Gallup Pakistan Analysis of World Bank Enterprise Survey

Infrastructure – World Bank Enterprise Survey 2022

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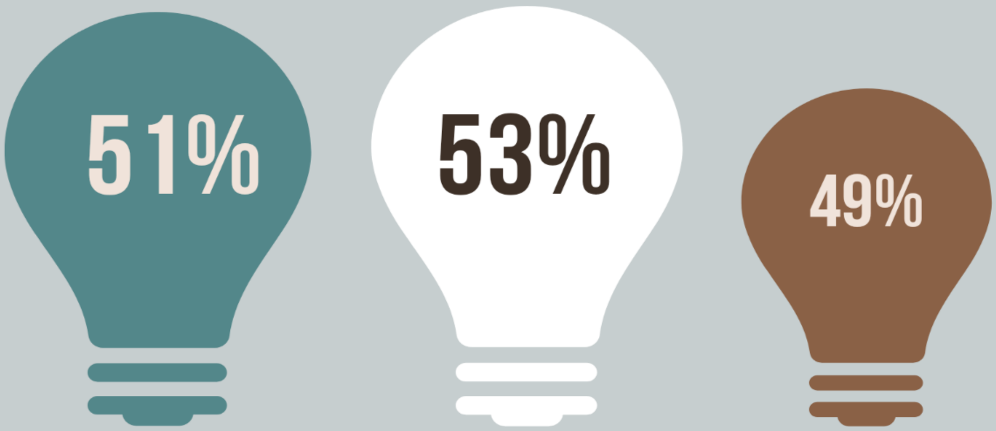


Pakistan South Asia All Countries

Firms in Pakistan experience 22 electrical outages in a typical month, 4 times more than the global average (5).

2.3% firms in Pakistan experience water insufficiencies, nearly six times less than the amount of countries around the world (12%).

25% of Pakistani firms identify transportation as a major constraint; this is more than both South Asian firms (22%) and firms in all countries (18%)

Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

PRESS RELEASE

Gallup Pakistan Analysis of World Bank Enterprise Survey

Although less Pakistani firms experience electrical outages (51%) than those in South Asia (53%), those who suffer outages are worse off than their counterparts in South Asia. –
Infrastructure – World Bank Enterprise Survey 2022

Islamabad, July 18, 2023

Gallup Pakistan, as part of its Big Data Analysis initiative, is looking at Infrastructure (2022). This data is part of a publication by the World Bank called the 'Enterprise Survey 2022'.

The complete Enterprise Survey 2022 is available HERE.

Gallup Pakistan has not conducted the survey work. We are only analyzing the publicly disclosed data and reports provided by World Bank. This is a public service activity done on individual initiative of Gallup Pakistan and not in any way endorsed or commissioned or supported by WB or its agents.

What is the Big Data Analysis Series by Gallup:

Gallup Pakistan's Big Data series was started by Bilal I Gilani, Executive Director of Gallup Pakistan. Bilal explains the rationale of the series: The usual complaint from academics and policy makers is that Pakistan does not have data availability. Pakistan has lots of data, but it is not available in a usable form and not widely accessible. At Gallup we plan to bridge this gap in terms of accessibility and use of data. The Gallup Big Data series has earlier worked with data sets such as PSLM, Labor Force Survey, and Economic Survey reports as well as National Census Reports and Election Commission Data sets. The current series is using the World Bank Enterprise Survey, a periodic compilation which reports facts and perceptions of enterprises and businesses operating in Pakistan. We hope that these series are useful, and we welcome both feedback as well as possible collaborations as we create a public good in the form of useful data sets in Pakistan.

What data points this current edition covers:

This series aims to present the important learnings from the Enterprise Survey 2022 for policy makers, the public, as well as for marketers in an easy and understandable way. In particular, this edition looks at Infrastructure as of 2022. Quality infrastructure efficiently connects firms to markets for inputs, products, and technologies. It reduces the cost of production and enhances the competitiveness of firms in domestic and international markets. The series' main aim is to provide data. Implications of these data points for the development sector as well as wider socio-political ramifications is something we would like to trigger in relevant circles.

Today's topic is "Infrastructure (2022)"

Key Findings:

1. **Number of electrical outages in a month:** Firms in Pakistan experience 22 electrical outages in a typical month, 4 times more than the global average (5).
2. **Percent of firms experiencing water insufficiencies:** 2% firms in Pakistan experience water insufficiencies, nearly six times less than the amount of countries around the world (12%).
3. **Transportation as a major constraint:** 25% of Pakistani firms identify transportation as a major constraint; this is more than both South Asian firms (22%) and firms in all countries (18%).

1. Electrical outages

51% Pakistani firms report facing electrical outages. On average, they experience 22 electrical outages in a typical month, 4 times more than the global average of 5. The percentage of firms facing electrical outages across South Asia and the world in general do not vary too much. More firms in South Asia face electrical outages compared to Pakistan, at 53%, while 49% of the firms in all countries do so.

Figure 1: % of firms facing electrical outages

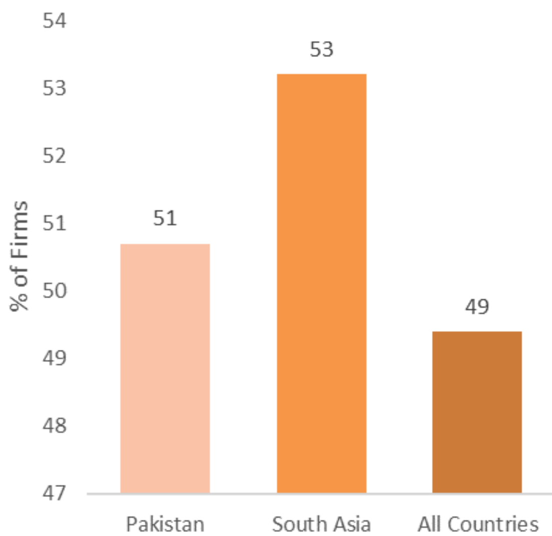
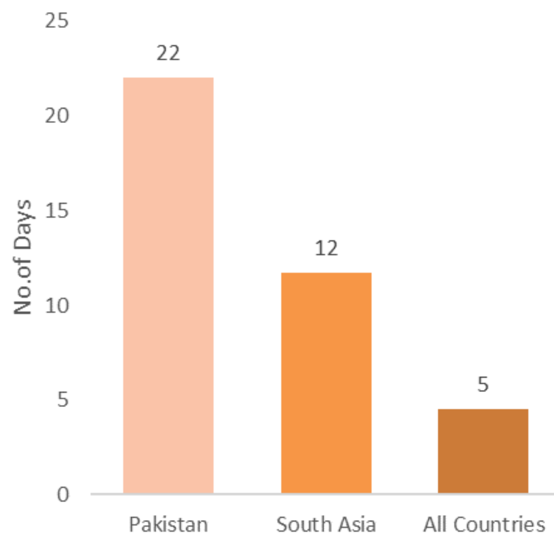


Figure 2: No. of electrical outages in a month

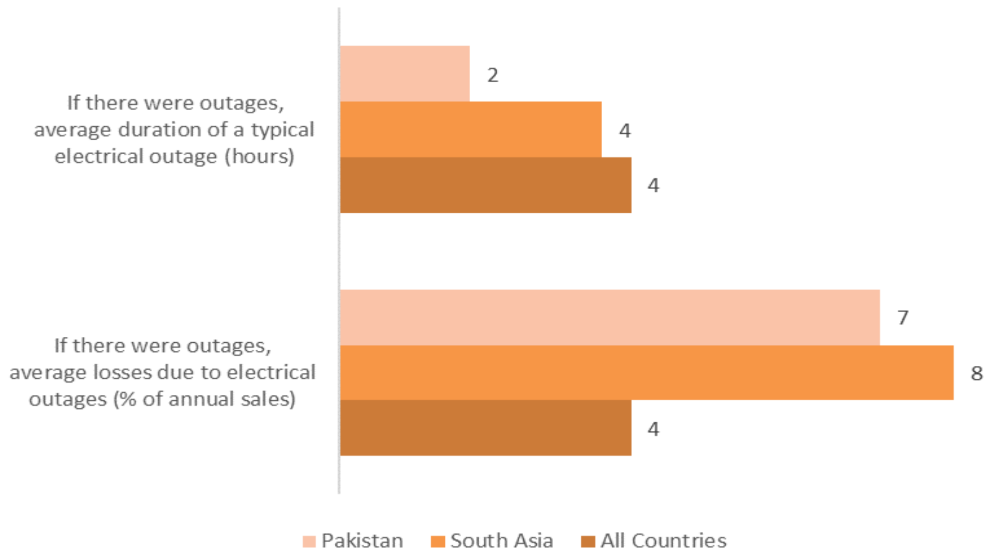


Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

The significant differences arise when looking at the number of electrical outages faced by these firms in a typical month. On average, firms in Pakistan face outages 22 days per month, which is 74% of the entire month. For every day a country across the world faces electrical outages, firms in Pakistan experience outages in four. Even the number of days for South Asia is almost half as low, at 12%.

While the outages were more frequent in Pakistan than in South Asia or the world, a typical outage did not last as long. The average duration of a typical electrical outage in Pakistan was reported to be 2 hours, almost half the time for South Asia and the world, where firms experienced 4 hours of outage every time electricity went out.

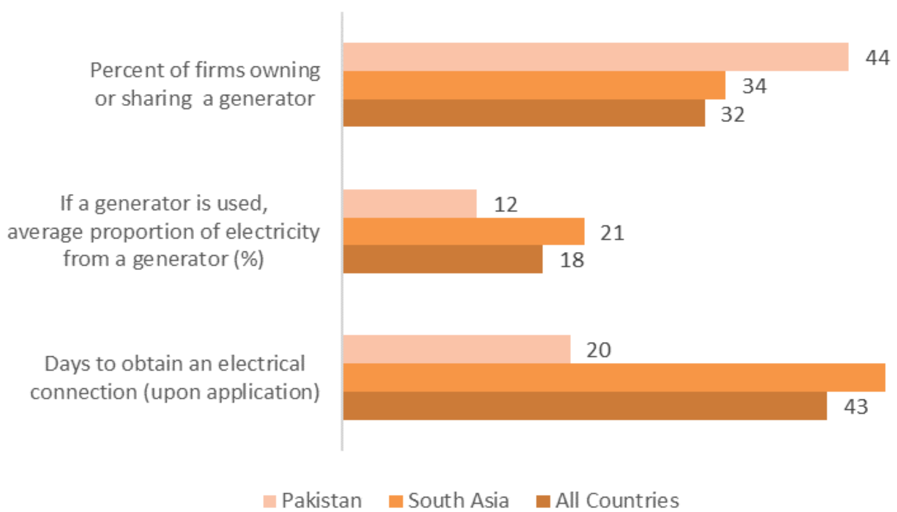
Figure 3: Average losses due to electrical outages (% of annual sales)



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Even though the electrical outages were not long in terms of hours, it is possibly their frequent nature that contributed to 7% of losses in annual sales for Pakistani firms. This number is much lower for the world at 4%. However, South Asian firms in general lost 8% of their annual sales to electrical outages, 1% more than Pakistan.

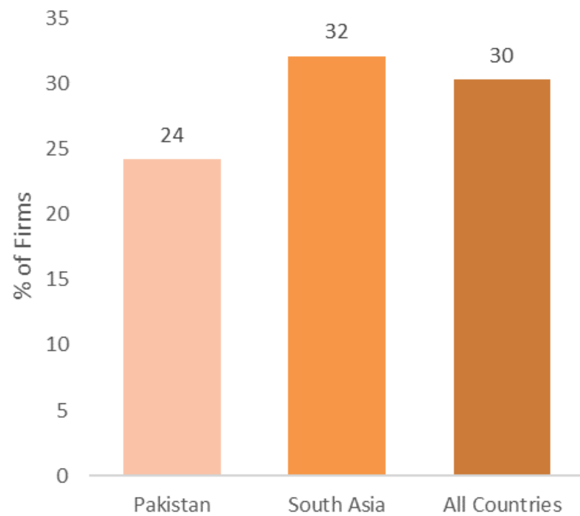
Figure 4: Electrical infrastructure and waiting time for electrical connection



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Perhaps the losses in annual sales due to electrical outages in Pakistan and South Asia are not in proportion to the number of days in a month these outages occur - which is significantly higher for Pakistan - because of the shorter time span of each outage and because 44% of Pakistani firms either own or share a generator, compared to 34% South Asian and 32% firms across the world. The proportion of electricity from a generator for Pakistan is, on the other hand, lower than both South Asia and the world. Only 12% of the electricity is generated through a generator, compared to 21% in South Asia and 18% in the world. The days taken to obtain an electricity connection are also significantly lower for Pakistani firms, less than half the days it takes for South Asian firms and companies around the world. It takes businesses in Pakistan only 20 days to obtain an electricity connection, while South Asian and firms around the world have to wait for 48 and 43 days respectively.

Figure 5: Percent of firms identifying electricity as a major constraint



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

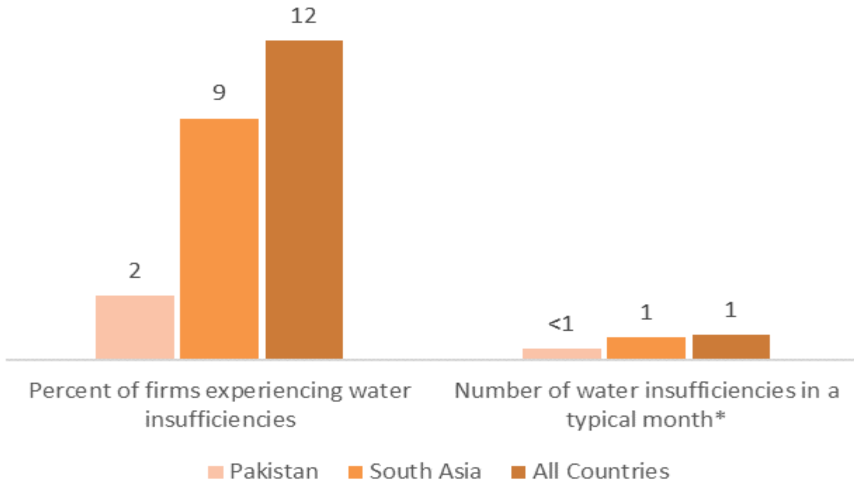
Getting an electrical connection in a smaller number of days and facing electricity outages for fewer hours compared to the rest of the region may be reasons why less firms in Pakistan consider electricity a major constraint (24%), compared to the 32% in South Asia and 30% in all countries. For businesses, especially in the manufacturing industry, access to electricity is vital to ensure efficiency and productivity. It provides a conducive environment for growth and increases business and investor confidence in a country. To enable higher business activity, providence of electricity and frequency of power outages are factors that should be prioritized.

2. Water insufficiencies

2% firms in Pakistan experience water insufficiencies, nearly six times less than the amount of countries around the world (12%). It is also almost 4 times the percentage of South Asian firms that face water inefficiencies. This low figure for Pakistan is also carried forward to the number of water insufficiencies in a typical month, which is less than 1 day per month on average, compared to the one day for South Asia and the world.

This implies that the water supply to industries in Pakistan is more reliable compared to the region and the world as a whole. Availability of water is especially useful for the manufacturing sector where water is used for various processes and is an essential part of the production process.

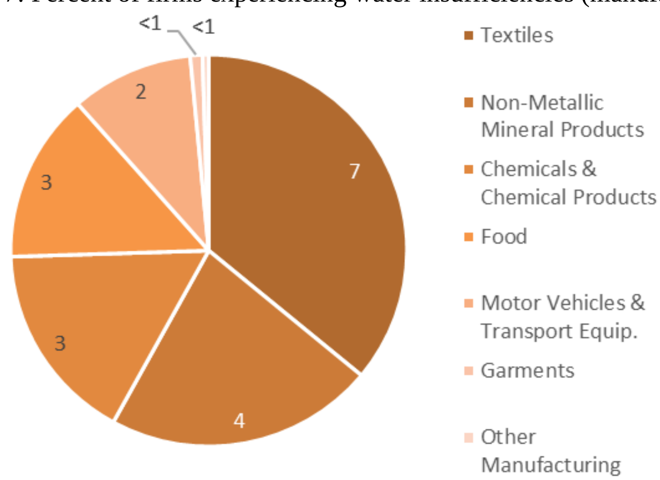
Figure 6: Water infrastructure



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Within the manufacturing sector, however, there is a wide distribution of the proportion of firms experiencing water insufficiencies. The most number of firms that report water problems are from the textile industry, at 7%. They are followed by non-metallic mineral products at 4% and chemical and chemical products, along with the food industry, at 3%. It should be noted that the textile, mineral and chemical industries use a large quantity of water in their operations. To ensure that they are carried out uninterrupted, water provision is an important factor.

Figure 7: Percent of firms experiencing water insufficiencies (manufacturing)

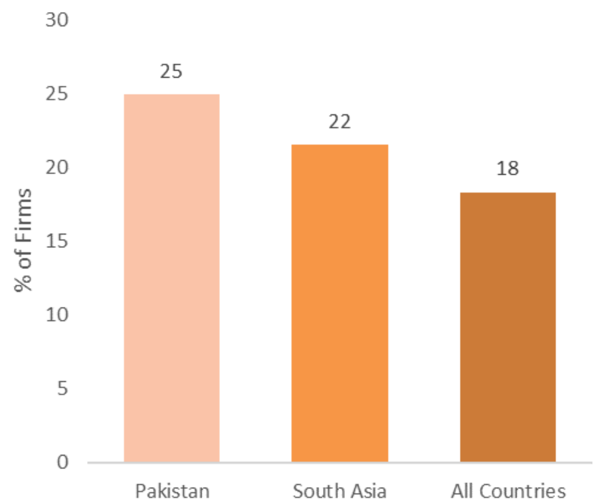


Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

3. Transportation as a major constraint

25% of Pakistani firms identify transportation as a major constraint; this is more than both South Asian firms (22%) and firms in all countries (18%). This could be indicative of the roads across the country and the transportation system in general.

Figure 8: Percent of firms identifying transportation as a major constraint



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

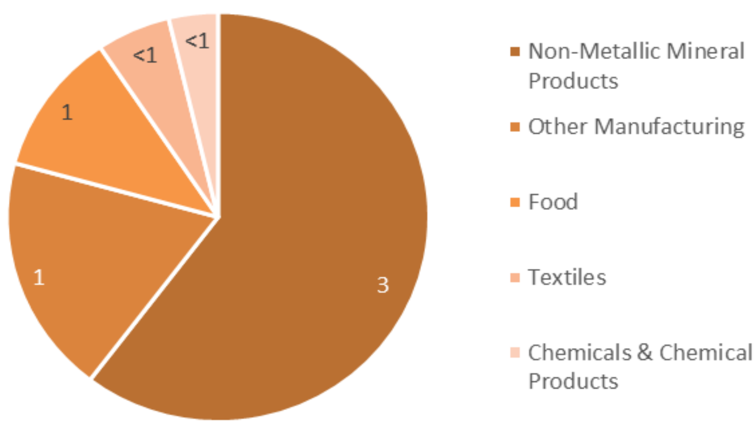
Another factor contributing to firms identifying transportation as a major constraint could be the proportion of products that are lost to breakage or spoilage to domestic markets, which is 1% for Pakistani firms, 2% for South Asian firms, and 1% for the world as a whole. The proportion being lower than South Asian firms could be a positive indication if it is low because of a better laid transportation network.

Figure 9: Proportion of products lost to breakage or spoilage during shipping to domestic markets (%)

Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Even though the proportion of products lost to breakage are only 1%, a breakdown of the manufacturing sector, the sector that mostly ships products to domestic markets and those abroad, reveals that a major chunk of the problem lies within the non-metallic mineral product industry, with 3% of their products breaking or getting spoiled during transportation. For the rest of the industries in the manufacturing sector, the proportion is 1% or less. However, it is important to note that minerals are a non-renewable resource and their extraction inflicts serious harm to the environment as well. Breakage of such products could have spillover effects.

Figure 10: Proportion of products lost to breakage or spoilage during shipping to domestic markets (%) - Manufacturing sector breakdown



Source: World Bank Enterprise Survey; analyzed by Gallup Pakistan

Wish to Contribute to Gallup Big Data Analysis?

Gallup Pakistan is looking for collaboration with researchers to expand the Big Data Analysis project. If you have any ideas, please write to Bilal I Gilani, Project Director, Big Data Analysis at Gallup Pakistan.

Wish to know more about the Enterprise Survey 2022?

The Enterprise Surveys (ES) focus on many aspects of the business environment. These factors can be accommodating or constraining for firms and play an important role in whether an economy's private sector will thrive or not. An accommodating business environment is one that encourages firms to operate efficiently. Such conditions strengthen incentives for firms to innovate and to increase productivity — key factors for sustainable development. A more productive private sector, in turn, expands employment and contributes taxes necessary for public investment in health, education, and other services. Questions contained in the ES aim at covering most of the topics mentioned above. The topics include infrastructure, trade, finance, regulations, taxes and business licensing, corruption, crime and informality, access to finance, innovation, labor, and perceptions about obstacles to doing business.

The ES are repeated approximately every four years for a particular economy (or region). By tracking changes in the business environment, policymakers and researchers can look at the effects of policy and regulatory reforms on firm performance. Repeated surveys aid in studying the evolution of the business environment and how it affects the dynamics of the private sector.

You can find more information on the Enterprise Survey, and complete tables, on

www.worldbank.org

Or visit:

Enterprise Surveys 2022

Disclaimer: *The views and inferences expressed in the article are that of the author himself and Gallup Pakistan does not take any responsibility in this regard. This series, and many such initiatives, are internally funded by Gallup Pakistan and Gilani Research Foundation. No outside country or local funding has been received for this current activity.*

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PAKISTAN
Affiliated with Gallup International
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Contact Details:
Email: isb@gallup.com.pk
www.gallup.com.pk