



STRENGTHENING THE USE OF EVIDENCE IN ECONOMIC POLICY FORMULATION

Sustainable Development Policy
Institute (SDPI)

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PROBLEM STATEMENT

Limited demand for and use of evidence by policymakers

Constraints to improving demand and use of evidence

Are there any capacity gaps?

Are there any coordination issues?

PROBLEM STATEMENT

Can SEDI help?

SEDI offers an opportunity to examine in detail these constraints & their underpinning assumptions; and to design, pilot & test possible approaches to reducing or overcoming them.

POLITICAL ECONOMY OF STABILIZATION & (ECONOMIC) GROWTH

Building blocks of economic development policy

- What does the constitution say?

METHODOLOGY

- Policy and evidence narratives: literature review
- Media content analysis
- Interviews with political leadership, civil service, donors, intermediaries in the economic space
- BCURE – past evidence use experiments
- Focus group meetings with FBR, Finance Division, Planning Division and Ministry of Commerce

POLITICAL ECONOMY OF STABILIZATION & (ECONOMIC) GROWTH

Who 'decides' policy?

- Council of Common Interests
- National Economic Council
- National Development Council

Who 'implements' policy?

- Economic Coordination Committee

POLITICAL ECONOMY OF STABILIZATION & (ECONOMIC) GROWTH

Institutional priorities and the rules of the game

- Ministry of Finance - Public finance management
- Ministry of Planning, Development & Reform - Public sector development programme
- Federal Board of Revenue - Tax reform
- Ministry of Commerce - Trade promotion reforms

PFM — MINISTRY OF FINANCE

To streamline federal budget preparations as per best practice

To limit supplementary grants and restriction on movement of public money into scheduled banks' accounts

To fully reveal to the parliament any tax exemptions

To strengthen rules regarding supplementary budgets, reappropriation of budgets, and surrender of savings

EXPORT COMPETITIVENESS — MINISTRY OF COMMERCE

New tariff policy — removing anti-export bias

Strengthen uptake of bilateral FTAs

TDAP - Boosting trade diplomacy

Improve efficiency of export development fund

E-commerce policy

Reform of Transit Trade

FBR — PAKISTAN RAISES REVENUE

Pakistan Raises Revenue (PRR) Initiative

- Continued effort to expand active taxpayers list
- Facilitating tax payer compliance
- Strengthen customs clearance

Pakistan Regulatory Modernization Initiative

Reimagining FBR's administration — National Tax Authority

WHAT THEY SAY ABOUT EVIDENCE-USE (OR LACK OF)?

Capacity building programmes are available

Past evidence is usually accessible

Context- and time-relevant evidence difficult to fetch

WHAT THEY SAY ABOUT EVIDENCE-USE (OR LACK OF)?

Issues:

Policy making *not necessarily* based on evidence (e.g. import substitution)

Usually internal resources and time do not allow for evidence-use in policy making (e.g. politically motivated initiatives)

Full-time capacity to collect, manage, and filter evidence is missing (e.g. outsource evidence creation and management; firefighting for evidence)

EVIDENCE ECO-SYSTEM IN ECONOMIC POLICY SPACE

How is evidence defined?

What are building blocks of evidence?

Organisation	Data	Information	Intelligence	Decision support systems
Ministry of finance	Yes	Yes	partial	Partial
Ministry of Planning, Development & Reform	Yes	Yes	Yes	Partial
Ministry of Commerce	Yes	Yes	partial	Partial
Federal Board of Revenue	Yes	Yes	partial	Partial

Some examples:

- Statistical evidence
- Stakeholder discussions
- Policy (impact) Evaluations



ORGANIZATIONAL ASSESSMENT

Ministry of Commerce

- Trade Development Authority of Pakistan
- Pakistan Institute of Trade & Development

ORGANIZATIONAL ASSESSMENT — MINISTRY OF COMMERCE

Authority

- Endorsement by senior-leadership and buy-in on evidence-use is strong

Acceptance

- The team at the ministry is open to ideas and willing to address their gaps

Ability

- Operational level leadership exists at the Ministry and both attached departments

HOW IS GENDER AND INCLUSION EMBEDDED?

Organization	Gender	Inclusion	Plans to address gaps
Ministry of Finance	Gender-responsive budgeting	No widely shared understanding around why evidence on excluded groups could help policy formulation	No own-initiatives to help improve this understanding and embed in functioning of the organisation were found in this regard.
Ministry of Planning, Development & Reform	No specific mechanisms to address gender considerations in evidence-use were found	Literature to package a development project for Balochistan and erstwhile FATA	The Centre for SDGs at the Ministry is finding out ways to address gaps.
Ministry of Commerce	Wish to prepare a think piece on 'gender and trade' and how trade policy in Pakistan and organizational set up at ministry could be more responsive.	The Ministry often procures information around improving delivery systems for small and medium enterprises. The information is procured through business associations and local think tanks	The ministry has intent to improve understanding around 'women in trade' and increase women's participation in export-oriented businesses.
Federal Board of Revenue	No recent intervention was cited	There is an intent to see evidence which informs about how burden of taxes can be made less regressive	No specific plans to improve such understanding or procure evidence.

ALIGNMENT WITH OTHER PROGRAMMES

Sub-National Governance Programme -II (SNG-II)

Pakistan Economic Corridors Programme (PECP)

Revenue Mobilisation, Investment and Trade (ReMIT) Programme

Pakistan Goes Global

Pakistan Raises Revenue

CONCLUSION

All three reform areas – PFM, trade and tax carry immense importance for the future macroeconomic stability and inclusive growth in Pakistan

The team however sees a relatively stronger ownership by the government to grow Pakistan's exports of goods and services

Seeking proposals to address stagnancy in exports

The proposed effort is closely linked to government's Pakistan Regulatory Modernization Initiative.



THANK YOU!

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