



Research Report No. 16

**REVIEW OF THE SOCIAL ACTION
PROGRAM**

SOCIAL POLICY AND DEVELOPMENT CENTRE

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Social Policy and Development Centre

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1. BACKGROUND

Despite an average growth in GDP of 6% per annum over the last few decades, Pakistan's performance in the social sectors has lagged behind other countries in the region as illustrated below:

Indicators	Pakistan	India	Bangladesh	Sri Lanka	China
Infant mortality rate (<i>per 1,000 live births</i>) 1997	91	82	108	18	44
Primary school gross enrollment ratio (%) 1997	46	102	77	107	121
Adult literacy rate (%) 1990	35	48	35	88	73
Population with access to safe water; rural (%) 1993	50	78	85	55	60
Annual population growth rate (%) 1960-92	3.0	2.2	2.5	1.8	1.9
Contraceptive prevalence rate, any method (%) 1993	12	43	40	62	83

Sources: Human Development Report, 1995; World Development Report, 1995

By 1991, both the Government of Pakistan and donor agencies realized that this poor performance was hampering other developmental objectives and decided to redress the shortcomings. Hence the Social Action Program (SAP) was launched with a focus to redress the substantial deprivation in the rural areas. SAP was envisaged to raise financing of the social sectors to 1.8 percent of GDP and reform institutional and delivery mechanisms.

There were three over-arching objectives of SAP. These are:

- ! improvement in service delivery through decentralization and community participation
- ! policy reforms to improve access and enhance the quality of social services
- ! increased and sustained fiscal effort and the protection of funding from austerity cuts.

The principal objectives in primary education were to improve the functioning and utilization of existing schools, improve the quality of education, and improve access to education particularly in rural areas and more specifically for girls.

In primary health care, the principal objectives were to increase effectiveness through consolidation and integration, improve services through greater availability of quality inputs such as medicines and supplies, and increase access, particularly by women, through redressing the gender imbalance in staffing.

In rural water supply and sanitation, the principal objectives were to improve utilization of water supply and sanitation systems, ease financial dependence on government by improving planning and management, and involving communities including their undertaking responsibilities for operations and maintenance. It was also to improve quality and expand access especially for women through community based approaches. Rural sanitation was also to be emphasized.

The main objective for the population welfare component was to reduce the population growth rate by instituting community-based outreach programs and increased use of population planning techniques.

While these basic tenets underlie the objectives of SAP, the initial set of sectoral targets were:

2 RESOURCE ALLOCATION

TARGETS OF SAP		
Indicators	Base	Target
Primary school participation rate %	68.9	77.3
Male	84.8	89.9
Female	63.7	66.0
Adult literacy rate %	35.4	41.0
Male	42.3	58.7
Female	22.3	38.6
Life expectancy (years)	57.7	62.0
Contraceptive prevalence rate %	14.0	19.5
Access to safe drinking water rural %	42.0	55.0
Rural sanitation	13.0	23.3

Expenditures on the social sectors over the four year period (1993/4 to 1996/7) aggregated to over Rs. 163 billion. Starting from a level of Rs. 27.7 billion in 1993/4, they have grown rapidly at the rate of over 25% per annum to Rs. 54.7 billion by 1996/7. Corresponding,

estimates for the SAP Project for the four year period (1992/3 to 1995/6) are Rs. 106

billion. Within the project, the contribution by donors is Rs. 13 billion implying a share of 12%.

Within SAP expenditures, the share of development and recurring expenditures are estimated at 32% and 68% respectively. The share of sectoral allocations are: 64% for primary education, 19% for primary health care, 14% for rural water supply and sanitation, and 3% for population welfare. Almost 86% of the expenditures have been incurred by the provincial governments with the remaining 14% by the federal government. The rapid build up of SAP expenditures is demonstrated by the fact that benchmark expenditures under the project were 1.7% of the GDP in 1992/3 increasing to 1.9% in 1993/4, 2% in 1994/5 and 2.1% of GDP in 1995/6.

3 ACHIEVEMENTS

3.1 Government Perspective

The achievements of SAP can be measured by using output data from several sources. The first source which is readily available is the official statistics produced by the SAP Coordination Cell of the Planning Division, Government of Pakistan. As can be seen from the table below, the performance in the SAP sectors has been claimed to be near perfect.

Indicators	Target	Achievement	Performance (%)
Primary school participation rate %	77.3	73.0	94.4
Male	89.9	89.0	99.0
Female	66.0	57.0	85.4
Adult literacy rate %	41.0	37.9	92.4
Male	68.7	50.0	85.2
Female	38.6	25.3	65.5
Life expectancy (years)	62.0	32.0	
Contraceptive prevalence rate %	19.5	22.0	
Access to safe drinking water rural %	55.0	55.0	
Rural sanitation	23.3	23.3	

In primary education, the primary school participation rate has reached nearly 95% of its target. If so, this is commendable. However, provincial line departments are themselves now beginning to question the accuracy of their own census for 1995/6 performance from the Education Management Information System. Also, there is a lack of reliable statistics on the denominator itself: the size of the relevant population cohort.

In the health sector, the two indicators which reflect performance are infant mortality rate (data not reported) and life expectancy. The SAP Coordination Cell reports that achievements are equal to the targets. It is noted that the Federal Bureau of Statistics has not undertaken the required demographic survey which is the source for such information. The population welfare program is reported to have exceeded its target contraceptive prevalence rate by 2.5%.

In water supply and sanitation, achievements are again reported to equal targets.

3.2 *The Pakistan Integrated Household Survey*

One of the goals of SAP was the creation of a database which could be used to monitor the achievements and effectiveness of the Program. The Pakistan Integrated Household Survey (PIHS) was conceived of as one such source. The results of the PIHS indicate that some success has been achieved between the reference year (1990/1) and the current survey for 1995/6. The latest PIHS reports that the gross enrollment rates in primary schools has not changed over the period (virtually constant at 74%). The reduction in the proportion of children enrolled in government schools and increased use of private schools clearly indicate the increasing demand for better quality of education and the ability of parents to pay for this.

Indicators	PIHS 1990-91	PIHS 1995-96
Gross enrollment rate primary school (%)	74	74
Girls as % of enrollment in primary schools	39	42
Enrollment in government schools as % of total	86	79
Adult literacy rate (%)	35	39

Overall indicators which measure the success in the health sector are the IMR which is reported to have declined from 131 to 101 during the period and full immunization of children which has more than doubled from 25 to 54% through EPI.

The performance of the population welfare program according to the PIHS has seen a substantial improvement between the two surveys. The contraceptive prevalence rate

Indicators	PIHS 1990-91	PIHS 1995-96
Infant mortality rate (per 1,000 births)	131	101
Children fully immunized (%)	25	54

has increased from 7 to 14%. This contradicts the results reported by the SAP Coordination Cell which states this as 22%.

SAP recognizes the existence of water supply schemes by government only. The PIHS however, indicates that the main source of drinking water is the private sector family hand pumps used by some 46% of the households.

3.3 SPO/SPDC SURVEY

A field survey of the social sectors in 244 communities across Pakistan was undertaken during March and April 1997 by SPO on behalf of SPDC. Conditions were observed to be generally worse than expected but some advances have been made during the last three years of SAP. These advances are, however, in no way commensurate with the disbursements made in the SAP sectors and have not resulted in major improvements in the quality of service provision.

597 primary government schools were surveyed. Over 60% needed major repairs. 81% of schools built since mid 1993 were found to have fair or poor construction. Inside the classrooms, furniture is lacking and even the mats on the floors on which the children sit are almost always dirty and in ill-repair. The distribution of student attendance was 63% boys and 37% girls across the country with a low of 28% girls in Sindh. Teachers attendance was unexpectedly high: above 80%. The ratio of students attending per teacher attending was an average of 36 but with a high of 45 in NWFP. The average number of students attending per classroom was 38, with a high of 52 found in NWFP.

SAP policy was to involve parents' committees (PTAs) or village education committees (VECs) in school operations in order to provide a level of accountability of the teachers to the parents. Parents' committees formed during SAP were evident but inactive and unsustainable. They were in fact "paper committees". This is illustrated by the fact that, on average, these committees had met less than 0.2 times per year over the past three years. Perhaps the most disturbing finding relates to facilities at the schools. Only 37% of schools were found to have latrines and many of these non-functional. Only one third of schools were found to have functional fans. 70% of the schools were found to have less than 50 books in the entire school. The majority of schools (56%) have even fewer books... less than 25 per school.

In Balochistan and NWFP, nearly all water supplies surveyed were piped systems, most relying on WAPDA powered tubewells. In the Sindh and Punjab, nearly all water supplies used household hand pumps installed by the private sector. Service levels varied. Although the quality of construction was found generally good for piped schemes, most villages

surveyed are served water for less than one hour a day in Balochistan and NWFP. This is a very low level of service. Over 60% of homes in Sindh and Punjab were found to be supplied water 16 to 24 hours each day. This was from family hand pumps.

Emphasis was to be placed on community management of water schemes. This was particularly important in the water sector where the costs to government for scheme operation were to be transferred from government. Only 5% of schemes were found to have management committees formed during the last three and half years. Only 3% of communities had committees which had received training. Although the percentage of committee in the total schemes was low, the activities undertaken by the few that exist suggests that water committees can be active and sustainable. Nearly 60% of committees were employing operating staff and 80% had paid for repairs during the past 12 months. Only 6% of villages had drainage schemes completed during SAP-I and a paltry 4% had government latrine promotion activity (mostly in NWFP). This is the cause of the appallingly poor sanitation and hygiene conditions in rural Pakistan.

In health care, the survey focus was on BHUs and RHCs. These were found in 33% of communities surveyed, many of them having been built or added to during SAP. Construction quality was fair or poor in 69% of BHUs/RHCs with the poorest construction being found in Punjab (100%) and Balochistan (50%). Village Health Committees (VHCs) have been formed in 11% of villages and 4% had VHCs which had received any training. BHUs were found to be in generally poor condition and badly equipped. For example, only 44% had a working refrigerator and 35% an infant weighing machine. 43% of clinics had functional latrines, and 37% functioning water supply. Only 48% of male doctors were present (the worst record was in Balochistan where no male doctors were attending). There was a fairly good attendance rate for female doctors and technicians (82 and 88% respectively). Only 18% of LHWs were found to be living in the communities surveyed (many living in nearby communities). As may be expected, however, only 14% of villages were receiving regular hours visits. A major problem was the totally deficient supply of medicines and contraceptives. 97% of BHUs/RHCs were found with limited or no antibiotics, 92% with limited or no analgesics, 87% with limited or no antiseptics and 81% with limited or no contraceptives. Some 40% of health facilities had no medicines or contraceptives at all.

Population welfare/family planning activities were reported as occurring through SAP-I in some 15% of villages surveyed. This had been primarily through household visits, the strongest programs being in NWFP and Punjab. Contraceptives were reported as available in 71% of villages either at the local shops or clinic (highest in Punjab with 81% of villages).

The above paints a somewhat depressing picture of rural social services, particularly in consideration of the huge sums of money allocated to these sectors. Funds spent on development have failed to provide building and facilities of adequate quality, non-salary recurrent expenditures have commonly not reached the villages. Huge sums have been spent but the impact on the quality of service provided at the village level has not been pronounced.

4 REASONS FOR SUCCESS

4.1 Increased Financial Outlays

A basic fact contributing to SAP success was manifold increase in the financial resource allocations. The total spending on SAP as percentage of GDP increased from 1.7 in 1990/1 to 2.1 during 1995/6. The fact that social sector allocations were immune from austerity cuts shows government determination to maintain fiscal allocations to the social sectors as priority.

4.2 Greater Awareness of Social Development

With the onset of SAP, greater overall awareness about Pakistan's performance in social sectors (especially in comparison to other countries in the region) granted among the policy and planners. With the realization that the high GDP growth had failed to translate into better living conditions, more concentrated efforts were required to remedy the situation. Instead of taking a project based approach to resolve an impending problem, a more program based approach towards social sectors development was followed during SAP-I.

5 REASONS FOR FAILURE

Although disbursements rose dramatically over the SAP period, there was not a commensurate increase in either the quality or quantity of services. Some constraints to delivery were specific to the sectors while others were common to all sectors. It is noted that nearly all issues and constraints focus on the very areas where SAP was to have concentrated its improvements. These are:

5.1 Lack of Cost Effectiveness

There are indications of inefficiency and cost in-effectiveness in the provision of social services whereby improvement in social sectors is not in accordance with the increase in the flow of resources into the sector. In the education sector for example, growth in real expenditures are not matched by corresponding growth in enrollment rates and eventually in the output from the system. In fact, the rate of conversion of expenditure to output has deteriorated overtime. Also international comparison shows that the unit cost of the provision of social services is much higher in Pakistan compared to some of the neighboring countries. For example, unit cost per primary and secondary school enrollment in Pakistan is US \$ 65 as compared to \$ 33 in India and \$ 36 in Sri Lanka. Similarly, unit

cost per unit of health care per person is US \$ 11 in Pakistan as compared to \$ 7 in Bangladesh and \$ 6 in Egypt.

A number of factors are responsible for the inefficiencies in the delivery of social services. These include (i) high level of wastage (ii) type of investment programming (iii) pattern of expenditure and (iv) problems with the project cycle.

Perhaps the best examples of the nature and extent of wastage are in the education and water supply sectors. In the former case, this is measured by the net continuation ratio or the dropout rate. Analysis shows that the continuation rate has declined somewhat during the SAP period, both in the case of male and female primary students. An analysis of the causative factors affecting the continuation rate shows that the highest impact in the context of boys is the availability of teachers. In the case of girls, both the availability of teachers and schools have significant impacts on the continuation rates. Demand side factors like urbanization, per capita income and female literacy rate are also important but their contribution is lower than the supply side factors relating to availability of teachers and schools.

In the case of water supply, the extent of non-operating or partially operative water supply schemes remains over 40 to 50% even during the SAP period. This constitutes major wastage of public funds.

There are certain aspects of investment programming by the provincial governments which also mitigate against effective utilization of resources. In 1995/6, the total number of schemes in SAP sector in the four provinces is 3,843. The total capital cost of these schemes is Rs. 58 billion. Given the total provincial ADP of about Rs. 10.5 billion for these schemes, this implies that the provincial governments carry a portfolio of projects equivalent to over five times their annual allocation. In other words, schemes in social sectors take on the average five years to complete. To aggravate the situation, allocations to new schemes are generally higher than on-going schemes. The tendency appears to have increased during SAP period.

The long gestation period of projects is due to the nature of investment programming. The basic tendency to approve too many schemes which stretches not only the implementation capacity but also implies that a given amount of funds is spread over a larger number of projects. This can largely be attributed to the politicization of the project approval process. Involvement of elected representatives at the district and provincial level implies that competing claims of different regional interests and pressure groups can only be reconciled by a larger number of projects being sanctioned, with each project receiving reduced allocations. This results in cost over runs and reduces the cost effectiveness of service provision.

The analysis also reveals that higher output can be obtained by the same amount of resources by changing the expenditure patterns. A comparison of the optimal with the actual mix of expenditures reveals that in the case of boys' schools, output can be increased by shifting expenditure from development to recurring side. Similarly, shifting expenditures from salary to non-salary recurrent heads will improve the output from primary education and health sectors.

5.2 *Lack of Financial Sustainability*

While SAP is a legitimate and welcome response to the fundamental problem of lagging social development in the country, it runs the risk of becoming financially unsustainable. The analysis reveals that the way SAP-I was structured, adequate provisions were not made to finance the downstream expenditure liabilities created by the development undertaken through the Program. This has tended to reduce provincial governments' commitment to SAP, particularly at a time of financial scarcity and has led to situations whereby there are schools without teachers and BHUs without doctors and medicines. An obvious remedy is for SAP to contain provisions for development expenditures on facilities and for allocations to cover cost of operations and maintenance. This will remove the imbalance between development and recurring expenditure allocations and mitigate the financing problems during the tenure of the SAP.

However, the danger remains that when the foreign aided initiative comes to an end, there is likely to be a major curtailment in recurring expenditures on social sectors in the absence of continuing sources of funding. Provincial governments are likely to be left with doctors, teachers etc. which they cannot continue to pay.

5.3 *Centralization and Lack of Devolution*

There has been a continuing tendency to concentrate responsibility and authority in higher levels of government. This has not only occurred in the areas of planning and financial administration, which may be expected, but has also extended to service delivery. Social services should be local responsibilities. SAP in its entirety is handicapped by weak local and district bodies. This is manifested by the dissolution of elected local governments, and weak tax base and management capacity of District Councils. The result has been (1) the continued retention of responsibility and authority for services delivery in the provincial capital cities or by district arms of agencies based in the capitals, and (2) the highjacking of the scheme selection and funds allocations process by the party in power through politically-controlled district-based District Social Action Boards.

5.4 *Duplication and Dichotomy*

Although most basic services are traditionally the responsibility of local government authorities, many functions are taken over by higher tiers of government often to exercise patronage. This has duplicated efforts, created facilities which were not needed, employed inexperienced staff far in excess of needs and encouraged high cost infrastructure against the need to develop low cost solutions capable of being managed by the lowest tiers of government or through community-based organizations.

The District Social Action Boards (DSABs) were established to vet proposals for project implementation within the SAP Sectors. The MNA/MPA programs also required that MNAs/MPAs select projects and indicate the sites for implementation. The District Development Advisory Committees (DDACs) were also entrusted the responsibility of district level planning and implementation of SAP projects. This has led to many conflicts causing substantial delays in implementation.

5.5 *Lack of Accountability*

As a result of lax personnel policies and outmoded financial regulations which exist in the system, accountability for actions taken could not be ensured. Although line departments were responsible for the overall management of public investment, directives bypassed the departments' planning process thereby making them impossible to pin down responsibility for misallocation or mismanagement.

5.6 *Misuse of Discretionary Powers*

Another major cause of institutional weakness lies in the misuse of discretionary powers. Discretionary powers are vested in senior bureaucrats to (1) set aside rules and regulations in the public interest, (2) permit variations from specific criteria and standards, (3) allow cost over-runs and condone delays in scheme completion, and (4) transfer staff. The politicians' discretion is contained in the allocation of development funds. These discretionary powers were perhaps one of the most important factors leading to lack of coordination and poor delivery of services.

5.7 *Overstaffing*

Each department follows a standard hierarchical structure and is governed by the same set of rules and regulations. Apart from the secretariat at the provincial capitals, each

department has field offices at the divisional, district and sometimes, tehsil levels. Each official is supported by a raft of clerical personnel, far in excess of need. The layer upon layer of hierarchy adds to the cost of delivery, acts as an impediment to the smooth functioning of the departments, represents a siphon for leakages, and leads to delays in implementation.

5.8 *Selection by Patronage*

Each elected representative was given a quota against which he/she was allowed to nominate persons for employment. This patronage resulted in eroding the quality of the intake. The principle of selection on merit was therefore, violated and candidates were appointed without any serious attempt to establish whether they were suitably qualified by education, aptitude and experience. People held posts they were inadequately prepared for and morale of other employees was adversely affected. Staff is generally untrained (in most instances, non-trainable because of a lack of basic education) and because of their political backing are largely undisciplined.

5.9 *Excessive Transfers and Absenteeism*

Inter-district transfers are common. Posting of the select few are made at locations of their choice, but against vacancies which exist elsewhere. This has had a doubly negative impact (particularly true of doctors appointed on contract): it deprived the residents of their services, and led to a situation where staff commonly did not work even at their chosen location of posting but continued to draw their pay against the post for which they had been appointed.

5.10 *Lack of Community Participation*

Faced with weak local bodies, the provincial governments were meant to have devolved responsibility and authority for service operation and maintenance and even scheme ownership to the communities themselves. All social sector policies/reforms called for the formation of community based organizations. Initially, most provinces notified the creation of committees for health and education and hundreds were formed but not trained or prepared. As a result, the opinion of most government officials that community management was not possible has become self-fulfilling. It was not until substantial effort in reorienting some government departments and officials that they are finally understanding the complexities and resource requirements of establishing sustainable community-based organizations.

5.11 Lack of Approved Policies

Unlike the water sector, there are no policies/policy statements regarding primary education and health formally approved in the provinces. Similarly, only objectives and strategies (not policies) were developed for the health sector and these were only at the national level. The aide-memoirs and provincial operational plans point to certain understandings between the donors and the provincial governments which may however, be termed as a part of the policy formulation process. This was unfortunate as policy reform in the water sector provided a focus for dialogue and guidelines for implementation and could well have been used to create the synergy required to make SAP successful in the other sectors. Instead, the focus fell on issues rather than on process.

5.12 Lack of Cross-Sectoral Synergy

The Provincial SAP Coordinators were largely ineffective because of lack of institutional change needed for effective coordination, management, and monitoring and evaluation. Although the Provincial SAP Coordinator is a member of the approving committee for the provincial ADP as well as scrutiny and appraisal/approval of individual projects/schemes, his role has been invariably undermined by the other members of the committee who sometimes outrank him. Furthermore, adequate professional and support staff with the requisite skills, the equipment needed and the transport required for mobility have not been provided. Inter-departmental coordination meetings chaired by him are largely devoted to reviewing the progress of work within each department. No discussion has ever been held on inter-sectoral coordination, either of effort or thought. Even though individuals have from time to time tried to moot the idea of synergy, they are seen as disruptions to the status quo.

In an environment which resists change, one sees little hope of being able to achieve the inter-sectoral coordination needed to ensure synergy. Yet inter-sectoral synergy and coordination was one of the principal tenets of SAP.

5.13 Failure to Involve the Private Sector

The private sector was largely ignored during SAP. Official statistics tended to omit contributions of the private sector (especially in water supply and primary schools). Instead of regarding the private sector as a resource, government has come to look upon it as some form of competition. Indeed the private sector has proven itself to provide better quality service and at lower cost. There is an opportunity being missed. Similarly with NGOs, government's first response is frequently that they cannot be trusted and only

government can provide effective services. When attempting to draw on NGO resources, it has often been under contractual rules set by government with little adaptation for the NGO orientation, policies and interests.

5.14 Lack of Monitoring and Evaluation

Despite the fact that elaborate structures and systems were designed to undertake crucial monitoring activities, a number of problems exist undermining the effectiveness of monitoring procedures and compromising the reliability of data on the sectoral impacts of SAP initiatives. Line department SAP cells were simply given yet another task to add to their existing responsibilities, complicating their ability to undertake serious and useful monitoring and evaluation exercises.

Although the MSU was established with a mandate to support the government in the monitoring process, its activities appear to have largely been concerned with assisting provincial governments with the formulation of their annual operational plans. MSU did not participate in any local level dialogue nor did it assist in the design of local-level monitoring exercises. Admittedly, the MSU cannot act unless requested by the federal government. However, one might have expected that the MSU could exert some pressure - subtle or otherwise - on the federal government to fulfill the provision to engage in extensive monitoring by organizations that are independent of both the government and the donors, as part of its role in the monitoring process. Moreover, the donor agencies also failed to elicit compliance with respect to this latter provision by withholding disbursements until the government was able to provide reliable data from independent resources. Taken together, these arrangements short-circuited any possibility for public accountability.

5.15 Role of MSU

The role of MSU was not fully utilized and was largely restricted to the preparation of annual operational plans and processing of SOEs. Their support capabilities were also hindered by the quality of staff who have little first-hand working experience in communities. This is evident from the fact that UNDP has only recently proposed staff expansion to include specialists in community management.

6 RECOMMENDATIONS

6.1 Consolidation and Improvement of Social Service Quality

Despite the increase in priority given to the social sectors, SAP-I failed to improve services which were in any way commensurate with the dramatic increase in funding. Although disbursement targets were met, the anticipated benefits did not reach the rural communities. It is recommended therefore, that SAP-II focus on consolidation and improving the quality of social services. Specifically:

- ! There should be no new projects until the ongoing schemes are completed. All ongoing schemes should be reviewed. Those in their early stages of development and failing to meet strict needs and cost effectiveness criteria should be stopped.
- ! Sector policies should be formally approved in all provinces. These should be operational in character to eliminate loopholes and provide guidance and framework for implementation at the district and community levels.
- ! Regular and impartial monitoring, including third party monitoring, should be established. It should be impartial, transparent and involve the beneficiary community.
- ! Service providers should be made more accountable to end users. This is embedded in community management and user-pay concepts which are recommended as central themes in SAP-II.
- ! New and more cost effective approaches to service delivery are being demonstrated by the private sector and NGOs. Government should become open to supporting them and should draw on their considerable resources.

6.2 Decentralization and Institutional Reforms

Decentralization and community participation were policy objectives of SAP-I, yet there was little change in institutional structures and administrative procedures. Attempts were made at strengthening existing institutions but these were largely cosmetic and ineffective

as demonstrated by their lack of impact in the field. A wholesale change in delivery is recommended which will result in (1) real decentralization of authority and responsibility, (2) rational planning and equitable distribution of resources, (3) adequate management and monitoring for quality control, (4) accountability to the user community and (5) strengthened public and private institutions.

During SAP-I, schemes were constructed and services provided almost entirely by line departments. It is recommended that these responsibilities be devolved to the districts and communities. This decentralization of functions will require major institutional strengthening of both District Councils and Community Based Organizations

District Councils are already legislated but need to be reinstated. Local elections planned for later this year will revitalize their role in district development. The District Councils should be given the capabilities of planning, executing and maintaining social service delivery in their districts. Each District Council should have a Social Sector Unit staffed with expertise in social sector program delivery. These staff would be drawn from the line departments who would be “repatriated” to their home districts. They and their programs would be administered by and responsible to the District Council. The Social Sector Unit of the District Council would have four cells: community development, health & population, education and water supply & sanitation. The latter three would be linked by the community development cell which would be responsible for ensuring the formation and strengthening of sustainable CBOs either through its own efforts or by partnering with NGOs and/or the private sector.

There should be no new scheme approval during the next 2 to 4 years, all development effort being directed towards completion of on-going schemes. There will be decisions on allocation of funds for maintenance and repair and upgrading service quality. For these, and later decisions on new scheme allocations, MNAs and MPAs should join the District Council to ensure broad based representation. All planning and allocations should be based on District Social Development Plans.

6.3 *District Social Development Plans*

SAP-I lacked essential sector information and rational planning on which its projects could be prioritized and executed. Indeed the only available sector specific information is held by each line department. It is fragmented, incomplete and often unreliable. Attempts have been made to create databases such as the EMIS and District Profiles, these need to be assessed and drawn on where reliable and pertinent. Field surveys will be required to complete integrated data sets in each district, including sector facilities, service quality and needs. These District Social Sector Databases should form the base of comprehensive

sector development plans for each district. DSDPs should be prepared by the District Councils' social sector units drawing on planning expertise of the private sector. The plans should clearly stipulate priority activities on which funding decisions can be based. These priorities should be based on rational criteria including needs and cost effectiveness. The plans would then be used in budget allocations by the District Council.

Political influence was destructive in the process of scheme selection during SAP-I. It is proposed that the political process again be incorporated but in a constructive fashion through rational procedures and criteria which will ensure equitable distribution of resources. This should be accomplished through strict adherence to the District Social Development Plans which will set out sector development priorities based on needs and cost effectiveness criteria. Each DSDP should be transparent, published and easily available to the public.

6.4 Resource Outlays and Financing

Total expenditure requirements for all social sectors (including non-SAP) to meet targets set out in the National Perspective Plan (1988-2003) have been estimated at Rs. 416 billion (at constant 1991/2 prices); 46% of which is for primary education and rural health. Thus SAP sector requirements are 1.7% of GDP. An analysis of whether expenditures already incurred under SAP-I were adequate to achieve Perspective Plan targets reveals that (1) provincial governments generally appear to recognize the higher priority of primary education and that development and recurring expenditures in primary education are adequate to meet the Perspective Plan targets. There is in fact, evidence of excess development allocation during SAP-I. (2) as opposed to this, there is need to enhance allocations to the rural health sector. (3) Non-SAP sectors have, during SAP-I received low priority and it appears that targets set for middle and secondary schools in particular, will not be achieved. Justification exists for widening the scope of SAP sectors to include some non-SAP sectors, particularly middle and secondary schools.

SAP-I was financially unsustainable and SAP-II's covering recurrent expenditures is only a temporary postponement of the problem. The only viable strategy to achieve sustained higher rates of social sector development is for provincial and district governments to simultaneously adopt aggressive resource mobilization strategies along with sustaining their levels of expenditure in SAP-II. This can be accomplished through a three pronged strategy: (1) higher self financing through enhanced cost recovery, (2) higher cost recovery from economic sectors which currently pre-empt scarce provincial tax revenues and (3) higher resource mobilization from taxes which fall under provincial and district fiscal jurisdictions. This will ensure greater financial sustainability of SAP in the coming years and continued commitment to SAP sector development.

With decentralization of SAP-II to districts, central financing would be through Provincial P&Ds and LGRDDs to the District Councils. The Provincial P&Ds would be responsible for setting overall policy and targets for the districts based on sector status, needs and national and provincial goals and commitments.

The District Councils have a tax base which should become increasingly important for sector support in the years to come. District Council strengthening should include technical assistance in resource mobilization. Incentives such as increased funding should reflect direct District Council allocations to their social sectors from their tax base using a matching fund formula.

Experience in all sectors has demonstrated an ability and willingness to pay for quality services. This is particularly true of primary education evidenced by the growth of rural private sector schools charging in excess of Rs. 100 per child per month and of health care where even government doctors are running successful private clinics in the off-hours. It is also true of water supply in which tens of millions have provided their own handpumps in the Sindh, Punjab and NWFP. 20-30% of capital costs are contributed for schemes in AJK and even refugee camps are paying full O&M costs of deep tubewell schemes in Balochistan and NWFP. Cost recovery and community resource mobilization should become an important pillar in social services sustainability. Ability and willingness to pay will vary even across districts. It is the district which best knows the degree to which cost recovery can and should be implemented. It is the district which can best establish cost recovery and matching funds programs.

Matching funds from the community for capital costs should be a means of ensuring community commitment and ownership, accountability to the user community and reducing the financial burden on government. A sliding scale of matching funds percentages (based on the district sector database) would reflect the communities' ability to contribute. Communities contributing more than the minimum would receive higher priority in funding allocations. Within SAP-II, these contributions would apply to scheme repair and on-going schemes.

6.5 Community Management

Community participation has been loosely defined in SAP-I as involving the community in the various stages of project planning and execution. By community management is meant the assumption of management (including ownership of the scheme in the case of water supply) by trained and registered CBOs or management committees (MCs). Registered CBOs/MCs would be trained and receive continuing support through NGOs and certified private sector firms. The NGOs and firms would themselves receive substantive training

in the social sectors (including water supply technology) and be certified to undertake community management programming.

The CBOs/MCs would contribute matching funds for capital investments as described above and thereby gain priority for SAP-II funding of their projects. Once provided management and technical training, the CBOs/MCs would play meaningful decision making roles in project execution including in contractor (where used) selection and supervision, management of operation and maintenance and maintenance of service quality.

6.6 *The Private Sector and NGOs*

The private sector has proven itself as being more accountable and responsive to the demands of the service users. It should be encouraged to participate in providing social services thereby relieving already strained government resources permitting them to be targeted to the lowest income groups.

In the health sector there are various ways in which the private sector can participate through public-private partnerships. These include (1) limited contracting out of services such as ambulance services to private contractors, (2) legalizing the provision by doctors of fee-for-service by contract, the government claiming part of the fees, (3) provision of services and drugs through CBOs and health committees, (4) health insurance, and (5) the privatizing of health facilities such as BHUs and RHCs.

In the water supply and sanitation sector, the matching fund and community management concepts will encourage the private sector to undertake planning, design, construction and operations and maintenance of water supply schemes. In addition, intermediary financing mechanisms (such as banks) are recommended to be established which will be supported to provide loans to CBOs and MCs for their matching fund contributions. In sanitation, government should promote and train but leave the private sector to be responsible for implementation in its entirety.

In education, NGOs and the private sector should be encouraged through provision of loans and focused subsidy to provide primary education. Other support should come in the upgrading of teacher training including reorientation away from authoritarian didactic teaching methods to child centered learning and participatory methods. Schools should be leased at low cost to these NGOs and private sector. Where schools are not presently being used they should be loaned out at no cost for specific periods to provide incentive and a head start.

SAP-I has amply demonstrated that NGOs are not a panacea for sector development. Relationships with government have been strained, their capacities are limited and they have different interests and ways of working. They should however be encouraged to become more involved in (1) assuming roles recommended for the private sector above and (2) supporting community involvement and management in collaboration with government. SAP-I failed to support NGOs, yet they will need substantial support if they are to contribute significantly to SAP-II. It is recommended that a major effort be initiated to build NGO capacity in these sectors. This implies the strengthening of training programs for NGOs conducted by their counterparts having the necessary experience in sector delivery and community management. It also means incorporating the PDP into the capacity building exercise. NGO strengthening could be led by a central organization such as a MSU or a major NGO working through such NGOs as the NGO Resource Centers in the provinces which would work in the districts. Only through such a well resourced and coordinated effort would NGOs welcome participation in SAP-II and be able to make a substantial contribution to it.

6.7 Leadership, Technical Assistance and Support for Institutional Strengthening

SAP-I lacked leadership; community participation suffered from a lack of experience staff at the helm. In each province, it became a trial-and-error effort which lacked credibility and resulted in little success. SAP-II should establish a center of excellence to which districts, NGOs and the private sector can turn for guidance, proven methodology and training. Given adequate mandate, staff and resources the MSU could provide the required leadership. It would need counterparts in the provinces to deal directly with the District Councils and their staff, NGOs and the private sector. Training of trainers and in-field training and demonstration (particularly of community management) would be essential functions. Another essential requirement is for networking and sharing of experiences between the implementors. This component of SAP II will require careful design and implementation.

6.8 Recommendations for Individual Sectors

The preceding paragraphs have provided recommendations common to all sectors. The following gives more specific recommendations pertinent to individual sectors.

In Primary Education, parents' associations should be strongly encouraged. They should be involved in all stages of planning, design, construction and maintenance and especially in teacher recruitment and monitoring, and school operations and financial support.

Wherever possible, teachers should be recruited from within the village. Transfer of teachers from their home villages should be banned except when on a voluntary basis. Teacher training programs need to be refocused and redesigned. Teacher training in the private sector should be encouraged, supported and strengthened. Learning by memorization and rote should be strictly limited. Child centered learning methods should be introduced to encourage child confidence, and innovative and cognitive skills.

In Primary Health and Population Welfare, facilities that are not being used should be turned over to the private sector in support of health care or other uses, such as schools or centers for small scale enterprise or income generation schemes. SAP-II should see increased effort at recruitment of women into a range of medical professions. Recruitment should be done at the village level and women medical staff should be able to remain in their village (or return to it) after training is completed. Options for increasing the base for health expenditures need to be explored with communities and districts. For example, cost-recovery through fees (beyond registration charges), community financing, legalizing private practice by the doctors and contracting them to provide services at scheduled rates, drug funds and health cards.

In Water Supply and Sanitation, the cost of water provision should be reduced by involving beneficiary communities in the planning, construction and maintenance of the scheme. They should choose its service level, be involved in the selection of contractors, contribute significantly to construction, assist in supervising construction to ensure quality of the infrastructure, and maintain and pay for the schemes operation. Water supply schemes should become the property of the management committee which itself should be broad based in representing the user community and be formally registered. Continuing support to the communities providing technical advice and management refresher training as well as assisting in solving scheme related problems (but not subsidy) should be provided for at least two years after scheme transfer to the community. Sanitation and hygiene should be incorporated into water supply policy and programs. Based on proven methods using zero-subsidy and non-formal sector approaches, government should establish substantial hygiene and sanitation programs in all provinces through local government departments, NGOs and the private sector. WAPDA billing practices of water supply schemes should be drastically improved. Payment should be made of all arrears by government prior to transfer of schemes to community management committees. Electricity rates paid by communities for water supply should be rationalized. Intermediate financial institutions such as banks and credit lending NGOs should be introduced into the sector to provide communities with access to alternative sources of funding of the capital and O&M costs. An insurance scheme for major repairs should be established to even out the costs of major breakdowns once the community has taken ownership of their water supply schemes.

6.9 Monitoring and Evaluation

SAP-I lacked impartial and effective monitoring and evaluation systems. Information on what was going on in the field was unreliable and kept disaggregated and unavailable within the line departments. Even communities were difficult to access, their responses often being guarded for fear of repercussions. Baseline data was inconsistent and had used too small a sample. Evaluations were carried out by government itself with the result that failures were under reported and successes overstated.

SAP-II offers a fresh opportunity to establish effective monitoring and evaluation systems. To be useful they must (1) be impartial and transparent, (2) include verifiable impact indicators, (3) involve the recipient community, (4) be both process and product oriented (5) be integrated and consistent across the sectors and country and (5) provide regular feedback to the implementors and funders.

Consistency in indicators and survey methodology is a prerequisite; this calls for a coordinated participatory approach to M&E design, standardization and training. Indicators are recommended by which the quality of service and impact can be measured. SAP-II should be “results based”, achievement being measured by results rather than only intermediary outputs (or worse still, inputs) as in the past. Thus, student and teacher achievement would be measured and not only enrollment; water supply would be measured in levels of service such as hours of availability and not only household taps; and health care would be measured not only by access to BHUs but by customer satisfaction with the services provided. Similarly, audits should not be restricted to internal financial audits but be carried out by external auditors through comprehensive audit aimed at determining value for money and cost effectiveness.

The PIHS is useful as a baseline but needs to be broadened to reflect the above requirements. It is the District Social Database however, which will prove the most useful instrument being closest to the implementors and recipients. Collection, collation and analysis of data should be integrated across the sectors and become an effective management tool for the District Social Sector Units. The community should be involved (supported by District staff) in collecting the basic parameters through participatory monitoring. Training and capacity building of the CBOs should include survey technique and progress monitoring. In this way monitoring will be transparent. Those providing and receiving the services will directly share information on results. Monitoring should be a continuous process. District staff should regularly update the district database and provide feedback to the District Councils. The Deputy Commissioner’s and staff also have a role to play. Working centrally in district affairs, they can provide quality control and (initially at least) assist in setting up the databases and monitoring systems in the district.

The whole process of monitoring and evaluation should be designed, established and nurtured by the Planning Commission supported by the MSU, the Provincial P&Ds and the line departments. The latter being also responsible for standards setting and quality control. These bodies will be responsible for planning and results based target setting. They are also responsible for reporting on progress to higher authorities and the donors.

Third party monitoring and evaluation are essential. By this is meant M&E by external impartial agencies such as competent private sector firms and NGOs contracted outside of the system and operating on an arms length basis. Such monitoring should be carried out annually using a representative randomized sample which is sufficiently large to detect statistically significant changes. Again indicators should be results oriented and commensurate with indicators and survey methodology used by the district and provincial monitoring systems. Such monitoring will provide a very useful quality control over other monitoring. Mid-term and post SAP-II evaluations should be carried out by third party evaluators aimed at assessing not only impact but also cost effectiveness of service delivery.

Implementation of such an M&E system will require government/donor commitment and resource provision to a major effort in design, installation and coordination of a large network of information gathering and analysis. Such a system is however both necessary and feasible and will require leadership and expertise both in design and execution.