

The 37th Annual Conference of the
Pakistan Society of Development Economists (PSDE), 2023
November 20-23, 2023 | Multan

Breaking the Aid - Debt Chains

Concept note and Call for Papers

Pakistan Institute of Development Economics (PIDE) is as always pleased to host the 37th Annual General Meeting and Conference of the Pakistan Society of Development Economists (PSDE) on “**Breaking the Aid - Debt Chains**”. The PSDE conference will be held on 20–23rd November 2023, in collaboration with Bahauddin Zakariya University (BZU), Multan.

Facing chronic fiscal issues, continued political uncertainty and persistent inflationary trends, Pakistan is struggling hard to meet its domestic and international financial obligations. With the unprecedented financial crisis and looming sovereign risks, the need to assess Pakistan’s financing constraints and fiscal quagmire is pressing hard like never before. Excessive government spending without long term feasibility assessment and the lacking focus for sustainable funds generation¹ is bound to lead to the financial distress.

The country’s external position is plagued by growing debt, declining reserves, and a deteriorating current account. Despite repeated IMF programs, structural adjustments never completed while the fiscal deficit remains out of control. This year, growth is expected to decline to about 0.4% while the per capita GDP is claimed not to grow for the next two years². Pakistan Government’s debt-to-GDP stands at 66.2 percent (June 2022), whereas the gross public debt stood at 73.3 percent of GDP. This is not only against the spirit of Fiscal Responsibility and Debt Limitation (Amendment) Act-2022, but is also inconsistent with our GDP growth trajectory. Therefore, government’s ability to meet its current and future debt servicing liabilities are important to analyse.

With embedded needs for external funding to finance ballooning trade gap and domestic development agenda, Pakistan have always sought foreign aid. Nevertheless, decades long policy failures has brought Pakistan to a point where practical reforms and policy prioritization is inevitable. Apparently, foreign aid has made us keep looking for external resources and allied solutions rather than taking indigenous policy decisions as per our economic environment. It is though important to highlight that foreign aid plays very important role in bringing the desired social uplift in a globalized world. In wake of climate change response, the recent devastating floods has also added a new dimension of foreign aid w.r.t. internal economic recovery. We, however, need to deliberate as how such international financing is aligned with our domestic growth agenda. The answer to this is in debate for how to put our house in order, find the root cause of debt-overburdening and identify sustainable solutions to our economic issues.

There is also a need to assess government spending by different tiers as well as the revenue realized against the potential at each tier during the last decade, because at the end of the day it

¹ PIDE sludge series explains that excessive regulations and NOCs are discouraging transactions, hence restraining optimal GDP growth

² Pakistan Development Update Spring-2023, The World Bank

is the consolidated fiscal balances that matter. Most importantly, expenditures at the federal level need to be rationalized under the renewed frame of responsibilities while the provincial expenditures (with its broader focus) need to be assessed for its pro-poor nature. Similarly, the local governments, which is one of the fundamental pillar of efficient governance, are lacking continuity hence their optimal functioning is still a question mark. Efficient local government are important especially in the context of achieving SDGs to help social inclusion, build capacities and ensure economic uplift of the local communities (PIDE, 2021).

Similarly, the national conversation has to shift from increasing tax rates to rationalizing the tax policy and fixing tax administration. FBR's estimation of PKR 1.3 trillion potential tax gap suggests a huge weakness in administration as well as in political will to ensure equity. In brief, assessing civil service reforms, rationalizing government footprint, realizing revenue potential, calculating sludge and easing the state of permission economy³, are the important aspects to explore in the context of fiscal discipline and efficiency.

Markets and the enabling support structure for smooth functioning of the economy like the depth of financial sector development and its stability along with financial literacy, access and digitalization are also required to be analysed to find where and what to change. While doing the assessment we shall focus on the functioning of stock exchange for equity financing, e-commerce and job markets. Thus, debate on emerging financial vehicles as well as the transactions and financing for development would help the policy makers to plan better. Reforms for public sector enterprises (PSEs), pension funds & other government liabilities and unrestrained government spending also need to be discussed. An open discussion on above all would help us understand how to ensure fiscal discipline as the most important question remains, "Can we break the Aid-Debt chains and achieve optimal growth; if yes then how?".

The 37th PSDE conference will bring together experts and stakeholders along with attracting research papers from young scholars, to ponder upon all the relevant dimensions and to take forward the debate. The Conference aims to highlight the immediate, medium and long-term policy steps required to break out of this vicious circle of despair⁴. Keeping its tradition alive, PSDE would benefit from its various analysis modes including Keynote Lectures, Panel Discussion, Debates and Research Papers, to deliberate upon, discuss and disseminate solutions that can help Pakistan to grow faster and in a sustainable manner without resorting to quick fixes in the form of debt or aid.

Sub-themes for the 37th Annual PSDE Conference

DEBT MANAGEMENT

- Avoiding debt default
- External debt sustainability
- External debt utilization
- Domestic debt sustainability
- Crowding-out and effect on business activities

³ See www.pide.org.pk for relevant research reports and webinars discussion

⁴ Pakistan needs a sustainable growth rate of around 8 percent over a long period to meet its domestic and international economic and financial obligations (PIDE Reform Agenda, 2020).

- Circular debt
- Debt swaps and debt relief
- Debt management office: assessing the efficacy
- Subnational debts
- Debt and liabilities of Public Sector Enterprises (PSE)

FOREIGN AID

- National priorities and international aspirations: is there a mismatch?
- Natural calamities and international commitments: exploring climate finance
- Foreign aid effectiveness
- Procurement and implementation policies
- Governance and accountability in foreign aid utilization
- Foreign aid and domestic capacities
- Foreign aid, grants and loans conundrum
- Aspiring human capital: how and what to prioritise

FISCAL DISCIPLINE

- Government spending - efficacy and adequateness (public expenditure review of all tiers)
- Budgeting in post-18th amendment environment
- Public Sector Enterprises (PSE): The way forward
- Finding the way out of balance sheet crises
- Tax potential & reforms
- Tax avoidance: what, how and why
- State-oversight or sludge: finding the equilibrium
- Commodity operations vs letting the markets work: finding efficient solution
- Fiscal federalism in post 18th amendment scenario and fiscal responsibility laws
- Public Financial Management Act: implementation issues
- PSDP projects: prioritization, management and utilization of borrowed money
- Rationalizing government footprint
- Realizing revenue potential

FINANCIAL MARKETS

- The support structure: state of financial sector development
- Financial markets sustainability
- Private sector investment vs sovereign debt funding
- External financing gaps and options
- Sovereign risk rating and borrowing constraints
- Role of central banks for treasury functions
- Calculating sludge and easing the state of permission economy

POWER, POLITICS AND PEOPLE

- Electoral reforms
- Local governments and development

- Cities development, economic activity and the issue of dead capital
- Reimagining markets
- Developing markets and making these work
- Political economy
- Nudge, sludge and drive to grow; Where to start from
- Civil service reforms
- Poverty reduction through social mobilization, livelihood development and financial inclusion

OTHERS

- Any other topic deemed important for Pakistan's Development Agenda

Important Dates

Call for Papers	May 03, 2023
Deadline for Submission of Full Papers	September 24, 2023
Notification of Accepted Papers	October 23, 2023
37 th Annual PSDE Conference	November 20-23, 2023

The URL link for abstract submission is: <https://forms.gle/L86ZdX5avA5sULmA9>



For paper submission, please email at: submissions_psde@pide.org.pk

What's New This Year:

1. **Greater emphasis on indigenous research:** Increased number of research papers to be presented
2. **Call for Joint Sessions:** PSDE is open to hold Joint Sessions (Technical, Panel Discussions or Debates) with:
 - a. Local and International Universities
 - b. Government Ministries/Departments/Organizations (Federal & Provincial)
 - c. National and International Non-Government Organizations and
 - d. Development Partners

Note:

- Each submission should identify the Conference theme/sub-theme it is being sent for
- Selected quality papers presented at the conference will be considered for publication in the **Pakistan Development Review (PDR)**
- In case of queries and issues regarding abstract and paper submission, please email at: submissions_psde@pide.org.pk
- All relevant information about the Conference will be available from the PSDE Secretariat and website (www.pide.org.pk/psde).