

IGC Pakistan Country Strategy for Phase II

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IGC Pakistan Phase II: *Recent Developments*

- Impact of the 2013 Elections
 - Contestability
 - Consensus on policy reform
 - Demand for evidence based policy research
 - Punjab
 - Continuation of strong relationship with policy makers
 - Majority party in the Federal government
 - Policy traction in important areas (e.g. Garments Study)
 - Khyber Pukhtunkhwa (KP)
 - Not led by regional party with centrifugal tendencies
 - Keen for IGC support (e.g. Economic Strategy for Growth)
 - Sindh
 - Again not led by regional party
 - Govt. already aware of IGC work in key policy areas
 - Keen to adapt IGC findings from earlier work (e.g. property tax, skills dev.)

IGC Pakistan Phase II: *Recent Developments*

- Engagement at Subnational Level
 - Critical to have regional strategies/approach
 - Devolution of functions to the provincial level
 - Continued engagement at federal level on macroeconomic issues

IGC Pakistan Phase II: *Areas of Focus*

- **Macroeconomic/ Growth**
 - Continued engagement on fiscal and monetary issues (e.g. Pak-India trade, Forecasting at State Bank, KP Economic Report)
- **State Capabilities**
 - Continued engagement to enhance state capacity (e.g. Security, Law & order, Accountability reform, tax reform, use of ICT)
- **Firm Capabilities**
 - Continued to work towards firm competitiveness, focus will be on linking productivity to organizational development and innovation, expanding garments sector etc

IGC Pakistan Phase II: *Areas of Focus*

- Urbanization and Infrastructure Development
 - Network with key specialists, academics and practitioners
 - Identifying implications of mega infrastructure projects on the economy, impact of rapid urbanization on rural poverty
 - Deepen focus on municipal governance, property rights and regulatory issues

IGC Pakistan Phase II: *Policy Impact of Phase I*

- Engagement with policy makers and institutions
 - Engagement at the highest level e.g. CM Punjab, FM Federal, Chairman FBR
 - Work on taxation with Federal and Provincial government
 - Support to State Bank to develop DSGE model for forecasting
- Evidence of direct impact on policy
 - Work on accountability in government service delivery e.g. Monitoring the Monitors in Health Sector
 - Improve taxation through realigning incentives to the tax collectors
 - Reform strategy for garments manufacturing

IGC Pakistan Phase II: *Policy Impact of Phase I*

- Identifying new areas of policy research
 - Supporting work in new areas such as expanding formal banking system to small farmers
- Partnership with private sector
 - Study on contracting labor in fan manufacturing sector
 - Innovation and adoption of new technology in soccer ball manufacturing
 - Annual reports for Pakistan Business Council

Research in Phase II

