for estimating the job market mismatch and IRR in context of Pakistan. Findings of this study indicate that the level of overeducation is positively related to the internal rate of return. This shows that when investment in education (on an individual basis) increases, overeducation problem also rises. In context of the prevailing situation, the study suggests, that the government should increase educational expenditure to provide quality education to everyone equally. Secondly, it is necessary to reduce the wage differential from the labor market that is ultimately creating a mismatch problem. Also, the government should evaluate the sectorial demand for labor and connect it with all educational institutions. To make sure that only that number of people will graduate who will be absorbed quickly in any particular field.

Keywords: Pseudo panel, mismatch, overeducation and undereducation, returns to education

Assessment of Labour Market Disruptions in Pakistan due to COVID-19

Umer Khalid¹⁸
Lubna Shahnaz¹⁹

Abstract

The COVID-19 pandemic has gripped the entire world, with more than 90 million cases and 1.95 million fatalities reported up to January 13, 2021. The social and economic effects of COVID-19 have been felt with greater intensity across least developed, developing, and emerging market economies irrespective of their income level Workplace closures have disrupted labour markets around the world, leading to working hour losses estimated at 17.3 per cent, or 495 million Full-Time Equivalent (FTE) jobs, in the second quarter of 2020 (ILO 2020). Lower-middle-income countries were the hardest hit, having experienced an estimated decline in working hours of 23.3 per cent (240 million FTE jobs) in the second

¹⁵M.Phil. Scholar, Applied Economics Research Centre, University of Karachi

¹⁶Associate Professor, Applied Economics Research Centre, University of Karachi

¹⁷Assistant Professor, Applied Economics Research Centre, University of Karachi

¹⁸Research Fellow, Applied Economics Research Centre, Innovation, Development and Education (PRIDE)

¹⁹Labour Economist at Policy Research, Innovation, Development and Education (PRIDE)

quarter of the year. Existing estimates suggest that the pandemic will result in a US\$ 2 trillion shortfalls in global income, halve global growth from to 1.5 percent in 2020 and increase global unemployment by at least 25 million (UNCTAD 2020).

Like other developing countries, Pakistan has also suffered from the adverse effects of economic slowdown brought about by COVID-19. Due to both demand and supply side shocks, the country's economy witnessed a negative growth of 0.38 percent in the outgoing fiscal year 2019-20 (GoP 2020). This was driven by a 2.67 percent, -2.64 percent, and -0.59 percent growth in agricultural, industrial and services sectors respectively; with the lockdown measures imposed during the period March to May 2020 severely impacting economic activity in the last quarter of FY 2019-20. Results from the recently released survey evaluating the socio-economic impact of COVID-19 carried out by the Pakistan Bureau of Statistics (PBS) shows that 27.31 million of the working population aged 10 years and above in the country was affected due to the lockdown measures, with 20.6 million suffering from job losses, in terms of layoffs, forced leaves, reduced volume and hours of work (PBS 2021).

The proposed study would present a first of its kind analysis of the labour market disruptions faced by Pakistan's employed workforce, as a result of the COVID-19 pandemic. The study would make use of microdata from the recently carried out rapid assessment household survey by the PBS, which was conducted during October – November 2020. The employment module of the survey collected information on working population, sector of work/ occupation status and household income, before COVID-19 (January-March 2020), during COVID-19 first wave (April –July 2020) and after COVID-19. This data would enable an analysis of the loss in employment by sector, employment status and occupational grouping as a result of the pandemic, as well as the post lockdown recovery in jobs. In addition, the study would also carry out a multivariate analysis to identify major household socio-economic and demographic characteristics associated with the likelihood of employment loss as well as the factors influencing recovery in employment in the post-lockdown period. The analysis will offer useful policy recommendations for design of policies and programs for increasing labour market flexibility and promoting employment growth in the post-COVID recovery phase.

Career Aspirations of Female Students in Economics: A Case Study of Public Sector Universities in Punjab

Bushra Yasmin²⁰

Sadia Sherbaz²¹

Abstract

In Pakistan women remain grossly underrepresented in top echelons in the field of Economics. Achievement pre-supposes aspiration. Higher aspirations result, generally, in better career outcomes. We intend to explore the determinants of career aspirations among women in Economics, in order to reliably identify hang-ups and barriers to career advancement of Pakistani women in the field. Our study focuses on female university students enrolled in Economics departments in Punjab, Pakistan. We have studied a sample of 415 women to ascertain the factors affecting their career aspirations. The data were collected through structured questionnaire by purposive sampling and the filed survey was conducted in this regard in the months of November 2019 till March, 2020 from the selected public sector universities from South and North Punjab. In this respect we have explored a number of avenues ranging from demographic factors to future plans with the help of descriptive and inferential statistics both. The index of career aspiration was calculated from Gregor and O'Brian (2015) revised

index of career aspirations and Heckman's two-step procedure was applied to control for the potential heterogeneity bias in the sample, followed by the application of bias-adjusted Ordinary Least Square (OLS) for estimating the determinants of career aspirations. The results indicate the effectiveness of socioeconomic status, employment status, male guardian's education and occupational status, availability of a mentor and perceptions about ranking of institute of higher learning in enhancing career aspirations of Pakistani women. While prospective marriage in near future, ambivalence regarding career choice and ascription to traditional gender roles were found to be detrimental for career aspirations. These results are the crucial first step towards identifying the main hurdles in women's achievement in the field of Economics. And hence, this study is a distinguished contribution in the literature of Economics as no such in depth study has been conducted so far in Pakistan for the female students in the field of Economics, to the authors' knowledge.

Keywords: Economics, career aspirations, gender, mentorship

JEL Classifications: Z13, D9, I2

Impact of Parental Occupation on Career Aspirations

Fatimah Shah²²

Zunia Saif Tirmazee²³

Abstract

This paper seeks to identify the relationship between parental occupations and gender-specific career aspirations of undergraduate students. To do this, we conducted surveys with fourth-year undergraduate students in eight universities of Lahore, Pakistan. These surveys have collected data on demographic characteristics, parental occupations, and career aspirations. The results show that a high mother's skill level is associated with higher career aspirations for children especially females. Father's higher skill level has a negative impact on a child's career aspiration, and this does not differ across genders. Furthermore, as career aspirations are determinant of one's career choices and attitude, therefore, the obtained results are beneficial in understanding and analyzing the prevailing gender gap in labor market.

Keywords: Aspirations, career, parents, students, occupation, skill level

Theme 5: Tourism, Culture and Economic Growth

Impact of Pandemic on World Tourism Industry - A Special Reference to India

Rivu Sanyal²⁴
Susmita Banerjee²⁵

Abstract

In the post-World war era, the global economy has never encountered a debacle having equal damaging impact as has been done by COVID-19. The disruption in activities and daily life in most part of the world due to the imposition of lockdown to contain the pandemic contributed heavily towards steep decline in the economic scenario. Tourism which is basically based on travel and communication is obviously one of the sectors worst affected by this pandemic. Tourism is one of the world's major economic sector and simultaneously it is the third largest export sector of global economy. For some countries it is contributing even 20% of GDP and in India it is 6.8%. The pandemic and the imposition of lockdown could reduce the global GDP by 1.5 to 2.8% and simultaneously 100 million direct tourism jobs are at risk. Similar impacts are visible in India also. The objective of our study is to analyze the impact of lockdown on global tourism with a special reference to India. For this purpose, we would do a comparative study of pre and post lockdown period in India and also globally to analyze the impact of pandemic. The variables chosen are contribution of tourism in GDP in India and globally, contribution of tourism in employment generation in India and globally. The study is done graphically, and it is based on secondary data. Also, an attempt has been made to innovate feasible measures to bring back tourism to the state where it was before the pandemic. A revival package by the Government will work as a booster for the industry in the current situation. The less explored domestic tourism utilizing the local resources can be a prominent ray of hope and should be provided its due weightage.

Keywords: Employment, GDP, linkage effect, financial crisis, revenue, domestic tourism, sustainability

Impact of Sports Tourism on Economic Growth of a Developing Nation: A Case Study of India

Muhammad Abdullah Idrees²⁶
Ayesha Khan²⁷
Muhammad Arsalan Khan²⁸

Abstract

Public Transport (PT) modes' availability is a key factor in the decision making of peoples' residential location choice, which derives the mobility decisions and associated cost for commuting and housing. Availability of several public transport modes ensures smooth commuting for the household with greater affordability. However, the access to the urban amenities in term of access to the PT also effect

²⁴Assistant Professor, Department of Economics, Charuchandra College, Kolkata. rivu_ulu@rediffmail.com

²⁵Associate Professor, Department of Economics, Charuchandra College, Kolkata. bsusmita@rediffmail.com

²⁶Lecturer, Faculty of Management Sciences, Indus University, mabdullahidrees@indus.edu.pk

²⁷Lecturer, Faculty of Management Sciences, Indus University, ayesha.khan@indus.edu.pk

²⁸Lecturer, Faculty of Management Sciences, Indus University. m.arsalan@indus.edu.pk

the rent profile of tenants' household. Keeping in view this trade-off, this study analyses the influence of availability of several public transport modes on commuting cost and house rent for tenant's households in Rawalpindi and Islamabad. We collect data from the tenants of twin cities using a structured questionnaire survey. We particularly focus on the tenants' households because the decision-making process of tenants and owners varies, as the tenants do not take into account the future aspects of property value. We have applied the Tobit model to analyze the effect of availability of many public transport modes on commuting cost and house rent for overall sample and city level for tenants of twin cities. Results show that, due to the availability of transport, in the form of the diverse choice of frequent and affordable public transport, the commuting cost is significantly reduced for both cities. Moreover, rent positively associated with the accessibility of more frequent and affordable transport modes. Furthermore, on city level, in Rawalpindi rent is more influenced by the public transport choices available in the areas as compared to Islamabad.

Keywords: Economic Growth, sports tourism, mega sports events, infrastructure investment, India

How Public Transport Modes Availability Affects the Commuting Cost and House Rent of Tenant's Households in Rawalpindi and Islamabad?

Abid Rehman²⁹

Faisal Jamil³⁰

Elisabete A. Silva³¹

Abstract

Public Transport (PT) modes' availability is a key factor in the decision making of peoples' residential location choice, which derives the mobility decisions and associated cost for commuting and housing. Availability of several public transport modes ensures smooth commuting for the household with greater affordability. However, the access to the urban amenities in term of access to the PT also effect the rent profile of tenants' household. Keeping in view this trade-off, this study analyses the influence of availability of several public transport modes on commuting cost and house rent for tenant's households in Rawalpindi and Islamabad. We collect data from the tenants of twin cities using a structured questionnaire survey. We particularly focus on the tenants' households because the decision-making process of tenants and owners varies, as the tenants do not take into account the future aspects of property value. We have applied the Tobit model to analyze the effect of availability of many public transport modes on commuting cost and house rent for overall sample and city level for tenants of twin cities. Results show that, due to the availability of transport, in the form of the diverse choice of frequent and affordable public transport, the commuting cost is significantly reduced for both cities. Moreover, rent positively associated with the accessibility of more frequent and affordable transport modes. Furthermore, on city level, in Rawalpindi rent is more influenced by the public transport choices available in the areas as compared to Islamabad.

Keywords: Commuting cost, modes availability, tenant's residential choice, public transport accessibility

²⁹Department of Economics, National University of Sciences and Technology and Department of Land Economy, University of Cambridge, UK
abid.phd16s3h@s3h.nust.edu.pk

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³¹Department of Land Economy, University of Cambridge, UK

Residents Perceptions Towards the Economic, Socio-Cultural, and Environment of Tourism

Zubaria Andlib³²

Maria Ijaz³³

Abstract

The tourism industry poses both favorable and unfavorable consequences to the local communities of tourist destinations. This study aims to analyze the economic, social, and environmental impacts of tourism on the host community in Nathiagali, district Abbottabad, Pakistan. In this study, we have collected data through structured questionnaires from 200 residents of the selected tourist destination. The study applied factor analysis and probit regression approach for empirical results. It is found that the local community perceives positive and significant economic and social impacts from tourism in the form of job or business opportunities, raising the standard of living and infrastructural development in the area. On the other hand, tourism brings environmental threats including health hazards from air and noise pollution, environmental degradation, and traffic congestion issues for the local community. Based on results, it is recommended that appropriate policies are needed at the government and local level to get maximum benefits from tourism in Nathiagali, Pakistan.

Theme 6: Socio-economic Impact of Covid-19

Role of Social Protection in Fighting Food Insecurity During COVID-19 in Pakistan. A Study Based on Special Survey for Evaluating Socio- Economic Impact on Wellbeing of People

Rabbia Tariq³⁴

Fatima Sadik³⁵

Abstract

Pakistan has entered the global health crisis of COVID-19 with a feeble economy. The real GDP growth is expected to slow by 3%, while the IMF estimates that around 40% of people in Pakistan will be living under the poverty line in the wake of COVID-19 with people living in already vulnerable conditions are worst affected (WFP 2020). Loopstra et al. (2016) suggest that social protection helps to mitigate income shocks, thus is helpful in reducing food insecurity. The objective of this paper is to study the role of cash transfer to households as social protection in mitigating the impact of COVID-19 on food security in Pakistan. The special survey evaluating socio-economic impact of COVID-19 on wellbeing of people conducted by Pakistan Bureau of Statistics (PBS) published in January 2021 will be utilized in this study. The data on food access and cash transfer is utilized on household level for before and during lock down period. The households are matched using propensity scores on the basis of household covariates. The near neighborhood method is used to match and compare treatment and control groups to avoid selection bias (Azeem et al., 2019). The results are expected to show that households with some cash transfers are better-off in terms of food availability and cash transfer has helped households to sustain COVID-19 shock. Moreover, female headed households are more vulnerable than male headed households.

Higher Education in Pakistan During the Pandemic – A Gendered Perspective

Zehra Aftab³⁶

Humna Ahsan³⁷

Fareena Noor Malhi³⁸

Abstract

The online learning set up that was suddenly, and in some cases even forcefully, implemented in the face of COVID-19 lockdown, seems to be here to stay as part of the new post COVID-19 world. The abrupt shift from traditional face-to-face learning to a setup exclusively based on online teaching and learning in a country like Pakistan where the educational system is fragmented along income lines with drastically different levels of technology adaptation led to a variety of experiences/problems for respective institutions. In this paper we mainly focus on the experience of Pakistani college/university students. We conducted an (online) survey of students enrolled in both public and private sector

³⁴Lecturer, Department of Economics, School of Economics & Social Sciences, IBA. rtariq@iba.edu.pk

³⁵Lecturer, Department of Economics, School of Economics & Social Sciences, IBA. fatimasadik@iba.edu.pk

³⁶Faculty Fellow, Department of Economics, American University

³⁷Assistant Professor, Department of Economics, Forman Christian College University

³⁸Assistant Professor, Department of Economics, University of the Punjab

universities across Pakistan, and questioned them on the effectiveness of online teaching and the challenges and concerns they face. There is already evidence that effects of learning from home during school closures varied with household characteristics, such as income, access to a computer, uninterrupted internet connection, and whether there is a quiet place available for the student to do her/his work. We further investigate these trends for young adults and investigate how the online experience differs for girls and boys in a gendered society such as Pakistan.

Keywords: COVID-19, online learning, education, Pakistan, gender

JEL Classifications: I23, I24, J16

The COVID-19 and the Additional Poor: The Projection of Poverty in South Asia Under a Complete Lockdown Scenario

Rabbia Tariq³⁴

Fatima Sadik³⁵

Abstract

One of the economic miracles of the 20th century has been the vast reduction in global poverty since 1990s (Sumner et al., 2020). The Covid-19 has stricken the global economies very harshly. And economists wonder if it has nullified the uplift of the millions of poor since 1990s. The covid-19, with other all issues and problems, has been primarily disastrous to the economy. While the largest economies have suffered, the developing world has been in deep waters as well. It is known that approximately one fourth of the population lives in South Asia. And it is also considered as one of the regions with highest population under poverty and sometimes it owns the population with extreme poverty. This paper examines what damage has Covid-19 caused to the poor living in the South Asia. We use different approaches to the poverty indicators such as poverty headcount rate (The World Bank's standard), poverty gap index and Gini coefficient (Qiang et al., 2018). Furthermore, this study simulates 5%, 10% and 20% hit by the covid-19 in terms of decrease in the per capita income/consumption. We use the country-wise data for the poverty indicators (PovcalNet) of the South Asian economies (Castañeda et al., 2019). PovcalNet covers better data than the poverty data by International Labor Organization (ILO) and international Food Policy Research Institute (IFPRI). With many limitations, this study finds that covid-19 has increased the poverty in South Asia. Some of the major support programs of the economies in the region have also been acknowledged. At the end, we propose some recommendations in light to the findings of the study.

Theme 7: Sustainable Energy and Urbanization

Alternate Energy as a Sustainable Energy Resource in Pakistan

Sassi Bhutto⁴¹

Riaz Ahmed Shaikh⁴²

Riffat Abdul Latif Mughal⁴³

Abstract

The energy crisis of Pakistan is a reality. Researchers have emphasized that renewable energy is the solution for Pakistan's energy problem. This paper in its first part of analysis presents the overview of the potential of alternate energy in Pakistan. It discovers the prospects of nuclear power in Pakistan and use of renewable energy for economic activities. Further, the impact of GDP growth, non-renewable energy consumption and renewable energy consumption has been examined on carbon dioxide (CO₂) emission in Pakistan. The ARDL model was executed, and the results showed that in Pakistan, non-renewable energy consumption has significantly contributed in CO₂ emission which is not a good indicator.

Keywords: Renewable energy, alternate energy, energy crisis, nuclear power, CO₂, macro economy, GDP, Pakistan.

JEL Classifications: O13, Q42, Q43

Do Reward and Reprimand Policies Work in Reducing Electricity Distribution Losses?

Ayesha Ali⁴⁴

Khusrav Gaibulloev⁴⁵

Javed Younas⁴⁶

Abstract

Electricity distribution losses due to theft and non-repayment of bills are costly burden for the power sector in developing countries, leading to significant financial losses and poor service delivery. Using monthly electricity feeder level data, we study the effect of a unique reward and reprimand policy in curbing losses, implemented by the utility serving the city of Karachi in Pakistan. Under this policy, feeders were assigned to very high, high, medium, or low outages, based on average losses in the past twelve months using fixed thresholds to separate the categories. To incentivize loss reduction, the distribution company periodically updated the outage category at the feeder level. We use an instrumental variable and fuzzy regression discontinuity design in which we instrument for actual outages by outages predicted by the policy, to study the effect on within feeder change in losses. Our IV estimates imply that an additional hour of outages reduces average monthly losses and within

⁴¹Officer at Federal Board of Revenue and PhD Scholar, Department of Social Sciences, Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST), Karachi, Pakistan. Email: sassi.bhutto@gmail.com

⁴²Professor/ Dean, Faculty of Social Science & Education Department/ Head of Doctoral Committee, Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST), Karachi, Pakistan.

⁴³Lecturer and PhD Scholar, Department of Management Sciences, Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology (SZABIST), Karachi, Pakistan.

⁴⁴Department of Economics, Lahore University of Management Sciences. ayeshaali@lums.edu.pk

⁴⁵Department of Economics, American University of Sharjah. kgaibulloev@aus.edu

⁴⁶Department of Economics, American University of Sharjah. jyounas@aus.edu

feeder change in losses by 6.6%. The RD estimates show that within feeder losses declined by 3.1% to 4.8%, but the effect is smaller for feeders in high and very high loss areas.

Keywords: Electricity, outages, distribution losses, Pakistan

JEL Classifications: D04, O12, Q48

Wage Gap Among Urban Natives and Rural-Urban Migrants in Pakistan

Muhammad Umair⁴⁷

Lubna Naz⁴⁸

Abstract

Pakistan has a total labor force of 65.5 million in 2019. According to the Labour Force Survey 2017-18, more than one-third of the labor force is working in urban areas, and one-tenth comprises rural-urban migrants. It is evident that rural-urban migration increases labor supply in the urban labor market and consequently causes a reduction in wages, particularly for unskilled and semi-skilled workers. This study makes the first attempt to evaluate the wage gap among urban native and rural-urban migrant workers using a sample of 12,302 workers, comprising 10,793 urban natives and 1,509 rural-urban migrants, extracted from the latest Labour Force Survey, 2017-18. The paper uses exploratory data analysis to explore the economic and socio-demographic characteristics (i.e., age in years, working hours, gender, marital status, education, sector of employment, and occupation) of urban-native and rural-urban migrant workers. It uses Conditional Quantile Regression to examine the wage gaps between urban-native workers and rural-urban migrants. Previous studies have used the Ordinary Least Square to analyze wage gaps across gender, occupation, and sectors in Pakistan. However, the OLS is sensitive to outliers, while Quantile Regression is a robust estimation technique. Preliminary findings indicate substantial differences in the mean wages among the natives and rural-urban migrants in the industrial and services sectors. The native-urban managers earn higher incomes at all percentiles in the distribution. Within-group inequality confirms lower earnings for female workers than the male, irrespective of their migration status. However, the gender wage gap decreases at higher percentiles in both groups. Education offers positive returns for both groups (native and rural-urban migrants) throughout the wage distribution. The uneducated urban-natives earn more than their rural-urban migrant counterparts, while the reverse holds for the educated urban. The results may be used to tailor policies that ensure effective implementation of minimum wages, job security for vulnerable workers such as rural-urban migrants and women, and an equal chance of participation in the skill development programs for all workers.

Keywords: Conditional quantile regression, exploratory data analysis, minimum wages, urban labour market, rural-urban migrant, wage gap

Theme 8: Poverty, Nutrition and Inequality

Determinants of Women Nutritional Inequalities in Pakistan: Regression Based Decomposition Analysis

Nilam Bano⁴⁹

Uzma Iram⁵⁰

Abstract

Globally, the dilemma of malnutrition has become a notable concern for the researchers, academicians, and policy makers because of its severe consequences for many centuries. Having the sensitive stature and health, children especially under the age of 5 are more vulnerable to the poor economic, housing, environmental and other social conditions. Besides confronting economic challenges and political upheavals, Pakistan is also going through from a rough patch in the context of social development. Majority of the children are facing serious health problems in the absence of required nutrition. It is noted that children from the well-off background are less likely affected by the malnutrition. In order to underline this issue, the present study aims to highlight the existing child nutritional inequalities. Moreover, this study strives to decompose those factors that severely affect the existing nutritional inequalities. Pakistan Demographic and Health Survey 2012-13 was employed to assess the relevant indicators of malnutrition such as stunting, wasting, underweight and associated socioeconomic factors. The objectives were executed through the utilization of the relevant empirical techniques. Concentration indices were constructed to measure the nutritional inequalities by utilizing three measures of malnutrition; stunting, wasting and underweight. In addition to it, the decomposition analysis following the logistic regression was made to unfold the determinants that severely affect the nutritional inequalities. The negative values of concentration indices illustrate that children from marginalized background are affected from the malnutrition more than their counter parts who belong from rich households. Furthermore, the result of decomposition analysis indicates that child age, size of child at birth, wealth index, household size, parents' education, mother's health and place of residence are the most contributing factors in the prevalence of existing nutritional inequalities. Considering the result of the study, it is suggested to the policy makers to design policies in a way so that the health sector of Pakistan can stimulate in a productive manner. Increasing the number of effective health awareness programs for mothers would create notable difference. Moreover, the education of the mothers must be concerned by the policy makers as it has significant association with the present research in terms of eradicating the nutritional inequalities among children.

Keywords: Concentration index, decomposition analysis, inequalities, malnutrition, Pakistan

Diluting Impacts of Macroeconomic Shifts on Poverty Graduation Capacities of the Poor

Shaheera Jalil Albasit⁵¹

Dr. Nasir Iqbal⁵²

Samia Liaquat Ali Khan⁵³

Abstract

We examine the impacts of macroeconomic shifts due to the COVID-19 pandemic, exacerbated by locust attacks and recent floods, on the micro economy of poor and ultra-poor households in Pakistan. Using primary data of 423 poor and ultra-poor households in Pakistan, we find that the COVID-19 pandemic resulted in a 59% decline in monthly income, 64% – the sharpest – decline in income of daily wage workers (especially those with no savings or livestock). Further, we find a 10% decline in household expenses (sharpest in KPK), 62% of households reporting ‘huge shock’ to livelihood, 68% women (versus 61% men) reporting adverse impacts on income, 39% households reporting their overall wellbeing being negatively affected, 76% households buying less expensive food, 45% households shifting children to less expensive schools, and 70% households acquiring less expensive healthcare. We use a micro-macro econometric model to simulate the impacts of macroeconomic shifts on poverty, unemployment, and education at a national level. We consider three scenarios: i) no economic recovery; ii) partial economic recovery, and iii) full economic recovery. We find that overall poverty increased from 21.5% in FY19 to 26% in FY20, by 4.5% in urban, and by 4.6% in rural areas during the same period. The poverty rate in FY21 will range from 27.8% to 30.5%, and unemployment range from 8.5% to 9.1%, depending on three economic recovery scenarios. We record a 71% reduction in per capita education expenditures during COVID-19 and estimate that FY20 will have around 1.97 million additional school dropouts. We project that additional school dropouts in FY21 range from 1.65 million to 2.13 million in absolute terms. To dilute the impacts of these macroeconomic shocks on the micro economy of Pakistan’s poor and ultra-poor households and sustain their poverty graduation capacities, we propose micro-level programmatic interventions and macro-level policy interventions.

Nutritional Inequalities Among Under-5 Children: An Analysis of Cross-country and Within-country Hotspots and Cold Spots in the Developing World

Rafi Amir-ud-Din⁵⁴

Sakina Fawad⁵⁵

Lubna Naz⁵⁶

Abstract

Undernutrition of under-five children is a severe public health issue of developing world. Around 45% of deaths among children under five years are linked to undernutrition. According to 2019 global estimates, 21% of under-five children were stunted, 7% were wasted, and 13% were underweight in 2019.

⁵¹Research Specialist, National Poverty Graduation Program at Pakistan Poverty Alleviation Fund

⁵²Dean, Faculty of Social Sciences at Pakistan Institute of Development Economics

⁵³Program Director, National Poverty Graduation Program at Pakistan Poverty Alleviation Fund

⁵⁴Assistant Professor, Department of Economics, COMSATS University Islamabad, Lahore Campus. rafi.amiruddin@cuilahore.edu.pk

⁵⁵Assistant Professor, Department of Economics, COMSATS University Islamabad, Lahore Campus. sakinafawad6@gmail.com

⁵⁶Assistant Professor, Department of Economics, University of Karachi. lubnanaz@uok.edu.pk

However, there are wide disparities in the distribution of undernutrition within countries and across countries. As an illustration, 38% of under-five children in Pakistan are stunted. However, the stunting rate in Islamabad Capital Territory is 24% but 52% in FATA, according to Demographic and Health Surveys (DHS) data. Such disparities in the undernutrition may reflect policy failures or the genetic vulnerabilities of population subgroups. To the best of our knowledge, very few studies have analysed the geography of the undernutrition inequalities among under-five children. We propose to analyse the geographical patterns in child undernutrition in developing countries. First, we shall map the prevalence of undernutrition in the developing world. Secondly, we shall analyse the geographical patterns in the distribution of undernutrition to highlight the localized hotspots (regions with high undernutrition prevalence surrounded by similar other regions), cold spots (regions with low undernutrition prevalence surrounded by similar other regions), and outliers (regions with high undernutrition surrounded by low undernutrition and vice versa showing inequalities in the distribution in undernutrition) using LISA (local indicator of spatial association) technique. Additionally, we shall use Moran's I to find global patterns in the malnutrition. We shall use data from Demographic and Health Surveys (DHS) data from 73 developing countries for our study. One important policy implication of this study is that it will help identify the areas with i) high undernutrition and ii) high nutritional inequalities and help targeted health interventions in the geographical areas with high need population.

Keywords: Undernutrition, stunting, wasting, underweight, LISA, Moran's I

Impact of Social Safety Nets on Poverty Reduction, & Social Well-being: A Case Study of Sindh Province

Jazib Mumtaz⁵⁷

Abstract

Government intervention in form of social protection towards poverty reduction has remained in question around the world. Studying the impact of these initiatives has become very critical in order to understand the effectiveness of these interventions. This will provide answers to some of the questions that social safety net programs have been properly designed or whether it is targeting the vulnerable and poorest of the households. The objective of the study is to assess the impact of social safety nets on the poverty alleviation and wellbeing of households. This study uses cross sectional data of PSLM 2014-15 for the empirical analysis. Poverty is considered as dependent variable whereas, provision of social safety net, literacy, employment, family size, non-agricultural income and agricultural income are used as explanatory variables. Other control variables include gender, age, marital status, rural-urban and district dummies. The empirical analysis is presented in two steps: Descriptive and Inferential analysis. Descriptive analysis includes, frequency tables, cross tabs, bar charts and pie charts by computing mean and median of continuous variables and dichotomous variables. Since the dependent variable is binary, the Probit model has been employed to study its relationship with explanatory variables. The results suggest that higher is the provision of social safety nets, lower will be the probability of being poor. The estimates suggest that one-unit increase in social safety nets will reduce the predicted probability of poverty by 0.2 units if all other variables remain constant at their respective mean. The results are consistent with the international studies of social safety nets by Heltberg and Niels (2009), Honorati et al. (2015), Coudouel and Dickinson (2014), Monchuk (2013), Kjellgren et al. (2014), Silva et al. (2016), and World Bank (2017).

Theme 9: Youth Development and Society

Gender Socialization Among Pakistani Preadolescents and Adolescents

Zehra Aftab⁵⁸

Abstract

The paper aims to learn more about how the lives of enrolled children is different from non-students. Findings show that while girls and boys are substituting unpaid and paid work respectively for the gender-neutral activity of learning, there is no evidence to show that school enrolment changes the patterns of traditional gender roles as girls continue to perform more care work while boys continue not to participate in household maintenance or care activities. Also, public arena remains a heavily masculinized space, and school enrolment status is not associated with increased gender balance in these spaces: Although school enrolment increases time with peers and teachers at school and away from one's own dwelling for both boys and girls, it is not associated with the increased presence of girls in public parks, libraries, community centers and similar locations in the public arena.

Keywords: Education, feminist economics, gender inequality, time-use, gender socialization, social and economic stratification

JEL Classifications: B540, I240, I250, J160, Z130

Public Private Partnerships in Education: Evaluating the Education Management Organizations Program in Sindh, Pakistan

Gul Muhammad Rind⁵⁹

Dhani Bux Shah

Abstract

The focus of this research proposal is to investigate public private partnerships (PPPs) in education, in this instance by evaluating the Educational Management Organizations (EMOs) Program in Sindh, Pakistan. The study will be guided by the following overarching research questions: 1. To what extent, how, and for whom does the PPP mode of education through EMOs improve accessibility to education? 2. How effectively and efficiently do PPPs in education meet the objective of providing/delivering quality education? 3. To what extent and in what ways do PPPs in education address the issue of equity in education? We have chosen the Realist Evaluation approach to answer the research questions and have adopted a mixed method research design. The data collection includes EMOs policy documents, SEMIS and SAT data sets, and students' result sheets. Moreover, semi-structured interviews with the EMO stakeholders will also be conducted. In the data analysis, quantitatively the descriptive analysis and regression model of data sets will be analyzed to examine the SES, gender, and academic achievement differences before and after the EMOs program. Meanwhile, qualitatively the interview transcripts and document reviews will be coded in Context, Mechanism and Outcome (CMO) themes. CMO themes includes the descriptive objectives of the EMOs program, observed outcomes, context, and mechanism. The proposed study may provide an opportunity to policy makers to better understand what works, for whom, in what circumstances and in what respects, relative to these PPPs.

Keywords: PPPs, EMOs, Sindh, Pakistan

As Sacred, as Sustainable: The Normative Dimension of Sustainable Economics

Amana Raquib⁶⁰

Omar Javaid

Gulnaz Anjum

Abstract

The self-esteem, self-image and subsequently self-worth of young consumers all around the globe, are determined by unsustainable consumption habits. This is equally true for Muslim youth who are as vulnerable to the pressure of building their self-image as consumers. This has led to adverse effects on the ecosystem and therefore, goes against the United Nation's sustainable development goals (Goal no. 6,7,11-15). This paper argues that by changing the criterion to gauge and establish their self-image, self-esteem, and self-worth, we can influence the degree of sustainability of the consumption patterns of young Muslim individuals. This would subsequently undo the undue pressure on the ecosystem and reduce the damage. This paper explores how the prevalent criteria of determining self-esteem and self-worth are rooted in unsustainable consumerism, trapping the planet's ecosystem in an ever-expanding vicious cycle of production, consumption, and waste. The paper recommends the Islamic alternative of determining one's self-worth, which then buttresses one's self-confidence and self-esteem. The Islamic concept of self, unlike its modern counterpart, is not dependent on extrinsic factors, such as products and services acquired and consumed by an individual, but on intrinsic factors lying within each individual. Taqwa (God-consciousness and mindfulness leading to virtuosity), Qanaat (contentment with what you already have), Tawakkul (trust in the grace of Allah), Tashakkur (gratitude) and Zuhd (frugality) are key concepts and behavioral tools to bring the required transformation to the consumption patterns of Muslims, especially youth. The paper proposes ways to promote the cultivation of an Islamically informed self that derives its worth from virtuosity. This alternative Islamic self-image is to be shaped through education (both at the religious institutions and conventional universities) and Islamic entrepreneurship. Finally, the policy implications of the transformation are discussed in terms of its impact on sustainable development goals.

Do Pakistani Children Have an Equal Chance? A Study of Inequality of Human Opportunities for Children in Pakistan

Sarah Nizamani⁶¹
Muhmmad Shahid Waheed⁶²

Abstract

For a long time now, economists and researchers have taken keen interest in the inequalities and their effect in the developing countries. The earlier literature primarily focused on income and consumption inequalities, but it was found that in the context of development, it is inequality of opportunities, which matters the most. A strong need was recognized for developing countries and their policy makers to identify the depth of multidimensional issues that are created due to inequality of opportunities. The study aims to measure inequality of opportunities among kids in Pakistan at a provincial level for two micro datasets (2004-2005 and 2014-2015) from Pakistan Social and Living Standards Measurement Survey (PSLM). This decade holds more importance considering decentralization of National Finance Committee Award (NFC) which increased the flow of resources and autonomy to the provinces of Pakistan. The study uses the Human Opportunity Index to measure the access to basic services in the country. In total, seventeen opportunities are chosen to measure from the dimensions of education, health, and infrastructure and are adjusted for inequality caused due to individual circumstances (exogenous factors) of a child. The decomposition of the Dissimilarity index is obtained with Shapely Decomposition. The findings of the study show that access to these basic opportunities is inequitable and low at Pakistan level.

Doctoral Symposium Paper Titles and Authors

S.No.	Title of Paper	Authors
1	Measuring the Trend of Consumption expenditure inequality in Pakistan	Asad Kakar
2	Stock Market, COVID-19 and Oil Price Crash: Evidence from selected OPEC countries.	Shomaila Habib
3	Socio-economic and cultural Impact of Sufi Shrines (A case study of Mithan Kot)	Sarfraz Ahmed
4	Walled City of Lahore Authority-Sustainable Planning for Tourism Development	Mehnaz Rashid
5	Alternative Strategies for Controlling Income Tax Evasion	Muhammad Nadeem Sarwar
6	Regression Based Decomposition of Income Inequality in Sindh	Shujaat Hussain
7	The Impact of Remittances on Total Factor Productivity in Pakistan	Muhammad Shafiq ur Rehman
8	Neuroeconomics of Decision Making and Choice	Muhammad Masood Ahmed Siddiqui
9	Welfare Cost of Inflation in an emerging economy: A case of Pakistan	Sumaira Ghafoor
10	Behavior towards Climate Change - the Case of Karachi	Shagufta Shabbar
11	Energy Mix and Climate Change in Pakistan	Syed Murtaza Nadeem
12	Road Traffic Injuries in Karachi: In search of important lessons and feasible solution	Lucky Bizenjo
13	On the wrong side of the track: The role of Karachi Circular Railway in determining intra-city boundaries	Aneela Kiran
14	Trade Creation and Trade Diversion for Pakistan China Free Trade Agreement (FTA)	Aysha Khatoon
15	Educational-inequality in Baluchistan: A district-level Decomposition analysis.	Muhammad Shahid Waheed

Poster Session Paper Titles and Authors

S.No.	Title of Paper	Authors
1	Does Financial Inclusion Create Tax Revenue for the Government? (A Panel Study on Asian Countries)	Aysha Khatoon
2	Crowd-based Requirement Engineering	Ume Sauda Ghanyani
3	Tourism and Sustainability	Eshal Arooj and Hijab Bano
4	An Economical Profile Study of Machar Colony	Mahnoor Atif
5	Pakistan's Ordeal Against Climate Change	Fasih Zulfiqar
6	Demand Forecasting for Lucky Cement	Muhammad Arsalan Rasheed
7	The Economics of Crime	Syed M. Hasnain Saeed
8	Sustainability of Genetically Modified (GM) crops	Abdul Hakeem and Wajid Ali Shah
9	The Cost of Education	Dania Hassan
10	Impact Of Celebrity-Endorsed Products on Consumer's Purchase Intention	Syeda Hiba Badar

Asian Development Bank Session

Sustainable Economic Development in the Post-Covid Era in Asia and the Pacific

Speaker

Dr. Yasuyuki Sawada

Chief Economist, Asian Development Bank (ADB)

Discussant

Dr. Laila Farooq

Assistant Professor and Director, Center for Business and Economic Research (CBER), Institute of Business Administration

Dr. Sawada discussed the present and future of Asian development in context to the COVID-19 pandemic. His analysis showed that 78 to 162 million people were added to those below the poverty line because of the pandemic (depending on the sub-regional baseline). For developing Asian countries, the economy contracted by 0.2 % in 2020 compared to a growth of 5% in 2019. For Pakistan, the economy contracted by 0.4%, but is expected to expand by 2% in 2021. However, the GDP growth projections within Asian countries are quite diversified, with East Asia faring better than others.

There is a huge opportunity in digitalization to support economic recovery. Asia is a major consumer of global digital platforms. Countries can tap into this potential by prioritizing affordability and access to ICT. It is also important to intensify regional efforts to modernize regulations, broaden e-payment availability, and institutionalize legal reforms.

It is projected that digital platform growth will increase the Asia and Pacific GDP by 6.1% and trade by 6.8% on average per year. The 0.79 Pakistani Digital Platform Penetration Index shows the country's commitment to digitalization could be better.

Despite the setback from COVID-19, developing Asia is set to continue its role as a global growth driver and must take this opportunity to build back by focusing on social protection programs, digitalization, recovery of trade and tourism. ADB's 2030 strategy responds to the regions' changing needs in terms of finance, knowledge, and partnerships support. ADB has seven operational priorities including promoting rural development and food security, strengthening governance and institutional capacity, and gender equality. Pakistan's country partnership strategy 2021-25 framework is around lifting growth, building resilience, and increasing competitiveness. ADB has announced a \$500 million budget for post-COVID 19 support to Pakistan.

Panel Discussion I

Growth and Economic Stability: Challenges and Prospects

Panelists

Dr. Nadeem Ul Haque

Vice Chancellor, Pakistan Institute of Development Economics and Former Deputy Chairman, Planning Commission

Dr. Miftah Ismail

Former Federal Minister for Finance, Revenue, and Economic Affairs

Mr. Sakib Sherani

CEO Macro Economic Insights & Member of the Economic Advisory Council, Government of Pakistan, Islamabad

Mr. Asim Bashir Khan

PhD Scholar, Institute of Business Administration

Moderator

Dr. Asma Hyder

Dean, School of Economics and Social Sciences, Institute of Business Administration

Dr. Adnan Haider

Chairperson, Department of Economics, Institute of Business Administration

Pakistan has had a fiscal deficit of 6% of the GDP across various governments for the last 30 years. Pakistan has an inconsistent economic growth pattern and at present the economic growth has come to a grinding halt. The average saving rate is 12% of GDP as compared to the 30% GDP saving rate in Bangladesh and India. Similarly, the investment GDP rate is 12%. The economic growth and stability is not a priority for the Pakistani nation; hence the investment sector is overlooked, and financial environment is not conducive for savings. All the Asian developing countries that have progressed economically in the last 40 years is due to focus on exports. Currently our exports are 7% as compared to India's 20% and Bangladesh's 18%. To achieve economic stability Pakistan needs to focus on increasing its exports. The tax to GDP is exceptionally low at 9% and the provincial governments are still dependent on vertical fiscal transfers. Major reforms are needed in the collection of taxes. A country without a cogent thought process, lack of research and an aversion to change has an uncertain future and a lot of work in the right direction needs to be done to uplift Pakistan's economy. The state should focus to finance human development. A consensus was also developed on raising farm productivity in Pakistan in order to bring prosperity all over the country as it has the potential of adding billions to the economy, resulting in increased wellbeing of its citizens.

Panel Discussion II with UNDP Pakistan

Human Development and Inequality

Welcome Address

Mr. Knut Ostby

Resident Representative, UNDP Pakistan

Panelists

Dr. S Akbar Zaidi

Executive Director, Institute of Business Administration

Dr. Waqar Masood

Special Assistant to Prime Minister (SAPM) on Revenue, Minister of State and Former Secretary Finance, Government of Pakistan

Dr. Sania Nishtar

Special Assistant to Prime Minister (SAPM) on Social Protection and Poverty Alleviation

Ms. Ayesha Khan

Senior Researcher at Collective for Social Science Research and Author “The Women’s Movement in Pakistan: Activism, Islam and Democracy”

Moderator

Dr. Aasim Sajjad Akhter

Associate Professor of Political Economy, Quaid-e-Azam University, Islamabad

As one of the first countries to pledge its commitment to the 2030 Agenda on the SDGs, Pakistan understands the simple truth that equality is the cornerstone of sustainable development. The Asia-Pacific region has witnessed the steepest rise globally in human development, but at the same time the region continues to grapple with wide-spread, multi-dimensional poverty. Poverty is much easier to address as compared to inequality. All sets of data prior to COVID-19 shows that poverty rate fell remarkably in South Asia, however, what it does not show is that the inequality rate also increased a great deal. So whenever there has been economic growth, rather than development, there has been a rise in inequality. Inclusive growth is mainly about reducing poverty. However, growth should also be focused on women, youth, and rural population so that they can join the race and benefit from the growth. Discussion about the Ehsaas Program emphasized that the program is linked with the theory of change. The creation of a ministry has consolidated all the federal entities, covering the digital infrastructure which helped during the COVID-19 cash roll out. The political involvement of women is essential for reduction in gender inequality in Pakistan. Women politicians and their male allies can better work towards gender equality policies when supported by civil society and strong allies in government bodies.

Panel Discussion III

Urban Resilience and Impact on Utility Services

Panelists

Dr. Noman Ahmed

Dean Faculty of Architecture and Management Sciences, NED, University of Engineering and Technology

Ms. Sadia Dada

Chief Marketing and Communications Officer at K-Electric

Dr. Javed Younas

Professor of Economics at American University of Sharjah and Research Fellow at Centre of Economics Research in Pakistan

MODERATOR

Dr. Khadija Bari

Assistant Professor, Institute of Business Administration

The government services departments are ill-equipped to provide sufficient services to the people of Karachi. The authorities are solely responsible for lack of provision of services resulting in the city's dysfunction in the event of natural disasters. The physical existence of service delivery corridors should be notified to the public and a comprehensive plan needs to be put in place to create awareness about the rights of the consumers and utilities service providers. 75% of Karachi today does not experience load-shedding, adding that the illegal encroachment in the city is leading to safety impairment. Currently the eco-system is not conducive for companies to work optimally and that utility corridors are the need of the hour.

Award recipients of the 1st International Conference on Economics and Sustainable Development

Technical Papers

S.No.	Title of Paper	Authors	Award
1	Do Reward and Reprimand Policies Work in Reducing Electricity Distribution Losses?	Ayesha Ali, Khusrav Gaibullov and Javed Younas	1 st Prize
2	Raising capital under economic uncertainty: an empirical investigation	Mohsin Khuwaja	2 nd Prize
3	How Public Transport Modes Availability Affects the Commuting Cost and House Rent of Tenant's Households in Rawalpindi and Islamabad?	Abid Rehman, Faisal Jamil, Elisabete A. Silva	3 rd prize
4	Political Economy of Resources Distribution: Theory and Evidence from Balochistan, Pakistan	Dr. Manzoor Ahmed	3 rd prize

Doctoral Symposium

S.No.	Title of Paper	Authors	Award
1	Road Traffic Injuries in Karachi: In search of important lessons and feasible solution	Lucky Bizenjo	1 st Prize
2	Regression Based Decomposition of Income Inequality in Sindh	Shujaat Hussain	2 nd Prize
3	The Impact of Remittances on Total Factor Productivity in Pakistan	Muhammad Shafiq ur Rehman	3 rd prize

Poster Presentations

S.No.	Title of Paper	Authors	Award
1	An Economical Profile Study of Machar Colony	Mahnour Atif	1 st Prize
2	Pakistan's Ordeal Against Climate Change	Fasih Zulfiqar	2 nd Prize
3	Impact of Celebrity-Endorsed Products on Consumer's Purchase Intention	Hiba Badar	3 rd prize

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