

**Event Report: Friends of International Growth Centre Pakistan Meeting  
December 14, 2011  
Islamabad**

**Background & Agenda**

A Friends of IGC Pakistan meeting was organized alongside the annual conference of the Pakistan Institute of Development Economics (PIDE) in Islamabad on the 14<sup>th</sup> of December, 2011. The meeting was preceded by a dinner lecture on the 13<sup>th</sup> of December, hosted by IGC Pakistan in collaboration with PIDE. Dr. Surjit Singh Bhalla, Chairman Oxus Investments, was invited as the keynote speaker. His talk highlighted the lack of evidence based policymaking in South Asia, especially India.

This event was timed to coincide with the conference to leverage the presence of researchers, academics and policymakers that were attending the PIDE event. Main objective was to introduce IGC and showcase on-going research to create interest within research circles.

Agenda for the Friends meeting was:

Topic	Speaker
Introduction to the IGC	Ijaz Nabi, <i>Country Director, IGC Pakistan &amp; Professor of Economic, LUMS</i>
Overview of IGC's research programme & Property Tax Experiment in Punjab: Testing the role of wages, incentives and audit on tax inspectors' behaviour	Asim Khwaja, <i>Lead Academic IGC Pakistan &amp; Professor of Public Policy, Harvard Kennedy School</i>
	Imran Rasul, <i>Research Director Human Capital Research Programme, IGC &amp; Professor of Economics, UCL</i>
Political Violence in Pakistan: Understanding Sub national Patterns	Jacob Shapiro, <i>Assistant Professor, Princeton University</i>
Developing a DSGE Model for Monetary Policy Analysis in Pakistan	Hamza Malik, <i>Director Monetary Policy Department, State Bank of Pakistan</i>
Spillovers in Technology Adoption: Evidence from a Randomized Experiment in Pakistan	Azam Chaudhry, <i>Dean, Lahore School of Economics</i>
Exploiting inter-school variation in test scores to improve quality of public schools	Farooq Naseer, <i>Assistant Professor, Lahore University of Management Sciences</i>
Monitoring the Monitors: Using ICT to reduce corruption in Punjab	Saad Gulzar & Yasir Khan, <i>In-Country Economists, IGC Pakistan</i>
Short term policy projects by IGC Pakistan & closing remarks	Naved Hamid, <i>Resident Country Director, IGC Pakistan &amp; Director, CREP Lahore School of Economics</i>
Open Discussion/Q&A	

## Meeting Highlights

### ***Introduction by Dr Ijaz Nabi, Country Director, IGC Pakistan***

Dr Ijaz Nabi, Country Director, IGC Pakistan, gave an introduction of IGC and its burgeoning programme in Pakistan since 2009. He discussed the challenges faced by the country leadership team in establishing world-class research on Pakistan, stressing in particular initial hesitation of academics to visit Pakistan due to the security situation. Despite these challenges however, the programme has developed very well and some of the research conducted under its ambit was discussed further in the session.

In addition to the above, the participants were made aware of the dual engagement strategy of IGC Pakistan: rapid response and academic research programme. As an illustration of the kind of work completed under rapid response, Dr. Nabi discussed IGC's support of the Planning Commission's New Growth Strategy, including working on Trade policy and public sector investment programme reform.

### ***IGC Academic Research Programme Overview by Asim Khwaja (co-Lead Academic)***

Professor Asim Khwaja began by stressing the need to create excitement on research in Pakistan, suggesting that developing countries must invest particularly heavily in evidence-based policy formulation. This has been the central goal of IGC's work in Pakistan. The challenge in this process has been access to policymakers and decision takers in the government who are instrumental in driving the policy process toward a more rigorous process of research based decision making. Dr. Khwaja discussed how IGC has been able to link research to policy makers with considerable success. An example of this is the on-going project on designing incentives for tax inspectors in Punjab where the researchers and government work closely. The academic programme, managed by himself along with Dr. Ali Cheema (LUMS), has successfully initiated a number of research projects, some of which were shared by their respective principal investigators subsequently.

## **Presentations by Principal Investigators**

### *Imran Rasul, University College London, Research Director Human Capital Research Programme*

Dr. Rasul spoke briefly on his research project in the south of Punjab where he is evaluating the impact of a set of livestock related interventions that aim to reduce poverty in the poorest districts of Punjab. He described his interest in collaborating with others in Pakistan, specifically on research related to livestock, labour economics and education.

### *Jacob Shapiro, Princeton University*

Dr. Shapiro presented his on-going research on political violence in Pakistan. He presented preliminary patterns emerging from an incidence-level database that he has built with colleagues. He pointed out that the standard discourse in this area is absent of systematic data that can help policy makers understand which parts of Pakistan are most violent and what reasons. By using a team of RAs based in Lahore and Chicago, he and his team coded each incident of political violence since 1988 using newspaper evidence from Dawn and Jang. While Dr. Shapiro presented some patterns in the data during this presentation using maps and charts, his central argument related to the need to report political violence data in a systematic fashion. Only if we understand reasons for political violence, will we be able to empirically test its impact on economic growth.

*Azam Chaudhry, Lahore School of Economics*

Dr. Chaudhry reported on his on-going project (in collaboration with professors at Colombia and Yale) that will study spillovers in technology adoption in Sialkot's soccer ball industry. By working closely with the Sialkot Chamber of Commerce, the research team is studying how a cost-reducing technology intervention spreads to control firms and through what channels. Using results from this experiment, the department of Industries, Punjab will be in a better position to evaluate the merits of 'big-push' policies and their usefulness.

*Farooq Naseer, Lahore University of Management Sciences*

Public schools cater to major chunk of population of school going children. Over 60 per cent of primary schools go to public schools. Though quality of education is low on average, if one looks at variance within schools there are high performing schools that are at par with private schools. This variation within public school provides an opportunity for peer learning. Directorate of staff development has been decentralizing teacher training programs. A new program "Continuous Professional Development" has been launched at district level by forming cluster of schools and appointing a teacher educator to each cluster. Dr. Farooq is interested in answering research questions such as: what do teachers perceive to be the advantage of creating a workspace that encourages interaction across the cluster, can we use data to design these activities and which interventions teachers etc are the most effective.

*Hamza Malik, State Bank of Pakistan*

In addition to micro-level research, IGC Pakistan is also supporting macro-level work such as this project by Dr. Hamza Malik and Dr. Ehsan Choudhry (Carleton University) which aims to develop a Dynamic Stochastic General Equilibrium Model for monetary policy analysis in Pakistan. Dr. Malik pointed out that practical issues that the central bank faces today include persistent inflation, significant drop in credit to private sector and a whopping jump in lending to the government from the central bank as well as commercial banks, low investment rates and stagnant growth. Recent literature as well as analysts in Pakistan have raised doubts about the role of money in inflation compared to supply side drivers (such as food and fuel prices) thus this model will help understand the role of monetary policy in inflation – "does money matter?" He clarified that undertaking this exercise does not mean that we are making a case for inflation targeting. The idea is to create a model that can incorporate practical challenges such as lack of setting targets for inflation by the government or operational independence of the central bank.

*Saad Gulzar and Yasir Khan, IGC*

This project is testing whether ICTs can be used to reduce collusion between monitors and the health staff. And then see whether this has impact on health outcomes. The benefits of this project is that it is proposing a solution which is cheap, scalable, fits into existing monitoring system and improves upon it. The project will answer questions about absenteeism of health workers but also some political economy questions.

## **Open Discussion**

Meeting participants appreciated the work that IGC was doing. It was suggested that the work needs to be scaled up in terms of engaging more academic institutions and provinces in the scope. This is a great opportunity to create linkages between local researchers and international academics.

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