Human Capital Development for Sustained Economic Growth

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DAY 1: Wednesday, 20 March 2013

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Dr. Jeffrey S. Hammer, Princeton University.

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Governance and Service Delivery: Balancing Market and Government Failures

Dr. Jeffrey S. Hammer
Princeton University

Whether to provide services by the public or the private sector has been at the center of debates within governments and those in the international aid industry for decades. Unfortunately, this debate has often been cast in terms of absolutes with the private sector either as savior or demon. Casting the issue in this light simply can’t be correct. It cannot be the case that either is appropriate for every service and with every government regardless of its capability to the exclusion of the other. In every case, policy makers need to ask “how can the government improve the well-being of citizens with the constraints and tools at hand?” Those constraints include the ability to implement and monitor policy.

This paper outlines how limitations of the market can be matched to appropriate interventions by government as it actually performs, not as it is hoped to perform. This matching will, by necessity, vary with country circumstance. While pure public goods must be provided by government regardless of its weaknesses and pure private goods should generally be left to the market, most serious policies operate in between. The balance of the limitations of the sectors needs careful analysis. The welfare costs of private market failure are rarely measured and the difficulties of implementing different policies are rarely discussed let alone quantified. Policies that are sensitive to deviations from perfect implementation should be avoided in preference to those that are more robust to circumstances. Further, every policy will generate interest groups that will constrain future decisions through political pressure.

Examples from various sectors include health, where interventions vary from nearly pure public goods through nearly pure private goods to the complicated set of issues raised by insurance market breakdowns. Education, particularly in Pakistan, should challenge government to question fundamental assumptions concerning its responsibility. Infrastructure can often be subdivided into core public responsibilities and those that can admit competition – circumstances varying with technological change. Finally, questions regarding the sensitive topic of police services are raised.

About the presenter:

Jeff Hammer is the Charles and Marie Robertson Visiting Professor of Economic Development in the Woodrow Wilson School at Princeton University where he teaches economic development and the economics of health policy in poor countries. He comes to his current position after 25 years at the World Bank where he worked on various issues related to public economics, public expenditures and the social sectors, particularly health. He was part of the core team of the World Development Report 2004 “Making Services Work for Poor People”. Current research is on the quality of medical care in developing countries, absenteeism of teachers and health workers, the determinants of health status and improving service delivery through better accountability mechanisms. His BA is from Swarthmore College and Ph.D. from MIT both in Economics.
A Review of Education Outcomes and Policies in Punjab

Dr. Masooma Habib
Lahore School of Economics

One of the most critical challenges Pakistan faces today is the need to improve and expand its education system. With important political and demographic changes taking place, greater devolution and strengthened democracy, this is an opportune moment to build a better system. Not only does the purpose of education have to be defined beyond what has been left over from colonial administrative objectives, but a much greater effort has to be invested in developing the skills and talents of the majority of the population.

Punjab, Pakistan's largest province, has taken several education reform initiatives to improve education outcomes. However about a quarter of school age children are still not attending school either because they never enrolled or because they dropped out early. Low transition rates to secondary education are of special concern. Moreover, recent assessments have shown that students' knowledge and comprehension of basic subjects remains alarmingly low. Improved learning in schools is therefore another important challenge. Patterns in learning achievement in Punjab indicate the importance of school level factors, implying that a good school could make up for other regional and socio-economic disparities. Better quality schools also attract more students from the poorest families, because when parents expect better returns from education, the time and resources spent on schooling becomes worthwhile. This paper will review the extent to which critical gaps in achievement levels and other educational outcomes have been addressed by past policies and current reform programs.

About the presenter:

Dr. Masooma Habib is a Senior Research Fellow at the Centre for Research in Economics and Business at the Lahore School of Economics. Dr. Habib's current research interests include developing countries' experience with contract teachers, school choice issues, teacher incentives and effective learning environments in schools. She has taught M.Phil and undergraduate classes (Economics of Education and History of Economic Thought) at the Lahore School. Dr. Habib has a Doctorate in Education Policy and Administration from George Washington University, an M.A. in Economics from McGill University and B.A. Economics from Kinnaird College Lahore. She has worked at the World Bank, Washington D.C; NESPAK, Lahore, and the Lahore School of Economics.
Public School System in Sindh: Empirical Insights

Salman Asim
World Bank

In this paper we present descriptive statistics on the Government School Education System in Sindh. The data are obtained from latest administrative annual school census in Sindh (2011-12). Schooling System in Sindh comprises 48,932 schools of which 47,000 are primary, middle and elementary schools making Sindh one of the densest public schooling systems in the world with almost 1.8 schools catering to 1000 people in rural Sindh. Functional schooling capacity is low however with less than 15% of these schools having at least two teachers and access to basic facilities including toilet, drinking water supply, electricity and boundary wall. Against the backdrop of this massive schooling system in Sindh we examine key trends of education outcomes using Pakistan Living Standards and Measurement Surveys (2004-05-2010-11). Net enrollment rates (NERs) at primary, middle and secondary levels in Sindh have at best stagnated from 2007-2011 after a sharp increase registered in 2006; this trend is similar to the rest of Pakistan. Gains in NERs vary significantly across districts with some districts performing exceptionally better than the others. Finally, we cross-validate the statistics presented in the paper using independent household and school level census data of 300 communities for an ongoing impact evaluation study in three districts of rural Sindh.

About the presenter:

Mr. Salman Asim is an Economist with the South Asia Human Development Unit (SASHD) at the World Bank. He is a principal investigator on the impact evaluation of ‘Information Awareness Campaign for School Committees in Sindh.’ He is also providing technical support on key components of education sector reforms, and leading the operational dialogue on the design of Monitoring and Evaluation, and School Based Management components of second generation reforms for the Punjab and Sindh governments. Salman is also a visiting research fellow at the Center for Research in Economics and Business (CREB) at Lahore School of Economics, where he collaborated with Dr. Naved Hamid, in jointly conducting seminars on topics in experimental economics for the Development Economics Module of the M.Phil Economics course work. Mr. Asim completed his M.Phil in Economics from University of Oxford as a distinguished Rhodes Scholar from Pakistan, and wrote his dissertation on the “Impact of microcredit on women’s empowerment.”
Struggling Against the Odds of Poverty, Access and Gender-Secondary Schooling for Girls

Dr. Zeba Sathar
Population Council
(Paper co-authored with Maqsood Sadiq)

While there has been improvement in schooling outcomes for girls in the decade 2001-2011, progress is uneven within Pakistan. Rural girls lag far behind urban girls and progress across provinces is uneven. The transition to secondary school, in ways much more critical for improving employability and reproductive health and other outcomes, shows even more uneven progress by province and income class. Questions about the preference for public versus private schools and the actual choice of schools available to girls in most rural areas need to be answered if we are serious about a rapid escalation of secondary school enrollments for girls.

The Pakistan Integrated Household Survey (PIHS) 2001-02 and Pakistan Social and Living Standards Measurement Surveys (PSLM) 2007-08 and 2010-11 are going to be utilized to look at patterns in this transition. Access is likely to be the main driving force behind the transition to secondary level schooling. Initial findings reflect the almost total reliance on public schools for 10-14 year old girls. This suggests that private secondary schools are not an option for girls in rural areas. The next major intervening factor is household income level - public schools for girls are the only choice it seems even for the rich families. Data also suggest that girls in poor and large families are competing against their brothers and other siblings for limited resources.

Most important secondary school is only an option on completion of primary school and choices are greater at the primary school level. We study the choice of secondary school as condition on factors driving primary school completion. Regional patterns reflect the expansion of private schools in Punjab and KP and not so much in Sindh and Balochistan.

We will utilize extensive rich data from a Population Council study from 16 communities of Punjab and KP and Sindh with detailed information on numbers and quality of schools within and outside the community and schooling outcomes. This will supplement the main analysis from the PSLMS. We will run regressions to observe the weight of three set of factors i.e., choice and distance to assess the transition from primary to secondary school for girls.

About the presenter:

Dr. Zeba Sathar received her Master’s from London School of Economics and PhD from London School of Hygiene and Tropical Medicine. She has spent more than 15 years at the national premier research institution, the Pakistan Institute of Development Economics where she held the position of Chief of Research in Demography. She also has considerable international experience having worked with the World Bank, World Fertility Survey, the London School of Hygiene and Tropical Medicine and the Population Council in New York and in Pakistan. She has published widely in books and peer reviewed journals and has diverse academic interests in population ranging from the more pure demographic topics of fertility and mortality to issues of gender and their association with demographic processes.

Dr. Sathar is currently working for the Preparation of 10th Five Year People’s Plan 2010-15 and Taskforce on Population as a National Development Priority in conjunction with the Planning Commission, Government of Pakistan, Islamabad. She is the first elected member from Pakistan on governing council of the International Union for the Scientific Study of Population (IUSSP). She has worked with the Population Council from 1994 and is currently its Country Director in Pakistan. Dr. Sathar received in recognition of her meritorious services to the development sector in Pakistan; she received the award of Tamgha-I-Imtiaz by the President of Pakistan on March 23, 2006.
Preparing Women of Substance? Education, Training and Labour Market Outcomes for Women in Pakistan

Dr. Monazza Aslam
University of Oxford
(Paper co-authored with Shenila Rawal)

This paper investigates the economic (i.e. labour market) outcomes of ‘training’ for individuals in Pakistan. The labour market benefits of general education have been relatively well explored in the literature and specifically in Pakistan. They point to the benefits of education accruing both from education/skills promoting a person’s entry into the more lucrative occupations and by raising earnings within any given occupation. This research delves into another angle by investigating the role, if any, of acquiring ‘training’ – technical/vocational, apprenticeship or on-the-job - to look at both these channels of effect onto economic well-being. This is done using data from a unique purpose-designed survey of more than 1000 households in Pakistan, collected in 2007. Multinomial Logit estimates of occupational attainment reveal how having undertaken training determines occupational choice. In addition, we also estimate the returns to schooling and to training. This is done separately for men and women. The results reveal that while acquiring training significantly improves women’s chances of entering self-employment and wage work (also the more ‘lucrative’ occupations), only wage-working women benefit from improved earnings through vocational schooling.

About the presenter:

Dr. Aslam is currently a Visiting Researcher at the Institute of Education, University of London and has a DPhil in Economics of Education from the University of Oxford. She is an Education Economist with more than 10 years experience of working as an applied economist, her research interests include the Economics of Education and Labour Economics. Her work has been based on addressing gender and labour market issues in Pakistan. Her research has looked at schooling access as well as the quality of schools in Pakistan. Her work has been published in well reputed journals including World Development, Applied Economics, Economic Development and Cultural Change and The Economics of Education Review.
Analyzing the Market for Shadow Education in Pakistan: Does private tuition affect the learning gap between private and public schools?

Bisma Haseeb Khan  
Institution of Development and Economic Alternatives (IDEAS)  
(Paper co-authored with Sahar Amjad)

The Annual Survey of Education Report (ASER) 2012 shows a growing prevalence of a shadow education sector in Pakistan with 34% of private school students and 17% of public school students taking private tuition in Punjab. Further, private tuition is found to have a positive significant affect on learning outcomes (Aslam and Atherton, 2013). Keeping this in view, it is possible that private tuition rather than a difference in schooling quality is driving the observed learning-gap between public and private schools. This study uses the Learning and Educational Achievement in Punjab Schools (LEAPS) data and analyzes the individuals who switch between taking and not taking private tuition, in a fixed effects framework to quantify the impact of private tuition on learning outcomes in public and private schools. It further analyzes the shadow education market looking at who supplies and who demands private tuition. The main findings suggest a positive significant affect of private tuition on learning outcomes, specifically for public school students. For the subjects Mathematics and Urdu, the learning-gap between public and private schools would remain even after accounting for private tuition but can be bridged by providing more of such tuition classes to the public school students. In English, the learning-gap would significantly be reduced once tuition is controlled for as private tuition significantly impacts private school students’ performance in this subject but not public school students’ performance. Further, the paper finds that tuition is more of a private sector phenomenon with private school teachers more likely to supply such tuition. However, the main stream teachers that provide private tuition do not shirk during regular class hours, as is normally believed, in order to create demand for their tuition classes. In fact, tutors exert similar efforts in school as their non-tutor counterparts. Lastly, tuition is taken as a supplement to formal education rather than as a substitute for low quality formal schooling.

About the presenter:

Ms. Bisma Haseeb Khan works as a Research Associate at IDEAS. She obtained her BSc (Honors) in Economics from Lahore University of Management Sciences and her MPhil in Economics from the University of Cambridge. Ms. Khan's research experience includes graduate work in economic development and labor market dynamics. She has also presented papers at various academic conferences including the PERI and OSF conference titled “Globalization, Regionalization and Privatization in and of Education in Asia”, 2012 and the Annual General Meeting of the Pakistan Society of Development Economists, 2011. Her research interests include governance, development and education and labor economics.
Measuring Differential Economic Impact of Education across Income Groups and Provinces in Pakistan: A Model Consistent Approach

Fahd Rehman
University of New South Wales
(Paper co-authored with Russel J. Cooper)

Engel’s law, an empirical regularity observed for around 200 years, states that the share of food in household expenditure declines with households’ total expenditure. The empirical regularity expressed in Engel’s law is clearly present in existing Pakistani household income and expenditure data. Using economic theory an ‘Engel Curve’, reflecting Engel’s Law, can be extended to allow for additional effects of a social nature, including the influence of education on welfare and considering education as the ability to purchase things. Yet to our knowledge this has not been exploited in empirical research to infer the differential impact of education on measures of household well-being across income groups and provinces. The study will address this welfare analysis gap. Our Engel curve specifications close the gap between economic theory and empirical applications critical to evaluating the effects of education on economic well-being. The results show that net primary and matriculation education enrolment ratios may bring a significant improvement in the welfare of people. There is a need to specifically redirect resources to Balochistan where access to educational opportunities is rather low. The access to educational opportunities should be increased in Sindh and KPK as well. Such steps are required to bring inter provincial harmony in Pakistan. The people fall in the lowest two income groups worse off in terms of access to educational opportunities from 2008 to 2011. So efforts should be stepped up to enhance the access to educational opportunities at primary and matriculation levels across these lowest income groups. These informed predictions can guide policy advisors on where to concentrate efforts and reduce economic distortions. Our Engel curve oriented research approach is in line with the theme of conference “Human Capital Development for Sustained Economic Growth”, as focused efforts can energize the citizens of Pakistan and re-track the economy on a sustainable path in the long run.

About the presenter:

Fahd Rehman is doing his PhD Economics since August 2010 at School of Business of University of New South Wales Canberra, Australia. The research topic is “Indirect Economic Measurement of Consumers and Firms: A Model Consistent Approach”. He has a Master of Public Policy from National Graduate Institute for Public Policy (GRIPS) Tokyo, Japan and has worked as Assistant Manager for Small and Medium Enterprises Development Authority (SMEDA) from 2004 to 2010. He has authored three journal articles and attended two international conferences to-date.
Day 2: Thursday, 21 March, 2013

Session 1: The Role of Institutions in Social Service Delivery

*Patronage in Rural Punjab: Evidence from a New Household Survey Dataset*
Dr. Azam Chaudhry, Lahore School of Economics.

*Inequality, Institutions and Intergenerational Educational Mobility: Dynamics of change in rural Punjab*
Dr. Ali Cheema, Centre for Economic Research in Pakistan (CERP)

Session 2: Health Service Delivery

*Health Sector Policies and Programs in Pakistan*
Ms. Uzma Afzal, Lahore School of Economics.

*Using Information Communication Technology (ICT) to improve health worker performance in Punjab, Pakistan: Opportunity & Alternatives*
Dr. Ali Hasanain, Lahore University of Management Sciences.

*Increased Rural Connectivity and its Effects on Health Outcomes*
Dr. Hadia Majid, Lahore University of Management Sciences.

Session 3: Vulnerability, Social Safety Nets and Human Development

*Social Protection and Human Development: Two Programs in Pakistan*
Dr. Ijaz Nabi, International Growth Center.

Dr. Rabab Mudakkar, Lahore School of Economics.

*Microinsurance in Pakistan: Progress, Problems, and Prospects*
Dr. Theresa Thompson, Lahore School of Economics.
Patronage in Rural Punjab: Evidence from a New Household Survey Dataset

Dr. Azam Chaudhry
Lahore School of Economics
(Paper co-authored with Kate Vyborny)

The intervention of local elites is often cited as an impediment to policy implementation in many developing countries. In this paper we present a newly collected household data set from Punjab, Pakistan, which can be used to analyze how patron-client relationships affect which households get access to state-provided goods and services. We find that: (i) households report receiving active assistance both from local officials and provincial and national politicians in accessing state services and on a range of other measures, (ii) vulnerable households, such as landless and female-headed households, appear less likely to receive assistance from patrons, suggesting that patronage activity could increase inequality of outcomes, (iii) shared ‘biraderi’, or clan based kinship, between the patron and client is not associated with an increased likelihood of reported assistance from patrons, (iv) local officials and politicians tended to recommend candidates in the last election and rural households were strongly convinced that the patron knew for whom they had cast their votes for in the last election, and (v) clients from rural households meet local officials most frequently and politicians least frequently.

About the presenter:

Dr. Azam Chaudhry is the Dean, faculty of Economics at the Lahore School of Economics. He received his B.Sc. in Economics from London School of Economics and MA and PhD from Brown University. He joined the Lahore School of Economics in 2005 and before that he worked for the World Bank. His areas of interests are International Trade, Macro Economics and Economic Growth. His current research projects are: Spillovers in technology adoption: evidence from a randomized experiment in Pakistan and Effects of external migration on school enrollments, accumulated schooling and dropouts in Punjab.
Inequality, Institutions and Intergenerational Educational Mobility: Dynamics of Change in Rural Punjab

Dr. Ali Cheema
Centre for Economic Research in Pakistan (CERP)
(Paper co-authored with Farooq Naseer and Hadia Majid)

We analyse educational attainment over three generations in rural Punjab, Pakistan to determine if the fruits of post-independence development have translated into comparable rates of educational and social opportunities for all strata in the village economy. We show that differences in class status institutionalized at the time of colonial village settlement lead to a sustained divergence in the rate of intergenerational educational mobility, with limited mobility for non-proprietary and marginalized groups compared to proprietary groups. The inter-class differences in the rate of mobility are higher in proprietary landed estates where the colonial state concentrated land rights and governance in the hands of landlords compared to crown estates that had a more egalitarian arrangement of land rights and governance. We find that the divergence in inter-class mobility is worrying, so much so that the current generation of marginalized households appears to have fallen a generation behind in terms of educational attainment even though it physically resides in the same villages as the proprietary households.

About the presenter:

Dr. Ali Cheema is a Senior Research Fellow at IDEAS. He is also an Associate Professor of Economics (currently on leave) and a former head of the economics department (2004-2007) at Lahore University of Management Sciences (LUMS), Lahore, Pakistan. He is also one of the founding members and a research fellow at the Center of Economic Research in Pakistan (CERP) and the co-lead academic of IGC Pakistan. Dr. Cheema has extensive experience in research and policy work in the areas of political economy, governance, the applied economics of skills and the labour market. He was a member of the Initiative of Policy Dialogue (IPD), Columbia University, Task force on Decentralization and was one of the founding members of the Stockholm Challenge Award winning portal, Relief Information System for Earthquakes, Pakistan (RISEPAK). His current research is on the applied economics of crime, social exclusion and skills acquisition.

A Rhodes Scholar, Dr. Cheema holds a BA (Honors) degree in Philosophy, Politics and Economics from Oxford, and a BA in Mathematics and Statistics from Government College, Lahore. He received his MPhil in Economics and Politics of Development, and a Doctorate in Economics from the University of Cambridge.
An Overview of the State of Health in Pakistan

Uzma Afzal
Lahore School of Economics
(Paper co-authored with Anam Yusuf)

The Millennium Development Goals provided countries with well-rounded objectives for achieving human development over a period of twenty-five years. Pakistan is not on track to achieve health-related goals. With the eighth highest newborn death rate in the world, between 2001 to 2007 one in every ten children born in Pakistan died before reaching the age of five. Similarly for women, there is a one in eighty chance of dying of maternal causes during reproductive life. Compared to other South Asian countries, Pakistan currently lags behind in immunization coverage, contraceptive usage and infant and child mortality rates. The share of out-of-pocket expenditures of total health expenditures in Pakistan was one highest in the world in 1998, and the situation has not changed much since then. Pakistan is going through an epidemiological transition of a double burden of communicable diseases combined with maternal and perinatal conditions, as well as chronic, noninfectious diseases. The landscape of public health service delivery presents an uneven distribution of resources between rural and urban areas. The rural poor are at a clear disadvantage in terms of primary as well as tertiary health services. Moreover, they also fail to benefit fully from public programs such as immunization of children. There has been a massive increase in the role of the private sector in the provision of service delivery. The poor state of public facilities is a contributing factor to the diminished role of public health facilities. After the 18th Amendment of the Constitution, health as a sector has been devolved to the provinces, yet the distribution of responsibilities and sources of revenue generation between the tiers remains unclear. There is a need for a multipronged national health policy that tackles the abysmal child and maternal health indicators, along with reducing the burden of disease. Moreover, it is imperative to improve the provision of primary as well as tertiary health care with a strong system for monitoring in place, along with the provision of social safety nets for the vulnerable.

About the presenter:

Uzma Afzal a Research Fellow at the Center for Research in Economics and Business (CREB). She is also a Senior Teaching Fellow at the Department of Economics, Lahore School of Economics. Her areas of interest are health economics, human development and political economy. She has published papers on poverty, human capital convergence and child health. Currently she is working on a project, “Learning about Flood Risk: Evidence from a Field Experiment in Pakistan”. The project is collaboration between the Lahore School of Economics and the University of Oxford, under the British Academy Award.

Uzma has a degree in MPhil (Economics) from the Lahore School of Economics, and she holds a BSc (Hons) in Economics from the Lahore University of Management and Sciences (LUMS).
Using Information Communication Technology (ICT) to improve health worker performance in Punjab, Pakistan: Opportunity & Alternatives

Dr. Ali Hasanain
Lahore University of Management Sciences
(Paper co-authored with Michael Callen, Saad Gulzar, Abdul Rehman Khan, Yasir Khan and Muhammad Zia Mehmood)

Pakistan has a large and dispersed primary public health system, which provides citizens access to trained doctors and staff, and to subsidized medicines. Despite the existence of this system, both the use of the facilities and health outcomes remain low. Improvements in Information Communications Technology (ICT) provide exciting opportunities to leverage technology to improve management. This paper presents a detailed qualitative and quantitative look at the institutional context in which such interventions in the public health sector in Punjab would be trialed in. First, we describe the structure and management of primary healthcare facilities. Next, we describe selected results from a survey of a representative sample of Basic Health Units (BHUs), and identify some key issues. Then, we report officials’ responses to the question of how services might be improved. Finally, we discuss some of these responses and conclude.

About the presenter:

Dr. Ali Hasanain is an Assistant Professor at the Lahore University of Management Sciences (LUMS) working in the areas of service delivery and corruption. He is co-PI on projects that develop and implement technological innovations for management improvements in the health, livestock and citizen feedback areas. He served for two years as Team Leader for South Asia for a Global Development Network project on Water Use, and has been an invited speaker at International Food Policy Research Institute (IFPRI), Food and Agriculture Organization (FAO), International Growth Center (IGC) and GDN events. Before joining LUMS, he was at the Lahore School of Economics after completing his PhD in 2010 at George Mason University.
Increased Rural connectivity and its effects on health outcomes

Dr. Hadia Majid
Lahore University of Management Sciences

This paper explores the impact of increasing openness and connectivity of rural areas to the outside world on health outcomes and awareness levels. The focus is on rural Pakistan with outcomes being examined over a fifteen year period. In particular, the paper studies whether improved access to markets for rural areas through a widening (and/or upgraded) road network has had a positive impact on child nutritional status as measured by height-for-age and incidence of illness. Moreover, the paper also studies if awareness regarding health practices, including immunization and breastfeeding has improved as accessibility to villages has bettered. The analysis uses the IFPRI-PIDE panel data where the IFPRI data covers the 1986 – 1991 period while the PIDE Pakistan Rural Household Survey was conducted in 2001-2002 and 2003-2004. I use the panel aspect of the data to isolate inter-generational changes in health-related outcomes. I estimate a linear regression to examine the effect of increased access to urban markets. I also estimate a family fixed effects model so as to inspect differences in health outcomes at the intra-household level. The results suggest that as roads improve and rural markets become more integrated with urban ones, health outcomes witness a positive affect at the aggregate level with differences at the intra-household level, particularly those between the genders, declining.

About the presenter:

Dr. Hadia Majid is Assistant Professor Economics at Lahore University of Management Sciences, Pakistan. A Fulbright Scholar, she holds a PhD in Development Economics from The Ohio State University, an MA in Economics from The Ohio State University, an MSc in Economics from the University of Warwick, and a BSc in Economics from Lahore University of Management Sciences.

Her research largely focuses on different economic characteristics of the household, including parental decision-making and human capital acquisition. Her previous work has looked at conditional cash transfers evaluations at the intra-household level, factors that affect parental investment in child education, female bargaining power in rural Pakistan, and agricultural taxation in Pakistan. On-going research includes impact evaluation of climate change on farmer productivity, rural connectivity and its effect on health outcomes, and an evaluation of Pak-India trade potential within the health sector.
Social Protection and Human Development: Two Programs in Pakistan

Dr. Ijaz Nabi
International Growth Centre

Pakistan has launched a far reaching social protection programs. The federal government’s Benazir Income Support Program has, at its core, an unconditional cash grant for the poorest households. Responding to the concern that this runs the risk of creating a large pool of permanent government handouts, the federal government has also launched an ambitious skills development program. At the provincial level, the government of Punjab is implementing skills development as social welfare in the four poorest Southern Punjab districts. The paper discusses the structure of the two programs, their success at reaching the poor and the monitoring challenges to assess their overall effectiveness.

About the presenter:

Dr Ijaz Nabi is Professor of Economics and Dean, School of Humanities Social Sciences and Law at Lahore University of Management Sciences. He is also member of Prime Minister’s Economic Advisory Council, Chief Minister Punjab’s advisory Council and the Monetary Policy Committee of the State Bank of Pakistan. In October 2009, he was appointed Pakistan Country Director, International Growth Center, a policy research consortium of London School of Economics and Oxford University.

Dr. Nabi returned to Pakistan in 2008 after 22 years at the World Bank in Washington where he worked on Mexico, Korea, Thailand (leading the World Bank team during the East Asian financial crisis), Malaysia, Laos and Myanmar. In 2002-2008, he was Manager, Economic Policy, for South Asia region at the World Bank. Dr Nabi has published extensively on economic growth, investment and finance, industrialization, international trade and labor markets in developing countries.
Human Development and Economic Vulnerability – Exploring Another Dimension of Development

Dr. Syeda Rabab Mudakkar
Lahore School of Economics
(Paper co-authored with Dr. Jamshed Y. Uppal)

The UNDP’s Human Development Index (HDI) has been employed widely for focusing on the nexus between the human development and economic growth. The index’s simplicity in characterizing development as a composite of achievements in health, education and income has made it a particularly useful tool for advocacy purposes and in de-emphasizing a growth-centric view of development.

HDI’s has also invited much criticism of two broad categories: (i) choice of development dimensions, and (ii) its functional form. In response the HDI has undergone many revisions since its inception in 1990. In the latest revision, UNDP (2010), the HDI has undergone major changes to the included indicators and its functional form. Klugman et al. (2011) and Lustig (2011) explain in detail the rationale behind the new HDI, while Ravallion (2010) offers a critical view. The 2010-HDI, however, basically keeps the same three-dimensional structure. To address a major criticism that the HDI neglected within country inequality, three additional indices are introduced: the Inequality-Adjusted HDI, the Gender Inequality Index, and the Multidimensional Poverty Index.

A development dimension which has not received much attention is the extent to which populace faces income and wealth uncertainties. These uncertainties arise from a wide range of risk factors e.g., natural disasters, systemic political and market failures, external economic shocks, adverse technological and market changes. The overall impact of economic uncertainties is to diminish human capabilities in the sense Amartya Sen originally conceived of “Development as Capability Expansion,” Sen (1985, 1990).

We argue in the current paper that the economic uncertainties need to be explicitly considered as another dimension (negative) of the human capabilities, and propose an Uncertainty-Adjusted HDI (U-HDI). We present a methodology for constructing such an index, taking time variability of income changes as a proxy for economic vulnerability. We follow an approach similar to the one used to compute Inequality-Adjusted HDI based on Atkinson (1970). The paper presents results of an exploratory exercise in constructing such an index across countries. We also present an analysis for Pakistan in the context of the uncertainties associated with the country’s political and economic environment over time.

About the presenter:

Dr. Syeda Rabab Mudakkar is an Assistant Professor at the Lahore School of Economics. She has obtained her PhD in Mathematical Statistics from University of Nottingham, UK. Her research interests lie in characterization and comparison problems in classical probability theory and the application of stochastic modeling in Finance and Economics. Currently she’s working on problems like Dynamic Risk Management and Spectral analysis of Economic Time series.
Microinsurance in Pakistan is still in its early stages. More than half of current microinsurance policies in Pakistan are being offered through the Benazir Income Support Program, with the remainder being offered in conjunction with microcredit services offered by microfinance institutions (MFI), banks (MFB), NGOs, and the rural support programs (RSPs). BISP’s life insurance policies for breadwinners currently cover 4.1 million households. The policies offered through the microcredit sector are mainly credit-life policies, which cover loan balances in the event of the borrower’s death. In addition, small health insurance policies covering hospitalization is also offered by some lenders, principally the rural support programs, to the borrower and (sometimes) their spouse. As health costs and deaths in the family rank among the most important economic stressors that households face, it makes sense that microinsurance should first make inroads in these areas. There are currently small pilots in agricultural microinsurance, but it will be some time before these products will mature.

It is difficult to say what the impact of microinsurance has been in Pakistan, since rigorous evaluations have not been conducted to date. What we do know is that utilization has been low, but gradually increasing as households become more aware of the coverage that they have. In the short to medium term, microinsurance outreach could be extended through offering health insurance coverage to the entire household of microcredit borrowers, and by offering microinsurance to all members of the rural support programs, rather than only its borrowers and spouses. Partnering with mobile phone operators for payments could reduce the transaction costs. Provinces could use the existing database of households and poverty scorecards executed by BISP to target subsidized microinsurance policies to poor households above the BISP threshold.

The value to customers of existing microinsurance policies such as credit-life could be enhanced by extending coverage to other members of the family (such as spouse) and by offering the option for higher levels of coverage in the case of death.

About the presenter:

Dr. Theresa Chaudhry has done an undergraduate degree from Georgetown University and has a masters and PhD from University of Maryland. Presently she’s an Associate Professor at the Lahore School of Economics. Before she came to Pakistan she was working at the World Bank. Her research interests are Micro-Development, Industrial organization, Experimental and behavioral economics and New Institutional Economics. Her current research projects are: Evaluating the Impact of Punjab’s Girls Stipend Program and Incentives and productivity: Work groups vs. production lines.