HARVARD Kennedy School
Evidence for Policy Design

CERP | Center for Economic Research in Pakistan

Policy formulation and implementation as a design challenge

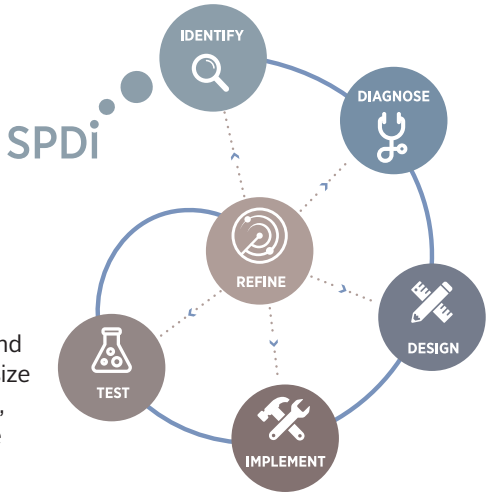
With each development success comes a new wave of challenges. Great strides have been made toward getting all children enrolled in primary school, but the next problem to tackle—getting them to actually learn—is much more complex. Many countries have introduced tough limits on air pollution to protect citizens' health—but creating the right incentives to achieve actual compliance is difficult.

Addressing finer policy challenges requires a new, embedded, self-correcting process that produces and integrates evidence as it develops new policies.

EPoD'S APPROACH: SMART POLICY DESIGN & IMPLEMENTATION

Evidence for Policy Design is a policy research initiative based at Harvard Kennedy School and working around the globe to improve lives by designing and enabling better policy. We practice—and work to promote—a **problem-driven, collaborative approach**, where policymakers and researchers come together, employing their collective expertise to design, test and refine solutions. In each of our policy-research engagements, we follow the six steps of **Smart Policy Design & Implementation**:

- IDENTIFY pressing policy problems
- DIAGNOSE underlying causes
- DESIGN high-potential and feasible policy solutions
- IMPLEMENT and monitor proposed solutions on the ground
- TEST high-potential solutions with rigorous evaluation
- REFINE those solutions based on continuous monitoring and feedback



Each of the SPDI stages incorporates both economic theory and rigorous evidence. Throughout the cycle, we build the capacity of policymakers to systematically use evidence—through dialogue, training, support for innovation, and interactive tools employing data visualization.

Recent innovations—like the spread of cheap mobile technology across poor populations and the advent of big data—are creating a base of real-time evidence that is unprecedented in size and scope. Possibilities for empowerment through new knowledge abound. But knowledge, even when it is relevant to policy, is not enough. At EPoD, we not only produce research, we also build mechanisms that enable policymakers to refine and implement smart policy.

SPDI CASE STUDY: Vocational skills training programs in Punjab, Pakistan

Approximately two-thirds of Pakistan's population of 180 million are under 30 years of age, and millions of young workers are expected to enter the job market every year over the next two decades. However, given current training levels, only 3% are formally trained in the right kind of skills to meet employers' needs.

To address challenges to vocational training in Pakistan's most populous province, the Government of Punjab and the British aid agency the Department for International Development (DFID) created the collaborative **Punjab Skills Development Fund (PSDF)**. Their aim was to stimulate a market for training services and provide quality skills and vocational training opportunities to the poor and vulnerable populations of Punjab, particularly women and other marginalized groups, in order to improve livelihood prospects. Seeking to use rigorous research to design programs and policies based on evidence, PSDF partnered with economists at the Center for Economic Research Pakistan (CERP), Evidence for Policy Design (EPoD) at Harvard Kennedy School, and Princeton University. *continued*

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Stage 1: Identify the problem

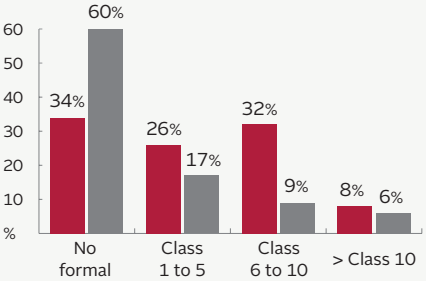
PSDF and the research team worked to fully understand both the skilled labor market and the market for skills training in Punjab. The labor market was moving away from agriculture towards more technical sectors, where labor supply fell short of demand. Meanwhile, workers were unable to meet most of the skill qualifications that employers required, yet if they sought training to improve their job prospects, they found inadequate supply of training programs.

Step 2: Diagnose underlying causes

The research team launched a set of surveys of households, trainers and employers. Demand for skills training among individuals appeared high: 90% of household survey respondents stated that at least one household member would attend a training, if offered. However, there appeared to be a mismatch between the kinds of training needed and the training supplied. A majority of the training courses required basic schooling as a prerequisite, yet many respondents, particularly women, lacked basic numeracy and literacy skills and had not attended school (see graphs).

Step 3: Design policy solutions that are both high-potential and feasible

Based on the market mismatch that the surveys identified, PSDF worked with training institutions to adjust both what they required and what they offered. Training providers adjusted their prerequisites to include trainees who lacked basic schooling, and integrated basic literacy and numeracy components into their trainings. They also designed and launched a pilot of a diverse set of courses to attract different segments of the population.



Steps 4 and 5: Implement and test

Researchers designed an evaluation of these courses to test impact on earnings, employment, and participation of women and marginalized groups in the labor market. They offered randomly selected individuals in target districts vouchers to enroll in training courses. However, in spite of the previously observed high demand for skills training, of those who received vouchers, only 5% actually enrolled in and completed courses. The percentage was even lower among target groups like women and the poor.

Step 6: Refine

The low redemption rate of vouchers clearly indicated that the program was not likely to be successful at scale, particularly among women. Therefore, the research team and PSDF embarked on a series of pilot experiments that specifically addressed the accessibility challenges among women.

Returning to earlier stages of the process

In complex and constantly changing environments, it is almost impossible to design the right policy solution the first time; thus it is imperative to continually return to the proposed policy and improve the project design based on collected feedback and impact. Data from the accessibility pilot experiments **identified** that the social and financial costs of travel to and from training centers constrained women from enrolling in training courses. The research team further **diagnosed** the causes through field visits to rural households involving interviews and focus groups with women, which then helped PSDF to **design** interventions to alleviate those constraints. PSDF expanded its pilot training program for rural women to a much larger sample and to a wider variety of treatments, as identified through researchers' qualitative efforts. PSDF **implemented** this expanded program and collaborated with the research team to **test** voucher take-up by randomly varying access to:

- *Physical distance*, tested by setting up training centers in selected villages
- *Safe and reliable transportation*, tested by offering the option of free group transportation
- *Information*, tested by distribution of leaflets and holding informational sessions with trainees
- *Social norms*, tested through community mobilization efforts
- *Financial stipends*, tested by offering various levels of stipends to trainees

As a result of their collaborative research with PSDF, CERP was able to pinpoint the challenges to improving enrollment among marginalized groups, as well as solutions. The most effective approach was in-village training, raising voucher take-up as high as 50%. In second place—but at *half* the impact—was group transportation. Information and community support did not have any effect.

In further SPDI cycles, surveys and field interviews revealed that few women were selling products on the market, which may hamper returns to training. PSDF has introduced an intervention to relieve market access constraints for rural women trained in the previous intervention. Research continues, but in light of the contributions so far, the collaboration has already increased demand for evidence-based policymaking in the government.

No solutions can be perfect, but smart systems with feedback loops based on data and evidence will optimize policy goals and impacts, reducing poverty and leading to improvement in the quality of life among the poor.