Research Priorities – Pakistan

All applicants interested in working with the Pakistan programme are encouraged to get in touch by emailing ‘economists_pakistan@theigc.org’. The Pakistan programme is interested in research on the following topics -

1. Firm Capabilities

To improve competitiveness of firms and industry, IGC Pakistan works with both the government and private sector under its Firm Capabilities theme. The projects funded under this theme have so far investigated industry wide reasons for failure of garments sector to take off post abolition of quota, the barriers to growth of firms and the efficient paths for dispersion of technology and worked with the private sector to identify efficient contracting mechanisms for dependable labour supply. IGC Pakistan plans to continue work that is both sector specific and industry wide, particularly in light of the extensive buy-in of the work done on the garments industry. An important focus will be on the relationship between productivity and organizational development and innovation.

2. State Effectiveness

a. Macroeconomics and the financial sector: Research under the macroeconomic theme focuses on fiscal and monetary policy problems faced by the State Bank of Pakistan, the Finance Ministry and the Planning Commission in promoting economic growth. IGC-Pakistan has already undertaken several initiatives under this theme such as providing support to the government in putting together a new economic framework, formulating tariff reforms, and conducting Dynamic Stochastic General Equilibrium (DSGE) modelling at the State Bank. Support has also been provided to the private sector and businesses in enhancing trade with India and understanding the impact of a more liberalized Pakistan-India / regional trade on the national economy and local industry.

• IGC would like to continue its work on enhancing Pakistan-India and regional trade as it considers regional trade an important growth vent that will enable specific areas of Pakistan such as KP to prosper by opening up trade with Central Asia and Afghanistan.

• IGC would like to continue its engagement with the State Bank on improving forecasting at the State Bank and improving overall economic planning.

• At the provincial IGC Pakistan plans to support KP and Punjab in strengthening its planning framework in the coming years. Research based on policy aspects linked to the KP Economic Report and Punjab Growth Strategy (both available online) are strongly encouraged. This will feed into the policy and planning framework already in place.

b. State Capabilities: Areas of interest include improving tax collection, improving economic and political governance and management, enhancing the provision of social service delivery (health, education, etc.) and access to justice, streamlining public expenditure and public management. Previously funded research projects have included an incentives experiment for property tax collectors; monitoring the monitors through ICT in social service delivery; experiment on bureaucrat time use, type and program performance; testing bureaucrat autonomy and performance pay for public procurement; income tax evasion and optimal enforcement policies; reducing collusion in customs inspections using anonymization and remote clearance; a survey on public goods provision in Lahore slums; and more.
• IGC would like to support research towards enhancing tax collection at the provincial and federal level. Pakistan’s weak revenue base has resulted in periodic macroeconomic imbalances that have created a pattern of stop-start growth and adversely impacted its long-run trend rate of growth. It has also constrained federal and provincial governments from making adequate investments in social and physical infrastructure needed to stimulate growth. It will particularly like to support initiatives that strengthen relations with tax authorities.

• The past few years have seen increasing violence and insecurity in Pakistan. While the increase in violence at the national level is consistently reported in the national and international press, there is little analysis or evidence of the spatial pattern of violence at the local level and its effect on investment and growth. Understanding the nature of violence and its spatial patterns is essential for the design of an effective security policy without which growth will be impossible to sustain even in the short-term.

• Growth is also hindered by misgovernance. It impedes the state’s ability to deliver the right type, and quality, of public services that are necessary for growth. Misgovernance in Pakistan is both a result of distortions in the institutional design of the system of government and weak accountability mechanisms that enable citizens to hold politicians and bureaucrats accountable. Effective policy requires an identification of mechanisms that will enhance accountability of bureaucrats and politicians to citizens, and so ensure that public services support growth.

3. Energy

The IGC focus on energy is timely. It is a crucial macroeconomic stabilization and growth issue in Pakistan.

• The large energy subsidy is the principal component of the ballooning fiscal deficit and, as pointed out earlier, energy shortages have retarded economic growth. The solution lies in addressing governance challenges to curtail theft in order to improve billing collection.

• Another important area is the fuel mix that requires changing relative prices to reallocate fuel to its optimal use. This will help make the provision of energy financially viable which, in turn will attract investment, improve access and promote economic growth.

• IGC Pakistan reflecting this change in focus, will support analytical work to promote evidence based policy making in energy.

4. Urbanization and Infrastructure Development

IGC is very keen to deepen its program on urbanization and engage with some key specialists, academics and practitioners working across Pakistan (particularly Sindh and Punjab). The IGC views urbanization and cities as a definite engine for growth in Pakistan. Under this theme we have supported efforts under the sub themes of urban management and small cities. We have conducted urban mapping exercises in select cities to improve administration of urban centres and are currently investigation economic ties between small cities and large urban centres.

• With the uptake of large infrastructural developments (rapid bus transit system and the ring road) in cities such as Lahore and others plan across Pakistan, IGC would be particularly interested in understanding the implications of these mega projects on the economy.
• IGC would also like to see the impact of rapid urbanization on both rural and urban poverty (such as slum dwellers), on socio-economic hierarchies and on provision of social service delivery and access to public goods across urban cities. It will deepen its focus on municipal governance, property rights protection and regulatory issues that are constraining the growth potential of cities and the rapidly growing urbanizing areas.

• IGC would also like to conduct research on municipal services and challenges going forth

• Another area of interest would be the management of law and order and crime in urban centres.