

Working paper

Consortium for Development Policy Research

Phase II

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Project Completion Report – Consortium for Development Policy Research (Phase II)

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The Consortium for Development Policy Research (CDPR) is an association of independent researchers/policy advisors based in Pakistan. It aims to consolidate resources and promote cutting-edge research to stimulate evidence-based debate on key policy issues. Its participating organizations include the International Growth Centre (IGC), Center for Economic Research Pakistan (CERP), the Institute of Development and Economic Alternatives (IDEAS). The Consortium's policy advocacy is carried out via engagement with policymakers, media and other stakeholders using multiple avenues such as workshops, dialogues, seminars, web based materials and regularly published high-quality policy briefs. CDPR is also building capacity as a reservoir of research materials (reports, papers, books, data) on key policy areas relevant to Pakistan.

In 2014-15, the Consortium for Development Policy Research entered its 2nd year with the aim to widen its reach amongst policy makers, donors as well as researchers. This was accomplished in the following ways:

The CDPR website was completely revamped to make it more user friendly and in line with the themes that CDPR planned to work under. These themes include:

- i. Health
- ii. Education
- iii. Taxation
- iv. Firm Capabilities
- v. Governance
- vi. Inclusive Growth

The objective of the website was to not only update CDPR's stakeholders with its latest work and events but also to make it a comprehensive database for resources relevant to its themes. Thus, the website has links to all major data sources as well as links to all relevant research, which is categorized under each theme. This allows any researcher to easily access all pertinent information. The website also has a section on 'News and Views' which features articles written by CDPR Board members and Fellows on economic affairs. CDPR has further started a regular email bulletin, which disseminates these articles and policy briefs to its stakeholders and promotes CDPR.

CDPR also continued collaborating with its affiliates International Growth Centre (IGC), Center for Economic Research Pakistan (CERP), the Institute of Development and Economic Alternatives (IDEAS). It collected research outputs from these organizations and translated them into high quality policy notes and briefs. These policy briefs were based on completed projects undertaken by member organizations, and were then modified and adopted for local readers and policy makers. Each brief was co-branded by CDPR and the respective member organization. In total 12 new policy briefs were published and disseminated to policy makers,

media and local researchers. They covered the themes of taxation, education, inclusive growth and firm capabilities. The list of publications include:

- Taxation Crisis In Pakistan
- Personal and Corporate Income Tax in Pakistan
- Reforming Urban Property Tax in Punjab
- Agricultural Income Tax in Punjab
- General Sales Tax: Sailing Ahead But...
- Khyber Pakhtunkhwa Revenue Mobilization
- Punjab Growth Strategy 2018 - Accelerating Economic and Social Growth in Punjab
- Reclaiming Prosperity in Khyber-Pakhtunkhwa
- The Textiles and Garments Sector: Moving Up the Value Chain
- Metropolitan Lahore – Economic Geography, Labor Markets and Growth
- Interaction of Labour Law and Economic Growth- Case Study of Sheikhupura, Pakistan
- Teacher and Administrative Staff Incentives for Improved Learning In Khyber Pakhtunkhwa (KPK)

More importantly they were uploaded on to the website for maximum dissemination. Policy makers and media were also encouraged to consult these policy briefs while writing or deciding about a policy issue. Moreover, CDPR also expanded its project portfolio by working with Adam Smith International (ASI), thereby building a relationship with a potential affiliate. The World Bank too has expressed interest in working with CDPR on projects, which would potentially lead to more quality output for CDPR.

CDPR with the IGC and in partnership with CERP and the IDEAS, held a Seminar on “Improving Public Service Delivery in Pakistan” in Islamabad. It brought together 150 participants including researchers, policymakers and donors to discuss implications of current research on issues central to public service delivery particularly health, education and fiscal reform. Prominent speakers and panelists included:

- Mr. Ahsan Iqbal (Federal Minister for Planning, Development and Reform)
- Mr. Hassan Nawaz Tarrar (Federal Secretary for Planning, Development and Reform)
- Richard Montgomery (head of DFID-Pakistan)
- Dr. Babar Shaikh (Director Health of Aga Khan Foundation)
- Saira Afzal Tarrar (Federal Minister of Health)
- Mr. Afzal Latif (Education Secretary, KP)
- Ms. Scherezad Latif (World Bank)
- Mr. Atif Khan (Minister Education, KP)
- Mr. Asad Umer (PTI)
- Mr. Tariq Bajwa (Chairman FBR)
- Dr. Michael Best (Stanford University)

- Dr. Adnan Qadir Khan (Research Director, IGC)

The discussion and presentations were based on cutting-edge research, which CDPR affiliates have conducted based on specific demands of policymakers in the Federal and Provincial Governments. This seminar was particularly useful for all policymakers, donors, academics and others interested in public service delivery issues. It not only introduced CDPR in Islamabad but also served to disseminate its research. Furthermore, it also garnered attention in the media, which promoted CDPR and its affiliates. As a follow-up, CDPR policy briefs were also disseminated via mail to the guests and various other stakeholders in Lahore and Karachi. This further promoted the work CDPR is conducting. (See Annex A for Event Report)

Under the CDPR umbrella, IDEAS, IGC and CERP organized a talk, with renowned Bengali health care strategist, Dr. Zafrullah Chowdhury on his groundbreaking reform work in Bangladesh. The talk was chaired by CDPR Board Member, Dr. Anjum Nasim and attended by Mr. Aizaz Akhtar, Chief Minister's Special Monitoring Unit, Government of Punjab. Members of Dr. Zafrullah's team, who were visiting Pakistan to collaborate with the Government of Punjab on healthcare interventions, were also present. The talk was targeted at researchers who could benefit from Dr. Zafrullah's expertise on primary healthcare. (See Annex B for Event Report)

Moreover, CDPR has also invited renowned researchers and policy experts as CDPR Fellows who would participate in CDPR activities and contribute to its development. CDPR currently has 8 fellows and plans to expand the list further. Following are the current CDPR Fellows:

- Dr. Rashid Aziz
- Dr. Michael Best
- Dr. Jeffrey Hammer
- Dr. Turab Hussain
- Dr. Farrukh Iqbal
- Dr. Homi Kharas
- Dr. Hanid Mukhtar
- Umair Javed

Annex A

Event Report on CDPR-IGC Seminar on “Improving Public Service Delivery in Pakistan”, 12th February 2015 (Serena Hotel Islamabad)

The daylong seminar was organized by the Consortium for Development Policy Research (CDPR) in collaboration with the International Growth Centre (IGC)'s Pakistan Program to disseminate research conducted by its member organizations. The event was hosted in partnership with CDPR affiliates, the Centre for Economic Research in Pakistan (CERP) and the Institute of Development and Economic Alternatives (IDEAS). The target audience included local and international researchers, academics and members of the civil society and donor community based in Islamabad. Participants also included key government officials at the federal and provincial (Khyber Pakhtunkhwa and Punjab) levels relevant to the research being presented. The seminar was also well represented by major political parties in Pakistan. This first dissemination event centered on the theme of improving public service delivery in the country, with a focus on health, education and fiscal policy.

Introductory Session

Dr. Ijaz Nabi (Chairman CDPR and Country Director IGC) opened the first session by briefly introducing CDPR and its affiliates to the audience. He discussed the importance of ensuring policy traction as central to frontier economic research. He emphasized that the consortium was thus, keen to promote such research and share, through this seminar, its recently completed work with a wide range of stakeholders. This session was chaired by Mr. Ahsan Iqbal (Federal Minister for Planning, Development and Reform). He discussed issues related to overall development in Pakistan including the need to improve public service delivery. He highlighted the increase in demand for better public service delivery and ensuing pressure on the state to improve performance. Panelist, Mr. Hassan Nawaz Tarrar (Federal Secretary for Planning, Development and Reform) added further that approach to service delivery should be people centered. He advocated the concept of field-based research to inform policy. Panelist, Dr. Faisal Bari (CEO IDEAS) emphasized on the lack of access to credible data making it difficult to reform public policy. He additionally stressed on the need for researchers and donors to have long-term engagement with policy makers, in order to make policy reform effective. Panelist, Richard Montgomery (head of DFID-Pakistan) shared the practical experience that comes from being a donor and a public sector investor. He acknowledged the effectiveness of the research conducted under CDPR and IGC. He also added that DFID had used the findings from this research to make suggestions for fiscal reform and resource mobilization in the previous budget (FY 2014-15).

Improving Public Service Delivery in Health

The presenters for this session included Dr. Jeffery Hammer (Princeton University) and Yasir Khan (IGC). Dr. Hammer presented his work on improving public health in Punjab. He emphasized the problems relevant to public service delivery in health, particularly the underutilization of public facilities. He further added how lack of credible of data made it difficult to determine factors affecting child health in Punjab. Mr. Khan presented his on-going research on using incentives to improve performance of polio workers. He focused on possible

solutions for improving effectiveness of service delivery, through an experiment with polio workers, using cell phone-based monitoring and monetary incentives. Panelist, Mr. Aizaz Akhtar, (Head of Chief Minister's Special Monitoring Unit, Punjab) highlighted the deficiencies on the supply side that discourages people from using public facilities. Panelist, Dr. Ali Mir (Population Council) added that most people use private facilities due to a positive perception of the quality of service and ease of access. Panelist, Dr. Babar Shaikh (Director Health of Aga Khan Foundation) stressed the need for decision makers to indulge in evidence-based policymaking so that governance becomes more responsive to citizens' needs. The chair of the session, Saira Afzal Tarrar (Federal Minister of Health) agreed with this assessment and concluded the session by stressing on the need for a thorough evaluation of the existing system.

Improving Public Service Delivery in Education

The presenters of this session included Dr. Masooma Habib (CDPR) and Dr. Farooq Naseer (LUMS). Dr Masooma presented her work in KP on improving teacher incentives for teacher and school administrator for improved education delivery in the province. She highlighted the importance of reducing teacher absenteeism, enhancing monitoring mechanisms, and giving recognition awards for improving teacher performance. She also emphasized the need for aligning current education legislative rules to teachers' performance. Dr. Naseer presented his on-going work on in-service training to serve classroom teaching "towards an improved model for teacher development in Punjab". He discussed the low quality of education persistent in the province and the importance of teacher training to improving the quality of education. Panelist, Mr. Mosharraf Zaidi (Alif Ailaan) stated how the studies demonstrated the increased rigor towards the issue of education and was also evidenced by a marked increase in the presence of education issues in the national discourse. Panelist, Mr. Afzal Latif (Education Secretary, KP) stated that Dr. Masooma's findings validated the direction KP Education Department was taking. He expressed his willingness to establish a continuous working relationship with the IGC and CDPR. Panelist, Mr. Waseem Ajmal Chaudhry (Secretary P&DD Punjab) strongly advocated the idea of using technological innovation for training teachers to improve learning outcomes. Ms. Scherezad Latif (World Bank) further linked Mr. Chaudhry's idea to current interventions of the Bank that have had initial success in Punjab. To conclude, the Chair, Mr. Atif Khan (Minister Education, KP) said that political will is needed to improve the state of education in Pakistan. He showed his willingness to establish a working relationship with the Punjab Government and to learn from their experiences.

Revenue and Fiscal Reforms to Finance Public Service Delivery

Presenters in this session included Dr. Adnan Qadir Khan (Research Director, IGC), Dr. Michael Best (Stanford University) and Dr. Anjum Nasim (IDEAS). Dr. Adnan presented his on-going research on "Motivating Bureaucrats: Role of Performance Pay, Merit-Based Postings and Delegation in Fiscal Reforms". He discussed the net effect of direct incentives on revenue collection and whether incentivizing accuracy and taxpayer satisfaction could mitigate negative effects of incentives. Dr. Michael presented his research on "Income Tax Evasion in Pakistan: Implications for Tax Policy & Administration". He presented his argument on how minimum

taxation could reduce tax evasion successfully and discussed ways for bringing suspected income tax evaders into the tax net. Dr. Nasim presented his work on “Agricultural income tax as a source of revenue mobilization in Punjab and KP”. His research focused on agriculture income tax that reported estimates of its revenue potential in Punjab and KP. The panelists of the session provided perspective from their own experiences on financing public service delivery. Dr. Asad Zaman (Vice Chancellor PIDE) gave an alternative view and suggested that instead of tinkering with the current system, the focus should be on institutional reform. Dr. Hanid Mukhtar (former World Bank Senior Economist) discussed how the case of Pakistan showed that incentives work when they do not become an entitlement. He postulated that the problem was constitutional. Dr. Vaqar Ahmed (SDPI) discussed the political economy aspect of fiscal reform. He stated that while taxation remains a big part of resource mobilization, idle resources such as land could also be utilized to generate revenue in the case of KP. Mr. Asad Umer (PTI) focused on the political aspect of taxation and suggested that the best way to fix the tax problem was to ensure those who impose taxes are made to pay through a tax audit. He also pointed out the need for accountability to change the culture of tax evasion. The chair of the session, Mr. Tariq Bajwa (Chairman FBR) rounded up the session by pointing out the large amounts of debt which Pakistan has been accumulating to meet its current expenditure, has left little room for financing social sectors. He suggested a critical need for structural changes in the tax system.

Annex B

Event Report on A Talk With Dr. Zafrullah Chowdhury

Date: June 1st, 2015

Venue: 60-H Gulberg III, Lahore

Time: 3:30 pm

Participants: Dr. Mizanur Rahman, (Assistant Professor of Community Health), Ms. Shireen Rahman (Senior Health Visitor and Trainer), Ms. Tamanna Dilruba (Senior Paramedic and Trainer), Ms. Anwara Begum Lucky (Senior Paramedic and Trainer), Ms. Arshi Ara Khondoker

(Senior Paramedic and Trainer), Ms. Kohinoor Akhter Moyna (Senior Paramedic and Trainer), Dr. Abu Saleh Musa (Assistant Professor of Paediatrics), Maha Rehman, Mehreen Shahid, Mishael Imran (CERP), Zohra Sohail, Sahar Haq, Salman Khan (IDEAS), Sohaib Athar, Hina Shaikh, (IGC), Zara Salman (CDPR).

The Institute of Development and Economic Alternatives (IDEAS) in partnership with International Growth Centre (IGC) and the Center for Economic Research in Pakistan (CERP) organized a talk under the umbrella of Consortium for Development Policy Research, with renowned Bengali health care strategist, Dr. Zafrullah Chowdhury on his groundbreaking reform work in Bangladesh. The talk was chaired by IDEAS Senior Research Fellow, Dr. Anjum Nasim and attended by Mr. Aizaz Akhtar, Chief Minister's Special Monitoring Unit, Government of Punjab. Members of Dr. Zafrullah's team, who were visiting Pakistan to collaborate with the Government of Punjab on healthcare interventions, were also present. The talk was targeted at researchers who could benefit from Dr. Zafrullah's expertise on primary healthcare. It was held at the invitation of the leadership of Consortium for Development Policy Research, who also inspired the idea of piloting a model BHU in Nankana under the guidance of Dr. Zafrullah and his team. Thus, researchers from CERP, IDEAS, IGC and CDPR participated in the event.

Dr. Zafrullah discussed the Gonoshasthaya Kendra (GK), a community development program he co-founded that provides a wide range of activities such as training health workers to provide health care in rural Bangladesh, setting up community schools and hospitals. He also highlighted the supply side constraints in providing health care in developing countries like Bangladesh and Pakistan. On the question of demand side issues such as preference for private facilities over public facilities, Dr. Zafrullah explained that rectifying the supply constraints would automatically address any demand side concerns. He and his team emphasized on the need to involve the local community as part of the solution to healthcare issues in rural areas. Dr. Anjum Nasim also raised the issue of doctor's and pharmaceutical manufacturer's mafia, who hinder such solutions. Dr. Zafrullah agreed that these mafias were a concern, but he also emphasized that if doctors got involved with the community, they would be incentivized to move to rural areas. A lively debate was also held on the merits of replicating the GK program in Pakistan and on the current initiative by the Punjab Government to setup model BHUs. The Bengali team explained that they would be overseeing the training and functioning of these BHUs. Mr. Aizaz Akhtar elucidated the idea behind launching these model BHUs in Nankana, which was to create a manual to document the setup. The manual would then be used to replicate these BHUs throughout Punjab by NGOs or the private sector. However, the researchers were keen to understand whether the social fabric of Punjab would allow the same degree of success as Bangladesh, particularly in terms of the extent of women participation. Dr. Zafrullah and Mr. Aizaz Akhtar were confident of the success of this initiative and invited the researchers to visit the BHUs once they were launched. Thus, the talk provided a useful platform for researchers to discuss the particular challenges of improving primary healthcare in Punjab.

The International Growth Centre (IGC) aims to promote sustainable growth in developing countries by providing demand-led policy advice based on frontier research.

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