



# The role of evidence in policymaking in Pakistan

A political economy analysis

April 2021



## About SEDI

Strengthening Evidence Use for Development Impact (SEDI) is a five-year programme (2019-24) that is working on increasing the use of evidence by policy makers in Uganda, Ghana, and Pakistan. In partnership with country governments, this programme aims to develop capacity and promote innovation in increasing evidence-informed decision making. SEDI is funded by UK's Foreign, Commonwealth & Development Office (FCDO).

The SEDI consortium is led by Oxford Policy Management and comprises national, international, and regional partners. The national lead organisations – the African Center for Economic Transformation (ACET) in Ghana, the Economic Policy Research Centre (EPRC) in Uganda and the Sustainable Development Policy Institute (SDPI) in Pakistan – provide programme leadership and coordination in each country. These national organisations are authoritative voices in policy processes and will ensure effective engagement and a sustainable legacy for SEDI.

The international partners – International Network for Advancing Science and Policy (INASP), the International Initiative for Impact Evaluation (3ie), the Overseas Development Institute (ODI), and Oxford Policy Management (OPM) – as well as the regional partners – the African Institute for Development Policy and the Africa Centre for Evidence – contribute their knowledge and years of experience in working with governments across the world to promote evidence-informed development. They provide technical thought partnership, facilitate cross-country learning, and collaborate on programme delivery.

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In-country research



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# **The role of evidence in policymaking in Pakistan: a political economy analysis report**

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A political economy analysis of: planning and reform for economic development; child labour; and education pathways into employment

April 2021

## Executive summary

Strengthening Evidence Use for Development Impact (SEDI) is a five-year programme being implemented in three countries: Pakistan, Ghana, and Uganda. The programme began in 2019 and is organised around three main phases. The analytical phase was completed in March 2020 and has been followed by an inception phase, which is planned to run until January 2021. The implementation phase will run from February 2021 until July 2024.

The programme seeks to address constraints on the demand for and use of evidence in policymaking, such as institutional barriers to the use of evidence, limited incentives to improve the capacity to use evidence in policy processes, and insufficient coordination between the users and suppliers of evidence.

SEDI has two main objectives:

1. to increase the instrumental use of evidence in policy and programme decisions; and
2. to increase the 'embedded use of evidence' in government decision-making structures.

This report focuses on Pakistan and explores the following: the key political factors influencing the policymaking processes in the country; and the specific characteristics of the political economy of the demand for and use of evidence in the three sectors that SEDI is focusing on (i.e. planning and reform for economic development, child labour, and education pathways into employment). It also maps the main elements of the evidence ecosystem in the country, and provides an initial assessment of the relative interest in, and commitment to, strengthening or developing their evidence systems on the part of specific public agencies in the three sectors.

The data collection for this study included a review of 177 documents, including both academic and grey literature, on the politics of policymaking in Pakistan and on the specific characteristics of the evidence ecosystems in the three sectors. The data collection included a total of 190 semi-structured interviews with key informants, of which 22 were female. In total, seven focus group discussions were organised. Three workshops involving SEDI's international partners were held between October 2019 and February 2020, to design the study, discuss preliminary findings from the analysis, and to share and discuss the comments from the UK Foreign, Commonwealth and Development Office (FCDO) on the draft report.

The main findings of the study are as follows:

- Overall, the policymaking process in Pakistan involves **many powerful actors** who have different degrees of involvement in key decisions relating to Pakistan's economy, society, politics (including geopolitics), and national security. The influence of key powerful actors reaches all stages of the policy cycle, from agenda-setting, formulation, and implementation, to policy review, and this has significant implications for the ways evidence is considered (or not) to inform policy decisions.
- The passing of the 18th Amendment of the Constitution in 2010 represented **a landmark moment that changed the policymaking landscape in Pakistan**. The Constitutional Amendment resulted in policymaking authority being devolved to (mainly) the provincial

level, enabling policy design and implementation to be closer to the people being governed. The implication of this for SEDI is that the de-centralising of policymaking processes in some policy areas has meant that local governments have had to develop systems and processes to monitor policy implementation, evaluate policy impact, and gather statistical data to inform policy decisions.

- The Pakistan Bureau of Statistics (PBS) is the **largest evidence producer in the country**. Successive governments have promised to make the PBS an autonomous body, but progress in this regard has been slow. Other problems facing the PBS, which in turn affect evidence generation and use across all policy sectors, range from irregular data collection and staffing shortages to the lack of data-sharing of official data with other non-governmental stakeholders.
- Most ministries include research and analysis units that are mandated to generate analysis and evidence to inform sectoral policy decisions. The **problems faced vary across ministries**, ranging from insufficient funding and financial resources to produce research, to staff members' varying levels of skills in and experience with research and analytical functions, to a lack of clarity about the regulations that enable (or prevent) the budgeting and procurement of research and evidence from external evidence producers.
- **Development agencies play a key role in policymaking** and in pushing the federal and provincial governments to demonstrate (using evidence) the results that are being generated from their funding and cooperation agreements. This results in development partners (DPs) driving a considerable part of the evidence generation and use in Pakistan, which has a mixed influence on the development of a locally led evidence ecosystem to inform policy and practice.
- A healthy evidence system involves, among other things, an active collaboration and sharing of research and analysis of data between state and non-state evidence producers, such as independent policy research organisations, non-governmental organisations (NGOs), university centres, etc. With some restrictions being placed on civil society actors who seek to conduct research, the space for knowledge producers outside of the government structures has been somewhat constrained.
- The deal agreed in July 2019 between the Government of Pakistan (GoP) and the International Monetary Fund (IMF) will run for 39 months, and will centre on a set of key macroeconomic reforms in the country. In terms of SEDI, the programme agreed with the IMF will push the GoP to demand greater use of past, emerging, and real-time evidence, directly or indirectly, in correcting macroeconomic imbalances and ensuring progress on structural indicators. Trade, in particular, is an area in the **planning and reform for economic development** sector that offers interesting opportunities to explore ways for SEDI to work with government partners, and to test ways to strengthen the capabilities to demand and use evidence. A key consideration for SEDI should be to see how a greater use of evidence can give voice and agency to start-ups, new exporters, and women-led businesses wishing to become exporters. SEDI could also support and increase awareness about disaggregated trade data on gender, equity, and social inclusion (GESI).
- **Child labour** affects millions of lives in Pakistan. While the GoP is a signatory to several international treaties that address the issue of child labour and that aim to eliminate child and bonded labour, precise data on the extent of the problem are not available. Overall,

however, the policies and legislation which have been passed to address this problem have still not been fully implemented. There has been difficulty in making the issue of child labour a concrete policy priority, which has reduced the incentive to invest in developing and strengthening the evidence systems in this area. The existing evidence is mainly funded by DPs and is produced by research and advocacy organisations that are determined to move child labour up the GoP's list of priorities. The opportunities for SEDI are not easy to identify at this stage. What has emerged from the data we have collected, in addition to the barrier mentioned above, is that the responsibility for policymaking and legislation in this area rests with the provinces (with very limited coordination from the federal level), which is where SEDI support should be provided. Findings from the Province of Khyber Pakhtunkhwa (where the FCDO-funded programme Aawaz II is being implemented) shows that there is a possibility for SEDI to complement Aawaz II in terms of strengthening systems and processes for making use of the evidence on child labour by the local government.

- **Investing in skills** can fuel **pathways to employment** and enable Pakistan to ensure that its demographic dividend becomes a driver of economic transformation. The cognisance of this generational opportunity has helped spur the current Prime Minister and his team to seek a coherent and multi-sector approach to skills. Although the institutional framework for skills is well-defined in terms of the division of roles and responsibilities between federal and provincial agencies, it suffers from strategic incoherence, poor execution, and weak enforcement. Support from DPs to formulate, adopt, and mainstream system-level reforms has resulted in a solid foundation for an evidence-based environment, but the critical mass required to ensure the sophistication and depth, both in terms of the use of evidence and its potentially transformative impact, has yet to be unlocked. The roles of the National Vocational and Technical Training Commission (NAVTTTC) at the federal level, as the apex institution in the sector, and the provincial Technical and Vocational Training Authorities (TEVTAs), as large public sector training providers, are critical to achieving this at scale. The opportunity for SEDI is to capitalise on the already established priority and focus of the Government on youth development, and to support a range of complementary policy and programmatic areas (for example, Digital Pakistan, e-Commerce, regional connectivity, Ehsaas – social welfare), with skills as the defining anchor. A labour force that is productively engaged in the economic rebuilding of the country, and whose preparation is future-proofed, will enable Pakistan to compete with regional and global knowledge economies and fulfil its potential as a high-growth economy.

## Disclaimer

*This is the redacted version of a more detailed political economy analysis report. In this public version, sensitive information related to key stakeholders and internal references to SEDI's engagement strategy with national institutions have been removed.*

As the analysis was carried out prior to the unfolding of Covid-19, this report does not cover the pandemic's impacts on the political economy, policymaking processes, organisational structures, or evidence use to support the GoP's response efforts.



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## Acronyms and abbreviations

AAA	Authority, acceptance, ability
BCURE	Building Capacity to Use Research Evidence
BISP	Benazir Income Support Programme
BoI	Board of Investment
BTE	Board of Technical Education
CERP	Centre for Economic Research in Pakistan
DPs	Development partners
ECC	Economic Coordination Committee
EDF	Export Development Fund
EU	European Union
FBR	Federal Board of Revenue
FCDO	UK Foreign, Commonwealth and Development Office
GDP	Gross domestic product
GESI	Gender, equity, and social inclusion
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoP	Government of Pakistan
GSP	Generalised System of Preference
ICT	Islamabad Capital Territory
ILO	International Labour Organization
IMF	International Monetary Fund
KIIs	Key informant interviews
LASU	Legal Aid Support Unit
M&E	Monitoring and evaluation
MoC	Ministry of Commerce
MoF	Ministry of Finance
MoOPHRD	Ministry of Overseas Pakistanis and Human Resource Development
MoPDSI	Ministry of Planning, Development, and Special Initiatives
NAVTTTC	National Vocational and Technical Training Commission
NDC	National Development Council
NEC	National Economic Council
NGO	Non-governmental organisation
NSIS	National Skills Information System
NVQF	National Vocational Qualifications Framework
ODI	Overseas Development Institute

PBS	Pakistan Bureau of Statistics
PEA	Political economy analysis
PFM	Public finance management
PITAD	Pakistan Institute of Trade and Development
PKR	Pakistani rupees
PSDF	Punjab Skills Development Fund
PSDP	Public Sector Development Programme
PTI	Pakistan Tehreek e Insaf
RCT	Randomised control trial
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SDPI	Sustainable Development Policy Institution
SECP	Securities and Exchange Commission of Pakistan
SEDI	Strengthening Evidence Use for Development Impact
SEZ	Special economic zone
SMEs	Small and medium-sized enterprises
STPF	Strategic Trade Policy Framework
TDAP	Trade Development Authority of Pakistan
TEVTA	Technical and Vocational Training Authority
ToR	Terms of reference
TVET	Technical and vocational education and training
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

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# 1. Introduction

SEDI is a five-year programme funded by FCDO. It is designed to strengthen the use of evidence in policymaking in selected sectors in Ghana, Pakistan, and Uganda, to contribute to more effective and efficient decision-making.

As set out in the terms of reference (ToR) for SEDI, the overall impact the programme is seeking to achieve is more efficient and effective programming and policy by government institutions in the three partner countries (Ghana, Pakistan, and Uganda). The SEDI consortium will seek to do this through achievement of two overall objectives that FCDO has defined:

1. Increasing the use of robust evidence to directly inform policy and programme decisions (referred to as the ‘instrumental use of evidence’) by targeted policymakers in Ghana, Uganda, and Pakistan, both during policy and programme design and during implementation.
2. Increase the use of evidence in processes, systems, and working culture (referred to as the ‘embedded use of evidence’) in government decision-making structures in Ghana, Pakistan, and Uganda, both during policy and programme design and during implementation.

SEDI is being implemented in the three countries in three phases. The analytical phase ran from July 2019 to March 2020; an inception phase from March 2020 to January 2021; and the implementation phase will run from February 2021 to July 2024.

The programme builds on the experiences and lessons from FCDO’s Building Capacity to Use Research (BCURE) programme (2013–17),<sup>1</sup> which recognised that the generation of research alone is insufficient to ensure that policy decisions regarding poverty reduction and other development challenges are informed by evidence, and in turn lead to better development outcomes. The BCURE experience highlighted the often limited demand for, and use of, evidence by policymakers in policymaking processes, from policy and programme design to implementation, and identified a number of key constraints that need to be addressed to improve the use of evidence in policymaking, including the following:

- Political economy factors that constrain the use of evidence.
- The fact that high-quality evidence may not exist, may be hard to access, may not be available when needed, or may not exist in formats that are conducive to decision-making.
- Limited individual and organisational capacity to use evidence, with few incentives or mechanisms to improve this.
- The fact that timelines and windows of opportunity to use evidence are under-utilised, both by policymakers and by evidence providers.
- Insufficient and unsystematic coordination between those demanding and those supplying evidence.

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<sup>1</sup> For more information, please refer to BCURE’s final evaluation: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/707096/Building-Capacity-to-Use-Research-Evidence.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707096/Building-Capacity-to-Use-Research-Evidence.pdf)

SEDI offers an opportunity to examine in detail these constraints and their underpinning assumptions, and to design, pilot, and test possible approaches to addressing them, based on the existing strengths within each of the SEDI partner organisations.

### Box 1: Defining ‘evidence’ for SEDI

This report bases its analysis of evidence use on work completed under BCURE, which proposed four broad and overlapping categories of evidence used in policymaking and programming to ensure that ‘evidence for policymaking and programming’ is not solely defined as academic research:

- statistical and administrative data;
- analytical evidence from research;
- evidence from citizens, stakeholders, and role players; and
- evidence from monitoring and evaluation (M&E).

Building on BCURE, over its five-year span, SEDI will ground its approaches in lessons that have been learned about what factors contribute to more effective evidence use (Vogel and Punton, 2018), including the following:

- **The importance of thinking and working in more politically aware ways:** using political economy analysis (PEA) to help consider how internal political economy dynamics within specific sectors and organisations shape the potential for catalysing change.
- **Accompanying internal processes of change rather than imposing change from the outside:** building on PEA, using a design thinking approach that considers how to capitalise on existing change processes and internal dynamics.
- **Changing behaviours around the use of evidence requires more than simply building skills through training:** identifying the full suite of changes that could be harnessed at individual, team, organisational, and ecosystem level, and using PEA and a design thinking approach to identify where to begin and why.
- **Catalysing a critical mass of evidence users requires specific and targeted strategies:** drawing on the results of the PEA and organisational assessments of authority, acceptance, and ability (AAA) to identify a range of individuals, organisations, structures, and systems that the SEDI programme can work with in targeted, holistic, iterative, and adaptive ways.
- **Supporting practical tools or targeted pilots to showcase the value of evidence:** identifying practical and useful ‘quick wins’ to demonstrate the efficacy of SEDI, and building out from those pilot initiatives.
- **Promoting genuine adoption of reforms for sustainable change:** designing changes in such a way that they become embedded within the operating systems of SEDI’s collaborating organisations.

In addition, SEDI will focus on ensuring that policy decisions in the selected sectors are informed by GESI-sensitive evidence. This recognises that sustainable development outcomes require empowering people who have been marginalised, including women and girls equitably, and reducing the exclusion of minority populations based on disability, age, ethnicity, or religion.

## 1.1 Analytical phase

Lessons from BCURE, and other interventions, suggest that for programmes like SEDI to be effective, certain minimum capacities, institutions, and incentives need to be in place. SEDI has undertaken analysis in Ghana, Pakistan, and Uganda to identify appropriate sectors, organisations, policy processes, and stakeholders that meet these requirements, in order to select sectoral entry points that offer the greatest opportunity for SEDI in each country. The ToR for SEDI identified three priority sectors as possible entry points for SEDI in each country, selected by FCDO as being aligned with, and part of, FCDO's country strategy (see Box 2). SEDI's analytical phase has sought to identify key opportunities and constraints that each sector presents for the use of evidence and policymaking for engaging in SEDI as it evolves over the next four and a half years. This detailed analysis will be used to inform FCDO's decision on which sector(s) in each country offer(s) the greatest potential as an entry point for SEDI.

### Box 2: Sectors identified by FCDO as possible entry points in each of the SEDI countries

The ToR identified three priority sectors as possible entry points for SEDI in each country, selected by FCDO as being aligned with, and part of, FCDO's country strategy:

- **In Ghana:** economic development, public finance management (PFM)/taxation; and health.
- **In Pakistan:** planning and reform for economic development; education pathways into employment; and child labour.
- **In Uganda:** humanitarian; family planning; and gender.

There was a need for the sectors to be more closely defined in discussions with FCDO, to keep the frame of the analysis manageable.

SEDI's analytical phase has been led by the Overseas Development Institute (ODI), with research and analysis undertaken by country leads and sectoral partners. This phase has sought to address two core questions that are at the heart of understanding how to improve the use of evidence. For each policy issue:

- How does the policymaking process work and why, and what role does evidence play in that?
- Whose evidence is seen as more/less credible and legitimate, and therefore whose voices count in decision-making processes around policy and programming, and why?

BCURE showed that considering the internal political economy dynamics (including power relationships) within policymaking and programming helps us to understand what shapes the potential for catalysing change within sectors, and within organisations in those sectors.

SEDI's methodological approach in this analytical phase has been particularly innovative because it has developed a framework, anchored in an overall political economy approach, which has explicitly brought together, for the first time, three core themes of work that are at the heart of the programme: sector analysis, an understanding of evidence use, and organisational diagnostics.

This report brings together emerging findings and insights from the analytical phase in Pakistan. It is intended to provide an evidence-based foundation for discussion among



FCDO and other key SEDI stakeholders about how to shape SEDI for the remainder of the programme. It is structured as follows.

- **Section 2** outlines the methodology developed for the analytical phase.
- **Section 3** describes the key features of the political economy of policymaking in Pakistan, and the macro-level political economy issues which influence the demand for and use of evidence at the national level.
- **Sections 4, 5, and 6** describe the evidence ecosystem for each sector, an analysis of the political economy of the demand for and use of evidence for the priority policy issues in each sector, and an initial assessment of the AAA of key organisations in each sector in regard to participating in SEDI activities.
- **Section 7** presents suggestions for entry points for SEDI during the inception phase.

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## 2. Methodology

### 2.1 Methodological framework

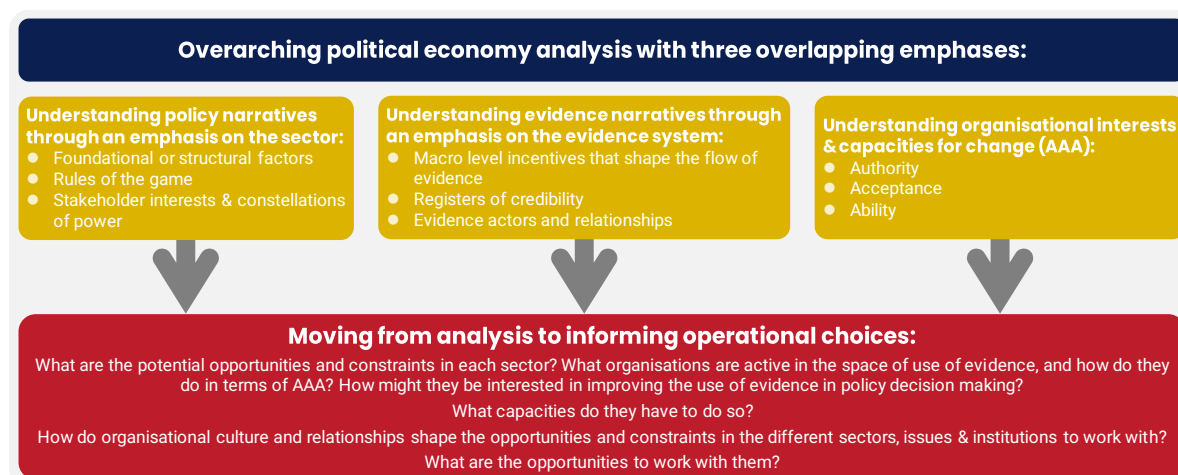
The overarching question that SEDI sought to address in this analytical phase is:

**What role does evidence play in shaping/influencing decision-making and policymaking in the sector, and why?**

To address this question, the SEDI consortium has developed, with ODI as lead, a methodological framework that is grounded in an overall **political economy approach**, with three overlapping lenses. As noted in the introduction, and as captured in Figure 1 below, this approach is particularly innovative because, for the first time, it explicitly brings together three core themes of work that are at the heart of the programme:

- The approach applies a **sectoral lens** to understand the political economy of each sector in greater depth. This helps to understand how policymaking processes work in a given sector, and why, through an exploration of how the sector is embedded within a wider system of policymaking and decision-making. The key structural factors are analysed, along with the rules of the game and critical sectoral stakeholders, to identify how relationships and power dynamics influence policy decision-making in the sector. This includes an analysis of the role of evidence, any key policy narratives that have emerged (and why), and how these suggest priority topics for further investigation.
- The approach applies an **evidence system** lens to understand the relationships between the full range of evidence providers and users, and any intermediary organisations that might broker interactions around the supply and use of evidence (sometimes called the evidence ecosystem). This includes analysis of how and why the macro-level incentives – such as around how research funding is allocated – influence the demand and supply of evidence.
- The approach applies a lens that focuses on organisations, and in particular on public agencies, and other relevant organisations that have a remit to use evidence. This analyses their relative interest in and (signs of) commitment to strengthening or developing their evidence systems, and explores the degree of AAA they must use to do so.

**Figure 1: SEDI's methodological approach**



Source: SEDI methodology slides, 22 August 2019

## 2.2 Methodological principles: design thinking

Another important innovative aspect of the SEDI programme, and of this analytical phase, is that it is anchored in **design thinking** as a guiding principle. Design thinking is an approach to project design and implementation that recognises that many situations are ambiguous, and that the possibilities for change are complex and fluid. Within the context of SEDI it emphasises the following:

- **Intent:** a continuous reflection on whether, how, and why the intent of an intervention designed in SEDI could change, during both design and implementation, in response to internal and external factors. Changing intent during an intervention is not seen as a challenge, but as an opportunity to clarify and reframe what might be possible.
- **Exploration and empathy:** surfacing insights about stakeholders' experiences, and empathising with them as people with individual abilities, desires, and social networks.
- **Innovation, testing, iteration, refining, and reformulating:** working with policymakers to envision options for change and desired futures, and re-envisioning them during the change process to ensure that new ideas and insights are incorporated throughout.

Design thinking helps navigate the sorts of complex, ambiguous situations that SEDI teams are likely to encounter while working with government departments. It helps teams focus on latent patterns of human behaviour in organisations, and on learning by doing, iteratively refining their work based on policymakers' feedback.

As such, SEDI is as much about building capacity and learning across all team members to ensure effective engagement and a sustainable legacy for the programme as it is about strengthening evidence use in government departments. A design thinking approach requires co-design and co-learning between all partners, which requires a considerable investment in building relationships and capacities across the team – and, once again, entails a process of uncertainty, experimentation, and learning by doing.

## 2.3 Research questions

To address SEDI's overarching question on the basis of the framework outlined above, the SEDI team developed a series of sub-questions at four levels, anchored in a political economy approach, with a focus on issues related to gender, equity and social inclusion cutting across all four levels (see Figure 2 below).

**Q1. PEA of the sector:** How does policymaking in the sector work, and why? What kinds of factors are relatively more or less significant in shaping policymaking in that sector, and why? Where does evidence fit into policymaking: is it a minor or a major factor?

**Q2. Analysis of the evidence ecosystem:** What does the ecosystem of evidence actors look like in the sector: how do all these evidence actors relate to each other, both formally and informally? Where are those relationships strong and where are they weak? What does this imply for how different pieces of evidence are regarded in terms of their quality, credibility, and legitimacy? What does it imply for whose voices are strong in the policymaking process and whose are weak?

**Q3. Analysis of the organisational factors shaping evidence use:** How does the evidence system work within each policymaking organisation? What organisational factors shape the types of evidence that are prioritised and put forward for decision-making? What does this suggest in terms of the authority, acceptability, and accountability within each organisation in relation to the use of evidence?

**Q4. Macro-level PEA:** What 'rules of the game' shape the flow of evidence: how do they influence what evidence is used to inform policymaking? Which actors shape the rules of the game, and what are their interests? What effect does this have on whose voices are heard, especially in relation to issues of GESI?

The questions are nested together as shown in Figure 2 below.

**Figure 2: Research questions**



Source: adapted from SEDI methodology guidance note

The country team in Pakistan has adapted these questions to design data collection instruments specific to the circumstances of each of the three sectors. Where appropriate, and following discussions with the FCDO country office, the research team narrowed down the scope of each sector to identify possible policy entry points in each sector.

## 2.4 Research activities

The research activities to inform this report took place between October and mid-November 2019: the design of the methodology took place in early October; data collection lasted five weeks between mid-October and mid-November; and the data analysis was conducted in the second half of November. A validation workshop to co-produce the country report took place between 9 and 11 December. The team submitted a draft report mid December 2019 and received comments early January 2020. These were included in the draft report submitted to FCDO in January 2020.

Data collection activities included key informant interviews (KIIs) and reviews of government documents, research papers, and project and programme reports. The sector teams conducted a literature review of political analyses of policy processes and evidence use, using academic databased institutional libraries (see Table 1 and reference list). The search was restricted to English language literature, and included both final reports as well as a limited number of forthcoming unpublished reports.

**Table 1: Numbers of documents consulted**

	Number of government documents	Number of research publications	Number of project/programme documents
Child labour	47	50	5
Education and pathways into employment	15	12	17
Planning and reform for economic development	11	10	10

Primary data were collected by each sector team through KIIs with directors and technical experts from key government and public sector institutions, the private sector, academia, civil society organisations, think-tanks, and DPs. Interviews were conducted via face-to-face meetings, and information was triangulated with other sources of evidence from the literature review. In the case of the planning and reform for economic development sector, the SDPI team also conducted three focus group discussions. The number of key informants and participants in the focus group discussions is listed in Table 2 below, with the types of respondent shown in Table 3.

**Table 2: Numbers and gender of key informants and focus group participants**

	Key informants		Focus group discussions (# of participants)	
	F	M	F	M
Macro-level	09	51		
Child labour	03	49	02	03
Education and pathways into employment	03	11		
Planning and reform for economic development	07	50	02	

**Table 3: KIIs by category (DPs)**

	Federal	Provincial	Total Government	Non-government	Researchers / experts	DPs
Child labour	17	32	49	04	01	03
Education and pathways into employment	05	04	09		02	03
Planning and reform for economic development	34	04	38	03	8	10

The analysis of data involved team discussions, validation through triangulation between literature reviews and KIIs, a validation workshop in Islamabad, and knowledge-sharing. The literature reviews and interviews were conducted iteratively: preliminary findings from the literature suggested revisions to the scope of subsequent interviews and specific areas of concentration, and helped in adapting the semi-structured interview guides. Intermediate sector reports were produced by each of the sector teams: these are not intended to be stand-alone products but were drawn on to produce this synthesis report. Note that this synthesis report is not intended to provide a comprehensive account of all policies in all three sectors: it is a draft report which represents the teams' best efforts in the time available.

### 2.4.1 Limitations to the study

The original intention was to conduct the analysis over a 16-week period, but due to constraints beyond the control of the SEDI Pakistan team, the design, data collection, data analysis, and production of the first draft of the country report was compressed into 10 weeks (from early October to mid-December 2019). This limited the team's ability to conduct a thorough literature review, and to use the review findings to shape KIIs. As noted above, and to mitigate the short time-frame, the literature review and interviews were conducted iteratively instead of sequentially.

Because the ACRES team at the University of Makerere prioritised its support to the Uganda and Ghana SEDI teams, it was unable to provide its highly structured literature review services in sufficient time for SEDI Pakistan.

While the report does attempt to examine GESI in the macro as well as sector-specific sections, we have not been able to carry out in-depth analysis in this area. Due to the limited time available, we were not able to conduct analysis on whether, and how, evidence has been used to address the structural drivers of inequality, and to improve outcomes for marginalised groups. We expect to take this up further in SEDI's inception phase, and for it to be an ongoing priority for SEDI throughout implementation.

## 3. Macro-level PEA

The purpose of this section is to show how national-level policymaking processes work in Pakistan, and what role evidence plays, among other factors, in influencing policymaking. It sets the background by describing those factors and characteristics of policy and evidence ecosystems that underpin all three sectors focused on in this report. Specifically, and in line with SEDI's conceptual framework and methodology, it aims to explore: (a) the rules of the game that shape the flow of evidence; (b) the way these rules influence what evidence is used to inform policymaking; (c) the actors that shape the rules of the game, and their interests; and (d) the effect this game has on whose voices are heard, especially in terms of GESI.

### 3.1 How national-level policymaking processes work in Pakistan, and why

Policymaking is generally an exercise that is influenced by politics. In Pakistan's case, it is subject to influence from different powerful actors (World Bank, 2019a; Haque, 2017; Husain, 2019). Processes can often facilitate the power of certain actors over key decisions relating to the country's economy, society, and politics. In this section, we briefly describe the ways key actors influence all the stages of a policy cycle – from agenda-setting and formulation, to implementation and review. This influence has implications for the demand for and use of evidence in policy decisions. In doing this, we refer to the limited literature that was available, which points to the fact that further research is required to better understand the influence of different actors in evidence use during policymaking processes in Pakistan.

### 3.2 Policymaking under the formal rules of the game

Pakistan's Constitution makes its central government the country's principal policymaking body. The Prime Minister, the federal cabinet (which currently includes federal ministers and ministers of state), and the secretaries of respective ministerial divisions are key 'official' actors who influence policymaking. The passage of the 18th Constitutional Amendment in 2010 has decentralised policymaking authority to provincial governments. In certain sectors, such as health and education, federal ministries still have a limited role in developing policies. The federally administered regions of Gilgit Baltistan, Azad Jammu, and Kashmir have their own governments, but most policymaking for them is completed by the central government.

As Javid has stated: *'While it is still too early to judge the extent to which the amendment has succeeded in its attempts to rectify the imbalance between Punjab and the other provinces, one very significant effect it has had is on the power of provincial governments within their jurisdictions.'* (Javid, 2019, p. 266)

Yet, according to some key informants interviewed for this study, devolution remains an unfinished policy agenda. For example, they pointed out that fiscal decentralisation has been weaker than was originally planned under the amendment. Consequently, provincial capacity to raise and spend public finances has remained limited, allowing the federal government to retain more control over these aspects.



Two federal ministries – the Ministry of Planning, Development, and Special Initiatives (MoPDSI), which is generally known as the Planning Commission, and the Ministry of Finance (MoF) – remain the most prominent actors in formal policymaking. MoPDSI has lost some of its functions, such as poverty alleviation and social protection, to an entirely new ministry, yet it has a pivotal role in formulating highly centralised five-year plans (the first of which was formulated as early as 1948, only a year after Pakistan became an independent state).<sup>2</sup> The 12th Five-Year Plan (2018–23) is now operational. Of late, MoPDSI has been devising and following annual plans – as part of its strategy to implement five-year plans. This has led to much shorter policy cycles, which require evidence that involves rapid responses and rapid data analyses.

As part of the process of developing and implementing these annual plans, MoPDSI approves and monitors a range of projects that are part of the Public Sector Development Programme (PSDP), which receives funds from the MoF. The two ministries must therefore work closely with each other by design. However, the MoF is certainly more powerful than MoPDSI in influencing policy decisions because it possesses the decision-making authority on all the financial aspects affecting Pakistan’s economy – including the federal annual budget statement, as well as all supplementary/excess grants to federal government organisations. It also maintains financial discipline by attaching financial advisers to each ministry/division.<sup>3</sup>

The decentralisation of policymaking authority has implications for SEDI because both provincial and local governments are now required to develop systems and processes to monitor policy implementation, evaluate policy impact, and gather statistical data that can inform policy decisions.

### **3.2.1 Who influences policy processes the most?**

In this section, we briefly describe the actors – mostly male-dominated groups – that have historically leveraged their influence on the political system to support or prevent reforms that could shift power away from them (World Bank, 2019a; Husain, 2019).

#### **Parliament**

The two chambers of the national Parliament, the National Assembly and the Senate, play an important role in holding the executive to account and in scrutinising public policies. With its law-making powers, and through the work of its various standing committees, Parliament enjoys a considerable degree of influence over policymaking processes. This influence can be channelled towards making appropriate laws and devising useful regulations, if it is based on, and backed by, a proper use of well-researched evidence.

#### **Civil servants**

Civil servants also influence the policy process through direct interactions with political leaders. Civil servants have considerable influence over the ways in which policies are implemented (Beg, 2017; Aziz and Bakhtiar, 2012). A 2019 World Bank report states: ‘*The existing recruitment and training practices in Pakistan’s civil service neither attract nor build*

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<sup>2</sup> Ministry of Planning, Development and Special Initiatives (2019) website.

<sup>3</sup> Ministry of Finance (2020) website.

*the necessary skills to effectively implement policy*' (World Bank, 2019a, p. 77). The procedures for bureaucratic recruitment, promotion, transfers, and training are also not fully transparent (Mahbub ul Haq Human Development Centre, 2012).

An excessive role of politicians and the military in bureaucratic appointments, promotions and placements is one of the reasons for poor implementation of civil service reforms. The bureaucracy's consequent difficulty in accepting or adjusting to reforms has led to cycles of policy implementation, with little scope for evidence use in the implementation of policies and the analysis of their impact. This implies that SEDI will require support and authorisation to design pilot projects that can address problems in the demand for and use of evidence systems in the three sectors. It will also be critically important for civil servants responsible for managing the demand for and use of evidence to accept that the problems they face in this regard need addressing. Without this buy-in and acceptance, the authority provided by senior leaders in each sector will not be sufficient to develop stronger evidence capabilities in government organisations working in the selected sectors.

### **Large landowners and industrialists**

The agriculture sector is the largest employer in Pakistan (both in absolute numbers and relative to the manufacturing and services sectors) but agricultural land ownership is skewed in favour of large landowners (5% of large landholders possess 64% of the total farmland) rather than small landowners (65% of small farmers hold 15% of the land) (DAWN, Oct 10, 2013<sup>4</sup>). There has been resistance to land reforms that would redistribute land to landless or small farmers.

Large industrialists, too, have wielded enormous economic power. A seminal study carried out by Dr Mehbub-ul-Haq in the late 1960s showed that 22 families alone controlled two-thirds of Pakistan's industrial wealth (Human Development Center, 1973, p. 1). Though the oldest industrial establishments belong to traditional business families, since the 1980s, many agriculturists, traders, and merchants have set up industries, mainly in Punjab and Sindh.

Also, since the 1980s, the presence of industrialists in Parliament has doubled, blurring the barrier between business and politics. In their role as politicians, or due to their close affiliation with politicians, large industrialists have influenced industrial and economic policies so that these reflect and protect their interests, rather than focusing on building stronger domestic markets and making Pakistan more competitive globally.

### **Judiciary**

The superior courts of the country have become more prominent in the policy arena since the 2007 lawyers' movement that led to the fall of military ruler General Pervez Musharraf. The judges of the High Court and the Supreme Court have also recently taken up some important cases involving privatisation, food prices, and the environmental impact of industries, among others. To adjudicate well, the courts require and demand higher-quality evidence.

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<sup>4</sup> [www.dawn.com/news/1048573](http://www.dawn.com/news/1048573)

While the groups mentioned above tend to prioritise their specific political and economic interests, they often reach out to individuals and organisations they trust to get data that can inform their opinions and decisions. This highlights the importance of personal (and often informal) networks based on trust in Pakistan's evidence ecosystem. This also implies that any initiative aimed at strengthening the demand for and use of evidence needs to understand these networks and engage with them. At the very least, it will be well-advised to work through them – but without undermining them.

### **The military**

Some available literature including research papers and books on Pakistan's power structures and institutional roles, and some of the KIs conducted for this research, suggest that the military in Pakistan has an influence over policymaking due to the security challenges and militancy faced by the country since its inception, in which hundreds of lives have been lost.

The military leadership and institutions work with the federal and provincial governments on the formulation and implementation of various policies. In June 2019, the Prime Minister formed the National Development Committee (NDC) to formulate policies and strategies for development, achieve accelerated economic growth, approve long-term plans for national and regional connectivity, and provide guidelines for regional cooperation. Besides the Prime Minister, the NDC includes members from the economic ministries, the Minister of Foreign Affairs, as well as the Chief of Army Staff.

For SEDI, it is important to keep in mind that power relations influence policymaking, evidence generation, and knowledge production.

## **3.3 Institutional architecture of evidence generation and use**

In this section, we describe the institutional architecture of evidence generation and use in Pakistan.

### **3.3.1 The state's policy research institutions**

Evidence is generated by several public sector entities. For instance, most ministries have a dedicated research wing and are mandated to produce evidence to inform policy in their respective fields: the Ministry of National Food Security and Research has the Agricultural Policy Institute; the Ministry of Climate Change has the Global Change Impact Studies Centre; some other ministries either have whole departments that generate evidence or, at the very least, research officers and statisticians working within them (as is the case with the Ministry for Commerce and Industry).

In this section, we provide a broad overview of the main actors involved in the generation and use of evidence, with a specific focus on certain entities, given their importance in the overall evidence architecture.

#### **Pakistan Bureau of Statistics (PBS)**

The PBS is the largest evidence producer in Pakistan and is responsible for collecting and compiling 'official' statistical data related to various socioeconomic sectors in the country. It

collects data from primary and secondary sources, as well as from the Government's administrative records (PBS, 2020). Key PBS outputs include the Labour Force Survey, the Agricultural Census, the Population and Housing Census, the Pakistan Social and Living Standards Measurement, and the new Child Labour Survey.

Successive governments have promised to make the PBS an autonomous body, but progress in this regard has been both slow and uneven. Until recently, it was attached to the Ministry of Statistics but it now falls under MoPDSI.

The decision to situate PBS within MoPDSI was eventually taken because, among many other factors, this guaranteed relative autonomy for the bureau. It is now mandated to support MoPDSI in evidence-based policymaking (through the generation of official data). This, by extension, makes the ministry the largest evidence producer of all state institutions.

However, the PBS's evidence generation and use are not always systematic. Irregular data collection and staffing shortages suggest that evidence could be improved. This, in turn, suggests that the statistics collected through the Demographic and Health Survey, the Pakistan Social and Living Standards Measurement, and other such national-level exercises, are also not as reliable as they should be.

- **Irregular data collection:** As per the Constitution, the national Population and Housing Census should take place every 10 years, but the most recent census exercise was conducted in 2017 – almost two decades after the previous one. In between the two censuses, the country changed significantly, so, during this interregnum, official statistics on poverty and other socioeconomic issues were generated based on an undercount of the population and outdated sampling frameworks. Similarly, a Child Labour survey is also being conducted after a gap of over 20 years. However, data collection for the Pakistan Social and Living Standards Measurement is completed regularly, most likely because its funding is guaranteed.
- **Staffing shortages:** The PBS staff size increased by 200% during data collection for the 2017 census. On the completion of data collection and analysis, the staff size shrank again and now PBS is under-staffed.
- **Data-sharing:** The PBS does not easily share raw data from its surveys and the censuses. This has made it difficult for others to conduct meaningful, analytically rigorous, and independent analyses, and to evaluate government policies. The data that the PBS does share in the public domain are also descriptive in nature and so are useful in regard to informing policy debates.

This implies that to strengthen the demand for and use of evidence in specific sectors, SEDI will have to work with the PBS to address specific problems in the statistical evidence it possesses on those sectors.

### **Pakistan Institute of Development Economics**

Other than the PBS, several other parts of MoPDSI also conduct research studies to inform and validate policymaking – the Pakistan Institute of Development Economics being the most prominent among them. The institute was originally established in Karachi in 1957, and it was accorded the status of an autonomous research organisation in 1964. It focuses

mainly on theoretical and empirical research in development economics in general, and on Pakistan-related economic issues in particular.

With some recent changes in its leadership, the institute may soon gain greater prominence. It is currently chaired by a former deputy chairman of the Planning Commission, who was also the main author of the 10th Five-Year Plan (2007–12).

MoPDSI also houses the Pakistan Planning and Management Institute, where civil servants learn how to evaluate PSDPs (from initial project submission forms submitted by different departments to project completion and review).

Other state institutions that are important with reference to evidence production include the following:

- **The Ministry for Federal Education and Professional Training.** Some higher education institutions governed by this ministry are among Pakistan's main producers of academic, peer-reviewed, and published research. In just one year, between 2017 and 2018, the number of such research projects grew from 14,000 to 18,000. A major focus of these institutions during 2018–19 was improving the quality of their research and establishing its relevance to national needs.
- **The Ministry of Science and Technology.** It governs the production of scientific research across Pakistan and is now working with a Task Force on the Knowledge Economy. One of its responsibilities in 2019–20 has been to organise meetings of the National Commission for Science and Technology to advance a national research agenda. Under this agenda, research and development organisations are expected to liaise closely with industry, academia, and the private sector in order to produce research that leads to pilot initiatives, which can then be scaled up and made commercially viable (GoP, 2019a).

The implication for SEDI is that the design of pilots and experiments in the selected sector(s) may also include assessing the need to strengthen the links with these ministries, as they play an important role in evidence production and funding.

### **Policy research institutions**

Beyond public institutions, a lot of policy research is also done by private or not-for-profit policy research institutions that are clustered in Islamabad (given the fact that policymaking is centred in the federal capital), and in the country's two largest cities, Lahore and Karachi. Balochistan and Khyber Pakhtunkhwa provinces do not have well-established policy research institutions, other than those working on agriculture, nutrition, and medicine.

The concentration of many research organisations in the federal capital, Islamabad, contrasts sharply with the current needs of policy research at the provincial level, especially given the greater provincial-level decision-making under the 18th Constitutional Amendment. Provincial governments therefore need to create an enabling environment that would provide incentives to government agencies for producing and procuring evidence, and that would help private and not-for-profit policy research organisations to grow. Leading research organisations also need to increase their engagement with provincial policy issues in order to provide context-specific analyses, so as to maintain their significance in the changed policy landscape (Naveed and Wood, 2013).

However, a problem confronting non-government, non-profit research organisations is that many international organisations have left the country over the last four years due to changes in the rules and regulations for international NGOs. Many local organisations, too, are facing a severe resource crunch due to the new rules and regulations.

Some regions in the country are accessible only to United Nations agencies. They remain off-limits for many research organisations. Diversity among knowledge institutions is important in an evidence system that involves, among other things, collaborations between state and non-state evidence producers, such as independent policy research organisations, NGOs, and university centres. It also requires contestation of research and analysis of data.

## Universities

Higher education in Pakistan takes place in universities and their affiliated colleges but research is restricted to universities. In 2017–18, there were 116 public and 79 private sector universities across Pakistan, with a total enrolment of approximately 2.5 million students, including those engaged in distance-learning (World Bank, 2019b).

Higher Education Commission data show that the number of male and female faculty members in universities is almost equal, and that the number of female students in higher education is higher than that of men. However, women’s participation in applied research is low. Overall, the research capabilities of universities are low (World Bank, 2019b). Most universities undertake ‘inadequate and irrelevant research activities with few linkages between universities and industry to encourage the commercialization of research’ (World Bank, 2019b). The incentives for their staff to invest time and resources in research (and publications) continue to be weak. This results in a limited generation of policy-relevant research.

Table 4 provides a snapshot of the policy research landscape in Pakistan (broken down by themes and actors responsible for generating evidence).

**Table 4: Policy research in Pakistan disaggregated by the major producers and by themes**

Policy research by theme	Who generates most of the evidence?
Economics	Most of the evidence that focuses on economic policy is produced in Islamabad, Lahore, and Karachi, whereas Balochistan and Khyber Pakhtunkhwa face a huge gap in this regard. Research is produced by different actors, including government entities and non-government policy research institutions, as well as donors. Universities contribute a small portion.
Agriculture, food security, and nutrition	Most scientific and technical evidence on these themes is produced by public sector institutions, including universities. This technical evidence then feeds into policy research.
Health research	This is steered mainly by the Pakistan Medical Research Council (a state institution) and by Aga Khan University, a private educational institution. Technical/scientific aspects of public health are also addressed by a few other organisations in the public sector.
Poverty, gender, and social policy	Evidence production on these subjects is dominated by NGOs.

Governance	Research on this subject is undertaken only by a few NGOs.
Evaluations – various themes	This is mostly done by a ‘core group of experts’ hired as consultants, alongside a few Islamabad-based organisations and consulting firms. The largest evaluation programmes in the development sector are outsourced to international actors.

Source: Authors’ analysis based on Naveed and Wood (2013)

### 3.3.2 Funding and regulations on research procurement

Public funding to support policy-relevant research is limited as funds available for research are allocated mainly to scientific and technical disciplines. Social science-based disciplines that are relevant to policy often get ignored (Naveed and Wood, 2013).<sup>5</sup>

Pakistan’s public procurement system also has rules which affect the generation of evidence, particularly on socioeconomic themes. The rules of the Public Procurement Regulatory Authority state that public agencies may use ‘negotiated tendering’ as a method of procurement to ‘engage one or more suppliers or contractors with or without prior publication of a procurement notification...purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development’.<sup>6</sup> These rules also state that the reasons for using negotiated tendering must be included on record.

In theory, these two rules should allow public sector agencies to fast-track the contracting of research organisations and allow them to commission research fairly quickly and easily. In practice, however, most key informants interviewed for this study, who are working in public sector organisations, mentioned that they are unaware of this procurement possibility. They instead stated that they need to rely on donors to fast-track the commissioning of research that they consider to be policy-relevant. There is thus an opportunity for SEDI to increase awareness about these rules that allow public funding to procure research and analysis from non-government policy research organisations, private consultancies, and universities in addition – or as an alternative – to requesting funding from DPs.

### 3.3.3 New intermediaries and their growing influence over policy processes

Some groups and organisations have emerged as influential intermediaries in the evidence ecosystem in recent decades. These include the media (including social media), social movements, rights-based organisations, and accountability institutions like the National Accountability Bureau. All of these have gained further prominence under the incumbent government.

While policymaking remains largely under the influence of certain key actors, the emergence of these intermediaries may bring about some positive changes to decision-making processes, and may alter some of the existing dynamics. In this section, therefore, we focus on the media as a key actor in the evidence ecosystem in Pakistan, because of its widespread use by different actors and its influence on them.

<sup>5</sup> We will review the budget lines for research from within government to estimate the level of funding and who it goes to from across the ministries and departments after the FCDO review in January 2020.

<sup>6</sup> Public Procurement Rules (2004).

The media has multiple roles, which include informing citizens about the policies and actions of the state – and questioning those policies and actions. This was recently witnessed when the news media discussed the setting up of the NDC, portraying it as encroaching upon the National Economic Council’s (NEC’s) turf. Television talk shows and newspaper editorials also often investigate the economic and financial implications of the ongoing deal between Pakistan and the IMF. Citizens are also active on social media, offering an additional layer of discussion on these, and many other, subjects.

SEDI could therefore map and assess the role news media has in informing policy decisions. It could also identify opportunities and constraints that this role brings with it.

### **3.3.4 DPs**

Bilateral development agencies (such as FCDO, the United States Agency for International Development (USAID), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)), multilateral agencies (such as the World Bank, the Asian Development Bank, and the IMF), and various United Agency agencies play a key role in national-level policymaking, as well as evidence generation. They play an important role in pushing the federal and provincial governments to demonstrate (using evidence) the results of the projects being carried out with their funds and cooperation. They are also instrumental in the generation of high-quality and impartial evidence, having funded some of the best research entities in the country. They conduct research through their own projects too, and they ensure the quality of that research through audits and reviews by reputable international research organisations.

This drive to make the Government improve evidence generation and use comes partly from the donor community’s internal imperatives – for instance, their increasing need to be accountable to their own stakeholders, their commitments to and declarations about harmonising aid, and their requirement to ensure aid effectiveness. Evidence is now crucial to a result-driven aid environment, especially as traditional donor assistance is shrinking, and donor governments face greater pressures to show value for money in their aid interventions.

The need for evidence that demonstrates the results and impacts of donor interventions is becoming more apparent in both the design and review stages of the policy cycle. It comes in the form of needs assessments, M&E reports, and impact evaluations. These are largely undertaken by international research organisations, consulting firms, and their credible local equivalents. Part of the reason evidence on such impact has been weak is that baseline studies are often not undertaken to inform programme designs.

On the other hand, donors generally pursue a short-term project-based mode of financing to support research and evidence generation, primarily because this is a preferred ‘way of working’ in a difficult country context like Pakistan. They do fund much quantitative and qualitative research, but this is rarely participatory. This has not helped long-term investments in institutionalising a strong culture of evidence generation and use in the country.



This does not mean that all donor-funded research suffers from these flaws. Indeed, there are some notable exceptions. For instance, the FCDO-funded Sub-national Governance Programme II (SNG II)<sup>7</sup> involves action research, which is an innovative form of conducting research and is far more participatory than more traditional approaches. The FCDO-funded Empowerment Voice and Accountability (EVA) programme included ethnographic ‘immersion’ research<sup>8</sup> to inform its programming.

### 3.4 Drivers of better evidence use

Against the backdrop of Pakistan’s relatively well-developed yet scattered institutional architecture for evidence generation and use, it is equally useful to identify the factors that drive better evidence use. In this section, we focus on two of these.

#### 3.4.1 Localisation of the Sustainable Development Goals agenda

Pakistan has incorporated the Sustainable Development Goals (SDGs) in its national development agenda. Through these goals, the country seeks to both bring about a ‘data revolution’ and to ‘leave no one behind’. Without a greater, better, and faster generation and use of evidence, policymakers will find it hard to keep Pakistan on track to achieve the SDGs. They will also fail to reach out to the poorest and the most marginalised through programmes such as Ehsaas and the Benazir Income Support Programme (BISP), which have been established to ‘reduce inequality, invest in people, and lift lagging districts’.<sup>9</sup>

To create the desired data revolution, SDG taskforces have been established in provincial parliaments. An SDGs Unit has also been set up at MoPDSI. Its subsidiary units are housed in all four provincial Planning and Development Departments, as well as in Azad Jammu, Kashmir, and Gilgit Baltistan. The federal unit has produced a large body of data and analysis to inform policy design and policy review on the SDGs in Pakistan.

A national framework for the SDGs has also been prepared, after an ‘extensive analysis of data and deliberations with provincial and local governments’ (Ministry of Planning, Development and Reform, 2018). Evidence to support the development of the framework included a data gap analysis, which measured the extent of the missing data on various SDGs indicators and set baselines for them; a national community-based survey to find out people’s priorities in regard to SDG implementation; and an evidence-based model to determine national priorities using multiple criteria. Progress on the implementation of the framework will be monitored and reports on this will be submitted annually to the NEC ((Ministry of Planning, Development and Reform, 2018).

In the same vein, SDG 1 – which focuses on ending poverty – seeks to measure progress on its indicators through the determination of a multidimensional poverty line. To comply with this requirement, Pakistan has devised its national Multidimensional Poverty Index, with help from the Oxford Poverty and Human Development Initiative and the United Nations Development Programme (UNDP). Disaggregated to the district level, this index is being

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<sup>7</sup> [www.pk-sng.org](http://www.pk-sng.org)

<sup>8</sup> [www.reality-check-approach.com/pakistan.html](http://www.reality-check-approach.com/pakistan.html)

<sup>9</sup> [www.pakistan.gov.pk/ehsaas-program.html](http://www.pakistan.gov.pk/ehsaas-program.html)

used to measure poverty and to track progress on SDG 1. It is also being used for broader policymaking on reducing spatial poverty and inequality (see Section 4.4).

The SDGs agenda in Pakistan, **could** provide an enabling environment for greater evidence generation and use.

### **3.4.2 Contestations about official evidence**

Evidence produced by the PBS, or by economists within MoPDSI, is often contested by key stakeholders both within and outside the GoP. This contention is mostly premised on the limitations of the methodologies used to produce the evidence. Evidence on poverty is a prime example of this.

In December 2019, two news outlets, the *Express Tribune* and the *Business Recorder*, ran articles on ‘rising poverty’ in Pakistan. These were based on evidence produced by a former finance minister, Dr Hafiz Pasha. He claimed that four out of every 10 Pakistanis would be poor by June 2020 (Pasha, 2019a). In response to this, the incumbent planning minister said: ‘*We do not have latest official poverty statistics*’ (Pasha, 2019b). These statistics have been missing since 2014–15, a year after the start of the last IMF deal.

The official data and mainstream poverty narrative can thus be contested on grounds rooted in, and beyond the official evidence base (Khan, 2015). These grounds are not only technical but also political. In addition, as the following sections on sectoral analysis will highlight, ‘timing is key’ to their interpretation. This is a feature of every evidence ecosystem.

Any attempts to resolve disputes over official evidence should aim to engage with and consider all recommendations. Official evidence that is both defensible and verifiable – and that is also widely accepted by key stakeholders in the policy landscape – is more likely to be put to use than any other kind of evidence.

## **3.5 GESI and the generation and use of evidence from an equity perspective**

Identity-based inequality (including cross-cutting gender inequality) and exclusion are widespread in Pakistan. Some social scientists find public policy to be largely ‘oblivious’ to these issues (Gazdar, 2013), even though Pakistan is a signatory to various international human rights commitments. The weak generation and use of evidence in policymaking, especially on gender inequality (given that girls and women constitute half of Pakistan’s population), further exacerbate inequality.

Evidence can be used to identify prospective beneficiaries of programmes funded by both the Government and foreign donors, and to target the most vulnerable groups, including women. This contention faced its first test in Pakistan when BISP was introduced in 2008 to address poverty and inequality. Poor women were to be the core beneficiaries of the programme, but they were identified through a problematic system of outreach. In 2010, the Government adopted a new, and more transparent, *evidence-based* approach to identify the beneficiaries and to target the poorest households<sup>10</sup>. Through this exercise, an attempt was

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<sup>10</sup> BISP targeting was done using a poverty score. This score was determined after a nationwide poverty scorecard survey was conducted. The prescribed method for the survey was a door-to-door census.

made to sidestep the conventional use of local patrons and notables as formal or informal intermediaries between the state and the citizens. The survey helped the Government to identify around 7.7 million eligible families (GoP, 2019a); 5.7 million of them are receiving cash transfers.

Several gaps remain. For instance, only a few qualitative studies have been conducted in Pakistan on the issues of marginalisation and exclusion, as well as on the impact of BISP. One such study found that ‘although the BISP poverty score is a good proxy for household income or wealth status, this score is neutral to specific qualitative dimensions of marginality and exclusion, such as local power relations, status hierarchy based on occupation or kinship group identity, and religious minority’ (Gazdar *et al.*, 2013).

Evidence can also be used to highlight the scale of particular gendered problems, and to address them. For instance, the Annual Plan 2019/20 is somewhat conscious of gender inequality and cites statistics from global rankings to situate the scale of the problem. It acknowledges that gender inequality in Pakistan is among the highest in the world. ‘Pakistan ranked 133 out of 189 in the Gender Inequality Index (2018), and 148 out of 149 on the Global Gender Gap index (2018) although in political participation it ranked higher at 54’ (GoP, 2019a).

Evidence is also vital for pursuing broader, more equitable government policy agendas. Take the human rights agenda, for example. The Annual Plan 2019/20 points to the Government’s intention to implement an action plan on strengthening the Ministry of Human Rights, establishing a human rights management information system (HRMIS), and empowering regional directorates of human rights in Lahore, Karachi, Peshawar, and Quetta. According to the ministry, the information system will facilitate the institutionalisation of disaggregated data collection and data analysis to monitor and evaluate the patterns of emerging human rights trends across Pakistan, which will support *evidence-informed planning*, development, and administrative interventions for the promotion and protection of human rights (Ministry of Human Rights, 2020).

Evidence is similarly key to resolving historical development imbalances. The Annual Plan 2019/20 acknowledges that balanced regional uplift is essential to ensure sustainable development in Pakistan. The 12th Five-Year Plan (2018–23) has identified 67 districts in all the four provinces – seven in Punjab, 29 in Balochistan, 12 in Khyber Pakhtunkhwa, and 19 in Sindh – as less developed, on the basis of multidimensional poverty in the country. The incidence of poverty (the percentage of people identified as multidimensionally poor) in these districts is more than 50%. The territories of Azad Jammu and Kashmir, Gilgit Baltistan, as well as the tribal areas recently merged in Khyber Pakhtunkhwa, have also been included in the less developed category and will receive special policy attention.

The following sections will now look more closely at three specific sectors to describe how policymaking processes work within each of them and what role evidence plays in informing policymaking in them relative to other factors, and why. Some of the political factors and actors that have been discussed broadly here – and that drive decision-making and evidence generation and use – apply at the sectoral level as well.

## 4. Planning and reform for economic development

### 4.1 Introduction and problem statement

Macroeconomic imbalances have been a characteristic of Pakistan's economic trajectory: since 1958, the country has sought 22 deals with the IMF. The latest of them, worth US\$ 6 billion, was signed in July 2019 and will last 39 months.

This last package coincided with a slowing down of economic growth, coupled with high inflation. Pakistan's economy is expected to grow by 2.4% in FY 2019/20. In comparison, it grew by 3.5% in 2018/19 (IMF, 2019a). Inflation, meanwhile, is expected to increase to 13% during FY 2019/20. This increase is linked to a high fiscal deficit which is the effect of changes in currency exchange rates, upward adjustment in the prices of electricity, gas, and other utilities, the rising cost of imported inputs, and barriers to regional trade, which could have helped address the shortages of some food items.<sup>11</sup>

While this macroeconomic performance is a major factor that explains why Pakistan is under the IMF's stewardship yet again, there are some structural reasons for this as well (Pasha, 2019c):<sup>12</sup> The IMF deal has spelled out the following reforms to address these structural issues: implementing a new PFM law; broadening the tax base by removing preferential tax treatments and exemptions; removing arrears and accumulation of debt in the electricity sector; maintaining a market-determined exchange rate and allowing the central bank further autonomy; improving trade across borders through measures which improve the business environment, mobilise investment, and increase the competitiveness of exporting enterprises; and strengthening the governance of state-owned enterprises.

The GoP recognises the need to implement all of these reforms.

#### 4.1.1 Early signs of improvement

There are some signs that the ongoing IMF programme is having corrective effects on key economic indicators (Moody's Investor Services, 2019). For example, the external account position has improved. This improvement is due to a flexible and market-determined exchange rate being adopted by the State Bank of Pakistan (SBP), which is resulting in an encouraging increase in the SBP's net foreign exchange reserves. On the fiscal side, tax revenues are showing signs of improvement. The overall commitment to reform has also given confidence to market actors both locally and abroad. This is reflected in a rise in foreign portfolio investment during the second quarter of FY 2019/20.

As a first step to implement the reform agenda to be pursued under the IMF package, the Parliament introduced a PFM law in June 2019. The key objectives of the law are to limit supplementary grants, keep the movement of public money in check, fully reveal to Parliament any tax exemptions, strengthen rules regarding supplementary budgets and re-appropriation of budgets, and the surrender of savings made in budget allocations. Our interactions with officials at the Finance Division reveal that there are several challenges to the implementation of the law.

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<sup>11</sup> This section was first written in December 2019. For longer-term determinants of inflation, see: Arby and Ali (2017).

<sup>12</sup> For a comprehensive discussion of these issues, see: Husain (2019). Also see Amjad and Burki (2015).

At a conceptual level, all government expenditures also need to be aligned with Pakistan's commitment to attaining the SDGs. However, federal, and provincial budgets are marred by efficiency gaps (Ahmed, 2017).

Development budgets also face difficulties in ensuring value for money (Ahmed and Qadir, 2018), partially due to a lack of compliance with the process defined in planning forms – from PC-I (project cycle) to PC-V (Amjad and Burki, 2015). The Prime Minister's Taskforce on Institutional Reforms is now looking into these issues.

To fulfil another IMF conditionality, the Federal Board of Revenue (FBR) has been tasked with raising a record high level of tax revenue. This is going to be challenging, mainly because the senior FBR leadership generally has a high turnover, which makes policy sustainability and administration reform difficult. The World Bank and Pakistan's other DPs have nevertheless designed a support programme for the FBR, entitled the Pakistan Raises Revenue Initiative. This initiative focuses on expanding the active taxpayers list, facilitating taxpayer compliance, and strengthening customs clearance.<sup>13</sup> A major future challenge will be tax harmonisation, which will require improving coordination between the FBR and the provincial revenue authorities.<sup>14</sup>

There is also high-level official interest in improving Pakistan's ranking on the ease of doing business and trading across borders. For instance, the Government has launched the Pakistan Regulatory Modernisation Initiative, which focuses on improving firm-level competitiveness, with the additional objective of promoting potential and new exporters. There is also a push to automate, rationalise, and/or eliminate obsolete regulations that act as a barrier to entry and exit in the markets. The provincial governments have shown a strong commitment towards achieving this goal (The News, 2020a). Foreign direct investment is similarly being welcomed in export-oriented industries through a liberal investment regime, as well as through concessions being offered at special economic zones (SEZs). The recently initiated Look Africa Policy Initiative also reflects a big-push effort by the Government to explore new markets for traditional and non-traditional exports (Business Recorder, 2019).

#### **4.1.2 Intent to improve data and evidence systems**

As part of the IMF package, the Government is committed to reporting selected indicators on a quarterly, monthly, and weekly basis. The objective of this exercise is to keep the IMF informed and to provide evidence that the package remains on track. It is also likely to contribute to the strengthening of a demand for macroeconomic data and analysis within the policy institutions. During a meeting with our team in October 2019, the IMF's visiting mission members stressed that the Government needed to hold structured consultations with policy think-tanks and NGOs on how best to achieve macroeconomic stabilisation with a human face.

Since the IMF deal demands – directly or indirectly – a greater use of past, emerging, and real-time evidence in correcting macroeconomic imbalances and ensuring progress on structural indicators (including those relating to the energy sector and public sector

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<sup>13</sup> Functional details around this programme can be accessed from World Bank website.

<sup>14</sup> Two DPs, USAID and GIZ, are supporting Pakistan to meet this challenge.

enterprises), we see this as a major opportunity for SEDI. The need to rely on evidence is also highlighted in the IMF's staff country report, which directs the Government's attention towards protecting marginalised groups from the hike seen in the prices of some consumer items, such as electricity and gas. The report suggests that this can be made possible through redistributive elements in well-designed tax, public expenditure, and trade policies.<sup>15</sup>

Our respondents believe that the IMF's support has helped the Government to develop a clear roadmap in areas such as PFM, tax revenue mobilisation, the energy sector, trading across borders, and state-owned enterprises.<sup>16</sup> At the same time, our respondents also mentioned that relevant actors, including economic ministries and departments, still tend to be working in a 'firefighting mode'. This term was commonly used during our consultations at the MoF, MoPDSI, Ministry of Commerce (MoC), and FBR. This firefighting – or reactive – mode of making policy decisions may limit the space for identifying problems in some areas of economic policy management. It also suggests that investments need to be made in strengthening processes, systems, and budget allocations for the generation and use of evidence.

However, our respondents stated that the IMF package provides some medium-term space in certain policy areas. They believe that this creates opportunities to probe, design, and improve economic management. It also makes it possible to think about how data, analysis, and research can help inform policy design, implementation, and M&E in those areas.

#### 4.1.3 Narrowing down our focus

The policy areas covered by the IMF package are economy-wide in nature. However, SEDI needs criteria that it can use to narrow down specific reform areas that are more conducive and aligned with the scope of the programme. The policy reform areas that, both in SEDI's own terms and as per our consultations, appear to provide the best opportunities are PFM, taxation, trade, and energy. Even within these areas, trade and the trade-related investment regime offer the most meaningful room for informed experimentation and learning. This assessment is based on our interactions with the Government and with FCDO Pakistan. Below we explain in some detail the rationale for our assessment. In doing so, we draw upon an analysis of KILs, focus group discussions, and media content, a review of academic literature and government documents, and discussions with think-tanks and CSOs.

**The Government's commitment and the traction of political leadership.** The manifesto of the ruling Pakistan Tehreek-e-Insaaf (PTI) (GoP, 2018) shows, among other things, that a key goal of the party is to boost export competitiveness by helping small and medium-sized enterprises (SMEs) to become exporters. This was also included in the PTI Government's first 100-day agenda. Our media content analysis reveals that the Prime Minister, Imran Khan, has taken a keen interest in nudging the MoC to expedite the formulation of the Strategic Trade Policy Framework (STPF) and the National Tariff Policy 2019–24, the E-commerce Policy, and the Trade-Related Investment Policy (Khan, 2019). There also seems to be a relative cross-party agreement on achieving export competitiveness urgently, and on

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<sup>15</sup> Indicators may be seen in IMF (2019b).

<sup>16</sup> An impression provided by Dr Ishrat Husain, the Prime Minister's Advisor on Institutional Reform and Austerity, during an interview with the SDPI team.

bringing down the cost of doing business, even though the handling of PFM, tax, and energy reforms remains a matter of fierce debate and controversy in Parliament.<sup>17</sup>

**Policy reforms in trade provide an opportunity.** Because the IMF's reviews pressurise the Government to deliver quick wins on PFM, tax, and energy reforms, these sectors continue to be dealt with in a firefighting mode of decision-making more than are commerce and trade. According to our consultations, this mode reduces the time and attention available to test evidence use in these sectors – at least during FY 2019/20 and FY 2020/21.<sup>18</sup> Policy reforms in trade, on the other hand, are seen by our respondents as a medium-term agenda, which provides space to probe, consult, use, and learn from evidence to improve trade-related interventions.

**Trade policy has linkages with international commitments.** The Government seems to understand that integrating local firms with global value chains leads to more sustainable jobs, which, in turn, increases the Government's ability to respond to SDG 1, SDG 8, and SDG 10 (GoP, 2019). During our consultations, representatives of MoPDSI (which is responsible for monitoring the SDGs) and the MoC were keen to deliberate upon ways to support the growth of SMEs and export-oriented enterprises that could contribute to SDG 8. Such an intent was not visible in the case of policy actors in PFM, tax, and/or the energy sector. The MoC is also keen to use evidence and to demonstrate the success of the Generalised System of Preference (GSP) Plus scheme, which will guarantee the preferential entry of Pakistani exports into Europe when the European Union (EU) reviews and renews the scheme.

**Trade-related departments have a stated intent to address gender and social inclusion considerations.** The MoC, the Trade Development Authority of Pakistan (TDAP), the Export Development Fund (EDF), and the training unit of the MoC (the Pakistan Institute of Trade and Development (PITAD)), have all expressed a relatively strong intent to collaborate on evidence use interventions. They have also exhibited a desire to better understand how gender and inclusion considerations can be embedded in trade. Some respondents made requests during our consultations that the MoC be shown the recent evidence on 'women in trade' and women's participation and leadership in export-oriented businesses. They also wanted to know about ways and means to improve the existing exhibitions that showcase the produce of women-owned businesses.

**Alignment with FCDO programming could add value.** We have also looked at what aligns with FCDO's programming and priorities in Pakistan (FCDO, 2018) and what does not. Helped in this task by our consultations with FCDO's British and Pakistani offices, we have learned that FCDO Pakistan is in the process of starting the Revenue Mobilisation, Investment, and Trade (ReMIT) programme. SEDI's intervention could add value to this programme.

**The readiness of non-government local actors can help SEDI.** A strong constituency of business associations and trade bodies is willing to engage with the Government on reforming various aspects of trade policy and practice. Several of these associations have recently raised their voices in favour of the normalisation of trade relations with Pakistan's neighbours, particularly Afghanistan and India (India Today, 2019). We believe that this

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<sup>17</sup> For example, see Business Recorder (2020).

<sup>18</sup> For example, there is a case of an ongoing difference of opinion between the FBR and traders. See DAWN (2019a).

constituency will be a strong partner in creating a push for trade-related reforms, including evidence use in policy formulation or course correction.

**The consortium’s judgement and ability.** We have also looked at the ability and willingness of various government teams working on different policy reforms to which Pakistan has committed itself under the IMF package, and have found the necessary social capital in the trade space. The government team in this sector has around three decades of experience and has a continuous institutional memory of what has worked in the past. The Prime Minister’s adviser on commerce, Mr Razzaq Dawood, himself met with our team twice during our consultations over SEDI’s diagnostic phase, and exhibited his keen interest in it.

In the next section, we look more closely at trade policy and practice, and describe what factors drive policymaking and reforms in this area.

## 4.2 Political economy of policymaking on trade

Pakistan’s Constitution lists a comprehensive set of principles under which economy, business, and trade function (National Assembly of Pakistan, 2019). For example, Article 18 provides for the freedom of trade, business, and professions. Under Article 38, the state has a responsibility to promote the social and economic well-being of the people. This has been interpreted as the Government’s responsibility to design rules, policies, and programmes that promote inclusive economic growth.

In the operational sphere, the design and implementation of trade policy remain fragmented, with various functions split across the MoC, MoF, FBR, Ministry of Industries, National Tariff Commission, and provincial governments. Consequently, there exists no consolidated compendium of trade rules, regulations, and promotional schemes at the federal and provincial levels (Ahmed and Qadir, 2018).

The regulatory regime governing the sector is also fragmented. The Securities and Exchange Commission of Pakistan (SECP) regulates non-financial businesses, while the SBP does the same for financial businesses. The Competition Commission of Pakistan is also mandated under the Competition Act 2010 to ensure fair competition among business enterprises. A Federal Tax Ombudsman, similarly, has the mandate to hear and address complaints over the maladministration of all federal taxes, including trade-related ones. Recent literature advocates a greater coordination among these regulatory bodies.<sup>19</sup>

### 4.2.1 Who ‘decides’ on trade policy and regulations?

All federal subjects, including the economy, are overseen by the Council of Common Interests. This is chaired by the Prime Minister, with all four provincial chief ministers being members. The NEC is another important forum. It is also chaired by the Prime Minister, with federal and provincial finance ministers as members. The NEC is mandated to formulate development plans and to submit the federal budget for approval to the Council of Common Interests (Tahir and Tahir, 2013). A third forum, the NDC, has been recently established to supervise issues pertaining to regional connectivity, trade, and investment cooperation. It, too, is headed by the Prime Minister, with the Minister for Foreign Affairs, the federal

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<sup>19</sup> Some efforts in this regard are now underway. For example, see: SBP (2017).



ministers representing economic and trade ministries, and the Army Chief of Staff as members (Tahir, 2019).

Some of Pakistan's DPs have various degrees of influence over the country's trade policy and practice. These include USAID (DAI, 2015), the Asian Development Bank,<sup>20</sup> the World Bank,<sup>21</sup> and the IMF. For example, certain measures under the IMF's package impact customs duties, sales tax on imports, and export exemption schemes.<sup>22</sup> The World Bank is also asking the Government to consider rationalising tariffs and para-tariff barriers on imports. A review of their programme documents shows that these partners have provided technical advice on setting up the trade-related National Single Window, helped in ratification of WTO trade facilitation agreement, created a team of short-term researchers to support the China–Pakistan Free Trade Agreement negotiations, and facilitated the promotion of regional trade.<sup>23</sup>

At the bureaucratic level, the MoC has the overall responsibility for formulating **Pakistan's medium-term trade policy (known as the STPF)**, which includes any external trade policy order covering a period of three years (GoP, 2015). The specific responsibilities of the MoC are spelled out in the Rules of Business 1973 and include a broad set of areas such as export promotion, free trade agreements, commercial intelligence and statistics, tariff policy and its implementation, safeguard laws, inter-provincial trade, domestic commerce, regulation of business associations, insurance law, and the selection of trade officers for posting to Pakistan's embassies abroad (Cabinet Division, GoP, 1973).

Since the last STPF expired in March 2018, with a new one still being drafted, decisions to promote exports are currently not guided by a clear policy framework. Any desired changes in trade practice are therefore brought about through statutory regulatory orders, which economic ministries can issue with the approval of the Cabinet's Economic Coordination Committee (ECC).<sup>24</sup> Chaired by the Finance Minister, the ECC meets on a weekly basis to coordinate economic decision-making among ministries and departments. Any economic decisions requiring the federal cabinet's approval must also be first discussed and approved by the ECC.

The MoC is implementing several reforms – even in the absence of a new STPF (which is scheduled to be completed by mid-2020) – which could be optimised through a greater use of evidence. These reforms include the following:

- **The National Tariff Policy 2019–24**, approved by the Cabinet in November 2019 and aimed at reducing anomalies in the tariff structure, removing anti-export bias, enhancing competitiveness through duty-free access to imported raw materials, and promoting investment in industry (Commerce Division, GoP, 2019). Evidence can guide both the implementation plan and process of this policy.
- **The e-commerce policy framework**, approved by the Cabinet in October 2019, with the aim of promoting financial inclusion through a digital payment infrastructure, empowering

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<sup>20</sup> The Asian Development Bank, among other efforts, supports the MoC on the Central Asia Regional Economic Corridor (CAREC). For details, see: [www.carecprogram.org/?page\\_id=9](http://www.carecprogram.org/?page_id=9).

<sup>21</sup> A programme is being designed to support the MoC, called 'Pakistan Goes Global'.

<sup>22</sup> For example, see The News (2020b).

<sup>23</sup> For example, see the review document of the programme supported by Australia's Department of Foreign Affairs and Trade: <https://dfat.gov.au/about-us/publications/Documents/pakistan-trade-investment-policy-program-review.pdf>.

<sup>24</sup> The functions and responsibilities of the ECC may be seen here: [www.cabinet.gov.pk/cabinet/userfiles1/file/Info%20servcecs/ecc.pdf](http://www.cabinet.gov.pk/cabinet/userfiles1/file/Info%20servcecs/ecc.pdf) (2020).

SMEs through a business support programme and through trade development, ensuring consumer protection, improving the taxation structure for online transactions, and guaranteeing data protection. Evidence can guide how to put in place rules that are conducive to efficient payment gateways (DAWN, 2019).

- The second phase of **the China–Pakistan Free Trade Agreement**, which became operational in January 2020. Under this agreement, the two countries have decided to liberalise 75% of trade tariffs over a period of 10 years for China and 15 years for Pakistan. The MoC will need evidence on policies, including a pro-trade industrial policy, which can help in the application of this free trade agreement (as well as that of any other trade agreement) by exporters.
- **Trade diplomacy** initiatives being pursued by the MoC through TDAP. Under these initiatives, officials from the commerce and trade cadre are being posted to Pakistani embassies abroad. The MoC also takes a lead in securing export orders for seasonal surplus output. It has been seeking proposals to reorganise TDAP, too, so that it can better respond to the needs of Pakistani exporters and implement the **Look Africa Policy** (DAWN, 2019).
- **The Afghanistan–Pakistan Transit Trade Agreement**, which regulates Afghan imports and exports passing through Pakistan, and which is up for renewal in 2020. Traders demand that trade facilitation at land border points between the two countries be expedited and that the burden of various transaction costs faced at port and insurance stages be rationalised (Ahmed and Shabbir, 2016). We are informed that the MoC also wants to understand how the current transit trade agreement could be aligned with the Convention on International Transport of Goods.<sup>25</sup>
- **The Pakistan Regulatory Modernisation Initiative**, being implemented by the Prime Minister’s adviser on commerce, with support from the Board of Investment (BoI) and FBR, to help small and medium-sized exporters. This initiative aims to build upon Pakistan’s recent improvement in its ease of doing business ranking (Khan, 2019). It is also linked to the MoC’s aspiration to reform **trade in services** (Ahmed, 2017).

All of the above suggests to us that the MoC has attained an intellectual leadership in economic discourse within the Government. This is proved by the minutes of ECC meetings, in which the quality of the interventions by the MoC is found to be better than those of other ministries (DAWN, 2019b). The MoC’s leadership has also been accompanying the Prime Minister on most of his foreign trips, where it has presented a well-prepared narrative (DAWN, 2019c).

This is in contrast with the past, when the MoF, MoPDSI, or BoI were often seen to lead even on trade-related interventions. The MoC’s staff are now so well-respected that they are being asked to lead on the ease of doing business agenda, SEZs, the National Tariff Board, the Better Business Reform, and the Pakistan Regulatory Modernisation Initiative.<sup>26</sup> The MoC is also receiving broad support from within the Government and the private sector. The SBP, too, has been endorsing the MoC’s efforts to reform the business environment faced

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<sup>25</sup> More commonly known as the Transports Internationaux Routiers (TIR) convention.

<sup>26</sup> The Commerce Advisor is also in charge of the BoI and the Ministry of Industries and Production.

by exporters. For example, the central bank has stressed that the only sustainable way out of the recurrent balance of payments crisis is to support growth in export receipts.<sup>27</sup>

There are **several potential entry points which SEDI can use** to capitalise on the opportunity that the MoC provides. These are as follows:

- The MoC can be helped to better respond to the needs of parliamentarians in the National Assembly and Senate standing committees.
- Technical knowledge can be provided on when and how to procure rapid evidence, particularly during negotiations on market access and trade agreements with foreign governments.
- The MoC's internal analytical capacities can be boosted, by prioritising data analytics. We have found a high level of eagerness in the ministry to improve the linkages of its junior and mid-tier officials with global research networks on trade.<sup>28</sup>
- The MoC is also seeking orientation on improving public–private dialogue methods, and on how best to extract actionable advice from such dialogues. This orientation is also expected to improve the MoC's political and social capital, and its liaison with local business associations and trade bodies.
- One of the MoC's affiliated entities, TDAP, can be supported with innovative technologies to hold virtual and/or physical exhibitions of goods and services in other countries. TDAP has also exhibited a desire to make such events inclusive for women, youth, and various marginalised sections of the society. SEDI can help in designing these exhibitions and measuring their impact.
- The EDF has not undergone an independent impact assessment and consequent improvements in recent times, even though this is a long-standing demand of the textile sector – one that the MoC also concurs with. SEDI can facilitate such an assessment.
- Under the newly approved National Tariff Policy, the FBR's tariff-setting powers have been given to the Tariff Policy Board, which is chaired by the Commerce Minister, and on which the secretaries of industries and production, finance, revenue and commerce, and the chairpersons of Bol, FBR, and the National Tariff Commission sit as members (Khan, 2019). This change now gives the MoC power over future reform of customs and regulatory duties. SEDI can help the ministry by providing technical assistance on how best to exercise those powers.
- In our consultations the MoC pointed to a lack of structured information channels, which prevents dialogue between the FBR and MoC on the reform of export exemption schemes. The MoC has been found to be open to ideas from other countries and is willing to improve its working relations with the FBR. This, again, is an area where SEDI could help the MoC and FBR to internalise lessons from existing evidence.
- The MoC requires structured evidence on how the upcoming SEZs may be designed to benefit the current and potential exporters of goods and services, and on how these SEZs could be better connected to the current and potential markets for exports. In our view, this does not require new research and can be facilitated at PITAD through the

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<sup>27</sup> For example, see statement by Governor, SBP: [www.brecorder.com/2019/11/14/544162/pragmatic-approach/](http://www.brecorder.com/2019/11/14/544162/pragmatic-approach/).

<sup>28</sup> During our interviews, the names of some such networks were mentioned. These include: UN ESCAP's ARTNET, the French Research Center in International Economics, the Global Trade Analysis Project (GTAP), and the Partnership for Economic Policy (PEP) Network.

introduction of meta-learning principles, systematic internal reviews, existing research by other think-tanks, and learning exchange programmes.

#### **4.2.2 Linkages with other policy actors and initiatives**

The reform of trade policy and practice is also linked to the Government's intent to establish SEZs in various parts of Pakistan. The MoC has expressed a willingness to undertake a mapping of the goods and services these SEZs could export. As the development of SEZs is a task that is shared between MoPDSI, BoI, and the provincial governments, these stakeholders are expected to strongly back trade policy reform, including increased evidence use (XinhuaNet, 2019).

Equally important to mention here is the FBR's desire to reform export incentives schemes (Daily Times, 2019). It has sought support from DPs to improve general sales tax regimes imposed at the import stage, and customs duty exemption schemes offered to exporters for a duty-free import of inputs. In our meetings, however, we found that the MoC does not have updated information regarding the challenges and reform options for these schemes, which is an area where SEDI may find an entry point.

To sum up, SEDI can enable the MoC and its affiliates – TDAP, PITAD, and the EDF – to work with some high-influence and high-interest stakeholders (see Figure 4). A high or positive aptitude in relation to evidence use is seen in Parliament's standing committees on commerce and trade, the National Tariff Commission, associations of exporters,<sup>29</sup> the SBP, the Pakistan Business Council, Overseas Investors' Chambers of Commerce and Industry, the Federation of Pakistan Chamber of Commerce and Industry, and Pakistan's DPs.

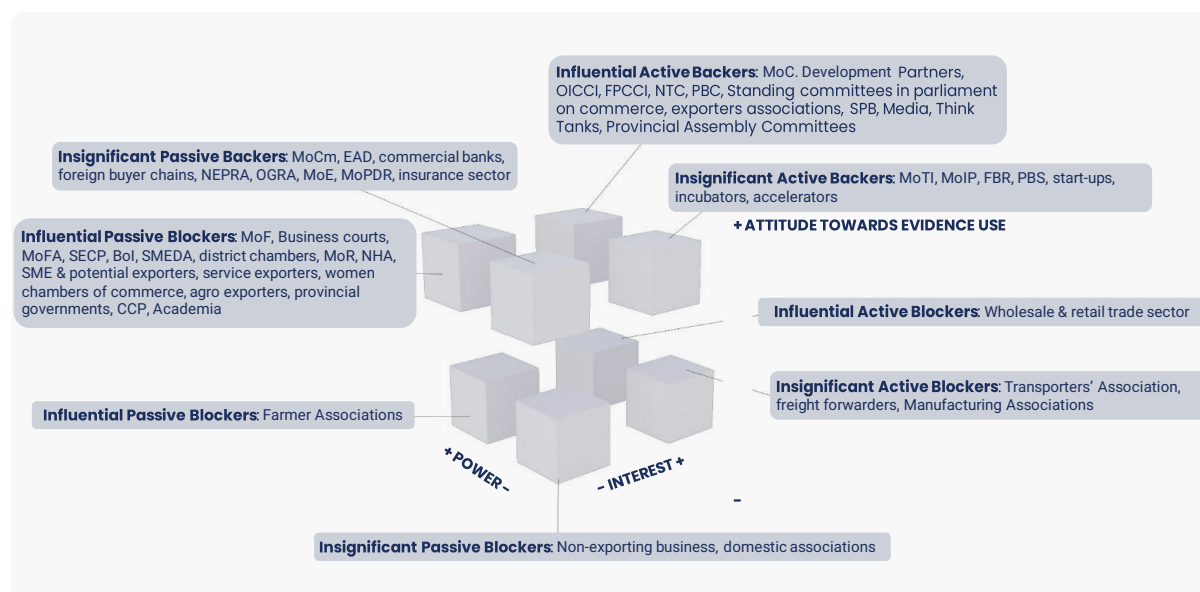
To interpret the three-dimensional Stakeholder Cube (Figure 3), we adopt the approach set out in Bourne (2015). Based on our consultations and the analysis workshop in Islamabad, we also categorise stakeholders into eight types, based on: a) their power over trade policy (active or passive); b) their interest in trade policy (influential or insignificant); and c) their attitude towards evidence use (backers or blockers).

A key consideration here will also be to see how a greater use of evidence can give voice and agency to new exporters, potential exporters, SME exporters, services sector exporters, women-led businesses, and start-ups wishing to become exporters. Research evidence on gender-based issues in labour practices at SEZs, and gender-based and sexual violence and harassment in the workplace, can help meet the evidence demand in relation to promoting gender equality and strengthening Pakistan's implementation of various gender-based conventions – a requirement by countries providing preferential markets access to Pakistani exports.

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<sup>29</sup> For example, the Pakistan Readymade Garments Manufacturers and Export Association.

**Figure 3: Who is interested in using evidence to inform trade policy reform?**



Source: Authors

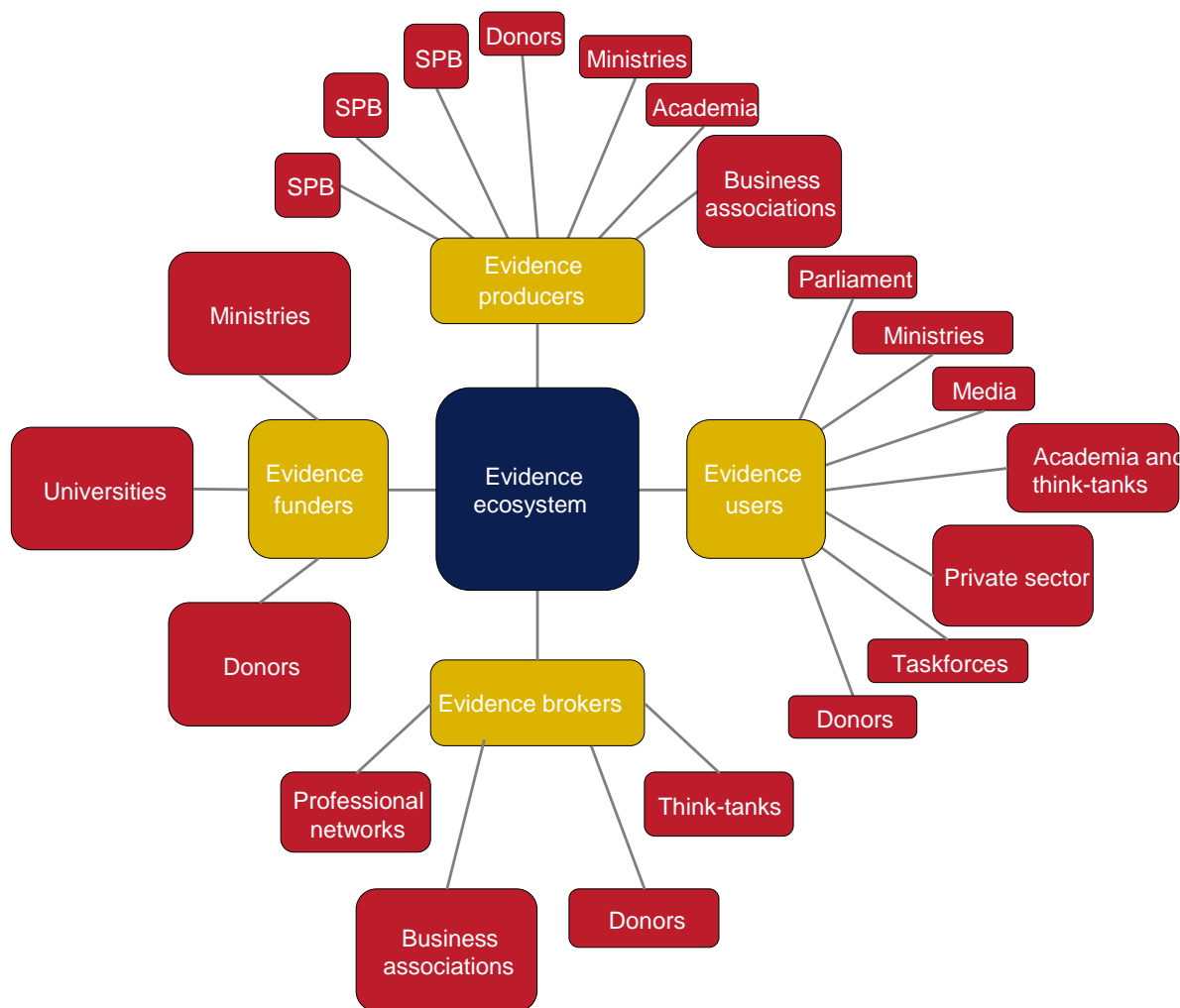
### 4.3 The evidence ecosystem in the trade policy space

In this section we discuss the main actors in the trade policy space, and the various types of evidence either generated or used (by these actors). This discussion is important from the viewpoint of understanding current evidence ecosystem in the trade policy and practice space. We then link our observations on the current ecosystem with possible entry points for SEDI.

#### 4.3.1 Main actors and different types of evidence

In our consultations with policy actors in the trade space, the most common type of evidence mentioned were: macroeconomic and trade-related statistical data; the results of stakeholder discussions with business associations (Ahmed and Nazir, 2018); *ex-post* impact evaluations of policies and programme initiatives (Kathuria, 2018); and *ex-ante* incidence analysis of changes in policies (Ahmed and O'Donoghue, 2010). Besides these, trade bulletins carrying descriptive statistics and narratives also form important pieces of evidence produced by actors in this space (USAID, 2018).

**Figure 4: The evidence ecosystem in the trade policy space**



Source: Authors' construct, 2019

The statistical information mentioned above includes data on trade performance produced by the PBS and the SBP. It also contains industry-specific and enterprise-level data produced by business associations, academia, think-tanks, and DPs. While the PBS only provides statistical data on imports and exports by country and by commodity, statistics in the SBP's data portal and its annual reports are also accompanied by assessments and, at times, in-depth analysis on the direction of trade.

Stakeholder discussions offer another forum for evidence gathering. These are usually led by GoP, with support from local think-tanks or DPs, and these usually take place prior to the making of annuals budgets or during exercises to formulate initial drafts of tariff and trade policies. Similarly, many government ministries and/or departments commission *ex-post* impact evaluations from external resource persons (for example, to identify the impact of free trade agreements). These usually involve financial and technical assistance from DPs. The Government and NGOs also often evaluate the impact of changes in trade and tax policy on exports and imports, and usually seek assistance from DPs to turn these evaluations into in-depth incidence analyses (Pursell *et al.*, 2011; Pasha, 2014).

Overall, the main knowledge producers in the trade policy space are the PBS, the SBP, the FBR, the MoC and its attached departments, DPs, academia, think-tanks, and business associations (see Figure 4). The knowledge users include parliamentary committees on commerce in the Senate, National Assembly, and provincial assemblies, the MoC and its attached departments, the MoF, the FBR, MoPDSI, and business associations. SEDI can choose to work with actors from this set, based upon the criteria of AAA, which are explained in the next section. Policy think-tanks – most notably the SDPI, Policy Research Institute of Market Economy (PRIME, the Institute of Public Policy), the Applied Economics Research Centre, and the Pakistan Institute of Development Economics – continue to play the role of knowledge brokers in the trade policy space. Some networks that also act as knowledge brokers include the Institute of Cost and Management Accountants, the Institute of Chartered Accountants of Pakistan, the Association of Chartered Certified Accountants, and the National Network for Economic Think-Tanks.

Responses from experts highlight that the current actors in this evidence space are constrained, for one reason or another, to scientifically simulate the impact of real-life political events on Pakistan’s terms of trade. They cite the example of how the US–Iran tensions seen in January 2020, and the consequent increase in global oil prices, could have impacted Pakistan’s trade structure. In the absence of any evidence in such a situation, policymakers have no choice but to rely on their own judgements, which may or may not be based on consultations with industry, economists, and actors in financial markets, depending upon the time available to policymakers.

Given the critical role of the federal ministries, we note in Table 5 how the MoF, MoPDSI, the FBR, the BoI, and the MoC influence data and/or other evidence in trade policy and practice. We are particularly interested in various units within these organisations that either use data or produce them – or that do both. We base our assessment on the publicly available documents produced by these organisations, as well as on interviews with their staff.

**Table 5: How is evidence generated and used?**

IoOrganisation	Role in evidence ecosystem	How is evidence used?	Gaps
MoF	User and producer of evidence. Uses data from other sources: for example, data from the PBS and the SBP. Produces annual Economic Survey of Pakistan (including a chapter on trade performance analysis), debt reports, and fiscal performance reports.	Formulation of federal budget, which also has an impact on exporters, importers, and overall trade practice. Extensive data use during negotiations with IMF.	Capacities to use evidence for <i>ex-post</i> analysis are seen. The same is not the case for <i>ex-ante</i> analysis. For example, essential skills in financial programming and forecasting models were not identified. There has been a lack of effort to look into why past efforts to put in place use of scientific models were not successful.
MoPDSI	User and producer of	Formulation of Annual	Data generated in-

	evidence. Uses evidence from other sources, e.g. data from the PBS and the SBP. Produces data on development projects (and their progress) under the PSDP portfolio. The data around allocations, releases, disbursements, and spending are regularly updated.	Plan and PSDP. Several trade promotion schemes funded by the GoP are part of this portfolio. The organisation acts as a key information provider on China–Pakistan Economic Corridor-related initiatives.	house not used for impact evaluation or development effectiveness – a key mandate of this ministry. Past efforts towards producing ‘public expenditure reviews’ were sporadic.
MoC	Uses evidence from other sources, e.g. data from business associations, the PBS, and the SBP. Uses evidence produced by think-tanks and experts during meetings related to bilateral and transit trade with other countries. Produces diagnostics on trade performance (only for internal use).	Formulation of National Tariff Policy, STPF, e-commerce policy, transit trade agreement, agreements on free trade agreements, etc. Stakeholders’ information and perceptions are collected through public–private dialogues organised by TDAP.	Most evidence is managed and used by consultants employed on short-term tenures. These consultants usually assist in trade negotiations. There is demand by stakeholders for the MoC to produce an annual ‘state of commerce’ report. The impact assessment of trade promotion activities, export exemption schemes, and other initiatives by the EDF is missing. There are weak internal capacities to use quantitative models.
FBR	Produces data on all types of federal taxes. Uses data from the PBS around trade volumes, prices etc.	Analysis of tax collection by the federal government. Analysis of any slippages/gaps in tax collection. Responsible for providing data and evidence on trade taxes and evidence on how customs duties are impacting trade performance.	The data produced by FBR are not being transformed into information systems which could help tax policy. The FBR Tax Journal was discontinued. The Quarterly Tax Review comes after delays. There are missing capacities with regards to forecasting or revenues and forensic analysis.



Bol	Uses data on investment inflows and outflows produced by the SBP. Produces analysis for internal use on determinants of foreign capital inflows in Pakistan.	Focal organisation for hosting investment and trade delegations coming from abroad. Also organises visits of public-private delegations from Pakistan to other countries for exploring investment cooperation. Currently demanding data at a disaggregate level on cost and ease of doing business in Pakistan. Aims to formulate a strategy under the Pakistan Regulation Modernisation Initiative to ease doing business.	Most of the analysis around the low investment to GDP ratio in Pakistan is not made public. Stakeholders suggest that, like in other countries, the Bol should produce an annual 'state of the investment report'. There are weak internal capacities to conduct modelling-based analysis of investment dynamics.
SBP	Produces trade data on 'free on board' basis and uses the same to analyse trade trends.	Designs and implements monetary policy in a manner that best helps exports, imports, and the overall economy.	The SBP has the desire to augment the capacities required to better understand how monetary and exchange rate policy actions could help increase gains from free trade agreements.
PBS	Produces trade data on 'carriage, insurance, and freight' basis.	The data are reported as part of internal and external publications. No analysis is conducted based on these data.	According to PBS officials, more efforts and resources are required to improve statistics on trade in services and domestic commerce.

Source: Authors' findings

From SEDI's perspective, it is important to work with actors that have the mandate for evidence use in trade, tariffs, and/or related policies. At the same time, it is important at the very start of SEDI to assess capacities and gaps in the supply side of evidence. For example, it is important to see which actor has the responsibility for producing evidence that the MoC requires on global issues, often in real-time, and why this type of evidence is not currently being acquired.

### 4.3.2 Evidence ecosystems enabling environment and entry points for SEDI

To function effectively and to inform policy decisions strongly, an evidence ecosystem requires certain enabling elements. These include the availability of data, information,<sup>30</sup> intelligence,<sup>31</sup> knowledge information systems,<sup>32</sup> and the regulations that enable budget allocations to produce and procure evidence and to build linkages between knowledge producers and knowledge users. In our consultations we found weak capacities within government entities for intelligence production and knowledge information systems, even though the availability of data and information are reported to be sound. The overall mechanism<sup>33</sup> for procuring evidence or commissioning research has also been discovered to be quite complex (GoP, 2010) – a key area where SEDI could help.<sup>34</sup>

The MoC's officials confirm that different units within the ministry have externally procured an impact evaluation of free trade agreements, a comparative analysis of the legal framework of the Afghanistan–Pakistan Transit Trade Agreement and the convention on the international transport of goods, an assessment of tariff structures faced by exporting sectors, an evaluation of export exemption schemes, and a probe into the plan for setting up a trade-related National Single Window. The MoC also has internal funds available to commission research, which lie with TDAP, and funds could also be allocated from the EDF. However, our respondents pointed out that the EDF's mechanism for procuring research lacks timelines for various processing steps – from receipt to evaluation and finalisation.<sup>35</sup>

Similarly, the availability of internal or outside evidence at a sector-specific and/or disaggregated level is also missing. For example, a rapid analysis is often required on how a specific change in the rate of an indirect tax could impact the competitiveness of exporters in a certain sector. Officials often feel the need for this evidence when negotiating trade agreements with foreign governments, or when negotiating tax policy changes with local business interests from a select sector.

In the absence of evidence being produced or procured by the Government on its own, most of the research exercises are still funded and conducted by DPs<sup>36</sup> and not by ministries themselves. A respondent at the MoC called this an 'outsourcing of the economic thought process'. However, our discussions with DPs suggest that they do try to involve and engage local researchers, if and when they are asked to do so, to conduct certain research. But this is not a mandatory practice. At times it may not even be possible because local expertise is missing on many trade-related subjects.

On the subject of local expertise (or lack thereof), there are important lessons to be learnt from BCURE, which could offer helpful insights for SEDI. Likewise, Itad's evaluation of BCURE also offers lessons and entry points. The ultimate test of SEDI's success will lie in

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<sup>30</sup> Data are arranged in a manner that could facilitate analysis.

<sup>31</sup> The interpretation and assessment of available information.

<sup>32</sup> Combining intelligence, qualitative data, and experiential information, and presenting them to inform decision-making.

<sup>33</sup> The overarching mechanism, as defined by the Public Procurement Regulatory Authority, may be seen in GoP (2010).

<sup>34</sup> One of the major gaps in evidence availability identified by our respondents is that it is hard to acquire real-time evidence that is also context-specific and politically relevant. There are weak internal resources – funding and staff – that could be capable of furnishing such evidence on short notice. Officials also reported that the system for procuring research services from outside the government, overseen by the Public Procurement Regulatory Authority, hampers the rapid procurement of the desired evidence.

<sup>35</sup> See the process workflow here: <http://edf.gov.pk/process-workflow-edf-financing>.

<sup>36</sup> For example, see several references provided in World Bank (2019a).

institutionalising a data-driven and real-time market intelligence and knowledge information system at the MoC and its affiliate bodies, including TDAP, the EDF, and PITAD.

### 4.3.3 GESI considerations in the trade policy space and entry points for SEDI

The latest edition of Pakistan's Voluntary National Review, prepared annually for the United Nations' High-level Political Forum on Sustainable Development, states: '*As a demonstration of political commitment and ownership, Pakistan integrated the SDGs into its national development agenda in February 2016. Pakistan was first such country to do so*' (United Nations Sustainable Development Goals Knowledge Platform, 2019). The document also notes: '*A national poverty alleviation programme – Ehsaas (Compassion) has been launched this year to expand social protection, safety nets and support human capital development throughout the country. This programme complements and expands the on-going robust social protection programme for poor women*' (United Nations Sustainable Development Goals Knowledge Platform, 2019).

These statements show that the Government is clear about how to ensure gender inclusion in social protection interventions. Officials at the MoC also talked about various initiatives being carried out to help women entrepreneurs. These include: a) lobbying with the SBP so that it forces commercial banks to set aside money for lending to women borrowers, and to reduce the export finance rate for women-led start-ups; and b) working with donors and DPs to increase the frequency of local and foreign exhibitions that display the produce of women-led enterprises (DAWN, 2018).

However, these officials acknowledged that there are still gaps in the Government's understanding on how best to prioritise gender considerations in macro-level policies on tax, public expenditure, and trade, since all of them have implications for financial redistribution and social and economic justice (Ahmed and O'Donoghue, 2010). There is a lack of understanding on: (a) gender-specific barriers to trade, which include the institutional biases faced by potential and new exporters from marginalised groups;<sup>37</sup> (b) the capacities required by trade negotiators to include gender considerations when designing free and preferential trade agreements; (c) assessing producer and consumer gains in trade liberalisation through a gender lens; and (d) communication with trade-related border and customs officials on the need to adopt gender-responsive approaches to import and export processes.

The lack of an internal communications strategy may have neutralised the impact of past efforts that produced some evidence and highlighted entry points for gender mainstreaming in the trade policy space (see DFAT (2017)) – an area we wish to explore during the coming phases of SEDI.

We also note that it is difficult to find disaggregated data on imports and exports of goods and services, trade finance, exporting enterprises etc., that are premised on GESI. For example, the number of existing and/or new women entrepreneurs involved in import and/or export business is not readily available. A researcher would have to statistically match datasets available from the SECP, the FBR, and the SBP to find this information. Also, it is difficult to find data on the import and export performance of enterprises from non-traditional exporting sectors and start-up enterprises. (The SBP is trying to fill some of these gaps by,

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<sup>37</sup> The need for evidence on this subject is also discussed in Tanwir and Sidebottom (2019).

for instance, regularly publicising data on women borrowers, including those borrowing for trade financing.)

The lack of GESI-disaggregated data, in turn, makes it difficult for the MoC and its attached units to design trade policy interventions that respond to the critical needs of marginalised groups in trade-related activities. We see this as another area where SEDI could lend support and increase awareness about the need for GESI-disaggregated data. More importantly, SEDI could shed some light on how statistical agencies in other countries collect, compile, validate, and make public such datasets.

#### **4.4 Strengthening evidence use at an organisational level – fine-tuning SEDI’s focus**

We undertook an assessment of various trade-focused government organisations in terms of their Authority, Acceptance, and Ability (AAA for policy change and, more importantly, for promoting evidence use in policymaking (Andrews *et al.*, 2017).<sup>38</sup> We also applied the AAA lens to other government entities that directly or indirectly have control or influence over trade policy and regulations. Detailed insights from this preliminary AAA analysis will inform decisions on how SEDI might engage with them.

#### **4.5 Conclusion**

In the light of our PEA and our assessment of the capacity and commitment of various actors in the trade policy and practice space, we have identified a select number of organisations that offer opportunities for strengthening processes, systems, and regulations for evidence demand and use. TDAP, PITAD, and the EDF, all existing within the MoC, could create encouraging outcomes if these can be properly staffed and adequately financed for the generation and use of evidence in policymaking and policy analysis.

If a medium-term plan to merge some other ministries – such as the Ministry of Industries and Production and the Ministry of Textile Industry<sup>39</sup> – materialises, this will provide fresh opportunities to reorganise the management of trade policy and assess how evidence can help in that process of change. The SBP’s efforts to make GESI-disaggregated data available also provides a good entry point for SEDI.

We also believe that the identification of actors that offer promising entry points must go hand in hand with the identification of policies that those actors are likely to implement over the next few years. Within those policies, it will be important to identify bottlenecks that could choke the evidence ecosystem. In other words, those policies could offer a context in which to test solutions that may contribute to strengthening organisational capabilities and, at the same time, improving policy outcomes (Pellini *et al.*, 2018).

The trade policy space currently has seven main priorities. These include:

- the formulation and subsequent implementation of the STPF;

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<sup>38</sup> The ‘AAA’ framework as documented in Andrews *et al.* (2017) is described as follows: ‘Authority: the support needed to effect reform or policy change; Acceptance: the extent to which those who will be influenced by reform or policy change accept the need for change and the implications of the change; Ability: the practical side of reform or policy change, and the need for time, financial resources, skills and the like to even start any kind of intervention.’

<sup>39</sup> At the time of writing this report, the Ministry of Textile Production is being converted into a division of the MoC.

- the implementation plan for the National Tariff Policy 2019–24;
- the implementation of the E-commerce Policy;
- the formulation of the Trade-related Investment Framework;
- revision of the transit trade framework;
- the reform of the export promotion and exemption schemes; and
- implementing the Look Africa Policy in a bid to expand the reach of Pakistani exports.

The STPF encompasses elements of other policies and offers promising possibilities to address problems in the evidence ecosystem. A collaboration with the MoC and its units – TDAP, PITAD, and the EDF – offers a good opportunity to improve an understanding for the design and implementation of the STPF (and the four other policies mentioned above). It can also become a means to ensure that the use of evidence informs decision-making in these policy areas.

As many of our respondents have suggested, the process of forming the STPF has the potential to change many policies in many areas – thus necessitating the use of evidence during this entire process of change. For instance, it may have a strong knock-on effect in regard to removing anti-export bias via tariff policy, strengthening the uptake of free trade agreements, boosting trade diplomacy, improving the efficiency of the EDF, supporting market access and trade facilitation agreements (such as GSP Plus), and reforming transit trade.

We also hope that the promotion of evidence use at the MoC will bring about improved social outcomes, which Pakistan needs to comply with if it wishes to remain eligible for a preferential market access facility provided by the EU and other DPs.<sup>40</sup> This is because the MoC is the focal organisation for coordinating the adoption of these conventions.

Finally, we are encouraged to see that the political and civil service leadership at the MoC is interested in discussing a longer-term vision for evidence use at its headquarters and its attached departments. This interest has the potential to become deeper during SEDI's inception phase as we work more with the MoC and FCDO on how to achieve this ambition, and to refine entry points.

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<sup>40</sup> See Delegation of the European Union to Pakistan (2019).

## 5. PEA of the child labour sector

This section of the report has been particularly complex to research and write. Ensuring the veracity of the information on which the analysis is based has proved challenging because there is a lack of consensus on definitions and key concepts, a lack of basic statistics on the current scale of the problem, and out-of-date and inconsistent information. This has made it difficult to triangulate the information and to establish basic facts. If FCDO decides to select child labour as a sector, our recommendation is that there will be a need to commission a separate piece of PEA that focuses specifically on the demand for evidence on child labour (as distinct from the use of evidence) within the Governments of Khyber Pakhtunkhwa and the Punjab. The PEA should also consider opportunities to complement the Aawaz II uptake strategy.

### 5.1 Our limited understanding of the true extent of child labour

The International Labour Organization (ILO) defines child labour as mentally, physically, socially, or morally dangerous work that deprives children of their childhood, potential, and dignity, and that is harmful to their physical and mental development (ILO, no date). Conceptually linked to child abuse, child labour is not denominated by activities but by its effects on a child's health, education, physical and psychological well-being, dignity, and self-esteem. Emotional and psycho-social stress stays with child labourers: many will suffer an adulthood marred by unemployment, ignorance, and vulnerability (Zaidi, 2013). Some child labourers may work as bonded labour (often in brick kilns), where parents receive wages directly or indirectly, and sometimes in peshgi (advance), a form of modern slavery (SoPC, 2018).

It is unclear how many child labourers there are in Pakistan. As noted in the next section, approximately 22 million children are out of school. The implication is that the majority of those are child labourers working in the informal sector as domestic servants, agricultural workers, rag pickers, or garbage collectors, either for their own families or for other families, or to a lesser extent in the formal sector in various forms of manufacturing. However, the full extent of under-age labour in Pakistan is unknown: the last full national survey of child labour was conducted in 1996. While the Pakistan Labour Force survey details the participation rates of children aged 10–14 and 15–19 in urban and rural areas ([http://www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017\\_18/Annual%20Report%20of%20LFS%202017-18.pdf](http://www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017_18/Annual%20Report%20of%20LFS%202017-18.pdf)), this only covers the formal employment sector. Children younger than 10 can also work as labourers, but this is not picked up in the survey. Thus, while formal national-level statistics effectively acknowledge that child labour exists (by identifying those aged under 15) they significantly underestimate the true extent of the problem by excluding younger children and the informal sector, which houses the majority of child labour in the country.

**Table 6: Labour force participation rates by age, sex, and urban/rural**

2017–2018 labour force participation rates by age, sex, and area (%)						
	Aged 10–14			Aged 15–19		
	Total	Male	Female	Total	Male	Female
All areas	8.23	9.82	6.40	32.57	47.61	15.58
Rural	10.64	12.00	9.06	38.22	53.98	20.70
Urban	3.62	5.59	1.39	23.13	37.18	6.85

Source: Labour Force Survey 2017/18 (Annual Report), Table 15<sup>41</sup>

Provincial-level statistics are equally unreliable because the definitions of the age at which children are allowed to work vary by province, and because the birth registration rate is low, making it difficult to enforce minimum-age employment laws and to calculate the full number of out-of-school children. Statistics collected by Pakistani and international NGOs are fragmented, collected mainly for advocacy or programme implementation rather than research purposes, and do not present a coherent picture.

There is therefore no robust body of evidence about child labour on which SEDI could draw, and it could be viewed as irresponsible of SEDI to try to improve demand for evidence that is of such poor quality.

## 5.2 The complex causes of child labour

Child labour is a problem of chronic poverty for which there are no short-term solutions. The dynamics of poverty in Pakistan are a complex web of poor economic growth, gendered socio-cultural norms, the failure of the country’s education system to provide high-quality instruction at primary and secondary levels, the exploitation of cheap labour, and the absence of employment alternatives (Naz *et al.*, 2019; Grootaert and Patrinos, 1999; Ahmad Abdullah *et al.*, 2014).<sup>42</sup>

Long-term economic mismanagement leading to low economic growth (under 3%) has resulted in poor employment opportunities and a very low average wage. Combined with high population growth, this means that a single wage earner may be attempting to feed up to 10 people (Zaidi, 2013), leading to an expectation that children should contribute to family income and a sense that child labour is therefore not unjust (Daily Times, 2017). The poor quality of public instruction, at both primary and secondary levels, means that parents do not believe that education will increase their children’s likely earnings. This validates their understanding of child labour as a form of apprenticeship that may give children a more productive future than going to school. Child labour, therefore, embeds deprivation in a vicious cycle (Ullah and Mussawar, 2014).

However, child labour is not just a problem associated with poor families hiring children because they are cheap: a 2019 court case in Islamabad Capital Territory (ICT) resulted in the sentencing of a senior judge and his wife for abusing their under-aged maid (BBC News, 2020). The acceptability of child labour among some of the ‘better-offs’ draws on social

<sup>41</sup> [www.pbs.gov.pk/sites/default/files/Labour%20Force/publications/lfs2017\\_18/TABLE-15\\_perc\\_R.pdf](http://www.pbs.gov.pk/sites/default/files/Labour%20Force/publications/lfs2017_18/TABLE-15_perc_R.pdf)

<sup>42</sup> The same is revealed from KIIs.

norms that accept, for example, that female children will accompany their mothers to work as domestic servants instead of going to school.

Because of this acceptance by many of the norms around child labour, SEDI will find it challenging to deliver impact over the programme's lifetime. It may be possible to find an opportunity for it to make a plausible and distinct contribution to change, but only in the context of a much wider programme of work on the issue.

### **5.3 The challenge of strengthening official statistics on child labour**

The last full survey of child labour took place in 1996. Successive governments have been unable to deal with the country's chronic poverty, to build an effective national education system, and to foster export-led growth. This is combined with widely accepted social norms around the use of child labour, especially in the informal sector. The net result has been an unwillingness to put in place, and to fund, a consistent and coherent policy to create the administrative structures that would openly and regularly collect, monitor, and utilise statistics on the real nature and full extent of child labour.

Previous experience of work to strengthen the demand for evidence in other countries (under the FCDO BCURE programme) demonstrates the importance of having an organisational 'anchor point' with at least some authority to make change happen, some acceptance of the need for change, and some ability to deliver it. However, policy incoherence around the issue of child labour, and the low level of resourcing for the structures that are nominally intended to work on it, means that apart from one very specific instance (the Aawaz II programme, as outlined below), any anchor points for SEDI that could be identified would be very weak.

### **5.4 The Aawaz II programme**

This FCDO-funded programme focuses on the issues of inclusion, accountability, and the prevention of modern slavery. It has a very broad-based approach to strengthening the evidence base on issue of inclusion and accountability, working with a range of local and international NGOs on empowering women, changing norms around child labour, promoting the rights of children, and promoting access to education. It aims to reach 7 million vulnerable beneficiaries across Khyber Pakhtunkhwa and Punjab provinces.

Of particular interest to SEDI is the support Aawaz II is providing to improving the collection and analysis of child labour statistics in Khyber Pakhtunkhwa and Punjab. It is working through the United Nations Children's Fund (UNICEF) to conduct a National Survey on Child Labour in both provinces, and is providing technical support to the provincial governments in related areas. KILs suggest that the data from this survey will be released towards the end of 2020. The Aawaz II survey does not cover the whole country, but because it works with government systems and uses internationally recognised methodology, it will be accepted by the GoP and will have the credibility that current official statistics lack.

SEDI's mandate is to improve the demand for and use of robust evidence within government departments (emphasis added), but official statistics on child labour are neither robust, comprehensive, nor up to date; the statistics collected by NGOs are in any case inconsistent



and fragmented. This means the opportunities for SEDI to improve the demand for robust evidence on child labour in Pakistan are limited. The most realistic option at present is to collaborate with the Aawaz II programme once its statistics have been released.

## **5.5 Child labour legislation: both a federal and a provincial issue**

Analysis of the legislative environment for child labour demonstrates that SEDI cannot attempt to develop a single national solution to strengthening the demand for evidence around child labour. Instead, it would need to work in different ways with different provinces, for the reasons outlined below.

### **5.5.1 Drafting legislation**

The Constitution of Pakistan states that ‘no child below the age of 14 years shall be engaged in any factory, mine, or in any other hazardous employment’, though the term ‘hazardous employment’ is not defined anywhere in the document (National Assembly of Pakistan, 2019). Article 25-A of the Constitution also obliges the state to provide free, compulsory education to all children between the ages of five and 16. Pakistan is also a signatory to major international agreements related to child labour, having signed the United Nations Convention on the Rights of the Child in 1990, the ILO Convention on the Worst Forms of Child Labour (No. 182) in 2001, and the ILO Minimum-Age Convention (No. 138) in 2006. However, these conventions have only been partially implemented. A Taskforce Committee on Child Rights was established in May 2019, comprising 16 members of the National Assembly. Its mandate includes parliamentary oversight and scrutiny of legislation on child rights, reviewing progress against international commitments, suggesting legislation, and advocating for financial resources for the issue,<sup>43</sup> but its workplan has yet to be approved.

Prior to 2010, legislative authority on ‘welfare of labour’ sat concurrently with the federal and provincial governments. With the passing of the 18th Constitutional Amendment in that year, provinces were given exclusive legislative authority on labour welfare; the federal government’s role was limited to international treaties, conventions, and agreements.<sup>44</sup> However, federal laws still apply in Balochistan because, as the KIIs revealed, its government has done little to draft new legislation on the subject since 2010. The federal laws also apply to the ICT, as it is a federally administered territory.

At the federal level, the Employment of Children Act of 1991 is a major piece of legislation governing child labour in the country. The Act, which applies to the ICT and to Balochistan province, provides a list of occupations in which children under 14 years of age are prohibited from working. However, it does not cover children working in agriculture, or children working as domestic servants or as waste collectors, and it does not cover children who are self-employed or working in businesses owned by their families. The provincial governments of Punjab, Khyber Pakhtunkhwa, and Sindh have adopted the Employment of Children Act through, respectively, the Punjab Restriction of Employment of Children Act of 2016 and the Labour Policy 2018; the Khyber Pakhtunkhwa Prohibition of Employment of

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<sup>43</sup> <http://sdgsecretariat.com/sdgs-taskforce-committee-on-child-rights/>

<sup>44</sup> These include: the International Convention on the Rights of the Child, ratified in 1990; the ILO Convention on the Worst Forms of Child Labour, ratified in 2001; and the ILO Minimum Age Convention, ratified in 2006.

Children Act of 2015 and the Child Labour Policy of 2019; and the Sindh Prohibition of Employment of Children Act of 2017.

Each province has set out slightly different provisions for what is and what is not permitted: Khyber Pakhtunkhwa prohibits children under 18 years of age from taking part in what it deems to be ‘hazardous’ work, but permits children who are 12 years old and above to be involved in ‘light work’ for up to two hours a day, alongside a family member, for the purposes of acquiring skills at a private business or a government-established school. Punjab has no definition of ‘light work’. The age at which children can work in the province is higher, set at 15 years.

The legislative inconsistencies between the provinces regarding the minimum age at which children can be employed, and the nature of permitted work, is a major barrier to developing national approaches to strengthening the demand for evidence. SEDI would therefore need to work closely with provincial governments, developing individualised approaches, depending on the administrative structures and interest in collaboration, as outlined below.

### **5.5.2 Implementing legislation in different provinces and regions**

The implementing structures for child labour legislation vary considerably across different provinces and regions in Pakistan.

#### **Federal**

At the federal level, the Human Resources Development Wing of the Ministry of Overseas Pakistanis, and Human Resource Development (MoOPHRD) is responsible for the coordination and monitoring of labour (including child labour) legislation in the country. In collaboration with the ILO, MoOPHRD is tasked with compiling the National Labour Protection Framework, which provides guidance to the provinces on developing new laws in alignment with international labour standards, including on child labour. Work on the framework commenced in 2017, but as at the time of writing this report it is unclear what the status of the framework is. MoOPHRD has also developed the National Strategic Framework to Eliminate Child and Bonded Labour in Pakistan, which was shared with the provinces in 2017, and which includes guidance on legislation, capacity strengthening of Child Labour Units and inspection staff, and defining hazardous occupations, among others. Its current status is also unclear.

Within the Parliamentary Task Force on SDGs in Pakistan, a Standing Committee on Child Rights was established in May 2019.<sup>45</sup> The Committee is tasked with ensuring legislative reform, parliamentary oversight of child rights in the country, reviewing the status of implementation of related legislation, and providing guidance and recommendations for improving legislation. However, KIIIs suggested that there are several competing priorities within the Parliamentary Task Force, resulting in relatively weak commitment to the goals of the Standing Committee on Child Rights.

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<sup>45</sup> <http://sdgsecretariat.com/sdgs-taskforce-committee-on-child-rights/>

## Islamabad Capital Territory

Federal law (the Employment of Children Act of 1991) applies in the ICT. The Directorate of Labour in the Ministry of the Interior is responsible for preventing child labour, but this responsibility has been given to a deputy secretary. The directorate is also under-staffed: KIIs revealed that it contains only seven employees, including two inspectors, to cover the entire capital territory, which has a population of over 2 million. Its financial resources are also severely constrained: it is slated to receive Pakistani rupees (PKR) 2.886 million in FY 2019/20, but out of this amount PKR 2.646 million (92%) has been earmarked for salaries, leaving very little to cover other running expenditure, such as the cost of labour inspections.<sup>46</sup>

Key informants noted that the ICT's labour inspectors carry out regular inspections of shops, commercial establishments, and factories, and have acted against brick kilns and motor vehicle workshops where child labour has been found. However, in 2019, out of 235 filed cases for violations of labour laws, not a single case involved child labour. Officials noted that employers are often not able to afford the high fines imposed under the law, and that displacing child labourers in the event of prosecution would push them and their families further into poverty.

Thus, SEDI would face a dual challenge in the ICT. First, the team would have to clear a high hurdle to gain access to any statistics. Second, the Labour Department officials' non-identification and lack of prosecution of employers of child labourers leaves little room for improving evidence use.

## Punjab

Punjab has introduced several pieces of legislation relating to child labour in the past four years: a Labour Policy in 2018 which addressed child labour and bonded labour, as well as gender discrimination and labour protection; the Punjab Restriction on Employment of Children Act 2016; and the Punjab Prohibition of Child Labour at Brick Kilns Act 2016. In January 2019, the Punjab Domestic Workers' Act was passed, acknowledging the labour rights of domestic workers, and prohibiting the employment of children in hazardous domestic work.

While these pieces of legislation provide reasonable coverage of child labour issues, the ability to implement and enforce policies and laws is limited due to capacity and budget issues. The implementation is the responsibility of a secretariat within the Labour Department in Lahore, which also works in coordination with the Human Resources Development Ministry and handles reporting on ILO conventions, but which has no child labour unit.

The Labour Department divides Punjab into 12 regions and has 15 directors, who lead different units that oversee the work of 45 labour inspectors and who consolidate data from inspections. KIIs indicate that capacity for understanding the complexity of child labour issues is low in the department, the number of inspectors is inadequate for the size of the province, and budgets are mainly spent on salaries. They also suggest that different units in

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<sup>46</sup> Budget Order Statement of the ICT Labour Department.

the department lack coordination and collaboration, due to complex and somewhat difficult issues of hierarchy. Key informants suggest that this limits the units' effectiveness.

The low capacity of officials within the Labour Department (as assessed by the SEDI team) would not necessarily present a problem to SEDI: increasing individual capacity to understand evidence use would be a part of the initial work. Of more concern is the lack of organisational capacity, in terms of the poor coordination between units and the hierarchical nature of the department. SEDI may be able to work in Punjab in collaboration with Aawaz II, but a more detailed assessment would be needed to understand the local political economy within the department, and the opportunities for effecting change.

### Khyber Pakhtunkhwa

The province's government introduced a specific Child Labour Policy in 2018 to complement two pieces of legislation passed in 2015: KP Prohibition of the Employment of Children Act and another act that abolishes enforced bonded labour, including child labour. However, Khyber Pakhtunkhwa has low capacity to implement these legislative instruments. Its directorate of labour is small; headed by a director, it has field offices in 23 districts, who help enforce labour laws through inspections. The directorate has 39 labour inspectors, who cover the whole province. They conduct inspections and levy fines, as is shown in Table 7.

**Table 7: Khyber Pakhtunkhwa labour inspection statistics 2014–19**

Inspections under the Khyber Pakhtunkhwa Prohibition of Employment of Children Act, 2015							
Description	2014	2015	2016	2017	2018	2019	(to Oct).
No. of inspections made	1,733	2,094	4,042	3,367	8,367	6,232	
Prosecutions lodged	21	127	48	36	213	280	
No. of cases decided by the court	-	9	7	23	95	187	
Fine imposed by the court (PKR)	-	13,000	9,000	21,921	134,000	385,500	

Source: KIIIs

Afghan children, often engaged in scavenging and other forms of hazardous labour (UNHCR Pakistan, 2018), are also a particular feature of Khyber Pakhtunkhwa's economy.

KIIIs suggest that officials in the province are cooperative and informative – indeed, the most informative of all four provinces – but they have limited capacity to deal with the problems of child labour. The challenge is compounded in the newly merged tribal districts, where local people can be highly suspicious of any government intervention and can turn violent against inspections, as evidenced by the 2019 attack on officials from the Khyber Pakhtunkhwa Education Department's Independent Monitoring Unit (The News, 2019).

However, the upward trend of child labour-related cases uncovered by the labour inspectors shows a higher willingness to take decisive action against employers of child labourers than is seen in other provinces. This, accompanied by the cooperative attitude of the officials interviewed, suggests that the Government of Khyber Pakhtunkhwa is one possible entry point for SEDI. The Aawaz II programme is already working in the province with a level of political and policymaking acceptability that SEDI would be unable to establish on its own. SEDI could work with the Aawaz II team to understand the potential for collaboration around

the uptake strategy for the Child Labour survey. A more focused PEA could be done, related to the release of the survey statistics, to understand the potential for strengthening the demand for its evidence about child labour, and how that evidence could be used.

## **Sindh**

This province has passed two pieces of legislation covering child labour: the Prohibition of Employment of Children Act in 2017 and the Labour Policy in 2018. Employment of children under the age of 14 has been prohibited in all industrial sectors in Sindh. This prohibition is to be extended to domestic and home-based workers as well. The laws also do not allow employers to engage children between the age of 16 and 18 in hazardous working conditions, such as in mining, tanneries, brick kilns, glass bangle manufacturing, dyeing, chemical factories, and electronics manufacturing. The province plans to create a task force (The Nation, 2019) to design and implement a technical education programme to bring working children back to school (Pakistan Today, 2019).

Preventing child labour is the responsibility of a labour directorate within the provincial Labour Department, but its 45 inspectors are too few to cover a mainly agricultural province that includes a mega city, Karachi, that has as many as 17 million residents. Interviews with key informants revealed that labour inspectors lack resources and have very little training that is relevant to child labour issues.

As with Punjab, the lack of organisational capacity for working on child labour is a concern for SEDI, as it weakens the potential anchor points within government. Without an established programme, such as Aawaz II, on which to build, it is unlikely that SEDI would be able to develop effective relationships that would allow it to begin work.

## **Balochistan**

KILs were not conducted in Balochistan, so there is limited information available about child labour practices and prevention in the province. Like the ICT, a federal law (the Employment of Children Act of 1991) applies in the province, but the SEDI team was unable to gain much information about how it is implemented and the structure of the Labour Department responsible for its enforcement.

A child labour survey to be conducted with the support of UNICEF is, however, awaiting approval by the provincial authorities, but there are several obstacles to overcome that would be outside the remit of the SEDI programme.

## **5.6 Summary and conclusions**

This section summarises the team's analysis of the likelihood that stakeholders will be interested in, and capable of, working with SEDI to strengthen the demand for evidence around child labour (Andrews, Pritchett and Woolcock (2017)). While there is a strong verbal and written commitment to tackling child labour within the National Strategic Framework to Eliminate Child and Bonded Labour, and there appears to be commitment from both federal and provincial parliaments to ensure its implementation, no budgets have yet been allocated, and resources for child labour inspectors, and other structures to monitor and address the child labour challenge, remain inadequate within the relevant ministries (MoOPHRD and ministries of labour).

Implementing partner organisations working in this space, such as NGOs and international NGOs, are committed, but, as described earlier, the sector is focused on issue-based advocacy. As the nature of child labour is very complex, this leads to fragmentation of beneficiary groups, data collection methods, and narratives, which in turn leads to a fragmented evidence base. However, the Aawaz II survey is using internationally accepted methodologies, and the programme has developed relationships with the governments of Khyber Pakhtunkhwa and Punjab. This suggests that it might have sufficient political ‘cover’ for SEDI to work to strengthen the demand for evidence in the relevant departments.

The 61 interviews conducted at federal and provincial levels highlight several issues that will shape how SEDI could interact with governments to strengthen the demand for evidence on child labour. First, while the responsibility for policymaking and legislation rests with the provinces, no central ministry is coordinating and harmonising policy and legislative decisions within the provinces on important issues, such as the age before which child labour of all types and forms should be prohibited. Federal and provincial parliaments have caucuses relating to child rights, but not specifically on child labour. And the complex tensions between child labour, social norms, and Pakistan’s struggle to end extreme poverty and provide high-quality education for all means that political focus on the issue is diffuse.

The push given by the Aawaz II programme in Khyber Pakhtunkhwa and Punjab presents a useful entry point for SEDI. As Aawaz II finalises its uptake strategy, SEDI could undertake a more in-depth, focused PEA within both provincial governments, and with relevant stakeholders, to understand the demand for evidence on child labour. This could complement and help refine Aawaz II’s uptake strategy. Interviews in both provinces revealed that there may be more opportunities in Khyber Pakhtunkhwa than in Punjab: depending on the results of the focused PEA, SEDI could consider piloting its approach in the former before expanding it to the latter. However, given that child labour is only one part of Aawaz II, SEDI could also consider expanding its remit to include strengthening the demand for evidence on one or more other issues being covered by the Aawaz II programme.

There may also be an opportunity to work across issue areas within SEDI. Section 4 notes that the GoP has committed to strengthening the capacity building of export associations to improve compliance with child labour standards under the EU’s GSP. The findings of the detailed PEA in Khyber Pakhtunkhwa and Punjab could also include local export associations and, in Khyber Pakhtunkhwa, tourism associations. This would help ensure consistency in the demand for evidence on child labour across both government and private sector stakeholders.

## 6. Education pathways into employment

### 6.1 Skills: introduction and problem statement

This section identifies how we approach the notion of skills, why this represents an important opportunity for a public policy intervention, and what problem the SEDI initiative seeks to tackle through this analysis.

Pakistan is the fifth most populous country in world. Of this population of nearly 220 million, around 64% are below the age of 30 (UNDP Pakistan, July 2018).<sup>47</sup> The country is therefore projected to have a ‘demographic dividend’ available roughly till 2050 (PIDE 2006).<sup>48</sup> At present, 39% of its population is between the ages of 10 and 30 years (PBS, LFS 2017-18).<sup>49</sup> Its economy can be transformed if this cohort of young Pakistanis is able to have the tools to compete with labour forces from other countries (CDG, July 2018).<sup>50</sup>

Figure 5: Pakistan population, projections, and demographic dividend<sup>51</sup>

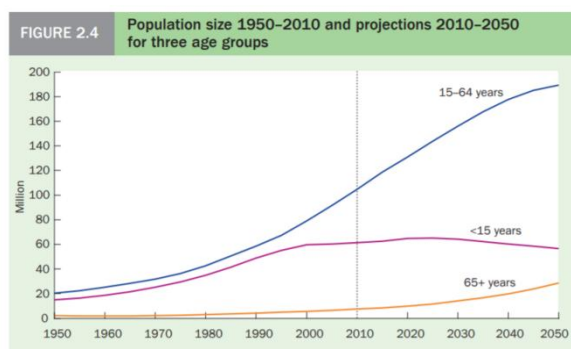
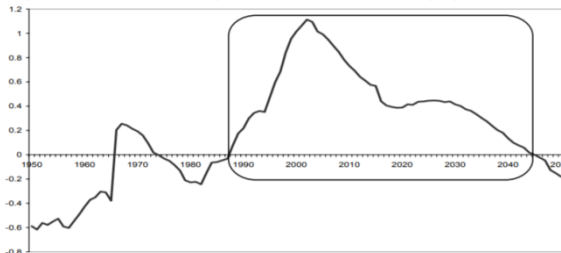


Fig. VIII. Pakistan: Timing and Duration of the Demographic Dividend



Source: Capturing the Demographic Dividend in Pakistan

This pathway to employment and economic progression is, however, complex. For one, Pakistan’s education inspires such low parental confidence in its ability to give employable skills to the next generation that the country has an estimated 22 million out-of-school children.<sup>52</sup> Most of these children are in age groups that correspond to middle and secondary school levels. The gross enrolment ratio at these levels thus stands at a meagre 34%. Consequently, 41% of the employed labour force is illiterate and 30% of it has not completed secondary schooling.<sup>53</sup> The bottom line is that a major share of the employed population does not emerge from the formal education system. Even among those who have a formal education, few have skills that employers will pay a premium for. This explains why 78% of employers are not happy with the quality of the fresh college or university graduates

<sup>47</sup> UNDP Pakistan July 2018 unleashing the potential of a young Pakistan. <http://hdr.undp.org/en/content/unleashing-potential-young-pakistan>

<sup>48</sup> PIDE Working paper 10, 2006. <https://pide.org.pk/pdf/Working%20Paper/Demographic%20Dividend%20Final.pdf>

<sup>49</sup> PBS, Labour Force Survey, 2017-18

[www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017\\_18/TABLE\\_1\\_perc\\_R.pdf](http://www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017_18/TABLE_1_perc_R.pdf)

<sup>50</sup> CDG, July, 2018. Why does Pakistan have repeated macroeconomic crisis? [www.cgdev.org/publication/why-does-pakistan-have-repeated-macroeconomic-crises](http://www.cgdev.org/publication/why-does-pakistan-have-repeated-macroeconomic-crises)

<sup>51</sup> [https://pakistan.unfpa.org/sites/default/files/pub-pdf/2013\\_CapturingDemoDivPak\\_0.pdf](https://pakistan.unfpa.org/sites/default/files/pub-pdf/2013_CapturingDemoDivPak_0.pdf)

<sup>52</sup> The out-of-school children figure is for children between the ages of five and 16, the age group that it is constitutionally mandated must be given a free education. [www.unicef.org/pakistan/education](http://www.unicef.org/pakistan/education)

<sup>53</sup> Labour Force Survey, [www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017\\_18/Table-09\\_perc\\_R.pdf](http://www.pbs.gov.pk/sites/default/files//Labour%20Force/publications/lfs2017_18/Table-09_perc_R.pdf)

they recruit.<sup>54</sup> There is indeed a skills crisis in Pakistan among the unschooled, semi-schooled, and even fully schooled. The improvement in skills thus arguably offers the most significant, and potentially the most transformational, pathway for increasing employment, as well as economic growth, in the country.

To open up economic opportunities for a still growing and youthful workforce, both with a formal education and without it, Pakistan requires a responsive and effective skills sector that breaks the vicious cycle of perpetually low-quality or no education and under-employment, poor employment, or unemployment. The skills sector in the country is viewed principally (and often exclusively) through the narrow lens of technical and vocational education and training (TVET). This comprises:

- **technical education:** a three-year track leading to the award of a diploma and the possibility of progression to higher levels of technical education; and
- **vocational training:** short courses (lasting anywhere between three months and one year) focusing on trade-specific skills.

The TVET sector in Pakistan, too, faces chronic challenges that impede human resource development and prevent the realisation of the population's economic potential. These challenges include the following:

- A narrow and dated framing and definition of skills as TVET, which neither considers the profiles of young people adequately nor takes into consideration the broader emerging human capital development agenda – especially the future of work.
- Perception issues that result in TVET being seen as an inferior stream of education, and therefore far less preferred over formal education.<sup>55</sup>
- Weak coordination between different federal and provincial tiers and among institutions (public and private). This manifests itself in gaps in the alignment of objectives and policies, performance and accountability, regulation and enforcement of standards, institutional positioning, and duplication of functions (World Bank, 2018).
- Capacity constraints in servicing the overall training requirements of the country. The current capacity of the TVET sector (number of training slots available in a year) is less than 10% of what is required to cater to the total pool of labour market entrants (World Bank, 2018).
- Low-quality and low-relevance training that results in an employability ratio of less than 50%,<sup>56</sup> and that often leads to low-income employment opportunities.

While a well-functioning formal education system is critical for long-term sustainable economic growth, an effective skills sector is a necessary prerequisite to transform the stock of human resources in the short and medium term into a productive workforce that can help both the society and the economy to re-position themselves for longer-term success. The potentially short and direct pathway to employment offered by the skills sector warrants this sector being given due and immediate support. This makes it a strong contender for a proposed SEDI focus.

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<sup>54</sup> <https://academiamag.com/78-pakistani-employers-dissatisfied-with-university-graduates-reveals-survey/>

<sup>55</sup> KII 3 and 7.

<sup>56</sup> KII 2.



The analysis that follows focuses on the federal government, and Punjab province and Khyber Pakhtunkhwa province, on account of FCDO Pakistan’s preference for working in these two provinces.

## 6.2 Skills: A PEA

This section examines the skills sector by applying a political economy lens to identify how public policy in it is formulated, who the key actors and stakeholders are, and what incentives and motivations drive their behaviours.

### 6.2.1 How public policy for the skills sector is made

Policymaking structures and processes for the TVET sector are subject to the 18th Constitutional Amendment but, until recently, there was ambiguity and debate about who was supposed to do what. The apex body responsible for conducting all functions at the federal level is NAVTTC, which was formed in 2005. NAVTTC sets the national skills policy framework and strategy, and develops and implements national standards on training.

The new national-level ‘Skills for All’ strategy speaks to a wider skills development agenda and has clarified the respective roles and responsibilities of the federal government, as well as those of the provincial administrations.<sup>57</sup> The federal government is now responsible for formulating policy, setting qualification standards, issuing licences to training institutes, certifying trainees, providing accreditation to training providers, enforcing quality assurance, and ensuring capacity building of provinces. The provinces are responsible for providing policy inputs to address and incorporate provincial considerations/priorities (such as capacity, financial resources, growth focus, commitments, and timelines), ensuring coordination with federal agencies, and implementing and complying with training standards (Abbasi *et al.*, 2019; Shah and Khan, 2017a).

It is important to emphasise here that provincial inputs and agreement with the policy process are necessary for the policy to be enacted at the national level.<sup>58</sup> This participatory process, and the need for universal consensus, allows the provinces to align their policy inputs to their local context and priorities, and thus safeguard provincial autonomy. The key stakeholders, and their role in TVET policy, cover a range of actors performing a variety of functions, at times with some duplication.<sup>59</sup> The analysis that follows gives more details about their roles and influence.

#### Federal

NAVTTC’s mandate was increased through the NAVTTC Act 2011 to include training standards, labour market information analysis, sector development through capacity building, public–private partnerships, local and international linkages between training

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<sup>57</sup> The National Skills for All Strategy was formulated in 2018. It was formally adopted by the then-incoming government and was included as an integral component of its youth development agenda. Ever since its approval and adoption as the leading national policy document on skills, the strategy has been supported through public funding and is being implemented through the Hunarmand Pakistan programme, with key activities being implemented by NAVTTC. The provinces (Punjab and Khyber Pakhtunkhwa) are fully on board with the strategy and are implementing the provincial activities through their respective Technical Education and Vocational Training Authorities (TEVTAs).

<sup>58</sup> KII 2.

<sup>59</sup> explained in the later part of the section.

providers and industry, and improvements in gender participation in programmes.<sup>60</sup> NAVTTC now operates under the Ministry of Federal Education and Professional Training and is the sole federal agency responsible for TVET.

## Provincial

Each of the four provinces has its own implementation mechanisms for TVET. These mechanisms vary depending on provincial priorities, socioeconomic conditions, sectoral opportunities and gaps, funding, and capacity.

The primary public sector organisations responsible for the execution of the TVET agenda are provincial technical and vocational training authorities (TEVTAs) (Abbasi *et al.*, 2019; Shah and Khan, 2017a). While the National Skills for All strategy has been developed in consultation with all the provinces and is applicable across Pakistan, its focus, trajectory, and sequencing in each province varies because making a decision about these is in the provincial domain. Both Punjab and Khyber Pakhtunkhwa, for instance, have their own skills sector plans/strategies, which draw upon the National Skills for All Strategy and aim to comply with its overall direction (World Bank, 2018).<sup>61</sup>

TEVTAs were formed with the mandate for delivering training programmes at the provincial level. At the provincial level, TEVTAs are responsible for technical and vocational skills delivery, and are also tasked with registering private sector training institutes. They operate and manage training institutes and are the largest training providers in the TVET sector. Over the years, however, many other provincial departments – such as the departments of labour, social welfare, and women’s development – have also started delivering training programmes to different target groups. Offering ‘training’ programmes, indeed, is a very acceptable and high-priority activity to theoretically boost human development. It is also included in the design of programmes that seek donor funding and aim to achieve simplistic but tangible outputs, like an increase in the number of trainees. In many cases, such training programmes do not comply with national standards. The many unregistered private sector training providers only add to the problem.

There is also a lack of enforcement mechanisms. The regulatory framework, at both national and provincial levels, remains weak. It allows different actors to work in silos, and thus undermines the availability of a coherent and optimal use of the limited funding available.<sup>62</sup> Similarly, the mushrooming growth of private training institutes that are not accredited and licensed has resulted in a large number of trainees who do not meet qualification standards. This parallel existence of many actors without an overarching governance framework at the provincial level has created fragmentation in the sector.<sup>63</sup>

The lack of uniformity at the provincial level makes it unviable to generalise and/or aggregate all sector findings, and it is useful to also consider two key provinces, Punjab and Khyber Pakhtunkhwa, individually.

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<sup>60</sup> [https://navttc.org/?page\\_id=803](https://navttc.org/?page_id=803)

<sup>61</sup> Punjab Skills Sector Plan 2015; KIs 2, 6, and 8.

<sup>62</sup> KIs 2, 5, and 6.

<sup>63</sup> KIs 2 and 6.

## Punjab

In addition to the TEVTA, Punjab has established the Punjab Skills Development Fund (PSDF) as an autonomous non-profit fund to provide market-oriented trainings.<sup>64</sup> The fund uses private sector training providers to design and execute training programmes, and has little to no coordination and alignment with the TEVTA.

There is no convergence among the various TVET activities taking place in the province. Each entity operates in its own silo. To address these problems, the Punjab Skills Development Authority was established not long ago. Its core mandate is to streamline the registration and licensing of institutes, and to implement training standards, but it is not yet fully functional.<sup>65</sup>

## Khyber Pakhtunkhwa

The TEVTA is the sole agency working on TVET in Khyber Pakhtunkhwa. It provides trainings through its own institutes and works on other sector development initiatives. Khyber Pakhtunkhwa is also exploring the establishment of a skills fund, but details of the fund are not yet clear.<sup>66</sup> The TEVTA is also responsible for leading efforts to implement the National Skills Strategy. Being a relatively new organisation – established in 2015 – it is able to respond to challenges swiftly. Its existing human resources, however, are constrained, both in terms of numbers and qualifications, as regards fulfilling its mandate, but it is working actively to engage qualified staff through external programmatic funding. It is also training its existing staff to improve their capacity.

## Implications for SEDI

The landscape of actors and dynamics discussed above has important bearings for SEDI in terms of understanding, contextualising, and situating programme design and implementation. These bearings are premised on the respective roles and responsibilities of different tiers of government – that is, federal and sub-national – and their political economy. Some key aspects to be considered here are the following:

- Understanding policymaking processes, which involve both NAVTTC and provincial agencies, and the inter- and intra-provincial coordination – and lack thereof – in the specific cases of Punjab and Khyber Pakhtunkhwa. The processes of interest to SEDI need to be clearly mapped and understood in terms of federal and provincial roles, and the capacity and interests of the agencies involved.
- Applying a political economy lens across the sector at the time of SEDI's design and implementation will not yield insights and opportunities to improve the use of evidence in decision-making; this is because administration, organisational capacities, and/or governance structures are unique for each of its units. Also, there could be a change in the circumstances and factors relevant to SEDI during the time lag between the analysis, design, and implementation of the programme.

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<sup>64</sup> World Bank PAD; KII 3.

<sup>65</sup> KII 13.

<sup>66</sup> KIIs 6 and 7.

- Given the varied institutional structures across the skills sector, it will be important to identify, and possibly focus on, evidence use that is common to all of the sector’s constituent parts, and that can enhance value across the federal and provincial domains.
- Evidence use can make the following contributions to existing sector structures and formulations:
  - (a) reducing policy divergence and limiting the fragmentation of efforts being made to improve the national stock of skills; and
  - (b) optimising convergences in the sector and ensuring that cross-sectoral skills policy benefits from the sector’s internal synergies.

### 6.2.2 Key stakeholders and their incentives, interests, and positions

There are four key groups of actors/decision-makers that influence policy in TVET at the federal and provincial level:

- politicians, who have the overarching power to shape policy direction through Parliament;
- senior bureaucracy and specialist government officials, who are responsible for overseeing administration, and allocating, as well as spending, money;
- donors and DPs, who fund programmes supporting the TVET sector; and
- industry, comprising small, medium, and large enterprises, which are primarily responsible for employing and/or training the workforce.

**Table 8: Key stakeholders and their incentives, interests, and positions**

Key stakeholder group	Incentives and interests	Core outcome(s) sought	Position on skills
Politicians	Constituency politics Positive coverage Legacy	Re-election	Increase in number of training opportunities Increase in number of training institutes Increase in employability
Senior bureaucracy and specialist cadres	Adherence to rules of business Promotion/next posting	Technical robustness Security of tenure	All projects and programmes must be within budget and adhere to rules of business
Donors and DPs	National (or organisational) goals	Improved bilateral/multilateral relations Demonstrable improvements in development outcomes	Skills are important though this is not always expressed through investments in TVET
Industry	Skilled workforce Labour productivity Donor grants/loans Bottom line/profits	Lower costs Higher profits	Better skills are useful Reliance on informal skills

## Politicians

Politicians see skills as a priority sector, and thus help drive policy<sup>67</sup> on it. Their interest, however, tends to be short-term in nature (since it is aligned to electoral cycles), and is driven by enrolment numbers rather than the quality of training or a meaningful long-term impact. Consequently, the number of trainees has become a goal in and of itself.

Predictably, this diminishes the importance of the quality of outputs expected from TVET.<sup>68</sup>

The recent anchoring of the skills sector in the larger youth development and economic empowerment agenda, under the umbrella of the Kamyab Jawan programme, has brought about a renewed focus on the transformational role of TVET, especially in terms of engaging young women. This focus is also resulting in a wider, more holistic and coherent positioning of the sector than before, when it focused only on imparting traditional legacy skills, such as welding and plumbing.<sup>69</sup>

## Bureaucracy

Senior bureaucrats and specialist (or technical) government officials are key drivers for decision-making. Their uncertain tenure and high turnover, however, lead to a lack of policy consistency, predictability, and sustainability.<sup>70</sup> Structural issues in the management of civil service cadres, which have led to sub-optimal performance in many government institutions, also extend to the TVET sector. These issues include frequent transfers and new postings of staff, delayed allocation of financial resources, political interference in programmes, and low capacity of human resources. Bureaucrats are also generally more risk averse, limiting their appetite for institutional reform, which essentially requires an innovative mindset, flexibility to operate outside the box, and the availability of resources to achieve its objectives. The management of public finances, with its focus on compliance with rules and preventing corruption, further restricts the room for bureaucrats to push for radical change both through and within the system.

## DPs

Bilateral and multilateral donors have taken a keen interest in improving both the quantity and quality of development outcomes. This has helped shape the public sector's engagement with the skills sector over the decades. In recent years, large skills-based aid programmes have been instituted by the EU, GIZ, FCDO, and the World Bank. These programmes have lent a certain degree of rigour and coherence to the Government's approach towards skills<sup>71</sup> but they have not led to a fundamental transformation of the sector's dynamics, despite providing regular funding and direct technical support.<sup>72</sup> A prominent model of excellence developed with donor support is PSDF, but it operates in a silo outside the mainstream structures and institutions.

The major reason donor-driven programmes have been unable to transform the sector is a general difficulty among the bureaucracy to adapt to large-scale change, as well as the

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<sup>67</sup> KIs 9 and 10.

<sup>68</sup> KIs 1 and 5.

<sup>69</sup> KIs 1, 2, and 10.

<sup>70</sup> KI 8.

<sup>71</sup> KIs 9 and 10.

<sup>72</sup> Programmes supported by DPs have contributed directly to technical assistance, policy formulation, financial support, and prioritisation of the sector. They also bring consistency/institutional memory, amid the frequently changing bureaucratic tiers. Such programmes have also helped to introduce international best practices.

interplay of key stakeholders. Donor-supported development programmes are time-bound, with finite funding, and are responsible for delivering tangible results. Timely disbursement of project funds and achievement of activity targets are important. Programme design therefore tends to involve keeping ambitions realistic and achievable, to keep the risk factor low.

## **Industry**

Business people and industrialists are possibly among the most direct beneficiaries of a skilled labour force, yet they can tend to take a short-term view of the need for training their existing and prospective staff. SMEs rely largely on an informal supply of labour. This helps them pay lower wages and does not require them to make huge investments in training.

This explains why some parts of industry have been somewhat passive in the TVET space – despite enjoying a fair amount of influence in it. There is also less acceptance among business groups that the lack of investment in skilled labour lowers both productivity and economic competitiveness.<sup>73</sup>

## **Youth/trainees**

Being the primary focus of TVET programmes, youth are another important stakeholder in the sector, but they have had only limited direct influence on policy. Potential trainees tend to prefer courses focusing on skills that either interest them or that were pursued by their social role models in their close circles.<sup>74</sup> They show little interest in acquiring new skills and trades, even when they are informed that these are likely to attract greater interest in the job market.

## **Private training providers**

Private training providers are certainly more agile, innovative, cost-effective, and relatively better governed than government ones, but they too have not had a pronounced positive impact on the sector. Though they benefit from the subsidies provided under various skills development programmes (funded by government departments, industry, and donors), private institutes have consistently produced trainees whose skill level falls below the national standards.<sup>75</sup> They are also disconnected from the industry's needs and requirements, and can take advantage of the aspirations of potential trainees, who usually have little information and understanding about economic realities and job prospects in their regions/provinces.

Both public and private training institutions can align the contents and quality of their trainings with the needs of the job market if they actively seek feedback and insights from industry. This kind of evidence can help them reduce gaps between what they offer to the trainees and what employers expect from new entrants in the labour force. This loop has not yet been closed successfully for a large part of the TVET sector.

## **Relevance for SEDI**

SEDI can use the platforms offered by existing and planned programmes. It can also focus on avenues that encourage synergies across the different tiers and agencies of the

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<sup>73</sup> KII 3.

<sup>74</sup> KIIs 3 and 7.

<sup>75</sup> KIIs 1 and 2.

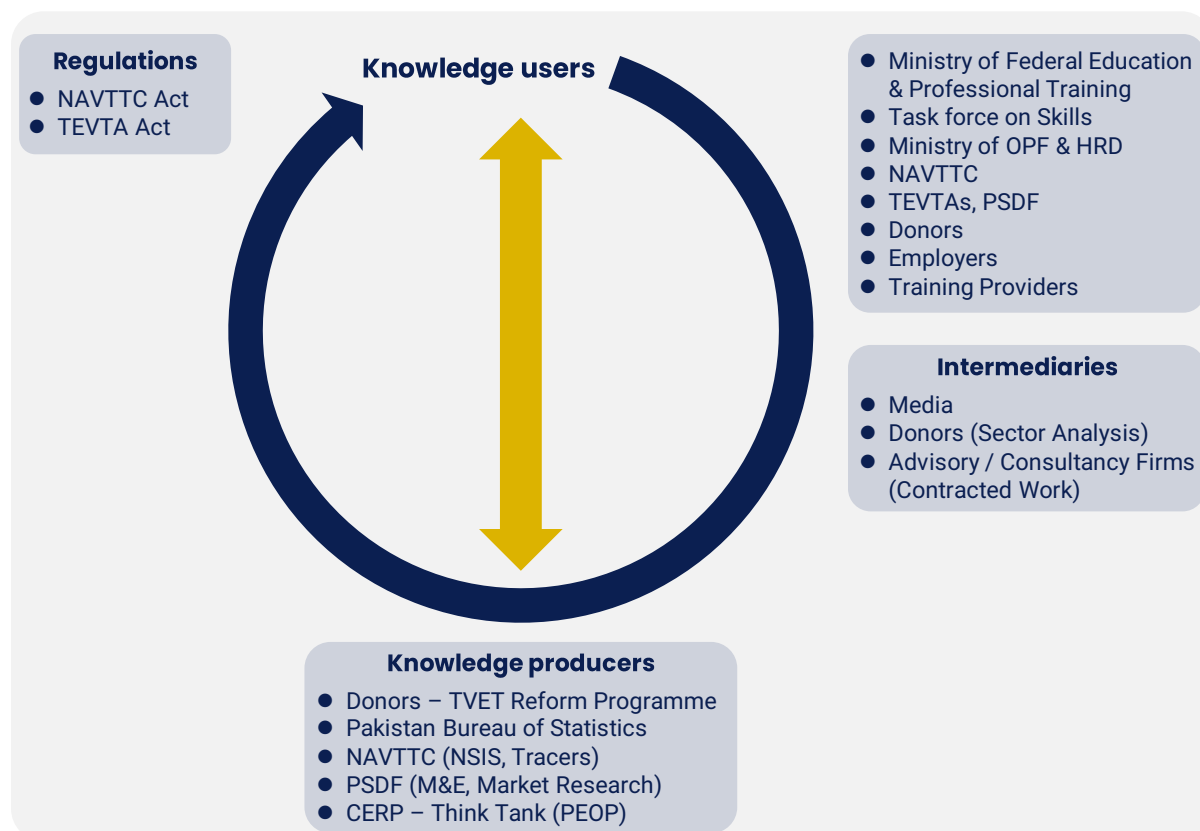
Government. Rather than offering a long-term technical support for frameworks and policy documents, it can have a sharper focus on the priorities and interests of the actors and sector dynamics discussed above. It will also be important to create strategic engagements that help bridge gaps in understanding and perceptions among actors and stakeholders in the sector.

### 6.3 The evidence ecosystem for skills

This sub-section will delineate the following:

1. the sources of evidence and data generation for the skills sector;
2. the key intermediaries who help collect, collate, store, and use data;
3. the ways data and evidence are used; and
4. key factors supporting and/or inhibiting the use of data.

**Figure 6: Evidence ecosystem in the education sector**



### 6.4 Key actors in evidence generation

The legislative act that governs NAVTTTC defines its mandate for data collection, aggregation, and presentation. It states that NAVTTTC is supposed to ‘prepare and maintain a data bank of institutions and establishments imparting vocational and technical training, and a directory of their graduates and their placements.’<sup>76</sup> This is certainly a broad and

<sup>76</sup> NAVTTTC Act, 2011.

generic description of the commission's roles and responsibilities, yet it has led to it championing the setting up of the national skills information system (NSIS), under the ongoing TVET Reform Programme.

Provincial TEVTA laws, on the other hand, do not overtly mention the use of data/evidence. They only indirectly provide for engaging any experts – possibly including researchers and data analysts – who can help TEVTA fulfil its functions.

The evidence ecosystem for TVET is thus centred on NSIS, which is operated and managed by a dedicated department within NAVTTC, and funded as part of the TVET Reform Programme. Key objectives of NSIS are (Shah and Khan, 2017b):

- the development and provision of a reliable information system for workforce development in employable skills;
- the provision of timely and accurate information on the demand and supply of the labour force to TVET planners, training institutions, industry, academia, students, and the public; and
- the establishment and facilitation of career/vocational guidance, and placement services for TVET graduates and potential employers.

The information system focuses on three key blocks of data:

1. Administrative data from training providers on their student enrolment, the qualifications they offer, the sectors/industries for which they provide training, their geographical locations, the physical infrastructure, and the profiles of their teachers. Collecting this data involves an aggregation of all federal and provincial datasets that are part of the formal TVET sector.
2. Industry trends with regard to the demand and supply of the labour force and employment opportunities. These trends are explored through regular surveys and studies.
3. Evaluations through tracer studies that track the progression of students at an individual level. These studies enable impact assessments and long-term evaluation of skills trainings.

#### **6.4.1 National Skills Information System**

1. NSIS's data are available to all provincial organisations (such as TEVTA secretariats, TEVTA training institutes, and registered private training providers). They can use these data to inform their internal policy direction and implement their training programmes.
2. NAVTTC collects the data through a mix of in-house and outsourced activities, including flagship surveys, which are used for data collection on such parameters as the location of institutes, the sectors they cater to, the gender of their students, their institutional characteristics, and their performance indicators. These data collection activities, in turn, enable NSIS to serve as a nationwide network for collecting labour market information, which provides critical information for policymaking on subjects such as market needs, the most desired skills, the capacity of technical institutions, enrolment, pass-out, drop-outs of students, and students' employability. Most of the NSIS data and studies have



been made public through Skilling Pakistan, a publicly available portal at [www.skillingpakistan.org](http://www.skillingpakistan.org).

Information about many unregistered private training providers is not included in NSIS, which renders it less than complete. Its data collection and management processes are also not fully digitised and integrated at source. A lot of the data are collected through paper-based surveys and forms, before being digitised by NAVTTC resources in Islamabad.

The TVET Reform Programme (supported by foreign donors) is one of the primary contributors to the evidence pool for the skills sector. Now in its second cycle, it has regularly produced reports and studies using primary and secondary data on the roles and structures of the organisations involved in the sector, as well as on the gaps between industry's demands and the skills being imparted. These studies provide important insights to a range of stakeholders, who can use them for improved decision-making.

#### **6.4.2 Randomised control trials**

The Punjab Economic Opportunities Programme is funded by FCDO and focuses on high-poverty districts in southern Punjab.<sup>77</sup> The programme aims to improve livelihoods by enhancing the skills base. A Lahore-based think-tank, CERP, has been evaluating the programme's impact by using randomised controlled trials (RCTs) in collaboration with PSDF and some other organisations. These trials are meant to generate robust evidence.

To conclude, the skills programmes supported by DPs contribute the greater part of the evidence being produced and used in the sector. Only a few evidence generation activities are funded by the Government. A large part of public funding given to the skills sector covers staff salaries and the cost of infrastructure maintenance. Very little money, if any at all, is left to invest in setting up and running systems for the generation and use of evidence in, for instance, performing sophisticated analytical functions.

#### **6.4.3 Analysis**

The evidence ecosystem for skills includes a few producers, intermediaries, and users of evidence. Most of the evidence produced is also produced and used by the same actors, and hence is prone to lacking richness and robustness.

The evidence pool is also limited and is largely focused on administrative data. Most of it is gathered with technical support from, or funded by, foreign donors. Only a limited amount of evidence is produced and collected through funding by independent research institutes and/or government organisations. Yet this ecosystem can serve as a strong base to enrich the existing evidence pool and to increase its use in short-term and long-term policymaking. This will require the participation of more intermediaries who can help bring in alternative perspectives and inputs to the discourse.

The system can be significantly improved with the following measures:

- Include more producers of evidence alongside the existing ones (such as TEVTAs and registered training institutes).

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<sup>77</sup> <https://cerp.org.pk/pages/punjab-economic-opportunities-program>

- Increase the types of evidence to be gathered by including research, external evaluations, and citizen inputs.
- Involve more intermediaries who can play an active role in mainstreaming the generation and use of evidence in the TVET sector.
- Introduce cross-linkages with evidence and data being generated and used in other sectors; design cross-sectoral studies to understand the interplay of education, employment, and socio-cultural factors.
- Increase the use of evidence in improving the design, targeting, and administration of training programmes.

## 6.5 The use of data and evidence in policymaking

### 6.5.1 Sector view

Traditionally, evidence has played a minor role in policymaking within the skills sector in Pakistan.<sup>78</sup> Consequently, the employability of skills trainees is, on average, less than 50%.<sup>79</sup> Simultaneously, however, there is a lot of focus on ‘numbers’ in the TVET sector, mainly to support politically motivated interventions, such as youth loan schemes and self-employment programmes. These programmes may deliver short-term political mileage, but their real potential never materialises if they do not impart marketable skills – and often they do not.<sup>80</sup>

The Skills for All Strategy aims to address some of the chronic strategic and tactical deficiencies in the TVET sector, and has been developed using a relatively stronger evidence base. The data that have gone into its development comprise data on the infrastructure and capacity of training institutes, female participation in training, and local and international trends in the labour market. The strategy has been prepared to respond to the aggravating ‘skills crisis’,<sup>81</sup> and focuses on the use of quality assurance mechanisms, and robust monitoring for the licensing and certification of institutes and trainees.

The linkages between the existing skills training system and the youth development priorities of the Government have led to strong buy-in and commitment from the national political leadership for the TVET sector. This has resulted in swift allocation of financial resources for the sector under the PSDP. However, this has become possible mainly because of anchoring the skills problem in a contextually relevant and simple to understand framework by using data.

### 6.5.2 GESI

Evidence recognises that increased female participation in the labour force leads to higher productivity.<sup>82</sup> This recognition has resulted in a fundamental shift in skills training, as all PSDP programmes now have a minimum 40% quota for female trainees. NAVTTC, too,

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<sup>78</sup> KII 1, 2, 6, 7, and 8.

<sup>79</sup> KII 1; National Skills Strategy, 2018.

<sup>80</sup> KII 1, 3, 7, and 8.

<sup>81</sup> KII 7.

<sup>82</sup> ADB, 2015, Women in the workforce: An unmet potential in the Asia and Pacific [www.adb.org/sites/default/files/publication/158480/women-workforce-unmet-potential.pdf](http://www.adb.org/sites/default/files/publication/158480/women-workforce-unmet-potential.pdf)

requires, under the National Skills Strategy, that all training institutes have a minimum 30% female enrolment.<sup>83</sup>

Similarly, new training programmes have been introduced for women which go beyond teaching them traditional skills such as tailoring, stitching, personal grooming, and teaching.<sup>84</sup> But a strong enrolment in these courses can only be ensured if constraints in female mobility can be removed. These constraints limit both the participation of women in these trainings and their subsequent employment.

More effort is also needed to initiate and support demand-driven opportunities for women's skills training, and to integrate those opportunities in larger development programming. The increased demand for health services in Khyber Pakhtunkhwa can be cited as a successful example in this regard, as it has generated the need for more qualified female staff to serve as nurses, technicians, and caregivers. The provincial TEVTA, in turn, has developed dedicated training programmes that train women to join diagnostic services at both public and private medical institutes.

There is also an increased awareness about the need to include the members of marginalised communities – such as transgender people– in TVET trainings. Dedicated courses, too, have been designed for these communities, but they have not gained much traction among the prospective trainees.

All this being said, no amount of quotas and dedicated trainings will magically increase the participation of women and members of marginalised communities in the workforce. These are a good starting point, but gender equity and social inclusion in the labour market can only be guaranteed if deeper social and structural barriers – such as the lack of openness towards women taking up unconventional trades, and cultural impediments to higher female participation in the labour force – are removed.

### **6.5.3 Development programmes**

Foreign donors push for the use of evidence and data in the conception, design, implementation, and monitoring of policies and programmes in the TVET sector, but a lot still needs to be done to ensure a more sophisticated use of evidence in these processes. For one, the designers of skills trainings need to consider the preferences of the intended beneficiaries, the constraints they face, and the employment opportunities the market offers. These considerations, however, must be studied in detail at a micro level – rather than at a macro sector-wide level – before they can be used to design trainings. This is important because of a significant variation across and within provinces, clusters, and districts in terms of natural resources, agriculture, industry, and infrastructure. A higher urban migration rate in some areas than in others also implies a dynamic relocation of the workforce is taking place there. Understanding these micro-level differences is necessary because they contribute significantly to sector-wide patterns.

A weak accountability mechanism across the TVET sector leads to an overall lack of monitoring of the impact of training programmes (World Bank, 2015). The TVET Reform Programme, and training initiatives supported by FCDO, the World Bank, and PSDF, all offer

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<sup>83</sup> National Skills for All Strategy, 2018.

<sup>84</sup> KIs 3 and 7.

clear examples of how strong M&E mechanisms can be aligned with need assessments and market analysis to create a rich evidence ecosystem.

Covering a broad spectrum of interventions that comprises policy advice and technical support, budget and financial resources, commissioning, and the use of evidence, these donor-funded programmes use a wide range of statistics, research studies, and analytical reports to inform their design, implementation, and monitoring. They investigate NSIS data, study government statistical publications, and delve into institutional assessments before producing policy advice and recommendations. In the process, they also draw upon international TVET experiences from countries such as Turkey, Australia, and Germany – to highlight the demonstrable impact of the use of evidence, if nothing else. These programmes bridge capacity gaps in evidence generation and use in the short term, and help create systems that build longer-term capacity to internalise these interventions.

The successive policy interventions by international DPs have, for instance, helped the sector develop a structured plan for itself through the Skills for All Strategy. The recent shift towards competency-based trainings, for which both curricula and assessment frameworks have been devised anew, are another example of the success of these interventions. These frameworks have already been integrated into the National Vocational Qualification Framework (NVQF) for implementation.<sup>85</sup>

These evidence-backed donor-led initiatives have a major impact on how Pakistan goes about making policies and programmes for the TVET sector because they have a sustained technical focus and receive sustained financial support throughout their duration. The only problem they have is that the momentum they generate is often lost once funding ends.

#### **6.5.4 Industry trends**

There is a lot of focus on producing industry/sector reports in NSIS. These reports are aimed at understanding the requirements of specific industries/sectors and helping to establish demand and supply dynamics to ensure an efficient labour force participation. They also help align the objectives of training providers with the requirements of employers to reduce the mismatch between skills and employment opportunities. There is also a growing focus on female participation in the labour force, and this is already being factored into all data collection exercises. Data on gender equality are now being collected and analysed from across the economy, and are then fed into programmatic decisions by training institutes/TEVTAs.

#### **6.5.5 Evaluations**

An important instrument for evidence in the TVET sector is the use of tracer studies that track and monitor the progress and performance of trainees after they have graduated. These studies follow trainees' career progression, and thus serve as useful tools for evaluating the effectiveness and impact of training programmes.

Tracer studies are an integral part of NSIS and are usually conducted at a limited scale on a sample basis every year. Larger studies are commissioned every couple of years and are

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<sup>85</sup> KIs 1 and 2.

used for updating key parameters, like trainee and graduate databases, and for evaluating the employment status of graduates. These studies are used to analyse improvements in trainees' skills, and monitoring their remunerative trajectories after course completion. Some training institutes also conduct their own tracer studies and share them with TEVTAs when requested.

Much like the variations in their governance and performance, each institution has a different use for evidence, as part of its activities. TEVTAs, for instance, rely on the use of basic data to assess institutional needs, such as physical infrastructure, teachers, and equipment. They seek these details from internally collected *ad hoc* data, and/or through NSIS. The use of data for improvements in curricula and to help develop new training programmes, too, is beginning to pick up, though it is still in the very early stages.<sup>86</sup>

### **6.5.6 Punjab Skills Development Fund (PSDF)**

PSDF has built a robust evidence ecosystem for the trainings it finances, and for trainees who pass out from its affiliated institutes. This ecosystem includes industry research on labour force demand, monitoring of trainings, tracking of outputs and outcomes, and experimental evaluations to inform programme design and implementation. A more rigorous set of evidence is also being generated through RCTs being conducted by CERP. Their results serve as inputs for long-term policy processes.

The RCTs have already informed certain strategic aspects of programme design and implementation at PSDF, but they cannot respond to programme needs within a short time window.

PSDF is also implementing a national skills accelerator in collaboration with the World Economic Forum. The purpose of this institution is to improve skills readiness for the future of work, and to address deficit/gaps that exist in this regard owing to a chronic lack of focus in this area.

To summarise the analysis above, the skills sector has a strong base for the creation of a large-scale evidence ecosystem through NSIS. Yet it requires a substantially more integrated approach to make the generation and use of evidence more meaningfully integrated within that ecosystem. Performance evaluation of training institutions, and long-term monitoring and performance tracking of trainees, should produce consistent metrics that are used not just for improving the outcomes of training programmes, but also in the evolution of the evidence ecosystem.

Evaluations and impact studies being done now, however, tend to be restricted to programme-specific activities and rarely use rigorous methods like RCTs. Even when studies do use such methods, their scope is narrow.

Another key addition to the evidence pool can be a regular input of experience/perception mapping of the groups that are supposed to benefit from training programmes. Similarly, public data on formal and informal apprenticeships can also help tailor TVET programmes to those who have no option but to work as apprentices over a long period of time before joining the workforce as paid workers.

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<sup>86</sup> KIs 6, 10, and 12.

The evidence ecosystem certainly needs greater coherence and integration. It also requires more intermediaries, who do not just synthesise and communicate research studies and analytical reports, but who also make them an effective part of policymaking processes.

## **6.6 Policy opportunities and entry points for SEDI**

This sub-section explains how the analysis presented in the previous sub-sections can enable FCDO to identify key policy opportunities in the skills sector. It also explores possible entry points for the use of evidence in policymaking.

To start with, SEDI can help to assess and contribute to evidence on a range of demographically relevant linkages between skills and other sectors. This is important given Pakistan's 'demographic dividend' and the centrality of youth to its present and future. Particularly, the intersections between skills, child labour, and economic management offer many opportunities for research and policy synergies.

There is a lot of recognition within the GoP and among key stakeholders, nationally and internationally, that Pakistan's exceedingly young population requires substantial support in three key areas: education, employment, and civic engagement. The discourse in the last decade, in particular, has moved significantly towards identifying and addressing the challenges being faced by the young and the opportunities available to them. This change has been catalysed by several factors, including the rise of social media, increasing urbanisation, and a post-conflict social context in many parts of the country – for instance, the districts newly merged in Khyber Pakhtunkhwa. As a result, a wide array of policy ideas and initiatives that cater to the young have proliferated in recent years.

The skills training opportunities and other public sector programmes that focus on youth can be classified in three broad categories. The first set broadly consists of loans, grants, and internship programmes; the second includes digital initiatives; and the third is the traditional TVET sector.

The newly launched umbrella youth programme, known as Kamyab Jawan, ostensibly includes all three of these categories. The programme faces significant challenges to remain coherent given that it seeks to work in a whole host of sectors, including formal and non-formal education, technical and vocational training, digital skills, financial inclusion, social entrepreneurship, and micro-finance. One example of the sprawl of Kamyab Jawan is the range of programmes and organisations that focus on digital readiness and future of work under it. These include a DigiSkills programme, the Presidential Initiative for Artificial Intelligence and Computing, and the Digital Pakistan initiative, among others. Then there are also various federal and provincial policies, such as the E-Commerce Policy and the Digital Policy for Khyber Pakhtunkhwa. The Skills for All Strategy also includes readiness for the future and pushes for the alignment of skills development programmes with the Fourth Industrial Revolution.

While it is critical for the traditional skills sector to embrace the digital domain, most of the programmes and activities mentioned above currently reside outside the existing official apparatus of TVET. It is important that the 'future of work' agenda is embedded in the TVET ecosystem so as to ensure its alignment with the desirable mechanisms for ensuring smooth coordination among various institutes and organisations, policy coherence, strong M&E, and

effective service delivery. This will also reduce the fragmentation that already exists in the sector due to parallel policies and mechanisms working in isolation from each other.

The ideal entry points for the use of evidence in the skills sector therefore may lie within the traditional TVET sector, so that it can enrol, train, and deliver a workforce that is future-proof. Rather than being considered a low-skills, low-end option for the less privileged, the sector must serve as a pathway that is strongly associated with social and economic mobility for over 100 million young Pakistanis who stand to benefit, if the sector is able to transform itself.

## **6.7 Organisational lens**

We worked to identify which organisations represent viable entry points for the use of evidence in policymaking, and how these organisations may be approached. Further detailed insights from this analysis will be used to inform decisions on how SEDI might engage with these organisations.

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## 7. The opportunities presented by the different sectors from a SEDI perspective

The evidence from the literature review, primary data collection, and analysis of the politics and systems relating to the demand for and use of evidence in the three sectors have highlighted several issues. They also point to many opportunities, which we summarise in this concluding section.

### 7.1 Planning and reforms for economic policy

The deal that the GoP agreed with the IMF in July 2019 will run for 39 months. It will be a key driver for generating economic data and analysis on a quarterly and monthly basis. The bailout reporting mechanism represents a window of opportunity to identify problems in the current systems, and capabilities for demanding and using evidence to inform the implementation of reforms included in the deal.

The areas of IMF programmes that provide opportunities for SEDI are: PFM, taxation, trade, and energy policy. From among these, our assessment is that trade and trade-related investment regimes offer a policy area that is strongly aligned with the aims of SEDI. We have presented our assessment of that in Section 4.

The trade (sub)sector evidence ecosystem includes a diversity of actors within and outside the Government: the PBS, the SBP, the FBR, the MoC and its attached departments, DPs, academia, think-tanks, and business associations. DPs, indeed, play a significant role in driving the evidence agenda on trade.

Our analysis shows that, overall, there is demand by key actors in the trade (sub)sector to strengthen systems, processes, and capabilities to demand and use evidence for public policy in this area. For example, the MoC's capability to determine its evidence needs systematically, and to plan accordingly, is not yet strong, but there are signs that it has been trying to expand the types of evidence that it can use: from statistical data and policy evaluations, to policy analysis and consultations with public and private actors. This points to a commitment by the MoC to strengthen its capabilities for demanding and generating evidence.

The analysis of the actors in the sector highlights three main sets of problems in the demand for and use of evidence systems. At the same time, these problems offer opportunities for SEDI.

Some of the government organisations mentioned in Section 4 struggle with the limited financial resources they have for procuring and conducting research and analysis. This is the situation at TDAP, which is attached to the MoC, on parliamentary standing committees on commerce and textiles, and at the BoI. Lack of funding means that, to acquire the research they need, these organisations often approach DPs for financial support. The limited availability of funds is due to the overall limited financial resources available. It is also caused by the procurement and spending regulations that government departments are required to follow.



This implies that SEDI could design cost-effective solutions for designing and procuring research and analysis. Over time, these solutions may lead to co-funding – and direct funding at a later stage – of evidence in and by government departments.

A second group of government organisations faces a different set of problems. They have financial resources to procure and conduct research, but struggle to use these resources because they find it difficult to hire full-time senior researchers and analysts due to the regulations that govern staff recruitment. This is the situation at the MoC and the FBR. They engage staff on a short-term basis, which does not help them to build their internal human capital to strengthen their evidence demand and generation capabilities. The implication for SEDI is that there is a need to identify the regulatory and financial barriers that prevent the hiring of senior researchers and analysts, and to find feasible solutions that can address the problem.

A third set of problems, which is common across all organisations, concerns the capacity and capability to balance medium- to long-term research and analysis with quick-response research and advice, which are often required by government agencies. This implies that SEDI could offer to find and test ways that can balance both types of research and analysis.

Overall, the sectors involved in the planning and reform of economic policy offer interesting opportunities for engagement on strengthening the demand for and use of evidence. The work in the trade reform sector can also have a spillover effect, given its links with key policy initiatives, particularly the Government's plan to establish SEZs in various parts of Pakistan and the FBR's reform of exports incentive schemes.

## **7.2 Child labour policy**

Child labour affects the lives of millions of Pakistanis, but there are no precise official data to tell us exactly how many. Child labour in Pakistan is both a social and a policy problem, and is simultaneously complex and not amenable to easy solutions.

Pakistan is a signatory to all the major international conventions on children's rights. It is also committed to attaining the SDGs, which include economic and social equity, and an end to inhuman and exploitative working conditions. Federal and provincial governments have recently passed new legislation to eliminate child labour and, in some cases, have created structures such as Child Labour Units. While this could be taken as a sign that the Pakistani authorities are intent upon addressing the problem of child labour, the changes have not been accompanied by budget allocations. These units have few staff and very low, or no, budgets for inspecting child labour in the formal sector.

A major problem in tackling the issue of child labour is that precise data on its extent are not available – particularly in the informal sector. Without data that are universally accepted as authentic and robust, it is difficult to devise policies that can pre-empt child labour and implement laws to prevent it.

This report and our analysis are concerned with the challenges of, and opportunities for, addressing problems in the demand for and use of evidence in this sector. While there is clearly an urgent moral need to end child labour, SEDI's concern is whether there is scope to support the systems, processes, and capabilities of governments to address child labour, through efforts to strengthen the demand for and use of evidence.

DPs are currently driving the evidence agenda on child labour with the objectives of trying to estimate the extent of the problem, informing policy decisions, and changing public opinion. The current government's economic policy priority, however, is geared towards increasing the rate of economic growth and employment. Consequently, child labour does not get the priority it warrants.

The decentralisation of administrative, economic, political, and legislative authority after the passage of the 18th Constitutional Amendment means that the responsibility for collecting, maintaining, and using data on child labour lies with provincial labour departments. The capabilities and resources to do this are not yet available there. No provincial labour department maintains a list – or even an estimate – of children employed in registered production and manufacturing units. There is also a lack of coordination on child labour among various tiers of the Government. Key informants pointed out that while responsibility for legislation, and the design and implementation of policies, to reduce child labour lies with the provinces, the federal government does very little about data collection and policy harmonisation. This makes the evidence base for child labour fragmented and incoherent.

Because of the links between chronic poverty and the perceived acceptability of child labour in the informal sectors (including agriculture and domestic service), it may be prudent for SEDI to focus on strengthening and using evidence about child labour in the formal sector first (for example, linking to ensuring compliance with international standards for export promotion). This would help ensure that robust evidence on child labour can be linked to child labour rehabilitation efforts, such as Pakistan Bait-ul-Mal. Once the structures and processes for reducing child labour in the formal sector are more robust, work could be expanded to include the informal sector.

Some of Pakistan's DPs, such as FCDO, see child labour as a policy priority and have invested considerable resources in initiatives that generate data and analysis on the extent of the problem. They also urge the GoP to make the issue a part of its policy agenda. These measures run the risk of creating a perception that driving policy change on child labour is, in the main, the responsibility of DPs. One option for SEDI would be to help test whether having more robust and publicly available data on child labour would, in fact, improve policymaking in the sector, and if not, why not.

The opportunity to do this could come from working closely with the FCDO-supported Aawaz II project, which operates in Khyber Pakhtunkhwa and Punjab. SEDI could augment and support the programme by working with government officials and provincial parliamentarians that are the targets of Aawaz II's uptake strategy, and beginning a dialogue with them on the need to collect, store, and analyse robust evidence. Interviews for this exercise suggest that there may be more interest in this within Khyber Pakhtunkhwa than in Punjab, but this would need to be checked through a focused PEA that examines both provincial governments and parliaments in detail.

As child labour is only one part of the Aawaz II programme, FCDO could consider expanding SEDI's remit to work on the demand side for broader labour issues (i.e. including adult bonded labour) in a way that 'goes with the grain' of the remits of current government structures and processes. While there is clearly a need to work in other provinces, the suggestion from this PEA exercise is to begin in Khyber Pakhtunkhwa and the Punjab first, to learn lessons there, and then to consider expanding elsewhere.

### **7.3 Employment and skills**

Unemployment and the low skills levels of the employed population are key policy priorities of the GoP because these have a considerable impact on the country's economic growth.

At the operational level, the skills sector in Pakistan comprises TVET, which is a shared responsibility of federal and provincial governments. The apex body in this area is NAVTTC, which is responsible for overall sectoral coordination and development. It is also mandated to set the policy principles, which are then adapted by each province according to their own specific context and priorities.

This sectoral landscape offers meaningful opportunities to SEDI for designing and testing solutions that can strengthen the demand for and use of evidence across different tiers of the skills sector. Since policy actors in this area are well-defined, it is easy to map its evidence ecosystem and assess the nature, location, and extent of the problems the TVET sector faces.

Being a part of Pakistan's education system, the TVET sector gathers basic quantitative data about its students at the time they enrol for trainings – just like all educational institutions do in the country. So it can be argued that policy decisions in the sector are already informed by some kind of evidence, though it is still mainly quantitative.

However, more needs to be done to increase the sophistication of evidence generation and evidence use in the sector. So far, most of the drive for better and stronger data collection, and most of the demand for a deeper analysis of data, comes from DPs.

The analysis in Section 6 shows that there are useful opportunities for SEDI in the skills sector. For one, there is a relatively high level of acceptance among the key actors of the need to strengthen the demand for, production of, and use of data and analysis. The logical next step would be to move towards the integration of the demand for, generation of, and use of evidence in the policy cycle. This could start by complementing the gathering of basic administrative data with analysis. It can then move on to making strategic investments in strengthening capabilities to conduct robust research and analysis, which, in turn, will help assess the skills demanded by the labour market of today, tomorrow (say, 2030), and the day after tomorrow (say, 2050). Finally, SEDI should be able to take the demand for, generation of, and use of evidence to a level where it helps policymakers to adapt the teaching and learning of skills to the needs of a knowledge-based digital economy.

To summarise, the gathering and maintenance of data is already happening in the skills sector through NSIS, which offers a good starting point for SEDI. However, data collection and analysis, as well as the generation of different types of evidence (for example, policy evaluations) can be integrated much more in the policy cycle, to make the use of evidence meaningful and impactful.

### **7.4 Cross-cutting issues influencing policy processes and evidence demand and use in the three sectors**

All of the three sectors mentioned are subject to some of the general characteristics of the policymaking process in Pakistan, which, in turn, influences the degree to which evidence informs policy decisions.

The policymaking process in the country continues to be dominated by powerful actors. This has traditionally limited the development of an evidence ecosystem in which a diversity of actors could demand, produce, and use different types of evidence so as to carry out an informed macro-level discourse about public policy. It must be emphasised here that a weak evidence ecosystem at the macro level results in only limited investment in building capabilities for sector-specific evidence ecosystems.

Another important macro-level consideration is the fact that the passage of the 18th Constitutional Amendment in 2010 has kickstarted the decentralisation of administrative, economic, legislative, and political authority in Pakistan. As in other countries, this decentralisation is influenced by dynamics between federal and sub-national levels. Though it has shifted the locus of policymaking from the centre to the provinces, this has not changed the power that key actors have over policymaking processes, and the policy decisions that result from those processes. However, decentralisation is still a work in progress, with implications for investments at provincial levels in strengthening the capabilities necessitated by the evidence ecosystem.

Having said this, the current government seems to be thinking differently about investing in evidence generation. For example, it has shifted the PBS from the jurisdiction of a separate Ministry of Statistics to MoPDSI. Being the largest data and analysis producer in the country, the PBS collects vast amounts of data on a wide range of social and economic subjects. Having come under the jurisdiction of MoPDSI, the PBS may find it easier to integrate data collection and data analysis into policymaking and planning processes.

For this integration to be more effective and meaningful, however, the PBS needs to allow independent research organisations to assess and analyse the quality and the contents of its data. For that to happen, it must first allow them access to the raw and disaggregated statistics it has.

Like the PBS, DPs, too, both help and hamper the creation of a sustainable evidence ecosystem. They play a key role in the production of evidence to inform policymaking at both federal and provincial levels, and also in most sectors, but their focus is often on procuring short-term demand for and use of evidence, essentially as a means to help government institutions to bypass either the complex and cumbersome public procurement requirements, or financial limitations. The reliance on DPs thus undermines the development of a sustainable evidence ecosystem, which requires long-term investments in strengthening the Government's own capability to carry out evidence-informed policymaking.

The combined impact of the influence of interest groups and the limited availability of good evidence to be used in informing policymaking is highly visible across Pakistan's public policy landscape. It is manifested both in the limited avenues for conducting research, and for producing other types of evidence, and in the low use, or total absence of use, of evidence in policymaking processes.

This macro-level picture notwithstanding, there are significant micro-level differences between the three sectors. Each one of them has its own way of demanding, generating, and using evidence to inform its policy discussions, and a different level of willingness to do so.

## 7.5 Programming opportunities

This study also suggests some opportunities that exist in the three sectors for testing what could work in strengthening their capabilities for demanding, generating, and using evidence. In this sub-section, we provide some programming suggestions for the inception phase and beyond regarding the modalities for designing and testing solutions after the selection of sectors has been made.

Strengthening the capabilities for demanding and using evidence involves working on the *system* that helps or hinders government actors in regard to bringing evidence to bear on policymaking processes. This implies that this strengthening will inevitably require the designing and implementation of different experiments that can test the effectiveness of alternatives to what a system is already offering. This kind of testing, however, comes into play once the local actors have identified the problem they want to address.

The sectors that have been analysed in this report are all politically contested spaces, though to varying degrees and with different characteristics. This implies that the success of any efforts to strengthen the systems, and processes to demand and use evidence, cannot be guaranteed. The future of any solution to the problems identified with, and by, local partners will thus be uncertain.

Below, we highlight some principles that may support the design and application of the inception and implementation phases of this programme. In doing so, we have drawn from the literature on adaptive programming and problem-driven development.<sup>87</sup>

- **Start small.** Fund exploratory activities, such as dialogues, roundtables, and locally managed studies, to identify concrete problems, in order to create interest among partners to change the way things are. These activities will help the programme avoid falling for pre-determined solutions, and will allow it to assess the degree of commitment among its partners and spot leadership that can support change.
- **Be prepared to invest time in building relationships with local partners.** This may not lead to immediate outputs or outcomes, but will ensure that collaboration is based on mutual trust, and will lay a strong foundation for sustainable change.
- **Develop a political economy mindset within the team** and with the partners by continuously interrogating the problems and solutions that are being designed.
- **Engage a broad set of actors** in designing and testing solutions that are technically sound and, importantly, that are politically feasible.
- **Work with the funder** to enable the operations and reporting requirements of the programme to design experiments of different durations. Accept that not all of them will work. Stop the initiatives that do not show signs of gaining traction. Pursue the ones that look promising.
- **Link experiments** through a portfolio, where they can learn from each through regular sensemaking reflection workshops. This will help partners to learn from each other, facilitate decisions about what to continue and what to stop, and accelerate the progress towards finding solutions.

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<sup>87</sup> See: Rondinelli (1989); Booth and Unsworth (2014); DDD Manifesto (2014); Faustino and Booth (2014); Williamson (2015); and Andrews *et al.* (2017).

It is natural in a programme of SEDI's size and scale to encounter problems regarding the capacity of its partners and their staff. This problem usually emerges during the inception stage and therefore needs to be tackled early on so that it does not bedevil any of the later stages.

Another important problem that emerges sooner rather than later concerns regulatory barriers. Therefore, we suggest that the inception stage should also include an in-depth assessment of the regulations that govern the procurement and production of research data and analysis by government organisations. This assessment should also investigate budget allocations for generating and using evidence, as well as career incentives for the staff conducting research and analysis. This will help us to identify, at an early stage, whether the programme needs to dedicate some time and resources to bringing about regulatory changes that can have a broad impact across policy sectors in terms of evidence demand and use.

The inception phase could also be a good opportunity for face-to-face discussions and sharing of experiences between SEDI's team in Pakistan and international DPs who are funding programmes, such as BCURE and the Knowledge Sector Initiative,<sup>88</sup> to strengthen the use of evidence in policy processes. This exchange will help the two sides to understand what types of implementation challenges each of them is facing, and how those challenges are being addressed.

In short, SEDI offers opportunities for Pakistan to reimagine the role and potential benefits of knowledge ecosystems and evidence use in policymaking.

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<sup>88</sup> [www.ksi-indonesia.org/en/home](http://www.ksi-indonesia.org/en/home)

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