

SOCIAL DEVELOPMENT IN PAKISTAN

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SOCIAL POLICY AND DEVELOPMENT CENTRE

FOREWORD

There is a general realization that Pakistan lags behind other nations in social development. Not only has this limited the population's access to such basic services as primary education, health care, and drinking water, but it has also slowed the pace of economic growth through inadequate investment in human development.

There are many reasons for this development: perhaps the most important are the low priority given to public spending on the social sectors, misplaced priorities in social sector allocations, and serious weaknesses in public sector service delivery systems. The result has been substantial wastage and a failure to improve social indicators.


A strong political commitment is needed to accelerate the pace of social development in Pakistan. This calls for a three-pronged effort. First, we must mobilize public opinion to ensure that the social sectors continue to receive adequate funding; second, we must improve cost-effectiveness and increase the accountability of provincial government line departments to beneficiaries; and third, we must create an enabling environment to promote the involvement of NGOs and private sector organizations and enterprises in the delivery of social services.

Social Development in Pakistan, Annual Review 1998 addresses these issues, which are central to the future progress and well-being of our society. Chapter 1 provides an empirical analysis of the relationship between economic growth and social development, and establishes the central role of human development in the growth process. Chapter 2 traces the evolution of the social sectors in Pakistan over the last 50 years and compares Pakistan's social development with other countries in the region. This chapter also highlights differences between provinces and districts in social development. Chapter 3 provides a broad overview of government programs and policies in the social sectors. Chapter 4 evaluates the Social Action Program, the largest single social development program in Pakistan's history, which has recently come to the end of its first phase. Chapter 5 concludes by outlining a strategy for social sector development that incorporates valuable experience gained from earlier programs.

This report on social development in Pakistan has been prepared by the Social Policy and Development Centre as part of an ongoing effort to heighten awareness of the issues related to social development in civil society. This is our first report and we plan to publish similar reports on an annual basis. We hope this publication will become a vehicle for an independent and objective review of social sector development in Pakistan.

Our hope is that this report will be of interest to government officials, government organizations and researchers, as well as members of non-governmental organizations, private sector organizations and civil society at large – indeed all those who share a concern about Pakistan's state of social development.

Karachi
March 1998


Moeen Qureshi

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INTRODUCING THE SOCIAL POLICY AND DEVELOPMENT CENTRE

Established in 1995, the Social Policy and Development Centre (SPDC) is a private sector research organization that serves as a focal point for policy-relevant research on social sector development. Using a multidisciplinary approach, the centre assists both public and private sector institutions and non-governmental organizations to plan, design, finance, execute and manage social sector programs in a cost-effective manner. The results of its research are made available to policy makers, interested groups and the general public to promote informed discussion and action on vital social sector issues.

SPDC is independent and non-partisan and cooperates with a wide range of organizations working in related areas, within Pakistan and internationally. It determines its own pace-setting research agenda within the parameters of its mandate and objectives, and maintains autonomy, flexibility and balance between responsive and proactive social sector research. Key activities include research and policy analysis; social sector data base support; pilot project monitoring and evaluation; training of government, private sector and non-governmental organizations; and information dissemination through publications, conferences, seminars and workshops.

The SPDC evolved from a four-year process of research and training funded by the Canadian International Development Agency (CIDA). The Canadian Advisory Agency (CAA) provides advisory services and support to strengthen the SPDC and help it achieve its mandate. Led by Cowater International, the CAA is a consortium that includes the Institute of Governance and the University of Western Ontario.

The SPDC Board of Directors consists of eminent personalities selected for their commitment to social sector development and their belief that the use of analytical tools in developing public policy is necessary to ensure sustainable social sector development. It includes:

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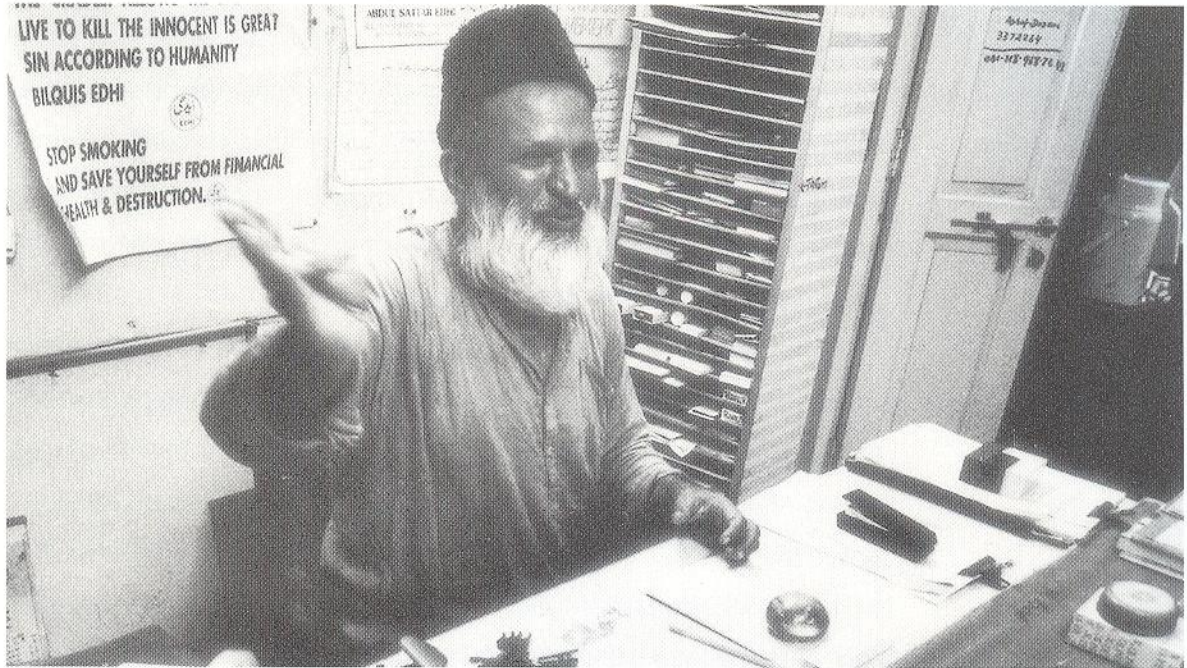
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ACRONYMS

ABES	Adult Basic Education Society
ADB	Asian Development Bank
ADP	Annual Development Program
AIT	Agricultural Income Taxation
AJK	Azad Jammu and Kashmir
AKRSP	Aga Khan Rural Support Program
AZT	Anjuman-e-Zanana Taleem
BHU	Basic Health Unit
BRSP	Balochistan Rural Support Program
CBO	Community-based Organization
CBR	Crude Birth Rate
CDR	Crude Death Rate
CDWP	Central Development Working Party
CIDA	Canadian International Development Agency
CMS	Community Model Schools
COBS	Council of Board of School Education
CP	Conference Paper
DG Khan	Dera Ghazi Khan
DB	Data Base
DDAC	District Development Advisory Committee
DDWP	Departmental Development Working Party
DHQ	District Headquarters
DPE	Directorate of Primary Education
DSAB	District Social Action Board
DSDP	District Social Development Plan
ECNEC	Executive Committee of the National Economic Council
EFF	Extended Fund Facility
EMIS	Education Management Information System
EPI	Expanded Program for Immunization
ESAF	Extended Structural Adjustment Facility
FANA	Federally Administered Northern Areas
GDI	Gender Development Index
GDP	Gross Domestic Product
GNP	Gross National Product
GOP	Government of Pakistan
GRP	Gross Regional Product
HDI	Human Development Index
HDM	Human Deprivation Measure
HIES	Household Income and Expenditure Survey
HMIS	Health Management Information System
IBA	Institute of Business Administration
IDA	International Development Agency
IED	Institute for Educational Development
IMF	International Monetary Fund
IMR	Infant Mortality Rate
ISPMM	Integrated Social Policy and Macroeconomic Planning Model for Pakistan
KMC	Karachi Metropolitan Corporation
LDCs	Less Developed Countries
LGRDD	Local Government and Rural Development Department
LHW	Lady Health Worker
M&E	Monitoring and Evaluation

MCH	Mother Child Health
MNA	Member of the National Assembly
MPA	Member of the Provincial Assembly
MSU	Multi-Donor Support Unit
NA	Northern Areas
NFC	National Finance Commission
NGO	Non-Government Organization
NGORC	NGO Resource Centre
NRSP	National Rural Support Program
NWFP	North West Frontier Province
O&M	Operations and Maintenance
ODA	British Overseas Development Administration
OECF	Overseas Economic Cooperation Fund of Japan
OPP	Orangi Pilot Project
P&D	Planning and Development
P&DD	Planning and Development Department
PDP	Participatory Development Program
PDS	Pakistan Demographic Survey
PDWP	Provincial Development Working Party
PGS	Pakistan Growth Survey
PHED	Public Health Engineering Department
PIDE	Pakistan Institute of Development Economics
PIHS	Pakistan Integrated Household Survey
PIUs	Produce Index Units
PP	Policy Paper
PSDP	Public Sector Development Program
PTA	Parent Teacher Association
RHC	Rural Health Centre
RR	Research Report
RSP	Rural Support Program
RWSS	Rural Water Supply and Sanitation
SAFRON	Ministry of State and Frontier Regions
SAHE	Society for the Advancement of Education
SAP	Social Action Program
SAPP	Social Action Program Project
SMCs	School Management Committees
SPDC	Social Policy and Development Centre
SPO	Strengthening Participatory Organization
SRSC	Sarhad Rural Support Corporation
TA	Technical Assistance
TB	Tuberculosis
TOR	Terms of Reference
TVO	Trust for Voluntary Organizations
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UPE	Universal Primary Education
US	United States
USA	United States of America
USAID	United States Agency for International Development
VEC	Village Education Committee
VHC	Village Health Committee
WAPDA	Water and Power Development Authority
WHO	World Health Organization

Views of a Leading Social Sector Personality



*“The hope for social service
delivery lies with the
community.”*

—Abdul Sattar Edhi

Abdul Sattar Edhi is a living example of simplicity and commitment to humanity. The Edhi Foundation, which was established in 1974 and is supported by the poor, reaches every district of the country, providing ambulance services, hospitals, health care, orphanages and education.

In an interview conducted in December 1997, the SPDC asked the renowned social welfare worker to share his views on the state of Pakistan's social sector and his ideas for improving social service delivery. His forthright observations, which are paraphrased below, are clearly based on many years of firsthand experience.

The main reason for the poor performance of the social sectors in the country is an all-pervading lack of sincerity, commitment and political will. Pakistan currently faces a serious dilemma. Although it was created as a Muslim nation with a welfare state ideology, for the last 50 years, government, NGOs and welfare organizations have paid only lip service to real social sector development. They are basically unwilling to undertake the hard practical work required to change the status quo.

We need a revolution in welfare, but this will demand a change in the way people think. We have a segregated society in which individuals think only about themselves and their families. We must go beyond the self – we must begin with community. To succeed in welfare work, we must care for the entire society, not only a particular family, community, caste or creed.

Society has handicapped the poor by making them dependent through sympathy and charity. Yet, through self-help, the poor have tremendous potential to become productive members of society. The welfare revolution must begin at the grassroots and it must be community-centred. Only the community understands its own needs and their severity. Those who deliver social services must help communities to become aware of their potential to draw on their strengths to solve their problems. Self-help is the key.

Proper organization and administration are critical to the effective delivery of services. This can involve motivated people from the private

sector and the NGOs, but a functioning system is vital. The armed forces provide an example of a systematic approach that could be usefully replicated in the establishment of social services.

As in other sectors, there is a tendency towards corruption and inefficiency in the provision of social services. We must guard against this by regularly reminding staff members of their responsibilities and terminating those who are negligent or corrupt. Success and sustainability depends on strong leadership that motivates, trains and guides staff in achieving organizational objectives and maintaining high standards.

Financing is also needed, of course. Taxation is necessary and tax collection and administration must be reorganized and strengthened. Taxes and contributions should be collected locally and used to benefit the area they were collected in. The system must be transparent and provide for tight financial monitoring and control by the centre.

In my view, there should be a tiered system in the provision of social services – with clearly defined responsibilities attached to each level. The centre should set standards, monitor quality control and accountability, and provide leadership, training, and an example of commitment and will for people to follow. The middle level should have autonomy in decision-making and motivate and provide outreach and support to communities. The community should identify its needs, generate funds, manage its initiatives and resolve its own problems through self-help.

In essence, Mr. Edhi calls for a fundamental overhaul in the way people think about their society and their social responsibilities. He advocates a revamping of social sector institutions and a renewed emphasis on community self-reliance. Although from very different backgrounds, it is interesting to note that the SPDC and Mr. Edhi share similar perspectives on the state of the social sector in Pakistan and what is needed to revitalize it.

ECONOMIC GROWTH AND SOCIAL DEVELOPMENT

1

CHAPTER

*“No nation in recent years
has been able to achieve the
status of a middle-income
country, let alone a
developed and prosperous
one, without investing in
human capital.”*



ECONOMIC GROWTH AND SOCIAL DEVELOPMENT

The day will come when the progress of nations will be judged...by the well being of their peoples: by their levels of health, nutrition and education...by their ability to participate in the decisions that affect their lives...and by the protection that is afforded to the growing minds and bodies of their children.

(UNICEF 1996)

Historically, a country's economic growth has been regarded as an outcome of the right quantity and combination of labour and physical capital. Under the neo-classical paradigm, the process of capital accumulation is viewed as the result of savings, foreign aid and foreign investment. Labour input grows roughly at the rate of population growth. Little attention is focused on the quality of the labour (in terms of education, skills and health) that combines with ever-increasing and sophisticated capital. This paradigm ignores the impact of social/political influences on physical variables, such as capital and labour, in growth and development.

Increasingly, however, it is argued that social progress is a necessary precondition for sustained economic growth. Social development leads to higher levels of literacy, better health standards and overall improvement in a society's living conditions. In this way of thinking, social development is an important means to further material prosperity. In *The Progress of Nations*, UNICEF (1996) goes even further, arguing that human development is the very *reason* for pursuing economic growth.

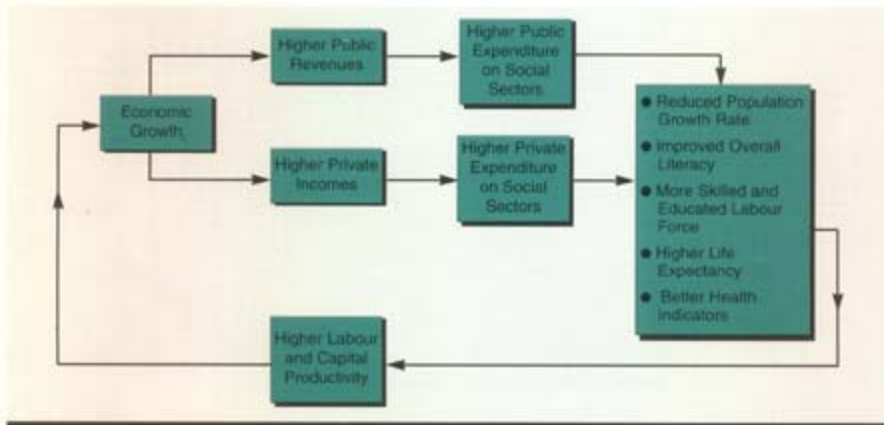
The truth is that economic growth and social (human) development are complementary and influence each other.¹ This two-way relationship is outlined in chart 1.1. Economic growth translates into higher revenues for government and higher per capita incomes for households,² motivating both to spend more on social/human development. Improvements in social indicators feed into even higher economic growth through the enhanced productivity of labour and capital. In other words, well-developed human capital makes a significant contribution to economic growth which, in turn, offers improved welfare and better living conditions.

We now know that it is just as important, if not more important, to invest in the social sectors such as primary education, basic health and housing (along with making changes in land tenure, social security and the pattern of social relations), as it is to invest in the commodity-producing sectors and related physical infrastructure. In a rapidly changing technological environment, investing in human skills is just as critical as investing in machines, highways and bridges.

It is true that investing in basic infrastructure produces results more directly and rapidly than investing in the social sectors. However, while it does take longer to see the visible benefits, investing in social development still has a profound and long-term impact on the development of human capital and on economic growth.

The following are key questions in the economic growth/social development conundrum. Should countries continue to pursue

RELATIONSHIP BETWEEN ECONOMIC GROWTH AND SOCIAL /HUMAN DEVELOPMENT



conventional economic growth strategies and wait for the impact to filter down to social development, or should they adopt an aggressive strategy of direct investment in the social sectors, thereby stimulating the process of economic growth? Is there any empirical evidence to suggest that well-developed social sector indicators lead to higher economic growth in low- or middle-income countries? Which elements of the social development process best explain, or account for, subsequent economic growth?

CROSS COUNTRY EXPERIENCE

A study was undertaken by the Social Policy and Development Centre (SPDC) to identify the relationship between economic growth and human development (SPDC 1996). It examined the long-run relationship between education variables and economic growth in 25 newly developed and developing countries. It documented the impact of a variety of educational indicators on Gross National Product (GNP) per capita, and vice versa, for the period from 1966 to 1990.

The study found that education leads to economic development in an overwhelming number of countries. Among the different regions considered in the study, the direction of causality in East Asia and the Pacific seems to be more significant from education variables to GNP per capita; however, the opposite holds true for the South Asian region where GNP per capita leads education variables more frequently. The strong economic performance of the East Asian Tigers can be attributed to the high level of literacy and skill endowments in the labour force at the time their economic growth took off.

The study shows that vocational and technical education contribute significantly to economic development. More surprisingly, perhaps, it found



Vocational education pays off in economic growth

that primary education makes a major contribution to sustainable long-run growth as well. One of the most important findings of the study is that female primary education was more critical to the economic development of countries like Bangladesh and Pakistan than it was to the others.

In a second study, the SPDC researched the long-run causality flowing from a country's health status to its economic performance (SPDC 1996a). Based on a cross-section sample of 26 developed and developing countries from Asia, Africa and America, the study found that in all countries, the GNP per capita is positively and significantly related to life expectancy. The results are more robust and the influence of improved life expectancy is stronger for more developed nations and higher-income countries. The fertility rate has a significant negative influence on GNP per capita in almost all the countries studied. The impact of lower fertility rates is greater for developing countries than for developed nations. This finding reinforces the policy prescription that population planning measures improve per capita income and promote economic growth.

ACCELERATED INVESTMENT IN THE SOCIAL SECTORS: A CASE STUDY OF PAKISTAN

Before policy makers in Pakistan can be convinced to formulate a social sector-friendly investment strategy, it is useful to know whether shifting funds from public economic infrastructure investment to social sector development will have any positive impact on the macroeconomy, especially in the long run. Can a case be made for diverting public funds from investment in highways, power etc., to education, health and other social sectors?

Allocating scarce funds to the social sectors can be strongly justified even on economic grounds since Pakistan has long neglected the

development of its social sectors. Table 1.1 compares Pakistan's ranking to nine other developing countries in the provision of social and economic infrastructure. Pakistan ranks fourth among the 10 countries in per capita income, second in terms of economic infrastructure, and sixth in the provision of social infrastructure. Simple economic principles dictate that adding to an already weak stock of social infrastructure will produce larger payoffs than investing in the better equipped economic infrastructure.

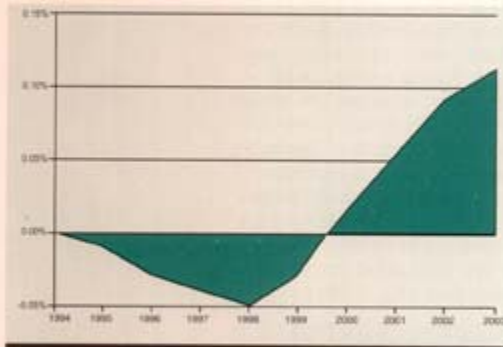
A policy of diverting investment funds from economic to social infrastructure would make less public funding available for investing in new economic infrastructure. This would have a direct negative impact on the Gross Domestic Product (GDP). However, such a reallocation of public resources could also be expected to have an immediate positive impact on the provision of social services, which, in turn, would increase GDP by improving human capital and raising public health indices. It would be interesting to examine whether the postulated positive and negative linkages of the above policy hold true and, if they do, to

TABLE 1.1
RANKING OF SELECTED COUNTRIES ON SOCIAL AND ECONOMIC DEVELOPMENT INFRASTRUCTURE INDICATORS

SOCIAL INFRASTRUCTURE								
Country	Primary Enrollment	Secondary Enrollment	Hospital Beds	Doctors	Nurses	Drinking Water	Sanitation	Overall Ranking
Nepal	10	10	10	9	5	8	10	10
Bangladesh	6	9	8	6	10	2	8	8
India	5	4	4	2	6	4	7	3
Nigeria	7	7	7	10	7	7	4	9
Pakistan	9	6	5	3	9	6	5	6
Sri Lanka	2	2	1	4	4	5	2	2
Egypt	4	1	2	1	1	1	1	1
Indonesia	1	3	6	5	8	9	3	4
Myanmar	3	8	9	7	3	3	6	5
Sudan	8	5	3	8	2	10	9	7

ECONOMIC INFRASTRUCTURE							
	Electricity Generation	Roads	Telephones	Railway	Irrigation	Overall Ranking	Real Per Capita Income Ranking
Nepal	10	8	7	10	5	9	10
Bangladesh	8	10	8	4	2	7	8
India	2	1	5	2	3	1	6
Nigeria	6	3	6	7	9	6	5
Pakistan	3	5	2	3	1	2	4
Sri Lanka	4	2	3	1	4	3	3
Egypt	1	4	1	6	7	4	2
Indonesia	5	7	4	8	6	5	1
Myanmar	7	6	9	5	8	8	7
Sudan	9	9	10	9	10	10	9

Source: World Bank (1994)

CHART 1.2**CHANGE IN INVESTMENT PRIORITIES
Economic to Social Sectors**

determine the timeframe for the net impact on GDP to turn positive.

We used the Integrated Social Policy and Macroeconomic Planning Model for Pakistan (ISPMM) developed by the Social Policy and Development Centre to seek answers to some of these important empirical questions (SPDC 1995). The model is capable of tracing and quantifying the impact of various investment strategies on economic and social indicators, as well as linking the changes in these indicators to the long-run growth potential of the economy.³

Chart 1.2 plots the long-run impact of reallocating government development expenditure from economic to social infrastructure on the growth of

GDP until the end of the Ninth Plan. The curve simply represents changes in the GDP from the "baseline" resulting from the implementation of the reallocation policy. In this scenario, an additional Rs. 2 billion per year is allocated to the social sectors, starting from FY1994 and culminating in FY2003, with a corresponding reduction in allocations to economic infrastructure. The education sector receives 50% in each of these allocations. Water supply/sanitation and health receive 30% and 20% respectively.⁴

It is important to note that shifting the investment priority from the economic to the social sectors would result in a decline in GDP for about four years, after which the change in GDP would become positive. In the immediate future, the negative marginal returns from reducing investments in economic infrastructure would outweigh the positive returns from investing in the social sectors. In four years time, however, the negative returns of the reallocation would stabilize and be clearly dominated by the positive and growing returns from investing in the social sectors. Consequently, with enriched social endowments (educated and healthy workers), we can see from the simulated scenario in chart 1.2 that once the society has crossed the critical time path of about four years, the upturn in the GDP would be significant and long-lasting.⁵

This finding helps explain why the growth of Pakistan's economy has been above average historically, and why it has begun to lose momentum in the 1990s. Initially, Pakistan directed its investment resources toward the development of economic infrastructure and achieved high growth. However, this was accompanied by a simultaneous underinvestment in the social sectors which is now beginning to exert severe limits to growth. Clearly, the time has come for Pakistan to make a big push in the area of social development – not only to improve the quality of life for its people – but also to accelerate its process of economic growth.

The implications of this policy are as follows. Policy makers in Pakistan need to take a medium-run, carefully thought out, visionary approach to social sector investment. Although spending money on social development does not automatically guarantee future prosperity, no



Economic infrastructure



Social Infrastructure

Should Pakistan change its investment priorities?

nation in recent years has been able to achieve the status of a middle-income country, let alone a developed and prosperous one, without investing in human capital.

NOTES

- 1) In this chapter, we use the terms social and human development interchangeably, although they may not be considered strictly equivalent in the development literature.
- 2) The majority of private households will benefit from economic growth if there is relatively equal distribution of physical or human assets.
- 3) Appendix A1 describes the Integrated Social Policy and Macroeconomic Planning Model for Pakistan in more detail.
- 4) Due to feedback and cumulative effects, Rs. 18 billion translate into an increase of Rs. 44 billion over the nine-year period. Moreover, the results focus largely on primary effects and ignore the indirect effects, which are not very substantial.
- 5) Cumulatively, a nominal development expenditure of Rs. 44 billion yields Rs. 40 billion in increment in the GDP over the nine-year period with most of the gains coming in the final three years. In nominal terms, an average investment in the social sectors of Rs. 6 billion in the years 2001, 2002 and 2003 will increase GDP by Rs. 8, 14 and 21 billion respectively.



THE EVOLUTION OF THE SOCIAL SECTORS IN PAKISTAN

2

CHAPTER

“Since independence, Pakistan’s strong economic performance has not been matched by a corresponding rise in its social development indicators.”



THE EVOLUTION OF THE SOCIAL SECTORS IN PAKISTAN

FIFTY YEARS OF SOCIAL DEVELOPMENT IN PAKISTAN

In 1997 Pakistan celebrated 50 years of independence. Carved from some of the more backward regions of British India, the country was largely agrarian at its birth, and had little in the way of social infrastructure. In the decades since, although the economy has grown substantially, the country's strong economic performance has not been matched by a corresponding rise in social development indicators. Table 2.1 shows the wide divergence between overall economic growth and the composite human development index [HDI].

The economy is nearly 10 times larger than it was at independence, having grown at an average annual rate of more than 5%. At the same time, the population is estimated to have quadrupled, at a galloping rate of 3.1% per year. This population growth has meant that per capita incomes have only risen about 2 1/2 times. In the same period, the HDI did not even double – having increased by less than 1.5% per year.

The HDI is composed of three components: income, knowledge (proxied by literacy and primary enrollment) and health (proxied by life expectancy and infant mortality). The evolution of each of these components is outlined below.

Income

The 50-year period since independence can be divided into five parts corresponding roughly to each decade. The 1950s were a period of stagnation with rapid changes in government. The 1960s saw a boom in industrialization and large gains in agricultural productivity due to the

TABLE 2.1

INCOME AND HUMAN DEVELOPMENT INDICES, 1949 TO 1995

Years	Real GDP Index	Real Per Capita Income Index	Human Development Index
1949/50	74	93	89
1959/60	100	100	100
1969/70	192	135	120
1979/80	308	155	131
1989/90	538	209	159
1994/95	714	229	172
Growth Rate,%	5.2	2.0	1.5

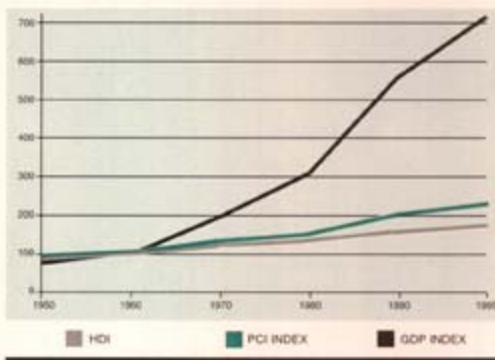
Note: All values at 1959/60 prices; HDI 1959/60=100

Source: See note 1

Green Revolution. This was aided by a stable government and the spillover effects of the boom after the Korean war, as well as substantial concessional foreign aid. However, this decade also witnessed a widening of income disparities and inequalities in access to social services. The economic stagnation in the 1970s was largely caused by a program of nationalization under a socialist government. In the 1980s, there was another spurt in both income and human resource development, mainly due to increases in foreign aid and remittances from migrant workers. The slow growth in GDP in the 1990s can be attributed to numerous changes in government, a deteriorating balance of payments, a burgeoning public debt, and agricultural stagnation (see table 2.2). However, it was also in the 1990s that the government realized that poor social development was stunting Pakistan's economic growth, and that the country would enter the 21st century with a significant handicap if improvements in the social sectors were not made.

CHART 2.1

INDICES OF DEVELOPMENT



Adult Literacy

Table 2.3 shows that the greatest improvement in literacy since independence has occurred in the last 15 years. Literacy (see official definition in Box 2A) rose by nearly 13 percentage points during this period, while it went up only 11 percentage points in the course of the previous 30 years. These gains are clearly visible in chart 2.2. In the rural areas, literacy has more than tripled from its low level at partition, while it has doubled in the urban areas. As may be expected in a male-dominated society, the proportion of literate males far outstrips that of females. The ratio of female to male literates has actually deteriorated since independence. In 1948, it was 2 to 3; by 1996, it had dropped to 1 to 2. This occurred despite the emphasis placed on female education starting

TABLE 2.2

GROWTH RATES OF GDP AND HDI, BY DECADE (%)

Decades	GDP	HDI	Components of HDI		
			Income	Knowledge	Health
12 years to 1959/60	3.4	1.2	0.3	2.6	0.7
Decade ending 1969/70	6.8	1.8	1.0	2.1	2.5
Decade ending 1979/80	4.8	0.9	0.5	1.4	1.0
Decade ending 1989/90	6.2	2.0	1.1	3.7	0.1
Period ending 1995/96	5.1	1.6	0.4	3.1	0.9

Source: See note 1



Pakistan has very low literacy rates and far more men than women can read and write

TABLE 2.3

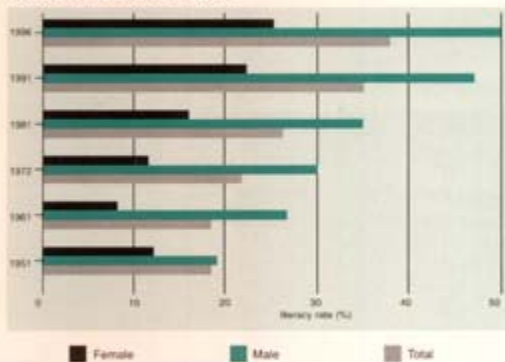
LITERACY BY GENDER AND BY RESIDENCE (%)

Year	Urban	Rural	Male	Female	Total
1948	32.0	10.4	18.7	11.1	15.3
1951	33.0	10.8	19.2	12.2	16.0
1961	36.7	12.3	26.9	8.2	18.4
1972	41.5	14.3	30.2	11.6	21.7
1981	47.1	17.3	35.1	16.0	26.2
1991	54.1	27.0	47.3	22.3	35.0
1996	56.0	30.0	50.0	25.3	37.9

Sources: SPDC Estimates; GOP, Census Reports (1951, 1961, 1972, 1981); GOP, Economic Survey (various issues); GOP, Labour Force Survey (various issues)

CHART 2.2

ADULT LITERACY RATE



in the mid-1980s under the Junejo government's Five-Point Program, and continuing in the 1990s under the Social Action Program (SAP).

Education

Widening access to education has been a major policy goal in most developing countries for the past three decades... The evidence is overwhelming that education improves health and productivity and that the poorest gain the most. When schools open their doors...the benefits multiply. (World Bank, 1993)

Although most developing countries hope to attain universal primary

Measuring Literacy

Literacy – the ability to read and write – vastly improves income-earning potential. Traditionally, Pakistan has not measured literacy according to accepted international definitions. As a result, it has been difficult to make meaningful comparisons of literacy rates with other countries. In Pakistan, a person's literacy has been judged by the ability to read the Quran and sign their name. In earlier

times, the literacy rate was measured according to international norms in the Censuses of Population. However, the last such census was in 1982. Since then, the government has computed literacy by taking the number of literate people recorded in the census and adding to it the number of graduates from Grade 5 and Adult Literacy Programs. This figure is then divided by the estimated population, whose current growth rate

is 2.6% a year, according to official statistics. There are two major problems with this methodology. The first is that it assumes that Grade 5 graduates are indeed literate. The second is that it assumes a decline in the population growth rate. Both of these assumptions have been disputed by social development researchers and practitioners, casting grave doubt on the accuracy of official literacy statistics.



education (UPE) by the turn of the century, official statistics, set out in table 2.4, show just how far Pakistan has to go to achieve this. In 1978 Pakistan's 15-year Perspective Plan set 1988 as the target for achieving UPE. Unable to meet this target, the government revised the target to a primary enrollment rate of 76.5% by the end of SAP in 1995. Within this, the target for boys was 89.3% and the target for girls was 63.3%. Table 2.4 shows that even this target has not been met.

We can see from chart 2.3 that enrollment rates for both boys and girls grew more rapidly in the 1980s and 1990s than they did in earlier years. This can be attributed to recent programs designed to redress the gender imbalance in primary enrollments and overall shortcomings in social development.

One measure of educational quality is class size as measured by the student-teacher ratio. This has declined continuously over the years, except for the 1990s, when it showed a sudden increase. This may be partly explained by the employment ban imposed by the government because of the resource crunch. This adversely affected quality.

The growth in secondary school enrollment reflects the demand for improved cognitive skills and a better quality of life through access to

TABLE

2.4

ENROLLMENTS AND STUDENT-TEACHER RATIOS

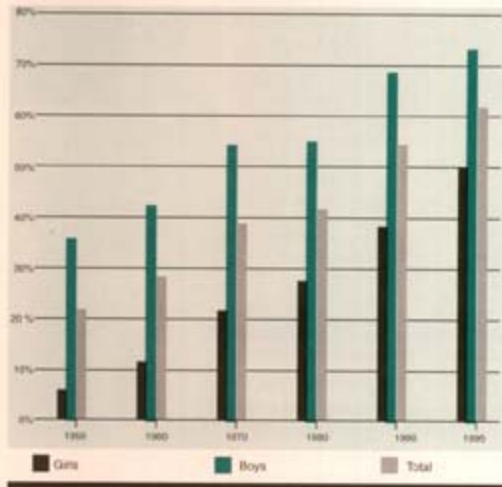
Year	Primary Enrollment Rate (%)			Secondary Enrollment Rate (%)			Student-Teacher Ratio	
	Total	Boys	Girls	Total	Boys	Girls	Primary	Secondary
1948	19.9	32.5	6.0	4.7	8.0	1.0	43.5	14.9
1950	21.7	35.8	6.0	5.4	9.1	1.2	45.5	15.4
1960	28.1	42.5	11.8	13.4	20.8	4.5	41.7	18.2
1970	38.8	54.2	21.6	16.9	24.6	7.3	41.7	18.5
1980	41.9	55.1	27.6	17.5	23.9	9.8	39.8	16.7
1990	54.0	68.4	38.4	24.7	32.1	15.9	40.3	15.8
1995	61.9	73.6	49.3	26.6	33.6	18.9	35.5	16.3

Sources: GOP, Economic Survey (various issues)

CHART

2.3

PRIMARY ENROLLMENT RATIO



higher education. Pakistan has made significant progress in this area. Enrollments have shot up, increasing more than five times, from the very low base of less than 5% in 1948. (The base for girls was only 1%).

The gender gap narrowed between 1970 and 1995. In 1970, there were roughly 3.5 times as many boys as girls enrolled at the secondary level. By 1995, there were less than twice as many. Table 2.4 shows that the pattern of growth has been similar to that for primary enrollments. There was a decline in the quality of education (as measured by the student-teacher ratio) until the early 1970s, and a gradual improvement since then. However, keeping children in schools has been a problem, which is perhaps linked to this decline in quality (see Box 2B).

BOX

2B

Keeping Children in School Past the Primary Level

With many students dropping out of school beyond the primary level, it is no wonder that Pakistan's literacy rate is perceptibly lower than its regional neighbours. Despite considerable growth in the availability of primary schools, there are still striking differences in continuation rates among provinces and between males and females. There is evidence from the Pakistan Integrated Household Survey (GOP 1996) that continuation rates have declined in recent years, despite SAP.

There are five key factors at play here – school availability, teacher availability, the rate of urbanization, per capita

income and female literacy. An SPDC study found that the availability of schools and teachers has the greatest impact on whether children stay in school, across genders, classes and provinces. In addition, per capita income appears to play a strong role in whether or not girls complete primary school.

Enrolling and keeping children in first grade appears to hold the key to keeping them in school over the long term. Once they have crossed this hurdle, the likelihood that they will continue seems to be linked to other factors, such as class size. Therefore, reducing class size by increasing the number of teachers would help reduce the

dropout rate after first grade.

Translated into policy action, this would require that at least one teacher be available for first grade students in all schools, particularly where many grades are in the same class. However, if we want to see more girls stay in school, we must couple this policy with the building of more schools for girls in order to improve their access.

For more information, please see the SPDC research paper, *Continuation Rates in Primary Education: A Study of Pakistan*, May 1996, Publication No. RR 9.



Many children stay out of school because they need to contribute to family income

Health

Life expectancy is a key measure of the population's health status. Longevity is considered to be a direct reflection of the quality of nutrition and health care services. Chart 2.4 reveals a consistent though gradual increase in life expectancy in Pakistan over time, although there appears to have been a sharp rise following the census in 1961. As table 2.5 shows, life expectancy increased from an average of 38.2 years in 1960 to 52.4 years in 1970. A possible explanation for this is inconsistency in the data and methodologies used to calculate this measure. Before 1961, life expectancy was estimated every 10 years using census data. After that, it was calculated on the basis of a series of surveys and computed on the basis of a longitudinal registration methodology.

Another indicator of the quality of health services is the Crude Death Rate (CDR). In Pakistan, the CDR has been estimated from surveys

TABLE

2.5

HEALTH INDICATORS OF PAKISTAN

	Life Expectancy at birth (years)	Infant Mortality Rate (per 1,000 live births)	Crude Birth Rate	Crude Death Rate	Population per Doctor (in thousands)	
1948	33.8	131	--	--	23.4	2.3
1950	33.8	131	--	--	14.4	2.3
1960	38.2	129	--	--	6.4	1.9
1970	52.4	109	37.4	11.0	4.2	2.0
1980	59.1	99	42.0	9.9	7.4	2.1
1990	59.8	105	40.6	10.6	2.2	1.9
1995	62.3	78	37.4	9.5	1.9	1.9

Source: See note 1

starting in 1962, when it was estimated at 17 per 1,000 persons. It appears to have dropped by nearly half in the next 20 or so years, and has remained fairly constant since then. Gender-specific data are not reported for this indicator. These two general measures of the quality of health services suggest that the major improvements occurred mainly in the first 30-odd years of independence. Since then, there appears to have been no significant improvement in health status.

However, we can see from chart 2.4 that the Infant Mortality Rate (IMR), which reflects the quality of maternal and child health (MCH) care, has declined considerably since 1970. This is no doubt largely due to the efforts of international aid agencies, such as UNICEF, which have advocated intervention mechanisms to improve MCH.

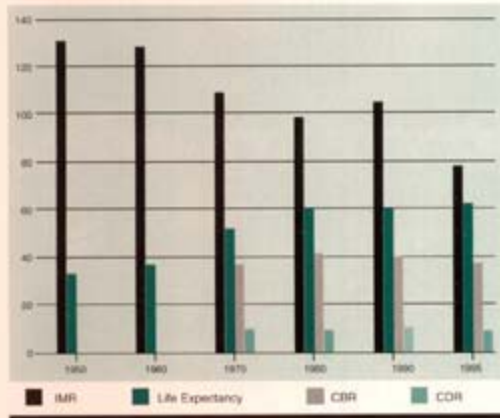
A lowering of the Crude Birth Rate (CBR) is a key indicator of success in family planning programs. The CBR was first measured in Pakistan in 1962 as part of the USAID-funded Population Growth Estimation Project. Since then, it has been one of the outcomes of the Population Growth Survey (PGS) and, more recently, the Pakistan

Demographic Survey (PDS), which is conducted by the Federal Bureau of Statistics in collaboration with the Ministry of Population Welfare. However, most academics and researchers have questioned the results of these surveys, claiming that they are unrepresentative and fraught with errors. They argue that the surveys are not carried out by staff trained to ask the sensitive questions that solicit information about births. For what they are worth, the statistics on CBR have not improved over the years, which seems to indicate a failure of the family planning program. These statistics also cast doubts on the government's claim that there has been a recent breakthrough in reducing the high population growth rate.

CHART

2.4

IMPACT OF HEALTH SERVICES





Female health practitioners are no longer a rarity in Pakistan

Inputs that contribute to keeping the population healthy have increased considerably since independence. In 1948 one doctor served more than 23,400 people, and there was only one hospital bed available for more than 2,250 people. By 1995, there was nearly one doctor for every 1,900 people, and one bed for the same number of people. Although this increase in numbers should have translated into a significant improvement in overall health, this has not happened. Looking at improvements in the availability of health personnel and facilities over time (see table 2.5), we observe that the fastest increase occurred in the first 30 years. Since then, there have been only marginal improvements in the last 15 or so years.

One should be careful not to conclude from this that there is one doctor available for each hospital bed. These hospital beds are only in the public sector. No statistics are available for the private sector. Many government doctors are absent from duty, moonlighting in their own institutions or practices, or in those owned and operated by their superiors.

Expenditure on Health and Education

Table 2.6 shows that expenditure on education has grown steadily as a proportion of GDP, starting from quite a low level. The table also shows that public sector expenditure began to be diverted to health in the early 1970s and that this rate of diversion escalated exponentially in the late 1980s, mainly due to the Junejo government's Five-Point Program. It is true that there was a lack of commitment to divert requisite public funds to improve the education sector in earlier years. However, the implementation of SAP has provided an impetus to shift priorities; one of SAP's conditions is that social sector spending be raised in real terms each year and not cut back, even if economy cuts are needed to meet other fiscal binding constraints imposed by the IMF/World Bank.

The health sector fares even worse, with a share of the GDP being much lower, and increasing less rapidly. Just as for the education sector,

TABLE

2.6

EXPENDITURE PRIORITIES IN SOCIAL SECTORS

	EXPENDITURE* ON		Education	
	Education as % of GDP	Health	as % of total expenditure	Health
1949/50	0.4	0.4	2.4	2.2
1959/60	1.0	0.4	3.0	1.2
1969/70	1.3	0.5	2.9	1.1
1979/80	1.6	0.5	6.1	2.1
1989/90	2.3	0.8	7.9	2.9
1994/95	2.7	0.8	10.5	3.2

*Incurred by federal and provincial governments.

Source: GOP, Economic Survey (various issues)

the late 1980s saw a shift in the priority for expenditure on the health sector. While there has been an observable increase, this has not been as substantial as that for the education sector.

PAKISTAN'S SOCIAL DEVELOPMENT COMPARED TO THE REGION

It is often said that other countries in the region have surpassed Pakistan in their level of social development, even though their economic performance has not been as impressive. In this section, we seek to determine if this is really the case by comparing Pakistan's social development indicators with those of the five other countries which form the region referred to as South Asia – Bangladesh, Bhutan, India, Nepal and Sri Lanka.

Good development planning requires accurate quantitative data measured over time and geographic location. Most countries have



There was a breakthrough in reducing infant mortality in the 1990s

developed extensive data collection systems to monitor how their economies are doing. However, it has only been since 1990, after the World Summit for Children in 1990, that nations have agreed on a common set of indicators to measure social and human development. Since then, most countries have made efforts to improve their data collection systems, with varying degrees of success to achieve comparability of data.

Many indicators of social and human development are contained in the publications of the agencies of the United Nations. The *Human Development Report*, produced by the United Nations Development Programme (UNDP), and the *State of the World's Children*, published by UNICEF, are just two examples. Not all nations, however, have been able to produce data on all the agreed-upon indicators. Data comparing Pakistan to the other five South Asian countries on health and education are shown in tables 2.7 and 2.8.

A comparison of HDIs shows that Pakistan ranked third in the region, slightly behind India. Pakistan's rate of population growth has been the highest in the region over the last 30 or more years. Pakistan has the second highest (behind Bhutan) infant mortality rate. However, because of the significant improvements in nutrition, immunization and private health care over the years, life expectancy in Pakistan is the second highest in the region.

It has been shown that the more highly educated the workforce, the faster countries are able to transform their economies. The most



TABLE 2.7

INDICATORS ON HEALTH AND CARE

Country	Population Growth Rate (%) 1965-93	Life Expectancy at birth (years) 1995	Infant Mortality rate (per 1,000 live births) 1995	Crude Death Rate 1995	Crude Birth Rate 1995	HDI Value 1994
Bangladesh	2.5	57	85	11	35	0.368
Bhutan	1.9	52	122	15	39	0.338
India	2.2	62	76	9	28	0.446
Nepal	2.4	55	81	12	38	0.340
Pakistan	3.0	63	95	9	39	0.445
Sri Lanka	1.8	73	15	6	20	0.711

Note: Figures reported for Pakistan in tables 2.7 and 2.8 may not tally with those reported in earlier tables due to different sources
Source: UNICEF (1997)

TABLE 2.8

INDICATORS ON EDUCATION

Country	Adult literacy rate (%) 1995			Gross primary enrollment (%) 1995/94			Pupil-Teacher Primary 1995	Gross secondary enrollment Rate (%) 1995/94		
	Male	Female	Total	Male	Female	Total		Male	Female	Total
Bangladesh	49	26	38	84	73	79	63	25	13	19
Bhutan	56	28	42	31	19	25	31	7	2	5
India	66	38	52	113	81	102	48	59	38	49
Nepal	41	14	28	130	87	109	39	46	23	35
Pakistan	50	24	38	57	30	44	41	28	13	21
Sri Lanka	93	87	90	106	105	106	29	71	78	75

Source: UNICEF (1997)



Education improves health and productivity – the poorest benefit most

discouraging of Pakistan's social indicators is its adult literacy rate of 38%. Table 2.8 demonstrates that all South Asian countries, even those with a significantly lower per capita GNP than Pakistan, have a higher literacy rate for both males and females. The only exception to this is Nepal.

Pakistan's primary enrollment ratio for both boys and girls is the worst in the region, higher only than that of Bhutan. Slightly more than half of boys and 30% of girls of school-going age are enrolled in educational institutions.

Since teachers are key inputs in the school system, it is critical that there be an adequate number available. One way to measure this is by comparing the size of an average class, through the ratio of the number of students per teacher. This gives some idea of the amount of attention each student is likely to receive from the teacher. As table 2.8 demonstrates, Pakistan does not compare well with the other five countries of the region where class size is concerned. Pakistan's student-teacher ratio of 41 gives it the third highest density in the classroom. Box 2C also shows that Pakistan compares unfavourably with the rest of the region in the overall status of its people.

Expenditure on Social Services

The proportion of national income spent on health and education is an important indicator of a nation's commitment to improving the quality of life

for its people. Data on health expenditure in 1990 were available for all countries except Bhutan, and data on education expenditure were available for 1993/94. Pakistan spent 1.8% of its GNP on health in 1990. This also includes the private sector contribution. This compares favourably with the other countries, as only Nepal spent more (2.2%) and Sri Lanka spent the same proportion as Pakistan (see table 2.9).



BOX

2C

Educational Status: Where Does Pakistan Stand?

Education is an important component of economic and social development and contributes significantly to a country's overall growth. How does Pakistan compare with its neighbours on the level and quality of education? Not well at the moment, although there is hope for improvement, according to a 1996 SPDC report.

As the accompanying table shows, Pakistan performs consistently worse than similar countries in terms of first grade intake rate and the percentage of first grade entrants who complete the primary level. What the figures show is that over 20% of eligible children do not enter first grade, and that of those who do, slightly less than 50% actually complete the primary level.

Related to this, the average (mean) years of schooling is very low in Pakistan. Males spend an average of 2.9 years in school, and females spend less than a year. This has an important long-term impact on the country by suppressing literacy levels and reducing the numbers of skilled workers available.

Pakistan continues to have a low literacy rate, especially for females, although there has been some improvement since 1970. In 1992, the literacy rate for males was 49%, up from 40% in 1970,

while the literacy rate for women increased from a meagre 5% in 1970 to 22%. These literacy rates are much lower than other countries, such as

unequally distributed, with more going to those who have already achieved an advanced level of education at the expense of those who have only the

QUALITY PROFILE OF EDUCATION						
Countries	First Grade Intake Rate	Completing Primary Level as %	Mean Years of Schooling (25+)		Student-Teacher Ratio	
			Female (1992)	Male (1992)	Primary (1992)	Secondary (1992)
Pakistan	77	48	0.7	2.9	43	19
Bangladesh	98	47	0.9	3.1	63	27
China	100	85	3.8	6.3	22	15
Egypt	87	n.a	1.7	4.2	24	18
India	n.a	62	1.2	3.5	47	n.a
Indonesia	100	77	3.1	5.3	23	13
South Korea	100	99	7.1	11.6	34	25
Malaysia	88	96	5.2	5.9	20	19
Nepal	n.a	n.a	1.0	3.2	37	29
Nigeria	n.a	58	0.5	1.7	39	22
Philippines	100	70	7.2	8.0	33	33
Singapore	n.a	100	3.2	4.8	26	n.a
Sri Lanka	99	97	6.3	8.0	29	n.a

Sources: UNDP (1994), UNDP (1995), UNESCO (1995).

Bangladesh, India and Nigeria, which have a lower per capita GDP.

One surprising finding was that, although Pakistan's total spending on education is less than many similar countries (Bangladesh, Egypt, Malaysia, India, Sri Lanka, Philippines, Singapore), it spends considerably more on higher education. In addition, many of the graduates receiving tertiary degrees leave the country for further study or employment. This suggests that the benefits of current education expenditures are very

very minimum.

There is hope, however, in the form of the Social Action Program and its emphasis on basic social services, including primary education. If government targets for increased expenditures and policy reform in primary education are realized, this will mean a significant improvement in both the level and quality of education in Pakistan.

For more information, see the SPDC publication, *Education Status: Where Does Pakistan Stand*, June 1996.



Co-education at the primary level is more acceptable now

In the education sector, Pakistan's outlay of 2.7% of its GNP in 1993/94 was the lowest in the region, except for Bangladesh. Since then, Pakistan has not been able to sustain its overall spending on education as a proportion of GNP even though this was the period of the Social Action Program. By the end of fiscal year 1995/96, education expenditure stood at 2.6% of the GNP.

Later chapters provide more detailed explanations for Pakistan's poor performance in the social sectors.

TABLE 2.9

EXPENDITURE ON EDUCATION AND HEALTH

	Education as % of GNP 1993/94	Health as % of GDP 1996
Bangladesh	2.3	1.4
India	3.8	1.3
Nepal	2.9	2.2
Sri Lanka	3.2	1.8
Pakistan	2.7	1.8

Note: Expenditures on health as % of GDP for Pakistan may not tally with the figures reported in table 2.8 due to different sources and definitions.
Source: World Bank (1997)

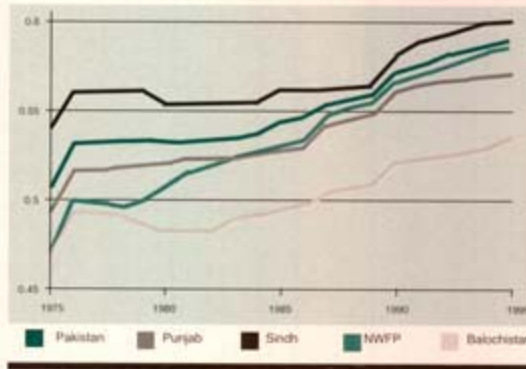
SOCIAL DEVELOPMENT OF THE PROVINCES

This section looks at the differences in levels of social development among the four provinces. The first measure used is the HDI. The second is the Human Deprivation Measure (HDM), which captures the lack of access to safe water, adequate nourishment for children under five years, adult literacy, primary enrollment, and incomes needed to meet basic human needs. The HDM is designed to measure the proportion of the population that is disadvantaged.

The third, the Gender Development Index (GDI), captures the disparity between genders. The composition of the GDI is the same as the HDI, with one major difference – all indicators are specific to women only. Each index serves to highlight the public policy measures needed to overcome

specific barriers or to redress inequalities in development across regions, with reference to specific targets and objectives.

However, to be able to compute these indices with any degree of reliability that will allow us to draw a meaningful comparison across provinces, better quality data and more disaggregation is needed. Estimates at the national level for a large basket of indicators, as defined by the United Nations, are available through special surveys and targeted studies. Unfortunately, similar region-specific information is rarely available. Because most of these indicators have not been disaggregated at the provincial or district levels, provincial comparisons must be restricted to a small number of indicators.

CHART**2.5****HUMAN DEVELOPMENT INDICES OF THE PROVINCES****Development Indices**

The relative rankings of the provinces have changed over time for each of the indices – the HDI, the HDM and the GDI. Table 2.10 shows that although all provinces except Balochistan have shown an overall improvement with respect to the HDI, the relative rankings have changed.

TABLE**2.10****HUMAN DEVELOPMENT INDEX**

	Punjab		Sindh		NWFP		Balochistan	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank
1975	0.49	2	0.54	1	0.47	3	0.47	4
1980	0.52	2	0.55	1	0.51	3	0.48	4
1985	0.53	3	0.56	1	0.53	2	0.49	4
1990	0.56	3	0.58	1	0.57	2	0.52	4
1995	0.57	3	0.60	1	0.59	2	0.53	4

Source: SPDC Estimates

TABLE**2.11****HUMAN DEPRIVATION MEASURE (%)**

	Punjab		Sindh		NWFP		Balochistan	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank
1975	75.0	2	72.7	1	88.7	3	92.3	4
1980	71.8	2	70.7	1	86.8	3	91.7	4
1985	68.6	2	67.5	1	81.4	3	88.0	4
1990	64.4	1	65.0	2	75.0	3	84.0	4
1994	61.1	2	60.8	1	69.9	3	81.7	4

Source: SPDC Estimates



How do Pakistan's Districts Rank in Relation to Social Development?

It is well known that parts of Pakistan are worse off than others with respect to social development and access to basic services. The question is – which parts? The ability to pinpoint which areas lag behind makes it easier to properly target special improvement efforts. To begin this process, the SPDC devised a study to rank each of Pakistan's 94 districts by its level of social development.

Eleven indicators relating to education, health and water supply were used to create one composite indicator. Indicators included literacy rates, school enrollment rates, households with piped water, patients treated per population, hospital beds, and doctors and nurses per population.

Key findings

Not surprisingly, the district ranking reveals a close correlation between levels of economic and social development, although the study does not draw definitive conclusions about the direction of the relationship.

The development of the

education sector seems to play a key role in predicting the general level of social development. Districts that have made the most progress in education, particularly those with the highest rates of female literacy and primary school enrollment, rank highest in overall social development.

The ranking shows that the province of Punjab has the highest level of social development followed by NWFP, Sindh and Balochistan.

The top five districts in Punjab include Lahore, Rawalpindi, Jhelum, Faisalabad and Chakwal. The bottom five are D.G. Khan, Lodhran, Muzaffargarh, Rajanpur and Pakpattan. The top five districts in Sindh are Karachi, Hyderabad, Larkana, Nawabshah and Naushero Feroze. The bottom five are Thatta, Sanghar, Badin, Jacobabad and Tharparkar. The top five districts in NWFP are Peshawar, Haripur, Abbottabad, Nowshera and Kohat. The bottom five are Swabi, Mardan, Manshera, Dir and Kohistan. The top five

districts in Balochistan are Quetta, Sibi, Ziarat, Kohlu, Chagai and Barkhan. The bottom five are Kalat, Panjgur, Zhob, Turbat and Nasirabad.

Lahore and Quetta have the most extensive coverage of health services in the country. In education, Karachi tops the list in literacy rate and rate of secondary school enrollment for females and Rawalpindi for males. Quetta and Jhelum, respectively, have the highest rates of primary male and female enrollment.

Even the relatively developed provinces have pockets of low social development such as the districts in the south of Punjab. Also, even a relatively backward province has some areas with a high level of social development. The best example of this is the Quetta district in Balochistan.

For more information, please see the SPDC research report entitled *Social Development Ranking of Districts of Pakistan*, June 1996, RR 10.

Chart 2.5 clearly illustrates that the NWFP has improved the most. It has been able to come from behind the other provinces to stand in second place, only marginally behind Sindh. In contrast, Punjab improved its HDI, but declined in the provincial ranking.

On the basis of the HDM shown in table 2.11, the relative ranking of the provinces has not changed, except in 1990 when the positions of Sindh and Punjab were reversed. Interestingly, the ranking of the provinces are in line with their share of population.

The last measure of development used internationally captures gender inequality. On this basis, table 2.12 shows that the provinces have varied considerably over time in their levels of gender development. For instance, Sindh managed to forge ahead of the others by 1980, but has since slid back to third position.

TABLE

2.12

GENDER DEVELOPMENT INDEX

	Punjab		Sindh		NWFP		Balochistan	
	Value	Rank	Value	Rank	Value	Rank	Value	Rank
1975	0.28	1	0.23	2	0.31	3	0.18	4
1980	0.34	3	0.36	1	0.35	2	0.22	4
1985	0.36	2	0.32	3	0.37	1	0.29	4
1990	0.39	1	0.30	3	0.36	2	0.28	4
1993	0.38	1	0.29	3	0.37	2	0.27	4

Source: SPDC Estimates

A recent study on Pakistan by the SPDC used another approach to measure social development. Eleven indicators were aggregated to create one composite indicator. This study has produced many interesting findings (see Box 2D). For example, it shows that the share of Punjab in the top two quartiles is larger than its share in national population, which implies that Punjab, by and large, has a high to intermediate level of social development and that Balochistan is the most backward province in terms of social development. Spatial differences in the levels of development clearly indicate an unequal distribution of social infrastructure which is perhaps reflective of the political economy and social structure of the regions. The more powerful districts are able to corner higher shares of the resource pool available largely because of the nexus of power sharing between the political elites and the higher echelons of the bureaucracy.

Income and Poverty

One of the main components of the three indices used to estimate levels of social well-being in the provinces is income. The data summarized in table 2.13 shows that Sindh residents had the highest per capita incomes



Poverty declined until the mid-eighties then it began to creep upwards





Has Poverty Returned to Pakistan?

The World Bank's Poverty Assessment Report of 1995 indicated a steady decline in poverty in Pakistan between 1984/85 and 1990/91. In an effort to see whether this positive trend had continued, SPDC undertook an analysis in 1996 and concluded that, to the contrary, poverty may have returned to Pakistan in the 1990s.

Using a macro perspective, the study examines how the following factors influence poverty – GDP growth and how it is distributed across sectors, the impact of remittances, the role of social safety nets and the impact of government fiscal policy. The study also looks at the differences between poverty in urban and rural areas. Although ideally one would like to look at poverty from an individual and community level, this was not possible because the Household Income and Expenditure Survey

(HIES) has not been published since 1991.

What do the macro factors tell us about poverty in Pakistan during this period? The results show a mixed picture and appear to point to a return in poverty. During the post-1991 period there was a decline in aggregate growth in GDP, with a slower growth in the labour-intensive sectors of construction, transport and communication, agriculture, and the wholesale and retail trade. What this means is that fewer jobs were created during this period. At the same time, real wages declined compared to inflation, further eroding the purchasing power of lower income earners.

Remittances sent from migrants to the Middle East play a direct role by increasing the incomes of recipient households, and an indirect role by contributing to the growth of the economy. The tapering-off of remittances

since 1990 has reduced the impact on poverty. In addition, because there is more demand for higher skilled migrants and less demand for lower skilled migrants in recent years, the remittances may not have reduced income inequalities.

Social safety nets are limited to the system of Zakat/Ushr and Baitul Maal, which target a very small segment of the population and have very limited resources, and to food subsidies, which have cushioned the impact of rising food prices. These poverty interventions appear to have been targeted poorly.

On the basis of this evidence, it appears that poverty in Pakistan has increased in the 1990s.

For more information, see the SPDC conference paper, *Has Poverty Returned to Pakistan?* 1996, CP 29.

over the 20-year period since 1975, and that incomes in this province had risen much more rapidly than in the others. The gap between per capita incomes in Sindh and Punjab – the province with the lowest per capita income in 1975 – was in the order of Rs. 1,250 per year. In 1995, the gap between the incomes of those in Sindh and those in the poorest province, Balochistan, is estimated to have been more than Rs. 2,800 per year, slightly below the average income in Balochistan.

One of the most critical indicators of social well-being is the incidence of poverty. Several past studies have indicated that poverty has been diminishing in Pakistan. However, there is more recent evidence that poverty is on the rise. The earlier studies were based on micro-level household data on income and expenditure.

The SPDC did a study using macro-level data and found that poverty has been increasing (See Box 2E). The study attempts to estimate the incidence of poverty both nationally and provincially, as well as changes over time. A head-count approach assessing the proportion of the population with incomes of less than one dollar per day (on a purchasing parity basis) was used to estimate poverty. These estimates are



Poverty has been rising in the countryside

somewhat at variance with earlier estimates that used a more consumption-based approach. Available data, however, does not really meet the needs of such a cross-spatial analysis for each of the provinces and special regions of the country separately due to limitations in sample sizes.

The SPDC undertook this analysis for three regions of the country: Punjab and Sindh, separately, and NWFP and Balochistan combined into

TABLE 2.13

GRP PER CAPITA (AT 80/81 PRICES) (RUPEES PER YEAR)

	Punjab	Sindh	NWFP	Balochistan	Pakistan (GDP)
1975	2448	3685	2494	2976	2657
1980	2647	3930	2561	2283	2825
1985	3101	4879	2861	2562	3351
1990	3404	5501	3488	2978	3763
1995	4107	5327	3556	3660	4163

Sources: SPDC Estimates, Bengali (1995)

TABLE 2.14

INCIDENCE OF POVERTY (%)

	Punjab			Sindh			NWFP and Balochistan			Pakistan		
	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural
1975	33.0	17.5	44.9	19.5	12.7	33.6	33.4	22.9	48.8	35.5	19.0	49.8
1980	23.9	11.5	34.1	15.6	8.0	27.3	26.7	13.3	35.4	27.7	11.8	36.2
1985	10.8	9.1	17.5	7.5	4.4	14.4	7.7	5.3	12.6	9.4	7.4	15.2
1990	13.9	5.3	20.8	9.6	4.4	15.7	12.2	3.9	18.5	12.4	4.8	19.0
1994	14.0	2.4	21.5	12.9	2.1	22.1	17.4	3.5	26.7	14.7	2.6	23.1

Sources: SPDC Estimates, Ercelawn (1990), Bengali (1995)

TABLE 2.15

REGIONAL PRODUCT COMPOSITION AND GROWTH (%)

	Agriculture		Manufacturing		Others	
	Share	Growth	Share	Growth	Share	Growth
PUNJAB						
1975	37.0		15.0		48.0	
1980	33.0	3.1	15.0	5.5	52.0	7.9
1985	32.0	5.3	17.0	5.9	51.0	6.1
1990	29.0	3.1	17.0	7.7	54.0	5.7
1995	28.0	4.6	17.0	4.3	55.0	5.1
SINDH						
1975	26.0		22.0		52.0	
1980	23.0	3.2	21.0	4.6	57.0	10.2
1985	23.0	6.4	21.0	6.1	57.0	6.3
1990	21.0	3.5	22.0	6.9	57.0	5.6
1995	20.0	4.3	21.0	3.8	59.0	5.2
NWFP						
1975	30.0		12.0		58.0	
1980	27.0	3.9	12.0	6.4	61.0	7.2
1985	27.0	6.1	13.0	8.6	60.0	5.6
1990	26.0	5.6	15.0	9.2	59.0	6.2
1995	27.0	6.9	15.0	6.2	57.0	5.3
BALUCHISTAN						
1975	29.0		8.0		64.0	
1980	28.0	5.7	9.0	9.4	63.0	5.9
1985	36.0	12.3	6.0	-1.9	58.0	5.0
1990	33.0	3.5	8.0	13.3	58.0	5.5
1995	33.0	6.2	9.0	8.5	57.0	5.9

Sources: Bengali (1995), SPDC Estimates

one region. Our analysis validates recent research. Table 2.14 shows that, on the average, poverty declined in each region until the mid-1980s, when it began creeping upwards. While the incidence of poverty has been falling in the urban areas in recent years, it has been climbing in the rural areas.

One cause of increased poverty might be the shift in the economy away from the traditional agricultural sector to manufacturing and service sectors. Table 2.15 depicts the rapid change in the structure of each province's economy over the last 20 years. For instance, in Punjab, which is still considered to be the mainstay of agriculture in the country, the share of agriculture in the regional economy declined from 37% in 1975 to 28% in 1995. Similar declines are visible in the three other provinces. The performance of the agriculture sector in this period has been uneven and can be linked to the shifts in agricultural policies and the vagaries of nature. However, compared to this, the manufacturing sector has seen rapid increases in the earlier five-year periods and a recent slow down.

One of the main causes of Sindh's high HDI is the dominance of the urban population. As table 2.16 shows, the share of the urban population in Sindh was 40% in 1975, and is estimated to have risen to 48% in 1995. In none of the other provinces has the rate of urbanization been as rapid. In the context of both Punjab and NWFP, the doubling or more in the



Migration to the cities has outstripped their services

literacy levels has been achieved as a result of a concerted effort to improve female literacy through school enrollment and adult literacy campaigns. In Punjab, the owner-operated small farm holdings have contributed to making the structure of society more egalitarian.

Data on the individual indicators that have been used to construct the various development indices are given in the section on Selected Social Development Indicators. The methodology for constructing each index is explained in Appendix A7.

NOTES

- 1) Sources of the data for the tables noted include GOP, Economic Survey (various issues); GOP, Labour Force Survey (various issues); GOP, Men and Women in Pakistan (1992); GOP, Census Report (various issues); GOP, 25 Years of Pakistan; GOP, 10 Years of Pakistan; GOP, Household Income and Expenditure Survey (various issues) and Ercelawn (1990).

TABLE 2.16

POPULATION AND ITS URBAN SHARE

		Population (million)	Urban Share (%)
Punjab	1972	37.4	24.3
	1981	47.7	27.7
	1985	53.9	28.5
	1990	63.0	29.5
	1995	72.6	31.6
Sindh	1972	14.0	40.4
	1981	19.3	43.4
	1985	21.7	44.7
	1990	25.4	46.1
	1995	29.6	48.0
NWFP	1972	8.3	14.2
	1981	11.2	15.1
	1985	12.6	15.7
	1990	14.7	16.5
	1995	17.0	17.4
Balochistan	1972	2.4	16.5
	1981	4.4	15.6
	1985	5.0	16.2
	1990	5.8	17.0
	1995	6.7	18.0

Sources: GOP, National Institute of Population Studies, Special Tabulations



SOCIAL SECTOR DEVELOPMENT

3

CHAPTER

“A fundamental change is urgently needed in the country’s approach to social development. If this doesn’t occur, Pakistan can expect to be left far behind its neighbours in the next millenium.”



SOCIAL SECTOR DEVELOPMENT

GOVERNMENT POLICIES, PROGRAMS AND PROJECTS

In Pakistan, the responsibility for social sector development rests primarily with the government. The principles of policy in Article 37B of the 1973 Constitution state that the role of the government is to:

Remove illiteracy and provide free and compulsory secondary education within minimum possible period.

Promote, with special care, the educational and economic interests of backward classes or areas.

Accordingly, the functions related to delivery of social services have been allocated among different levels of government. In practice, all governments – federal, provincial and local – incur expenditures on the development and maintenance of social services such as education, health, water supply and sanitation, etc. However, as table 3.1 shows, the bulk of social sector expenditures are incurred by the four provincial governments. The federal government's responsibilities for service provision are mainly restricted to the Islamabad Capital Territory and the Federally Administered Tribal and Northern Areas.

Although local governments are charged with responsibility for social services in the Ordinances, promulgated by provincial governments, due to financial and institutional constraints, they have been unable to play a significant role, except in the area of water supply and sanitation.

TABLE 3.1

SHARE OF EXPENDITURE ON SOCIAL SECTORS BY LEVEL OF GOVERNMENT, 1996/97 (%)

	Federal	Provincial	Local	Total
Development Expenditure on Social Services	20.7	50.9	28.3	100.0
Education and Training	15.1	79.2	5.7	100.0
Health and Nutrition	54.7	40.7	4.7	100.0
Population Welfare	100.0	0.0	0.0	100.0
Physical Planning and Housing	0.0	47.1	52.9	100.0
Recurring Expenditure on Social Services	9.2	74.3	16.5	100.0
Education and Training	9.1	86.2	4.7	100.0
Health and Nutrition	12.1	76.5	11.4	100.0
Population Welfare	100.0	0.0	0.0	100.0
Physical Planning and Housing	4.8	1.6	93.6	100.0

Sources: SPDC (1997), SPDC (1997a), SPDC (1995)

Therefore, policies, programs and projects in the social sectors are mainly defined and executed by the provincial governments. The basic policy parameter is that social services should be essentially free to all consumers and provided uniformly to all areas. A minimum standard of provision is also specified for water supply and sanitation. In this area, the policy is at least operations and maintenance cost recovery in the rural areas and roughly full cost recovery in the urban areas.



Social Sector Expenditures

Currently, the provincial governments spend 3% of GDP on the social sectors. This percentage has risen from 1.9% in the early 1970s (see table 3.2). There was a large spurt in spending in the mid-1980s with the launching of the Five-Point Program. Social sector expenditures climbed to more than 3.5% of the GDP, but dropped again when the program was abandoned.

This level of spending has not been matched since then, even under the Social Action Program (SAP). However, SAP has protected social sector expenditures from austerity cuts even in the face of severe budgetary imbalances. Therefore, even though the ratio of expenditures to GDP in other sectors has declined significantly in the 1990s, the expenditures to GDP ratio for the social sectors has remained roughly constant.

Currently, provincial governments allocate some 41% of their total expenditures to the social sectors (see table 3.3), in contrast to 29% in the early 1970s. Among governments, Punjab currently gives the highest priority to the social sectors, devoting 45% of its total expenditures to them. The lowest relative share is in Sindh, which allocates only about one-third of its total expenditures to social development.

The rising priority attached to the social sectors is reflected in the increased proportion of development outlays allocated to them. Currently, over half of all provincial development activity takes place in the social sectors. The largest increase can be seen

TABLE 3.2

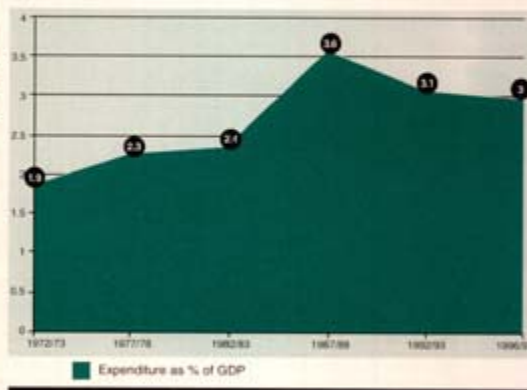
LEVEL OF SOCIAL SECTOR EXPENDITURE BY PROVINCIAL GOVERNMENTS (as % of GDP)

1972/73	1.9
1977/78	2.3
1982/83	2.4
1987/88	3.6
1992/93	3.1
1996/97	3.0

Sources: SPDC (1997), SPDC (1997a)

CHART 3.1

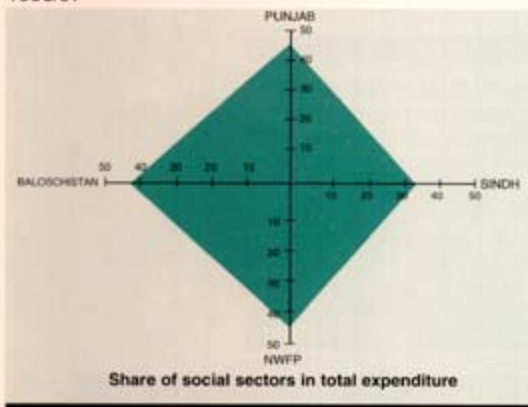
SOCIAL SECTOR EXPENDITURES BY PROVINCIAL GOVERNMENTS





Forty percent of rural health facilities have no medications at all

CHART 3.2
EXPENDITURE PRIORITIES FOR SOCIAL SECTORS 1996/97



in the smaller provinces of Balochistan and NWFP.

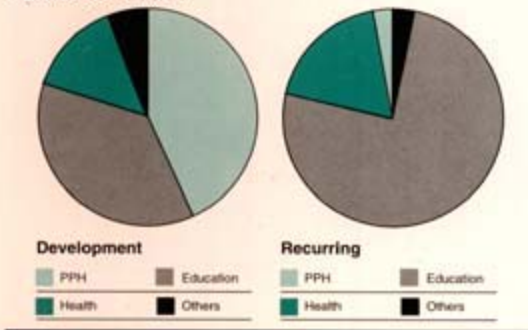
However, the share of recurring expenditures devoted to the social sectors is not as large, nor is its rate of increase, despite the fact that development expenditures create recurring expenditure liabilities. This underscores the fact that the government's current approach to improving social indicators is to expand facilities rather than operate them better – thus placing greater emphasis on quantity over quality.

Within the social sectors, the highest priority for development funds is currently given to water supply, followed by education. Of total provincial development expenditures, 43% is allocated to water supply and 37% to education (see table 3.4). However, the greatest increase during the SAP period was seen in education, while water supply and health experienced a decline in share.

Similarly, the proportion of current expenditure devoted to education – primary education in particular – rose in the 1990s at the expense of other social sectors. Primary education clearly emerged as the key priority area for public expenditure under SAP. In contrast, health, along with education fared better under the Five-Point Program.

We can observe some provincial differences in current social sector

CHART 3.3
EXPENDITURE PRIORITIES WITHIN SOCIAL SECTORS 1996/97



development priorities by looking at the sectoral shares for 1996/97 (see table 3.5). In Punjab, more than half of development outlays went to water supply. Similarly, in Sindh, water supply emerged as the single largest recipient of allocations. In comparison, education received the highest proportion of development expenditure in NWFP and Balochistan. On the

TABLE 3.3

EXPENDITURE PRIORITY FOR SOCIAL SECTORS OF PROVINCIAL GOVERNMENTS (%)

Heads	Share of Social Sectors in Total Expenditure					
	1972/73	1977/78	1982/83	1987/88	1992/93	1996/97
Punjab	29	37	36	41	38	45
Sindh	33	35	37	39	40	33
NWFP	26	34	36	39	34	44
Balochistan	18	15	25	32	31	42
Four Provinces Combined	29	34	35	39	37	41
Share of Social Sectors in Recurring Expenditure						
Punjab	29	33	33	34	36	41
Sindh	34	40	31	33	36	36
NWFP	27	29	31	35	37	40
Balochistan	20	20	20	29	31	30
Four Provinces Combined	29	33	31	34	35	39
Share of Social Sectors in Development Expenditure						
Punjab	29	45	44	47	43	69
Sindh	33	26	61	57	55	21
NWFP	25	42	51	49	31	65
Balochistan	14	5	38	37	31	71
Four Provinces Combined	28	37	46	54	42	53

Sources: SPDC (1997), SPDC (1997a)

TABLE 3.4

EXPENDITURE PRIORITY WITHIN SOCIAL SECTORS (FOUR PROVINCES COMBINED) (%)

	Development Expenditure					
	1972/73	1977/78	1982/83	1987/88	1992/93	1996/97
Physical Planning and Housing (Water Supply and Sanitation)	37	58	48	43	53	43
Education	37	22	27	30	25	37
Health	24	19	21	24	19	14
Others	2	1	4	3	3	6
Total For Social Sectors	100	100	100	100	100	100
Current Expenditure						
Water Supply and Sanitation	1	1	3	4	4	3
Education	83	83	76	73	71	76
(Primary Education)	(31)	(38)	(36)	(33)	(37)	(40)
(Other)	(52)	(46)	(39)	(40)	(34)	(36)
Health	16	16	18	20	19	18
Others	-	-	2	3	6	3
Total For Social Sectors	100	100	100	100	100	100

Sources: SPDC (1997), SPDC (1997a)



TABLE

3.5

**DIFFERENCES IN EXPENDITURE PRIORITY
WITHIN SOCIAL SECTORS AMONG PROVINCES, 1996/97 (%)**

	Punjab	Sindh	NWFP	Balochistan	Combined
Development Expenditure					
Physical Planning and Housing (Water Supply and Sanitation)	52	38	32	39	43
Education	28	36	50	43	37
Health	13	25	13	11	14
Others	7	1	5	7	6
Total for Social Sectors	100	100	100	100	100
Current Expenditure					
Water Supply and Sanitation	2	3	5	8	3
Education	79	75	75	65	76
(Primary Education)	(46)	(37)	(30)	(25)	(40)
(Other)	(33)	(38)	(45)	(40)	(36)
Health	16	19	19	24	18
Others	3	3	1	3	3
Total for Social Sectors	100	100	100	100	100

Sources: SPDC (1997), SPDC (1997a)

recurring side, education accounted for the bulk of expenditures – 65 to 80% – in all the provinces.

Special Programs

The Five-Point Program, launched in the mid-80s by the Junejo Government, represents the first major foray in the area of rural development with an emphasis on the social sectors. It is significant that the program was launched soon after the transition to a civilian government after a long period of military rule. This testifies to a shifting of the population's priorities toward social development and the need for this to be expressed through a special crash program like the Five-Point Program.

The Five-Point Program aimed to promote rapid socioeconomic development by: 1) establishing a democratic political system; 2) eradicating unemployment and poverty; 3) ensuring social justice; 4) ensuring strong national defence; and 5) instituting a balanced foreign policy. The program announced by the Prime Minister was multidimensional in nature. Its socioeconomic component included a comprehensive package of measures to develop rural areas and give the rural population a reasonable share in the country's overall development.

The social sector components of the program included rural education, rural health, rural water supply and sanitation, katchi abadis and mass literacy. The total program size for the period 1986/87 to 1989/90 was Rs. 117.3 billion, with the overall share of social sector components being almost 40%. Other major sectors in the program were rural roads, village electrification, water logging and salinity, and a national employment fund.

The physical targets included the establishment of more than 20,000 mosque schools, 20,000 primary schools, 1,200 basic health units and

150 rural health centres, along with the provision of additional drinking water coverage to almost 26 million people. The bulk of the responsibility for executing the program rested with the provincial line departments and federal agencies such as the Water and Power Development Authority (WAPDA).

Although the Five-Point Program did create a big push in the area of rural development initially, dramatically raising overall and provincial ADP allocations, the program could not be sustained for a number of reasons. In the absence of an enhanced domestic resource mobilization or increased support from international donors, the overall fiscal deficit rose rapidly, approaching 10% of the GDP. The program was spread too thinly over too many sectors and stretched the capacity of the implementation agencies to their limits. Politicization of the program by elected representatives through a MNAs/Senators program led to wastage and leakages in the system. Flaws in program design also reduced the impact of investments. So, although the Five-Point Program represents the first major indigenous effort at rural development that focused on the provision of both economic and social infrastructure, it ultimately failed to achieve its goals.

The second major program was the Social Action Program launched in 1992. While retaining the same focus on rural development as the Five-Point Program, it differed in several respects. It was aimed primarily at the social sectors, and unlike the Five-Point Program, it had strong donor support. Finally, it placed greater emphasis on NGOs as delivery agents.

Given its scope, SAP was divided into sub-programs. Most of these were sector- and province-specific. One was the national population program; others were nationally run education and health programs; and yet others were basic services in the federally administered areas and territories.

One of SAP's main aims was to improve the level of financing devoted to the social sectors. This required an increase in the resources committed to them. Thus, for a five-year period beginning in 1992/93, the



The Five-Point Program placed a major emphasis on rural development



SAP boosted spending on primary health and population welfare

total amount earmarked for SAP was US \$7.7 billion. A three-year (1993/94 to 1995/96) portion of overall SAP expenditures was later co-financed by the government and a consortium of donors. This portion of the program was referred to as the Social Action Program Project (SAPP) and its total funding commitment was US \$4.02 billion.

Under SAP, the share of expenditure devoted to development costs (such as the construction of facilities) was 32% and the share devoted to recurring costs (such as salaries and supplies) was 68%. Sectoral allocations were as follows: 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 were incurred by the provincial governments, with the remaining 14% by the federal government. The rapid buildup of SAP expenditures is demonstrated by the fact that SAP spending went up from 1.7% of GDP in 1992/93 to 2.1% in 1995/96.

Recognizing the importance of a program such as SAP, the Government of Pakistan and donors agreed to continue it into its next phase (SAP-II). This second phase of SAP, which will extend from 1997/98 to 2001/02, will have a total allocation of more than US \$10 billion and will be quite similar to SAP-I, although it will attempt to draw lessons from the experience of the first phase.

While SAP-II will work mainly with the government, it will also allocate a significant amount of funding to strengthening the efforts of NGOs and the private sector. This will be done by fostering government/NGO/private sector partnerships, and by establishing funding and communication mechanisms to directly support these efforts.

Specifically, SAP-II will strive to improve quality, access and sustainability by strengthening the government's capacity to plan, implement and monitor the delivery of social services. It will also promote

greater transparency and improved governance. Along with increased government expenditure, it will focus on promoting partnerships with NGOs and private sector organizations.

It remains to be seen whether substantial efforts such as SAP (I and II) will deliver the hoped-for improvement in social indicators. The experience with SAP-I has been discouraging. The fact that a massive infusion of funds has largely failed to translate into better social indicators suggests that a fundamental change is urgently needed in the country's approach to social development. If this doesn't occur, Pakistan can expect to be left far behind its neighbours in the next millennium.



SOURCES OF FINANCING FOR SOCIAL SECTOR EXPENDITURES

Historically, the bulk of provincial government financing for recurring expenditure on the social sectors has come from federal fiscal transfers. However, there has been a change in the provincial financing pattern over the years. In the early 1970s, provincial own taxes financed 34% of social sector expenditures while 9% were self-financed through user charges (see table 3.6). Added together, provincial governments can be said to have financed 43% of recurring expenditures from their own sources.

By 1996/97, provincial own tax financing had declined to 9% while self-financing had fallen to a low of 3%. With a 41% increase in the financing

TABLE 3.6

SOURCES OF FINANCING OF RECURRING EXPENDITURE ON SOCIAL SECTORS BY PROVINCIAL GOVERNMENTS (%)

	1972/73	1977/78	1982/83	1987/88	1992/93	1996/97	1997/98 (BE)
User Charges	9	4	4	4	4	3	3
Fiscal Transfers	47	72	79	82	87	88	86
Own Tax Revenues	34	23	17	9	9	9	11
Borrowings	10	1	-	5	-	-	-
TOTAL	100	100	100	100	100	100	100

BE = Budget Estimates

Sources: SPDC (1997), SPDC (1997a)

TABLE 3.7

SOURCES OF FINANCING OF DEVELOPMENT EXPENDITURE ON SOCIAL SECTORS BY PROVINCIAL GOVERNMENTS (%)

	1972/73	1977/78	1982/83	1987/88	1992/93	1996/97	1997/98
Revenue Surplus	-	-	-	-	12	45	13
Development Grants	11	20	13	60	14	10	11
Own Capital Receipts	7	2	21	1	11	-	-
Development Loans	70	75	66	30	55	34	67
Use of Cash Balances	12	3	-	9	8	11	9
TOTAL	100	100	100	100	100	100	100

Sources: SPDC (1997), SPDC (1997a)

TABLE 3.8**RELATIONSHIP BETWEEN GROWTH IN FISCAL TRANSFERS AND IN RECURRING EXPENDITURE ON SOCIAL SECTORS**

(Four Provinces Combined) (%)

Periods	Annual Growth Rate in	
	Fiscal Transfers	Recurring Expenditure on Social Sectors
1972/73 to 1977/78	38	28
1977/78 to 1982/83	20	16
1982/83 to 1987/88	25	24
1987/88 to 1992/93	17	15
1992/93 to 1996/97	16	17

Sources: SPDC (1997), SPDC (1997a)

share from fiscal transfers, we can observe a rising dependence on the federal government. So, while there has been some increase in expenditure commitment to the social sectors on the part of the provincial governments, the financing commitment required has not yet materialized.

Provincial governments also rely heavily on federal transfers to finance development expenditures for the social sectors. Historically, more than 70% of provincial development expenditures have been financed by federal grants or loans, with the latter always

being higher (see table 3.7). There was an exception, however, in the Five-Point Program period, when the bulk of social sector development was financed by federal grants.

In the 1990s, during the tenure of the liberal 1991 National Finance Commission (NFC) Award, provincial governments were able to finance a substantial proportion of their development activity through revenue surpluses generated on the current account. As a result, provinces resorted less to development loans.

This heavy dependence on federal fiscal transfers, particularly revenue-sharing transfers, has serious implications for the future of social sector spending. With the 1996 NFC Award, which reduced transfers to the provincial governments, what is likely to happen to social sector spending? Table 3.8 demonstrates a strong link between the growth in fiscal transfers and the growth in recurring expenditures on social sectors. Growth in the former leads to growth in the latter, indicating an elasticity of close to unity.

TABLE 3.9**SOURCES OF FINANCING OF DEVELOPMENT EXPENDITURE ON SOCIAL SECTORS BY PROVINCIAL GOVERNMENTS (PRE- AND POST-1996 NFC AWARD) (%)**

Source	Punjab		Sindh		NWFP		Balochistan	
	1996/97	1997/98 (B.E)	1996/97	1997/98 (B.E)	1996/97	1997/98 (B.E)	1996/97	1997/98 (B.E)
Revenue Surplus	74	15	32	-	42	18	27	33
Development Grants	8	5	5	21	18	15	13	1
Own Capital Receipts	-	-	-	19	-	-	-	-
Development Loans	18	71	44	58	39	67	46	37
Use of Cash Balances	-	9	19	2	19	-	14	29
TOTAL	100	100	100	100	100	100	100	100

Sources: SPDC (1997), SPDC (1997a)

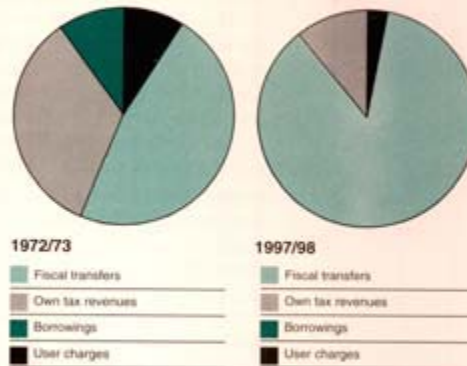
In fact, about half of all fiscal transfers are spent on the social sectors. Therefore, any contraction in the flow of revenue-sharing transfers is likely to have a direct impact on expenditures to the social sectors. Box 3A shows that revenue-sharing transfers to the provincial governments have declined by Rs. 18 billion. This cutback not only implies reduced spending on the operation and maintenance of social sector facilities but also a change in the pattern of development financing as indicated by table 3.9.

In the case of the two larger provinces in particular, development loans with concomitant debt servicing obligations are now the principal source of development financing. It appears, therefore, that the social sectors are potentially the most critical casualty of the new revenue-sharing arrangements in the country.

CHART

3.4

SOURCES OF FINANCING OF RECURRING EXPENDITURE ON SOCIAL SECTORS



BOX

3A

The 1996 National Finance Commission Award: What's Happening to Federal Fiscal Transfers to the Provinces?

The 1996 NFC Award came at a time when the country was confronted with an alarming budget deficit problem. The main objectives of the award are to minimize the overall budget deficit as well as to maximize resource mobilization by both the federal and provincial governments, and to protect such priority expenditures as debt servicing, defence and development expenditures.

How was this award different from the previous ones?

The award was unique in several ways. Firstly, the concept of the National Resource Picture, which includes all possible federal and provincial income sources (including borrowing), was introduced for the

first time. This was used to determine the expenditure needs of the two tiers of government and the level of fiscal transfers so that the national budget deficit could be controlled.

Secondly, all federal taxes are now shared with the provinces. Previously, only selected taxes (income tax, sales tax, excise duties on sugar and tobacco and export duty on cotton) were shared. The provincial share of the expanded pool has now been reduced to 37.5% from the previous level of 80%.

Thirdly, the revenue-sharing formula is designed to finance 50% of development expenditures by the provinces, thereby eliminating the need to resort to high-cost

domestic borrowing. However, the award continued some past practices as well. Sharing among provinces remains based on population, with the smaller provinces of NWFP and Balochistan continuing to receive special grants.

What is the bottom line in terms of transfers to the provinces? The award has reduced transfers to the provinces by Rs. 18 billion in 1997/98, due primarily to the poor performance of federal tax revenues which were substantially less than the NFC projections.

Therefore, if the provinces are not willing to enhance their own resource mobilization, when faced with a crunch, they will be forced to cut back on spending, including that on the social services.



Financial Sustainability of SAP

Existing apprehensions about the sustainability and the success of social sector development programs such as SAP have been exacerbated by the change in the revenue-sharing arrangements following the 1996 NFC Award. Unless adequate provisions are made to finance the downstream expenditure liabilities created by the development activity undertaken during SAP, the program may face the same fate as programs like the Five-Point Program, which was abandoned.

The SPDC's ISPMM model has been used to quantify the impact of SAP on public finances. Results show that for every additional billion of expenditure on the social sectors, the combined federal and provincial budget deficit increases by Rs. 1.3 billion. Therefore, without higher resource mobilization and cuts in other sectors, SAP is not financially sustainable and will significantly worsen the fiscal position of both the federal and provincial governments.

Will providing for operation and maintenance costs along with the development of facilities in SAP solve the problem of financial unsustainability? The answer is yes – but only temporarily. The model shows that when the foreign-aided initiative comes to an end, recurring expenditures on the social sectors are likely to be cut back substantially, without a continuing source of funding. Provincial governments are then likely to be left with doctors, teachers and other personnel they are unable to pay.

BOX

38

Paying for Education

The public sector recovers very little of its expenditure on education through user charges. In fact, cost recovery has declined from 12.7% in 1972/73 to 2.9% in 1992/93. The main reason is that educational institutions charge lower fees than households are capable of paying. The Household Income and Expenditure Survey of 1987/88 shows that the average household expenditure on education was Rs. 264.4 per year, while the fees charged by government schools were Rs. 7.16 per month for primary schools and Rs. 38.96 per month for secondary schools.

Many organizations in the private sector, ranging from non-profit

organizations to purely profit-motivated individuals, offer educational services. The quality of the education provided varies. The lack of regulations controlling entry is one of the major problems. Private schools also face the same problems as public schools, including a shortage of trained teachers, the lack of text books, teaching materials and teaching aids, inadequate infrastructure and poor management.

However, the quality of private education is generally better than that offered by the public sector. It is only by improving the quality of education that fees can be enhanced in public schools.

Key findings

- The quality of government education must be improved before willingness to pay for it will increase.
- There is a large untapped financing resource available for education, as evidenced by parental willingness to pay for private education.
- While private schools need financial support, they also need technical assistance (not domination and regulation) in curriculum development and child-centred teacher training.

For more information, please see the SPDC policy paper entitled **User Charges in Education**, June 1994, Publication No. PP 3.

The only viable strategy for sustained social sector development calls for an aggressive provincial resource mobilization strategy along with a simultaneous acceleration in the level of expenditure.

Potential for Higher Resource Mobilization

This brings us to another crucial question: Is there sufficient scope for the enhancement of provincial own revenues? The provincial own revenue to GDP ratio is currently only about 1%, having declined from about 2% in the early 1970s. This creates some scope for enhancing provincial own resource mobilization and provincial contribution to social sector provision. This could be achieved by adopting a three-pronged strategy: higher self-financing of social sector provision through greater cost recovery; higher cost recovery from economic sectors which are currently pre-empting scarce provincial tax revenues, and higher resource mobilization from taxes which fall under provincial fiscal jurisdiction.

The concept of the self-sustained provision of services has not been fully developed in Pakistan. User charges are rarely considered as an alternative to taxation. The extent of cost recovery is therefore low, even in the case of economic services. User charges bear little relationship to the cost of providing services. In principle, all private services provided by the government should be fully self-financed, except for those that create positive spillover and externalities such as primary education and primary health care. In other social services, at least part of the recurring costs



BOX

3C

User Charges In Health

The government recovers some costs of providing curative health services through the imposition of user charges. However, the rate of cost recovery is very low at 3.5% (1992). By contrast, private facilities operated by charities in low-income areas, which also treat patients for a fee, are able to recover 70% of costs.

SPDC undertook a study to investigate the affordability of user charges and the public's willingness to pay. Surveys showed that households earning more than Rs. 3,500 per month in the urban areas and Rs. 2,000 per month in the rural areas were willing to pay higher fees for quality private medical

services. Therefore, if the quality of public health services is improved, cost recovery could be increased substantially.

In the urban areas, private sector health facilities already constitute the bulk of services offered, with private spending accounting for nearly 60% of all health expenditure. Non-profit health facilities operated by NGOs also provide an important link in the health care chain. In 1988, there were 74 such hospitals, providing more than 7,000 beds. Most NGOs charge a fee for service, which ranges from a token Rs. 1 to as much as full cost recovery.

To foster private sector participation, the government could provide

a tax holiday or access to land at subsidized rates coupled with loans for construction and equipment for investment in new facilities. It could also broaden the scope of support through health foundations and finally, it could encourage the private sector to take over management of existing public health care facilities, while retaining title, thus allowing recurring expenditure to be channeled toward the improvement of primary health care.

For more information, please see the SPDC policy paper entitled **User Charges in Health**, August 1994, Publication No. PP 5.



should be recovered from the beneficiaries. This would go a long way toward discouraging waste and ensuring quality in social service provision.

Based on the above principle, the extent of cost recovery in the social sectors should be raised from the current abysmal levels to at least 10 to 15% in the education and health sectors (particularly secondary and tertiary education), and to 50% in the water supply sector. Boxes 3B and 3C show that the public is both willing and able to pay for these services, especially if the quality is improved. The cost recovery from economic services like irrigation and agriculture should be even higher.

Substantial scope also exists for mobilizing higher revenue from provincial taxes. Property tax, agricultural income tax, and the taxation of services are key areas for further development. Doubling the provincial tax to GDP ratio can be achieved without overburdening the economy. This way, the provincial governments could make a major contribution to increasing the overall tax to GDP ratio in the country and could achieve a greater measure of fiscal autonomy. On the whole, not only will implementing the three-pronged strategy described above ensure the financial sustainability of SAP but it will also guarantee an increase in expenditure for the adequate phased implementation of social sector development in the future.

COST-EFFECTIVENESS OF SOCIAL SECTOR PROVISION

One indication of inefficiency and cost-ineffectiveness in the provision of social services is the fact that increased resources have not led to commensurate improvements. In the education sector, for example, growth in real expenditures has not been matched by a corresponding growth in enrollment rates and outputs from the system. In fact, the rate of conversion of expenditure to output has deteriorated over time.

International comparisons show that the unit cost of providing social services is much higher in Pakistan than in neighbouring countries. For example, the unit cost per primary and secondary school enrollment in Pakistan is US \$65 compared to US \$33 in India and US \$36 in Sri Lanka. Similarly, the cost per unit of health care per person is US \$11 in Pakistan compared to US \$7 in Bangladesh and US \$6 in Egypt.

Several factors are responsible for inefficiencies in social service delivery. These include the high level of wastage; the type of investment programming employed; the pattern of expenditure; and problems with project implementation.

Perhaps the best example of the nature and extent of wastage are in the education and water supply sectors. For education, this is indicated by the net continuation ratio or the dropout rate. Currently only 58% of boys and 48% of girls continue their education. The remainder drop out for reasons highlighted in Box 2B. For water supply, this is shown by the large proportion of water supply schemes that don't operate at all, or operate only partially. This remained roughly 40% to 50%, even during SAP. This constitutes a major waste of public funds.

There are certain aspects of investment programming that mitigate against the effective utilization of resources. In 1995/96, there were a total

Investing in the Nation's Health: Which Way to Go?

There is no question that the public health system in Pakistan needs to improve its efficiency and cost-effectiveness. Therefore, one of the most important concerns in the area of health policy is deciding the most efficient way to allocate limited resources.

For example, given restricted budgets, should public health departments opt to construct more buildings (a development expenditure) or hire more health personnel (a recurring expenditure), or do a combination of both? What type of wage policy should be adopted to attract personnel to work in rural health centres, basic health units and hospitals, in order to achieve a real improvement in service,

especially when the country faces shortages of competent nurses and doctors?

The SPDC has examined these issues and has constructed a simple public policy optimization model for both the rural and urban health system. The model compares the actual health outputs with optimal values and calculates efficiency gains.

Based on the results of its simulations, the study recommends the following:

- Slow down the building of health facilities in the urban areas in the short term and reallocate resources to the rural areas.
- Formulate an attractive wage policy for health personnel, and, even

more importantly, elevate their status by increasing their rank and basic pay.

- Recognize and provide for the fact that each rupee of development expenditure creates a demand for recurrent expenditures over the long term.

The reallocation of resources proposed by SPDC is feasible within the actual expenditure budgets and could increase the efficiency of the entire health system by 8 to 10%.

For more information, please see the SPDC research report entitled **Optimal Mix of Health Sector Expenditure**, September 1994, Publication No. RR 5.



of 3,843 schemes in the SAP sector in the four provinces with a total capital cost of Rs. 58 billion. Given a total provincial ADP of about Rs. 10.5 billion for these schemes, it appears that the provincial governments carried a portfolio of projects that was five times their annual allocation. In other words, schemes in the social sectors take an average of five years to complete. To worsen the situation, more funding goes to new schemes than to ongoing schemes, a tendency which appears to have escalated during the SAP period.

The long gestation period of projects stems from both the nature of investment programming and the politicization of the project approval process. In an attempt to satisfy pressure groups, elected representatives approve more projects than are needed and give each project a smaller allocation than it requires. Not only does this stretch implementation capacity but it also stretches funds over more projects, resulting in cost overruns, incomplete projects and low cost-effectiveness.

The lack of efficiency in the provision of social services is also caused by the use of cost-ineffective options and is further exacerbated by the misallocation of resources. In a resource-constrained environment, the basic question is: Does the current mix of development and recurring expenditures, as well as types of recurring expenditures, maximize output? Boxes 3D and 3E suggest that they don't.

Comparing the optimal with the actual mix of expenditures in the case of boys' schools reveals that shifting expenditures from the development to the recurring side of the ledger would increase enrollments. Similarly,



Investing in Public Education: Which Way to Go?

What should the government of Pakistan do to increase school enrollment and improve the educational status of its citizens? Should it economize on school construction and hire more teachers? Should it shift educational resources from boys to girls? Will a reallocation of limited public funds improve student participation rates at the primary and secondary levels?

SPDC's research helps answer such crucial questions. Key findings are as follows:

- There is excess capacity in primary education for boys in Pakistan. This is partly because the education of males has always been given a greater

emphasis in this country, and partly because of the government's tendency to construct school buildings without allocating the funds required to pay teachers and buy books for them.

- Maintaining the same public education policies could possibly achieve the stated target of 100% enrollment for male primary students by the end of the year 2003. The female participation rate, however, would be unlikely to exceed 70%.
- Getting more girls into primary school requires that more schools for girls be built and that the construction of schools for boys be

slowed down.

- At the secondary school level, once a relatively modest participation rate for boys secondary school is achieved (say 60%), more resources should be directed towards female institutions.

The reallocation of resources proposed by SPDC is feasible within the projected actual budget and will increase the efficiency (in terms of enrollment) of primary education by about 10 to 20% and the efficiency of secondary education by 20 to 30%.

For more information, please see the SPDC Research Report entitled *Optimal Education Expenditure and Enrollments*, October 1994, RR 6.

shifting expenditures from salary to non-salary recurrent heads would improve outputs from the primary education and health sectors.

Finally, the whole project cycle – including identification, preparation, approval, execution and monitoring – is plagued with problems that impede cost-effective and efficient service delivery. Interference from vested interest groups, the use of discretion, stretched implementation capacity of government machinery, multiple agency involvement, and lack of proper monitoring all result in the creation of superfluous facilities and staff.

Cost-ineffectiveness is a serious issue in the provision of social services. It is also an area in which almost no progress has been made under SAP-I. The high level of wastage in the social sector, inefficient investment programming practices, the misallocation of expenditures and poor management in the project cycle continue largely unchanged. This area must be the focus of major reform in the future.

NON-GOVERNMENTAL ACTIVITIES

The role of NGOs has grown and evolved in the years since independence. Mainly charitable and philanthropic organizations in the 1950s, NGOs have increasingly stepped into welfare-oriented roles to compensate for the failings of the state system. In the 1970s, NGOs became more involved in community-based initiatives. Over the last decade or so, organizations have emerged that strive to mobilize targeted communities for



Many NGOs offer innovative, sensitive and cost-effective models of service delivery

social and economic development. Most NGOs are supported by community contributions, local donors, and government funds. In recent years, support from international donors has also become available.

There are three main types of NGOs working in the area of agriculture and rural development. The first are the national level capacity-building and/or funding organizations. These include the Trust for Voluntary Organizations (TVO), Strengthening Participatory Organizations (SPO) and the NGO Resource Centre (NGORC). The second are the implementing support organizations such as Sungi Foundation and Pattan. These work directly with community-based organizations in specific regions, helping them to shift from welfare orientation to participatory development, and supporting their development projects.

The third type are the Rural Support Programs (RSPs) that have followed the model of the Aga Khan Rural Support Project in forming village or community organizations. Prominent examples are the National Rural Support Program, the Sarhad Rural Support Corporation, the Balochistan Rural Support Program, the Pak German Integrated Rural Development Program in Mardan, the Pak Swiss Kalam Integrated Development Project and the Social Forestry Project in Swat.

The RSP Network has 16 members working with more than 4,500 village organizations across the country. These RSPs do not follow a specific model and are open to working with existing community organizations. In urban areas, the Orangi Pilot Project and Basti in Karachi, Anjuman Barai Taleem and the Society for the Advancement of Education in Lahore, and the Adult Basic Education Society in Gujranwala are among the main NGOs working in the education, health and sanitation sectors.

In 1991 the United Nations Development Programme compiled a list of 4,833 NGOs (56% of which were in Punjab and 36% in Sindh). In 1994 a TVO Study updated this information base to include all NGOs registered under the Companies Ordinance of 1984, the Societies Registration Act



of 1860, and the Voluntary Social Welfare Ordinance of 1961. The study identified 8,547 NGOs. After religious organizations, professional and commercial associations, employee unions, housing societies, clubs, clinics and hospitals were excluded, 4,545 organizations remained. Of these, 1,998 did not exist or could not be found.

More recently, an in-depth survey of 200 NGOs from the same sample revealed that an overwhelming majority of NGOs were involved in SAP-sector activities. More than two-thirds of the NGOs surveyed provided education in one form or another. More than half provided health and nutritional services. About one-third of the NGOs were involved in sanitation projects. Of the NGOs working in the social sectors, twice as many were in urban as rural areas.

Although there are many NGOs in Pakistan, which vary in size, scope and operations, their overall impact is still somewhat limited. There is evidence that many NGOs cease to function once they achieve their immediate purpose. Given their ad hoc nature, low profile and lack of credibility, the few NGOs that become successful tend to be favoured by donor agencies and given more funds than they can absorb. However, greater efforts are now being made to encourage the sustainable growth of a wider range of NGOs.

There have been some successful development models that illustrate the possibility of improving people's lives through innovative and sensitive approaches. The Orangi Pilot Project Sanitation Program, the Baldia Home Schools, the Aga Khan University's Preventive Health Care Program and the SPO Village Education Program are some important examples in the social sector. These programs/projects have developed strategies that respond to the unique circumstances and needs of particular groups. This suggests that while predetermined blueprints should be avoided, there are some fundamental principles that can be effectively adapted to the special needs of different groups and situations.

THE ROLE OF THE PRIVATE SECTOR

In recent years, as the quality and coverage of public sector services has fallen, the private sector has emerged in a striking manner, especially in education and health. For much of Pakistan's 50-year history, private sector efforts have complemented those of government, especially by catering to the demands of higher-income groups. While this has tended to be truer for health than education in the past, it has recently become more the case in education as well. Here, the state has had neither the resources nor the vision to keep pace with the demand created by increased population growth and incomes.

According to the Pakistan Integrated Household Surveys there has been an unprecedented growth in private school enrollment, especially in urban areas. Between 1990/91 and 1995/96, it is estimated that the private share of primary enrollment rose from 30% to 43% in the urban areas and from 5% to 9% in the rural areas. This indicates that private schools are beginning to penetrate even the rural areas. Overall, for the country as a whole, it is estimated that one in five children go to private schools, with the highest proportions in Punjab (22%) and Sindh (26%).



The private sector plays a key role in curative health care

The quality of education provided by the private sector varies widely. It ranges from schools that are of comparable quality to government schools in urban slums and katchi abadis, to schools with international standards that charge high fees. At the lower end, teachers are relatively underpaid and students have limited access to educational facilities. Nevertheless, low-income families are willing to pay relatively large amounts as fees for schools that are of only slightly higher quality, such as those that use English as the medium of instruction. This illustrates the high demand for education in Pakistan today. The policy implications are that a modicum of cost recovery could be introduced if educational quality is improved.

The importance of the private sector also continues to grow in the area of curative health. It now has a significant presence in small towns and is no longer restricted to high quality hospitals in metropolitan cities. Traditionally, the bulk of water supply coverage, especially in rural areas, has been provided by the private sector through the installation of hand and motor pumps. The latest estimates are that the private sector caters to 34% of the urban population and 65% of the rural population with access to clean drinking water.

Clearly, NGOs and the private sector have played a major role in social sector development in Pakistan and have had a significant impact. Given the trend towards sliding revenues, rising deficits and lower cost recovery by government, we predict that social services will fall increasingly into the domain of non-government institutions. This should help make the delivery of these services more efficient, cost-effective and sustainable and free up the government to concentrate its resources on the poor, who are unlikely to benefit from private sector services in the foreseeable future.



THE SOCIAL ACTION PROGRAM

4

CHAPTER

“SAP’s greatest impact was to substantially increase funding to the social sectors. However, the program largely failed to improve the quality and quantity of social services in Pakistan.”



THE SOCIAL ACTION PROGRAM

As we've seen in previous chapters, Pakistan's social development has not kept pace with its impressive economic growth. The country's progress in improving its social indicators has been slow, even falling behind population growth at times.

To recap somewhat, by 1991, not only was it clear that Pakistan was lagging behind neighbouring countries in social development, but serious internal imbalances had become evident – imbalances that cut across rural-urban lines, across genders and across provinces.

It was against this backdrop that the Social Action Program (SAP) was launched. With rural deprivation a major problem, it was decided that SAP should have a rural focus. As well, SAP was to take an integrated approach to the four key social sectors – primary education, primary health, rural water supply and population welfare. These were chosen, not only because they were the most basic of the social services needed by the population, but because of their obvious linkages and potential for synergy.

As we've already explained, SAP sought to enhance social service provision in two ways. The first was to boost financing to the social sectors. Not only was more funding necessary, but the funding had to be sustained if social indicators were to improve at a fast enough pace. This required that the government agree to exempt the social sectors from austerity cuts. Secondly, SAP aimed to reform the institutions, structures and mechanisms involved in social service delivery because they had proven to be inept, corrupt and overly centralized.

SAP's cross-sectoral approach set out to address three problems common to the social services: deficiencies in design, flaws in service delivery, and inadequate financing. It was acknowledged that policy reforms, institutional structural reforms, and increased funding were needed in all sectors, and had to be pursued simultaneously. SAP also sought to reform the way resources were allocated within sectors. For example, it recognized that the non-salary component of financial outlays would have to be increased to ensure the adequate provision of books, medicines and other vital supplies.

POLICIES

The water supply and sanitation sector provides an interesting example of policy development under the Social Action Program. SAP encouraged the development of provincial policies, and by the second year of the program, every province had a water policy. Although they were a good start, these policies did not provide operational guidelines, nor were they without loopholes. Even though the policies were supposed to be applied uniformly, regardless of the funding source, the MPA/MNA Programs and special directives from chief ministers and others found ways to circumvent them from the very beginning.



Water policies generally didn't pay enough attention to community development



Unfortunately, the capacity of the Public Health and Engineering Departments (PHEDs) to transfer thousands of existing schemes to community management proved to be extremely limited, and they were unable to follow the tasks set out by the policies, even when partnered with NGOs. Another problem was that the policies focused entirely on the PHEDs and failed to include other important provincial departments such as Planning and Development, Finance, Local Government, Health, Education, and the Water and Power Development Authority (WAPDA).

While the primary focus of SAP was social development, the goal of provincial water policies was to make communities responsible for water supply schemes and to transfer financial obligations away from the government. Although this was a necessary objective, in the future, community development must be regarded as an equally important objective, if long-term sustainability is to be attained.

No policies on sanitation were ever developed. For the PHEDs, sanitation was limited to the disposal of accumulated rain water, and in rare instances, the removal of grey water flowing out of kitchens. The concepts of hygiene education and the safe disposal of human excreta and solid waste were conspicuous by their absence.

Nor were any clear policies on primary education ever formally approved during the four years of SAP, even at the provincial level. This is ironic in light of the fact that the education sector received the bulk of the SAP budget. A review of aide-memoires and provincial operational plans point to certain understandings between donors and provincial governments that can be considered to be part of a policy dialogue. However, most of these commitments were not honoured, or honoured only half-heartedly.

Although community participation was supposed to be an important cornerstone of SAP policy, it received very little attention. For example, school management committees and village education committees were created from above, through notifications, rather than through an authentic process of community mobilization.



Apart from general policies that applied to all SAP sectors, no formal policies – only national objectives and strategies – were ever developed for the health sector. The SAP objective for the health sector was to provide efficient and reliable health services, particularly those relating to maternal and child health care, with emphasis on rural areas, by establishing a strategic planning mechanism. Population welfare was to be given a renewed focus based on clear priority, solid political support and increased visibility through strong information, education and communications campaigns, service delivery networks and training programs. Unfortunately, these laudable objectives and strategies were never translated into provincial policies or programs.

PRODUCT AND IMPACT

SAP's greatest impact was to substantially increase funding to the social sectors. Total spending on SAP as a percentage of GDP rose from 1.7% in 1990/91 to 2.1% in 1995/96. Expenditures on the social sectors throughout the four years of SAP totalled roughly Rs. 136 billion. Starting from a level of Rs. 27.7 billion in 1993/94, expenditures grew at a

TABLE 4.1

SECTORAL OUTLAYS ON SAP
(1992/93 to 1995/96)

Sector	Rupees in Billion
Basic Education	89.2
Primary Health	23.5
RWSS	18.1
Population	4.1
Others	0.6
Total	135.5

Source: MSU (1996)

rate of more than 25% per year, to reach Rs. 54.7 billion by 1996/97. The fact that social sector allocations did not suffer from austerity cuts is testament to the high priority they were accorded by government. Sectoral outlays on SAP, which include donor funding, are shown in table 4.1

SAP's achievements can be measured by using output data from several sources. The first readily available source of data

TABLE 4.2

SAP TARGETS VERSUS ACHIEVEMENTS

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	62.0	100.0
Contraceptive prevalence rate %	19.5	22.0	102.6
Access to safe drinking water, rural %	55.0	55.0	100.0
Access to sanitation, rural %	23.3	23.3	100.0

Source: GOP (1997)



Higher income groups have greater access to quality education

are the official statistics produced by the SAP Coordination Cell of the Planning Division, Government of Pakistan. As we can see from table 4.2, this source claimed near perfect performance in the SAP sectors.

In primary education, official statistics indicate that the school participation rate reached nearly 95% of the target. If this is true, it is commendable. However, provincial line departments are now beginning to question the accuracy of their own 1995/96 census on performance drawn from the Education Management Information System. Also, there appears to be a lack of reliable data on the denominator – the size of the relevant population cohort.

In the health sector, the two indicators used to measure performance are the infant mortality rate (data not reported) and life expectancy. Here, the SAP Coordination Cell reports that the targets were also achieved. However, it is important to note that the Federal Bureau of Statistics has not undertaken the demographic survey required to substantiate such claims. The population welfare program is reported to have exceeded the target rate for contraceptive prevalence by 2.5%. In water supply and sanitation, results are also reported to equal targets.

TABLE 4.3

SOCIAL INDICATORS, PIHS

Indicators	PIHS 1990/91	PIHS 1995/96
Gross enrollment rate primary school (%)	74	74
Net enrollment rate primary school (%)	46	44
Girls as % of enrollment in primary schools	39	42
Enrollment in government schools as % of total	86	79
Adult literacy rate (%)	35	39
Infant mortality rate (per 1,000 births)	131	101
Children fully immunized (%)	25	54
Contraceptive prevalence rate	7	14

Source: GOP (1996)



The percentage of fully immunized children more than doubled in the SAP period

Information from another official source, the Pakistan Integrated Household Survey (PIHS), was somewhat different. It showed improvements only in certain areas between the reference year (1990/91) and the survey for 1995/96 (see table 4.3).

Key indicators of achievement in the health sector are the infant mortality rate (IMR) and the proportion of children who have been fully immunized. The PIHS reports that the IMR declined from 131 to 101 during the SAP period and the percentage of fully immunized children more than doubled – from 25% to 54% – through the Expanded Program for Immunization (EPI).

According to the PIHS, the performance of the population welfare program improved considerably between the two surveys. The contraceptive prevalence rate increased from 7% to 14%. However, this contradicts the results reported by the SAP Coordination Cell which posts this figure as 22%.

The latest PIHS reports that gross enrollment rates in primary schools have not changed over the period, remaining virtually constant at 74%. The drop in the proportion of children attending government schools and the increased use of private schools suggests parental dissatisfaction with public education and a growing demand for private education.

In 1997 the SPDC and SPO undertook a field survey of 244 communities across the country to obtain firsthand information on the quality of rural social services. The results paint a somewhat depressing picture, particularly in light of the huge sums of money spent on these services under SAP.

The survey shows that the funds spent on development failed to provide facilities of adequate quality and that expenditures for non-salary items, such as books and medicines, rarely reached the villages. In general, the enormous sums expended did not produce the quality of services expected at the village level.



Without accessible handpumps, water is often carried for long distances

The SPDC/SPO survey covered 597 primary government schools. More than 60% of these were found to be in need of major repairs. The quality of construction in 81% of schools built since mid-1993 was considered to be fair or poor. The classrooms lacked furniture and the floor mats were dirty and in ill-repair. Perhaps the most disturbing finding relates to school facilities. Only 37% of schools had latrines and many of these were non-functional. Only one-third of schools had fans that worked.

Averaged across the country, the distribution of student attendance stood at 63% for boys and 37% for girls, with a low of 28% for girls in Sindh. The attendance of teachers was unexpectedly high – more than 80%. The ratio of students per teacher averaged 36, 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 promoted the involvement of parent committees (PTAs) or village education committees (VECs) in school operations in order to increase teacher accountability. However, the survey found that the majority of parent committees formed during SAP were inactive and unsustainable – they were largely “paper committees” that had met on average less than 0.2 times a year in the previous three years.

In Balochistan and NWFP, nearly all water supplies surveyed were piped systems, most of which relied on tubewells powered by the Water and Power Development Authority. In Sindh and Punjab, nearly all water supplies used household handpumps installed by the private sector. Service levels varied widely. Although the quality of construction of piped schemes was found to be generally good, most villages surveyed in Balochistan and NWFP received water for less than an hour a day – a very low level of service. In contrast, more than 60% of homes in Sindh and Punjab were supplied with water from private sector family handpumps for between 16 and 24 hours a day.



One of SAP's main goals was to transfer water supply management to the community

The community management of water supply schemes was an important aspect of SAP policy which supported the government's desire to transfer operating costs to the community. The survey found, however, that only 5% of schemes had actually formed community management committees by 1997, and only 3% of communities had received some form of training in water supply management. Although there were relatively few community water committees, evidence suggests that these committees can be viable. Nearly 60% of existing committees employed operating staff and 80% had paid for repairs during the previous 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 helps explain the appalling sanitation and hygiene conditions in rural Pakistan.

In health care, the SPDC/SPO survey focused on health facilities in the rural areas. Only 33% of the communities surveyed had Basic Health Units (BHUs) or Rural Health Centres (RHCs). Many of these had been built or added to during SAP. The quality of construction was fair or poor in 69% of the facilities surveyed. The worst construction was found in Punjab (100%) and Balochistan (50%).

The survey shows that while Village Health Committees (VHCs) had been formed in 11% of villages, in only 4% of villages had the committees received any training. The BHUs were found to be badly equipped and in generally poor condition. For example, only 44% had a working refrigerator and only 35% had a scale for weighing infants. Only 43% of clinics had functional latrines, and only 37% had a working water supply.

Slightly less than half of male doctors were actually present at their posts, providing services. The worst rate was seen in Balochistan where no male doctors at all were found in attendance at health facilities. A fairly high proportion of facilities had female doctors and technicians present – 82% and 88% respectively. Only 18% of Lady Health Workers (LHW)

were found to be living in the communities surveyed – many were living in nearby communities. Only 14% of villages were receiving regular visits.

The supply of medicines and contraceptives was found to be totally inadequate. Virtually all the health facilities surveyed had few antibiotics or none at all, 92% had few analgesics or none at all, 87% had few antiseptics or none at all, and 81% had few contraceptives or none at all. A startling 40% of health facilities had no medicines or contraceptives at all.

The survey reported that population welfare/family planning activities had taken place in some 15% of villages through SAP-I. These were provided mainly through household visits, with the strongest programs found in NWFP and Punjab. Contraceptives were available in 71% of villages, either at local shops or the local clinic. In Punjab, they were available in 81% of villages.

In summary, despite the introduction of important policies, such as decentralization and community participation, SAP largely failed to change institutional structures and administrative procedures. The attempts that were made to strengthen existing institutions were largely cosmetic and ineffective. SAP also lacked essential sector information and a rational basis for prioritizing and executing projects. *Indeed, the only sector-specific information available was maintained by line departments in a fragmented, incomplete and unreliable form. Efforts were made to create data bases such as the Education Management Information System (EMIS) and the Health Management Information System (HMIS) etc., but these were not used appropriately.*

However, SAP did succeed in having a direct and positive impact on federal and provincial resources. Foreign aid was used to finance 50% of the earmarked allocations for social development. These funds were transferred to the provincial governments as loans, augmenting provincial resources. The earmarking of funds resulted in higher social sector expenditures, as well as higher inputs and outputs. At the same time, though, SAP also increased the short-run and long-run budget deficits of the federal and provincial governments. It now appears that SAP is not financially sustainable and will significantly worsen the fiscal position of both the federal and provincial governments in the future.

REASONS FOR SUCCESS AND FAILURE

It has become clear by now that the funds spent on SAP largely failed to improve the quality and quantity of social services in Pakistan. Some of the reasons for this failure are sector-specific and others are common to all sectors. The unfortunate fact is that nearly all the weaknesses described below are in the very areas that SAP was meant to enhance.

Inefficiency and cost-ineffectiveness in the provision of social services

Overall, the efficiency and cost-effectiveness of social service delivery did not improve appreciably under SAP. In fact, the rate of conversion of expenditure to output actually deteriorated during that period. The factors





When schools open their doors, the benefits multiply. What happens when they stay empty for lack of teachers?

responsible for this include a high level of wastage, the type of investment programming employed, the pattern of expenditure, and problems with project implementation.

The education sector provides a good example of wastage. Here, the continuation rate of both male and female primary students actually declined during SAP, as a result of an increase in dropouts from government schools.

Certain aspects of investment programming on the part of the provincial governments also created barriers to the effective utilization of resources. In 1995/96, provincial governments carried a portfolio of projects five times larger than their annual allocation, creating a situation in which social sector schemes took an average of five years to complete.

The long gestation period of projects was caused by the tendency to approve too many schemes. Not only did this stretch implementation capacity, but it also stretched funds over more projects than intended. This can be attributed to the politicization of the project approval process, whereby elected representatives attempted to satisfy pressure groups by approving more projects than are actually needed, and giving each project a smaller allocation. This created cost overruns, increased the number of projects that were not completed, and seriously reduced cost-effectiveness.

Overdesign, low quality construction, inappropriate technology, improper site selection, opaque tendering procedures, and the asynchronous release of funds were other factors that reduced the cost-effectiveness of infrastructure development under SAP. The procedures used had been developed to perpetuate corruption in the system.

Lack of financial sustainability

SAP runs a serious risk of becoming financially unsustainable. The failure to adequately provide for the downstream expenditure liabilities created by the development projects started under SAP reduced the provinces' financial commitment to the social sectors in 1996 and 1997. This created a situation in which schools went without teachers and health units went without doctors and medicines. When foreign-aided social sector initiatives come to an end, there is a danger that recurring expenditures will be further cut back. It is very likely that provincial governments will then be left with doctors and teachers they cannot continue to pay.



Centralization and lack of devolution

Although social services are most effectively delivered at the local level, SAP has tended to concentrate the responsibility and authority for their provision in the upper levels of government. The weakness of local and district bodies means that service delivery has been effectively taken over by provincial departments, or the district arms of agencies based in the capitals. Another problem has been the hijacking of scheme selection and fund allocation by the party in power through politically controlled District Social Action Boards (DSABs).

Duplication and dichotomy

Service delivery functions have also been taken over by higher levels of government as a way of exercising patronage, giving rise to duplication and superfluous facilities and staff.

Another major source of duplication has been an overlapping of responsibilities on the part of the bodies involved in project selection. The DSABs were set up to vet proposals for projects within the SAP sectors. The MNA/MPA programs required that elected representatives also be involved in selecting projects and implementation sites. As well, the District Development Advisory Committees (DDACs) had been entrusted with responsibility for district-level planning and project implementation. Not surprisingly, this created many conflicts and caused long delays in implementation.

The lack of coordination and political expediency evident in project implementation also resulted in duplication, and cost overruns of more than 100%. The result is far too many tiny villages that have more than one primary school, or two water supply schemes (neither of which works), or a Basic Health Unit and a Rural Health Centre.

Lack of accountability

Lax personnel policies and outmoded financial regulations posed major obstacles to accountability. Although line departments had overall responsibility for the management of public investment under SAP, politically based directives often bypassed the departmental planning



process, making it impossible to pin down responsibility for the mismanagement or misallocation of funds.

Misuse of discretionary powers

Another cause of institutional weakness was the misuse of discretionary powers. This allowed senior bureaucrats to set aside rules and regulations in the public interest, permit variations from specific criteria and standards, allow cost overruns, condone delays in scheme completion, and transfer staff at will. The discretion exercised by politicians was largely over the allocation of development funds. The use of these discretionary powers was one of the main reasons for the poor coordination of service delivery.

Overstaffing

All line departments are governed by the same rules and regulations and follow a standard hierarchical structure. In addition to a secretariat located in the provincial capitals, departments have field offices at the divisional, district, and sometimes even the tehsil levels. Each official is supported by far more clerical personnel than necessary. Under SAP, this bloated hierarchy added greatly to the cost of service delivery, impeded the smooth functioning of the departments, acted as a siphon for leakages, and created delays in implementation.

Selection by patronage

The fact that each elected representative had a patronage quota eroded the quality of staff hired for projects under SAP. The constant violation of the merit principle resulted in the appointment of many unqualified candidates. The vast majority of staff hired were not properly trained, and were often untrainable, given their lack of basic education. Also, because of their political backing, they were largely indisciplined.

Excessive transfers and absenteeism

Transfers between districts were common. A select few were posted at locations of their choice, against vacancies that existed elsewhere. This has had a doubly negative impact on the recipient population, and was particularly true for doctors appointed on contract. First, it deprived residents of their professional services, and second, it created a situation in which staff continued to draw pay without working.

Lack of community participation

Faced with weak local bodies, the provincial governments were supposed to devolve the responsibility for operating and maintaining services



It is vital that community organizations receive proper training

directly to the community. All social sector policies/reforms called for the formation of community-based organizations.

Although most provinces announced the creation of local health and education committees at the beginning of the program, and hundreds of such committees were formed, committee members were never properly trained for their tasks. This served to confirm the belief held by most government officials that community management did not work. In the future, efforts must be made to help government officials understand that community-based organizations require adequate funding and training to be sustainable.

Lack of approved policies

The fact that no provincial policies or policy statements were ever formally approved for primary education or health – although national objectives and strategies were formulated for the health sector – proved to be an unfortunate gap. Policy reform in the water sector provided an important focus for dialogue and guidelines for implementation that could have been used to create the synergy required to make SAP more successful in other sectors. Instead, the focus fell on issues rather than on process.



Lack of intersectoral synergy

The Provincial SAP Coordinators were largely ineffective because their efforts were not backed up by the institutional reforms needed to ensure effective coordination, management, and monitoring and evaluation. Although the Provincial SAP Coordinator was a member of the approving committee for the provincial ADP, he was invariably undermined by committee members who outranked him. Furthermore, he did not have access to skilled professional and support staff, or adequate equipment and transportation.

Interdepartmental meetings chaired by SAP coordinators focused on reviewing departmental progress rather than discussing strategies for intersectoral coordination. Individuals who tried to raise the idea of synergy were seen as disruptive. In an environment so strongly resistant to change, there was little hope of achieving the intersectoral coordination needed to ensure this synergy. Yet, intersectoral synergy and coordination were two of the principal tenets of SAP.

Failure to involve the private sector

SAP made the serious mistake of ignoring the private sector, perceiving it as a competitor rather than as a resource. Official statistics tended not to count its contributions, especially in water supply and primary education. An important opportunity was missed here, given that the private sector has proven itself able to provide better quality service at a lower cost than government. Government must overcome its distrust of NGOs and private sector organizations, and alter the prevailing belief that services can only be delivered effectively by the public sector.

Lack of monitoring and evaluation

SAP lacked essential sector information and a rational basis on which to plan, prioritize and implement projects. Most importantly, SAP did not have effective monitoring and evaluation systems. Although elaborate monitoring structures, systems and procedures were set up during SAP, their effectiveness was undermined by numerous problems. The fact that line department SAP cells were expected to perform monitoring in addition to their other responsibilities constrained their ability to conduct useful monitoring activity.

Although the Multi-Donor Support Unit (MSU) was given the mandate to support the government in monitoring, its activities were restricted to helping provincial governments formulate their annual operational plans. The MSU did not participate in dialogue at the local level, nor did it assist in the design of local-level monitoring.

Information about what was happening in the field was unreliable and kept disaggregated within the line departments. Communities were difficult to access for research purposes, and their responses were often guarded for fear of repercussions. Government evaluations tended to underreport failures and overstate successes.

Finally, SAP failed to establish reliable data bases for program evaluation. One major problem was the lack of reliable baseline data.

There are significant differences between data collected by government departments (much of which is summarized in the last section of this report) and data reported by the PIHS, particularly with respect to key indicators such as primary school enrollments and infant mortality rates.

COMMENTS ON SAP-II

The second Social Action Program (SAP-II) will continue to support Pakistan's Social Action Program begun in 1992. Its goal is the ongoing reform of the country's weak services in elementary education, primary health, rural water supply and sanitation, and population welfare. SAP-II will attempt to step up the effort to enhance the quality of basic social services, and to increase the use of these services by the poor in general, and women and girls in particular. The cross-sectoral objectives of SAP-II focus on improving quality, efficiency, sustainability and governance. The targets set for SAP-II are shown in table 4.4.

SAP-II will follow a broadly similar approach to SAP-I, with changes in emphasis based on lessons learned through the delivery and implementation of the first phase. SAP-II will work mainly with



SAP-II will try to increase the emphasis on community participation in development projects, but the prognosis is poor



TABLE 4.4

SAP-II TARGETS

Indicators	Benchmark (1995/96)	Terminal Year
Primary school participation rate (%)		
Male	89.0	99.2
Female	57.0	93.5
Life expectancy (years)	62.9	64.0
Infant mortality rate (per 1,000 live births)	86.0	75.0
Rural water supply coverage (%)	55.0	74.5
Rural sanitation coverage (%)	23.0	38.0
Contraceptive prevalence rate (%)	7.0	14.0

Source: GOP (1997a)

government, but it will also strengthen the efforts of NGOs and private sector organizations by fostering government/NGO/private sector partnerships, and establishing mechanisms to directly support these efforts.

This will be done through the Participatory Development Program (PDP). The design, scope of work and evaluation of proposals have been decentralized to the provincial level with input from all stakeholders. In each province, committees will be formed in the SAP cells with representation from line departments, NGOs and the private sector. These committees will evaluate incoming proposals from NGOs and the private sector, as well as proposals from line departments for proactively entering into contracts with NGOs. Technical support will be provided to these committees by the Federal SAP Secretariat, the MSU, and the technical assistance component of the project.

While all line departments will carry out data collection, validation and analysis, and prepare quarterly reviews, progress reports and annual operational plans, the broader monitoring of SAP, which focuses on inputs, processes and outputs, will be the responsibility of the Federal Planning and Development Division, through its SAP Secretariat. The Secretariat will coordinate with SAP Cells in the provincial Planning and Development (P&D) departments and with finance department SAP Coordinators.

As well, independent bodies will undertake third-party monitoring of specific governance-related activities and the overall progress of SAP-II. Third-party validation is planned to monitor the extent of community participation and NGO/private sector involvement in the delivery of social services. The PIHS will be considerably strengthened to handle increased monitoring requirements and enable analysis of the poverty/distributive effects of SAP.

In addition to the capacity-improvement interventions associated with NGO/private sector participation, and monitoring and evaluation, SAP-II will provide technical assistance and training to the central and implementing line agencies involved in SAP. This will be done to strengthen their planning and management capacity, assist with implementation problems, and develop SAP-related projects.

Apart from these relatively minor modifications, SAP-II does not appear to offer much in terms of innovation. The problems that led to the failure of SAP-I have not been adequately addressed in the design of SAP-II. It is not clear from the planning documents how social service delivery will be decentralized and depoliticized – although the failure to do this caused much inefficiency and wastage during SAP-I. One positive development in SAP-II is the agreement to decentralize the operational components of the Population Welfare Program to the provincial level. Another is the inclusion of Local Government and Rural Development departments (LG&RD) in SAP.

An enhanced PDP may expand the role of NGOs and bring in the private sector – a critical partner – to some extent. However, this will largely depend on the selection criteria and procedures used for funding negotiations and contracting. Efforts are currently being made to involve all stakeholders in the design and implementation of the PDP.

Institutional capacity-building is critical if SAP-II is to meet its objectives. The quality of essential social services will not be improved without building the institutional capacity of the departments that deliver them. The decentralization of management functions and the increased involvement of communities will require changes in the way social sector departments work. The capacity to implement these changes will have to be strengthened. Policy reforms and related activities under SAP-II must be matched to the capacity of the relevant institutions to implement them.

The introduction of third-party monitoring and validation is another improvement over SAP-I. The performance claimed by government sources during SAP-I was called into question by an independent survey conducted by SPDC/SPO. To ensure that results achieved are realistic and credible, the role of third-party monitoring is of paramount importance. Governments in Pakistan have been known to manipulate data to suit their requirements and please their donors. There is an urgent need for an independent source to validate what happens in the field and to monitor crucial elements of service delivery.





SOCIAL SECTOR DEVELOPMENT STRATEGY

5

CHAPTER

“The quality of social services will only improve when the voices of those with the greatest interest in enhancing them are heeded by those in positions of responsibility.”



SOCIAL SECTOR DEVELOPMENT STRATEGY

OBJECTIVES

Previous chapters have demonstrated that the growth in financial outlays on the social sectors under SAP-I has not been matched by a corresponding increase in physical outcomes or impact on social indicators. The first phase of SAP has highlighted fundamental problems in the delivery system which must be corrected if history is not to repeat itself in the second phase. Considerable experience has been gained from SAP-I. This should be used by planners and policy makers to guide the framing of social development objectives in the years ahead.

The following is a list of recommended practical strategic objectives that can be used to achieve the goals of SAP-II.

Achievable targets

Use practical and measurable indicators of both process and results. Ensure that the targets are challenging but achievable.

Consolidation of investments

Focus on improving the quality of services rather than expanding physical infrastructure and staff. Ensure that existing schemes are completed and sustainable before new ones are approved.

Accountability

Ensure that social service providers are accountable to both government and the recipient community since consumers will eventually pay for at least a portion of the services provided through user charges.

Decentralization

Decentralize the responsibility and authority for providing services to at least the district level, thereby enhancing accountability, equity in the distribution of services, and responsiveness to need.

Planning

Base planning on District Social Sector Surveys and District Social Development Plans (DSDPs) so that it responds to needs and costs, as

well as the willingness of the local population to contribute to services and help manage them.

Equitable access to services

Ensure that scheme selection criteria and procedures are transparent and based on the priorities set in the DSDPs.

Combined use of all institutional resources

Promote the involvement of NGOs and private sector organizations by providing them with the flexibility and financial support needed to establish sustainable programs of service delivery in all social sectors.

Institutional restructuring and strengthening

Decentralize to at least the district level. Involve NGOs and private sector organizations by providing well-designed, well-funded and well-executed technical assistance for capacity-building.

Community involvement

Where practical, promote the involvement of community-based organizations strengthened by service providers with NGO support. This will enhance cost recovery, sustainability, service quality and responsiveness to needs.



NGOs and the private sector can play a key role in supporting community participation



Cost-effectiveness

Make cost-effectiveness a central criterion for success and monitor this through value-for-money evaluation and auditing.

Sustainability

Promote sustainability through indirect taxation, user contributions to matching funds for capital, and user charges for recurrent costs.

Monitoring and evaluation

Conduct truly independent and impartial third-party monitoring and evaluation by involving the private sector, as well as the government and the community.

POLICY

Pakistan's continuing poor performance in the social sectors over the last six years, despite a massive infusion of funds, points to serious flaws in the country's overall approach to social sector development. Sectoral priorities and policies also need to be rethought in light of Pakistan's rapid population growth.

In general, the focus of social sector development must shift from constructing infrastructure and facilities to improving the quality and effectiveness of services. The growing number of facilities that go unutilized or underutilized for the want of appropriate staff and supplies threatens to drain the country of its meagre financial resources and make the entire social sector unsustainable.

The priority for policy makers should be to consolidate social sector investments by enhancing the quality of services rather than expanding buildings and staff. In education, emphasis must be placed on developing uniform curriculum and improving teaching methods rather than building more schools. In health, greater stress should be placed on preventive rather than curative care, a strategy that will result in higher value for money spent in the long run.

In terms of delivery mechanisms, there is a need to concentrate on designing an appropriate institutional framework (e.g. decentralizing services to the district level), establishing a greater role for NGOs, the private sector and beneficiary communities, and developing better targeted services for the low-income population.

During SAP-I, formal provincial policies were only developed in the water sector. These policies were a desirable beginning but fell well short of providing adequate guidelines and avoiding loopholes. In the future, policies should be formally approved for all sectors in every province. These should be operational in character to eliminate loopholes and provide a solid implementation framework at the district and community levels. Beneficiaries should be involved in all stages of planning, design, construction, quality control and maintenance, especially monitoring.



The ultimate clients

No new projects should be started until ongoing schemes are completed. Intermediate financial institutions such as banks and credit-lending NGOs should be introduced into the sectors to give communities access to alternative sources of funding for capital, and operations and maintenance (O&M) costs. All ongoing schemes should be reviewed and those in the early stages of development that fail to meet strict need and cost-effectiveness criteria should be halted.

Unless Pakistan's high rate of population growth is brought down to an acceptable level, development efforts, no matter how extensive, will not translate into better social conditions. Population welfare programs should be given greater emphasis based on clear commitment, unequivocal political support and increased visibility resulting from strong information, education and communications campaigns.

The already important role played by NGOs and private sector organizations in the education sector needs to be further strengthened. Endowment funds should be established to encourage them to initiate lower cost educational facilities, especially for low-income parents. Government should intervene only in areas where NGOs or private sector organizations are unwilling or unable to work. The private sector should be encouraged to design a uniform curriculum in line with current realities and international standards and to establish high quality teacher-training centres.

Tuberculosis, already a serious health problem in Pakistan, threatens to worsen, given its highly contagious nature. Crowded living conditions, poor hygiene, and poor understanding of how the disease spreads are likely to compound the problem. Current efforts to address tuberculosis are fragmented and do not receive nearly enough financial support or commitment.

The rate of early infant immunization for all significant childhood diseases fell between 1990 and 1995. In 1990, for example, 76% of children were immunized for measles – in 1995, only 53% were



immunized. The coverage of children for diphtheria dropped from 83% in 1990 to 55% in 1995. These serious declines reflect a lack of political will to address the problem of diminishing funding for the Expanded Program for Immunization. The foreign aid that financed early immunization efforts has been withdrawn and has not been replaced by adequate domestic resources. The thousands of staff hired to administer the program remain employed, drawing full salaries, but are increasingly ineffective. This must be rectified.

PLANNING

Sustainable social sector development requires a comprehensive and integrated planning framework that recognizes and strengthens intersectoral synergies. Currently, line departments and implementing agencies make decisions based on their own budgetary allocations and program priorities. This has led to a situation of overlapping and conflicting program and policy initiatives.

Although the framework for SAP-I and now SAP-II envisaged a planning system that created synergies between the various departments, this has not materialized. And, unless proactive measures are undertaken, it is doubtful that such a system will be created under SAP-II.

To rectify this, priority should be given to the following key areas. Firstly, an intersectoral approach to planning must be taken. This would require a strong coordinating committee in each province comprised of representatives from key departments, which would integrate each set of departmental priorities into an annual social development plan that reflects the priorities set out in the government's national strategy.

This process would inform the individual departments of each other's priorities and allow them to develop a joint plan to make optimal use of available resources. The annual planning cycle should include a review of plans and priorities on a quarterly basis, as well as a semi-annual planning workshop.

Currently, projects are approved at several levels, including the secretary of a department, the Departmental Development Working Party (DDWP), the Provincial Development Working Party (PDWP), the Central Development Working Party (CDWP) and the Executive Committee of the National Economic Council (ECNEC). The composition of the coordinating committee should be similar to that of the PDWP, and involve the line departments as well as the finance departments.

Secondly, improved coordination is needed at the district level. This would help to lessen the likelihood of different line departments undertaking similar projects in the same village at the same time. A coordinated approach can lower costs and increase utilization. For example, instead of constructing two separate buildings – for a new BHU and a new school – one large building might suffice for both purposes.

There is a pressing need for District Social Development Plans (DSDPs). Building on cooperation within sectors, these plans would be developed by the staff of the district social sector unit in consultation with the local community and the NGO/private sector. DSDPs should draw on the planning expertise of the private sector, and should clearly stipulate



Boys spend an average of three years in school

program and policy priorities. These priorities should be based on needs assessments and cost-effectiveness.

Thirdly, it is essential that there be greater coordination between donors and government, between sectors and different levels of government, and between donors. This would help to ensure consistent and comprehensive planning and an integrated approach to development, and cut down on duplication and potential conflict between donor-funded projects.

For example, the current process requires that a project seeking foreign aid first obtain concept clearance before approaching donors for assistance. In practice, however, either the donor identifies a project and selects the agency it feels is most relevant, or the agency approaches the donor to fund a feasibility study through a technical assistance grant, and then applies for clearance after receiving an implicit agreement for funding. This circumvention of even the limited project planning and approval system currently in place constrains the government in making future funding decisions because foreign-funded projects are exempt from cuts due to resource shortages. It also prevents the government from making an honest assessment of a project's benefits before it is launched.

Lastly, financial planning must become an integral part of the planning process. This is vital to ensuring the timely and sufficient disbursement of funds for project implementation. The current situation is ineffective because the planned disbursements are often dislodged by competing requests from politicians, and the subsequent reallocation of funds results in the delay, or even abandonment, of projects. The planning process must take into account the future financial implications of all projects and policy initiatives. Measures must be in place to ensure that sufficient funds will be available for the duration of all initiatives.



GOVERNANCE AND ACCOUNTABILITY

A program's governance and accountability framework is a crucial factor in its success or failure. By framework, we mean basic elements such as motivation, vested interest, influence and policy. If Pakistan's social sector development is to succeed in the long term, it must develop a strong governance and accountability framework, something that is seriously lacking at present.

It goes without saying that the quality of social services will only improve when the voices of those with the most information and the greatest interest in enhancing them are heeded by those in positions of responsibility. In the marketplace, it is the purchaser who has the influence – the seller must improve the product or lose business. In the social sector, it is the service users that must drive improvements forward, and it is government that must respond.

As things stand now, however, communities are in a position of dependency and have little say in the design and provision of the services they use. As a result, decision makers are forced to rely on inadequate and distorted information and are swayed by politicians and bureaucrats. Sadly, those with the power to improve services are not motivated to do so, and may in fact have a vested interest in doing exactly the opposite. Those with the greatest interest in improving services – the users – have the least influence in bringing about change.

Donors, politicians and officials in line departments set rules and make decisions about social sector services without reliable information on current service levels in communities. The limited information that is available tends to be filtered through the vested interests of field staff and politicians, making it next to impossible for those sitting behind desks in capital cities to make well-informed decisions. Decision makers have little opportunity, or indeed, desire, to visit the field to gain firsthand information, and tend to avoid making the uncomfortable and often disconcerting journey into the countryside.

This situation will only be altered through a major restructuring in governance, a holistic change in the attitudes of the bureaucracy, the creation of effective information systems and a sharing of responsibility and authority with those closest to the services, in a word – through decentralization. Decentralization would help to:

- correct motivations and incentives within the bureaucracy, donors and the community itself;
- establish systems capable of providing timely and accurate information from the field;
- ensure adequate management and monitoring for quality control;
- ensure the accountability of service providers to both the service recipients and the authorities;
- enhance the community's interest in and ownership of the system, its services and the end product;
- ensure rational planning and the equitable distribution of resources; and
- strengthen the means of enforcement and penalties when things go wrong.



Decision makers must listen to the communities they serve

Unfortunately, these objectives cannot be achieved by relying on the line departments. Serious attempts were made during SAP-I to introduce change into the line departments. In fact, donors spent large sums on “institutional strengthening” that had very little impact. And while efforts to introduce the concepts of community participation and district-level planning did manage to change policy and language among line departments and donors, they had no lasting impact in the field. The vast majority of reform efforts were met with quiet but determined resistance within the departments, illustrating the strength of the status quo.

For real change to happen, the centre of responsibility must be brought closer to the community – at least to the district level. Line departments must be devolved down to the district level. A district social sector unit, bringing together the four social sectors, should be established to coordinate SAP planning and implementation at the field level. Being local and accessible, these units will be far more accountable to the community than the provincially based line departments are currently. Ultimately, the district social sector units could be placed under a strengthened district council.

At the heart of the failure of social development under SAP-I was the all-pervasive politicization and corruption of the line departments. This affected virtually every decision made, rendering the departments defunct and ineffective. The solution to this massive problem cannot be found in more futile institutional strengthening exercises. The social sector needs a thorough restructuring based firmly on the accountability of service providers to service users. This must go far beyond “community participation” – the current clarion call of donors.

The community must have more involvement and influence in:

- tendering projects and selecting contractors;
- supervising construction, unit costing and completion certification;



- managing teachers, water technicians and health staff;
- operating and maintaining facilities;
- recovering current costs from users; and
- contributing to capital costs in the form of matching funds.

This involvement will give the community a greater interest in the quality of services being provided. The voices of service users must be influential in the district social sector units.

Stronger monitoring and enforcement measures are also needed to detect and penalize substandard performance. Monitoring must provide thorough, honest and reliable information from the field to the district social sector units, as well as to higher authorities and donors. Not only will this be difficult to design and implement, it will also be expensive; however the savings from reduced corruption and improved infrastructure quality will amply offset the costs.

True third-party monitors from the private sector will be needed. Again, the community should be central to the monitoring process, since it is closest to what is actually going on in service provision. A carefully designed monitoring system involving the private sector, the community, and the government will be required. The monitors themselves will need to be closely watched – this will be a useful role for the MSU and the Planning Commission.

The role of politicians was detrimental during SAP-I, to say the least. Yet, there are ways to ensure that their role is more positive. Since politicians are primarily interested in the selection of schemes, the key is to ensure that their influence fits into a governance and accountability framework that is transparent, equitable and responsive to need. This is a tall order which can only be achieved through the creation of needs-based criteria, district-level data bases and plans, and widely published priorities and selection procedures.

Objective criteria should be used to allocate priority to communities and schemes. The selection of schemes should be based on merit, and may involve politicians, who would choose the schemes within the narrow limits of defined merit criteria and a priority list. The whole process should be transparent throughout the district and open to public scrutiny.

A solid information base on village conditions and needs is essential. Existing data bases maintained by the line departments are fragmented and inaccurate. District-level social surveys will be needed to highlight the current status of the social sectors in each community as well as needs, costs and potential community contributions.

In summary, the social sector must be thoroughly restructured. The delivery of services must be decentralized, bringing it closer to the community to reinforce the accountability of service providers to users. Initially, line departments must be devolved down to the district level, and new social sector units combining all four sectors should be established. These social sector units can eventually be placed under the district councils to ensure public representation. The community of users must become less dependent. Contributing to social services by paying user charges and providing matching funds for construction should serve to heighten their interest in improved services.



Improving management calls for commitment, effort and resources

MANAGEMENT

Poor management is widespread in the social sector, crippling all its programs, projects and delivery mechanisms. This can be seen in the rampant circumvention of policy and the pervasiveness of corrupt practices. To date, both donors and governments have chosen to look the other way in the hope that this problem will somehow disappear. The fact is, though, that management incompetence lies at the core of the failure of SAP-I. Tackling this challenge calls for a powerful effort, including substantial donor support and government commitment.

Policy, planning and financial management are discussed elsewhere in this report. This section focuses on program and project management. In government programs, project management is treated simply as another form of administration. Little attempt is made to increase cost-effectiveness or even reduce costs. For example, the selection of contractors follows the Public Service Manual, a document that has not changed since the 19th century. Contracts are awarded to the lowest bids, regardless of whether they are the most responsive.

Bids are typically costed as markups on the official "schedule of rates" which bears little resemblance to prevailing market rates. Inaccurate billing inevitably leads to later contract modifications and large price hikes. These are just some of the most obvious management deficiencies.

Improving project management calls for a wholesale upgrading of management skills drawing on modern management techniques. There is nothing complicated or difficult about good management. It *can* be introduced into government, but it will take effort, resources and commitment to produce change. This must be done, however, if value for money is to be realized in social service provision.

As we've already mentioned, political influence and corruption



constitute a serious problem within line departments at the district level. Examples of this include the purchasing of teaching positions and transfers as well as the practice of moonlighting by government doctors. Again, the only way to end such practices, or reduce them to an acceptable level, is to give a voice to the people most affected – the community.

The community management of social sector services is feasible and has been shown to work in Pakistan. Successful examples include self-help projects such as the Orangi Pilot Project, the community management of water supplies by Afghan Refugees (a United Nations High Commissioner for Refugees program described in Appendix A6), and private schools. In the latter case, users have a guaranteed say in the quality of education because they pay for the service in its entirety. This enables parents to choose between schools and demand better education for their children.

One of SAP's main objectives was to improve intersectoral coordination and dialogue. This was blocked by the competitiveness of line departments and their unwillingness to communicate with each other. The result was a failure to benefit from the synergy of potential collaborations. Unfortunately, the prognosis for improved intersectoral dialogue and coordination under the institutional setup of SAP-II does not appear to be much better.

Intersectoral coordination has a greater chance of working closer to the village level. That's why we strongly recommend that the social sector units of the district councils combine health, population, education and water supply. This would put the full benefits of synergy within reach – and at the village level, where they count.

Achieving sustainability in the social sectors is vitally important and has far-reaching implications. Past emphasis on the construction of new facilities has produced social infrastructure that provincial governments cannot afford to staff and operate. Unless dramatic changes are made in the way the social sectors are financed, they face collapse in the coming years.

Mobilizing resources by recovering costs from the user community is an attractive option that is already being practiced successfully in rural private schools and clinics. However, users will only pay for what they consider to be quality services and will demand an active role in setting service standards and determining the kind of services they support. Again, this avenue of sustainability calls for the decentralization of services to at least the district level, as well as a major shift in government structure and orientation. It will also require a new form of responsive management that provides far better services in the future.

SERVICE DELIVERY

Previous sections of this report have argued for a wholesale restructuring of the social sectors and service delivery. Education, health and water are essentially local services. Provincial government departments headquartered in capital cities cannot be expected to effectively deliver local services to tens of millions of people. This was amply demonstrated during SAP-I. Service delivery was severely



Women's role in development must be supported and strengthened

hampered by the limited local knowledge, commitment, empathy and credibility of the line departments.

Provincial line departments grew naturally out of the social sector development of the 1950s and 1960s. Today, however, they are too large, bureaucratic and politicized to be effective. It is time to decentralize. By this we don't mean expanding the district offices of provincial line departments, we mean creating integrated social sector units at the local level.

The social sector units should be staffed by individuals with expertise in social sector delivery – perhaps line department staff repatriated to their home districts. The units also need to be strengthened with technical assistance and facilities so that they can properly plan and execute integrated social service delivery. Following elections and the strengthening of the local government system, these social sector units could be placed under district councils.

Each social sector unit should have four cells – community development, health and population, education, and water supply and sanitation. With the support of NGOs and the private sector, the community development cell would be responsible for strengthening community-based organizations (CBOs) supporting service delivery.

Although we recommend greater use of NGOs, they will need proper support if they are to play an effective role in fostering community management. With limited capacity (less than 5% of demand), varied interests and ways of working, and possibly strained relationships with government, it is clear from SAP-I that NGOs are not a panacea for social service delivery. Unfortunately, they were never given adequate support under the program.

This will have to be rectified if NGOs are to contribute significantly to SAP-II. A major effort must be launched to build NGO capacity in the social sectors. Although some NGOs do have the ability to manage major



programs, the vast majority are small and weak, particularly in management. Training and experiential programs are needed to strengthen them and encourage their growth. The MSU and PDP could provide funding and coordination for such training in the provinces and districts. This type of institutional strengthening would be best carried out by the larger NGOs with proven capability.

The private sector has shown itself to be more cost-effective, accountable and responsive to the demands of service users than the government. Promoting private sector participation in the provision of social services would take some pressure off strained government resources, allowing them to be targeted to the lowest income groups.

There are many examples of workable public/private partnerships in the health sector. These include the contracting out of services (such as ambulance services) to private contractors on a limited basis; allowing doctors on contract to provide fee-for-service, with the government claiming part of the fees; providing services and drugs through CBOs and health committees; instituting health insurance; and privatizing health facilities such as BHUs and RHCs.

In the water supply and sanitation sector, greater use of matching funds and community management would encourage the private sector to become more involved in the planning, design, construction, and operations and maintenance of water supply schemes. In addition, intermediary financing mechanisms should be established to provide loans to CBOs for their matching fund contributions. In sanitation, the government should hand over total implementation responsibility to the private sector while maintaining involvement in promotion and training.

In education, NGOs and private sector organizations should be encouraged to provide primary education through the provision of loans and focused subsidies. Other support should be given to upgrade teacher training and shift it more toward participatory teaching methods and child-centred learning. Schools should be leased at low cost to NGOs and private sector organizations. Where schools are presently not in use, they should be loaned out at no cost for specific periods of time, thus providing incentives and a head start to organizations willing to provide education.

FINANCING AND FINANCIAL MANAGEMENT

The sustainability of social sector services can only be achieved through viable long-term financing and effective financial management requirements which have thus far eluded the social sectors. Financial sustainability is a major concern for two reasons. First, the prospect of cost recovery is limited in basic social services such as primary health care and education. Second, investments in social infrastructure generally impose heavy downstream recurring liabilities. Therefore, a program such as SAP, which attempts to rapidly expand social services, can easily flounder if it is unable to finance ongoing operations and maintenance costs, even if the initial investments are financed through concessional foreign aid.

SAP-II negotiations call for both the federal and provincial government together to contribute a minimum of 1.8% of GDP each year, while donors will collectively contribute a minimum of 0.5% of GDP, through SAP and



There is a pressing need to build the capacity of communities

other social sector projects. The government exceeded its target in SAP-I, and given the program's expansion into areas such as middle schools, tehsil hospitals, etc., it appears as though the target for government contribution to SAP-II is even more feasible.

However, the prospects for fiscal transfers to the provincial governments have altered significantly since SAP-I. The 1991 NFC Award represented a liberal dispensation to the provinces. As a result, transfers grew rapidly, making it possible for provinces to finance their rising commitments under SAP.

The situation changed with the 1996 NFC Award. Transfers are unlikely to grow as rapidly in the future for two reasons. First, because federal tax revenues are no longer as buoyant due to slower economic growth, and second, because the divisible pool of taxes now consists of all taxes and not just the buoyant taxes like income and sales taxes. Already, in 1997/98, there will be a shortfall of more than Rs. 18 billion in transfers in relation to NFC projections. The provinces have been bailed out with a soft loan facility from the federal government of Rs. 12 billion, subject to SAP allocations being protected along with other conditionalities.

As a result, the resource position of the provincial governments will remain relatively difficult over the next few years. This reality heightens concerns about the future financial sustainability of SAP and the ability of the government to meet its contribution target under SAP-II. There is a danger that the momentum of growing social sector spending created by SAP-I will be lost.

Clearly, the answer lies in more aggressive resource mobilization by the provincial governments. The provincial revenues to GDP ratio has declined steadily over the last two decades; this trend must be reversed. Of course, substantially higher cost recovery cannot be achieved in social services, except in the area of water supply and sanitation. Most of the



fiscal effort will have to be concentrated in the development of provincial taxes.

The most promising area is agricultural income taxation (AIT) where, in the medium run, provincial governments can generate revenues of up to 0.5% of the GDP. A linkage can, in fact, be established between the development of AIT and the financing of SAP-II, whereby revenues collected from upper-income rural households can be used to provide basic social services to the poorer segments of the rural community. In addition, provincial governments must begin to exploit their existing revenue sources more effectively.

In addition to resource mobilization, another prong of an effective strategy to achieve financial sustainability in the social sectors should be the promotion of private sector services. Of course, this should be in the context of a supportive environment that ensures adherence to standards and a cross-match between the level of service and the user fees charged.

Efforts should be made as well to tap the resources of non-governmental organizations. If government were able to approach NGOs as partners with common objectives, this would open a vast institutional resource base for achieving government goals.

Financial Management

Given likely resource constraints, the limited available funds will have to be used more effectively. This requires that the existing weak and ineffective system of financial management used by government be significantly strengthened.

Financial management is concerned with the management of financial resources available to the exchequer; the public debt; financial transactions with other agencies; the control of expenditure; the supervision of audit and accounting; and the agreement of interagency balances, which are presently the cause of considerable ill-feeling between levels of government.

An effective system of financial management requires two streams of activity. One is concerned with examining departmental plans in relation to the agreed-upon policy framework, preparing and authorizing realistic budgets for revenue and capital expenditure, and making arrangements for the availability of funds. The second is concerned with the financial controls that are required to ensure that departments keep within their financial limits. This calls for the timely flow and analysis of financial information so that the reports produced have real value as control devices.

The current system of financial planning and control is deficient in all these areas. A major effort will be required to introduce a comprehensive system of financial planning and control that will enhance the influence and the authority of the finance departments as the key control department of governments, and provide governments with the means to revitalize the management of their affairs. It will take significant political will and the active cooperation of all government departments to remove the discretionary authority exercised by elected and appointed officials in sanctioning and condoning variations. This occurs because skills are



The community itself must be actively involved in monitoring and evaluation

lacking in the preparation of realistic budgets, and flexibility is needed to accommodate the demands of political expediency.

Enquiries into the functioning of the two revenue-generating departments at the provincial level, namely Excise & Taxation and the Board of Revenue, and of the Central Board of Revenue at the federal level, show that there is considerable scope for streamlining their administration and making them operate more effectively. There is a need to examine the whole process for assessing and collecting taxes/revenues to reduce administrative costs (which vary today from as low as zero to as high as 10%), and maximize efficiency.

A deep-seated cause of financial mismanagement are procedures that allow departments and agencies to take action without the knowledge or approval of the finance departments. The result is that finance departments are faced with sudden demands for debt service payments they have not provided for. This shortcoming needs to be rectified.

A closely related problem is weak project management – that extends right from the early feasibility and planning stages through to the implementation and commissioning stages. There is evidence of inadequate consultation between the numerous agencies involved. Also, the procedures used do not provide the control information in sufficient detail, nor in time, to allow corrective action to be taken when a scheme begins to deviate from the program. The rate of progress is often severely upset by the lack of suitable rolling budgetary arrangements for schemes that continue from one financial year into the next.

MONITORING AND EVALUATION

In light of the many weaknesses in the implementation of social sector programs, there is a pressing need for monitoring systems that are transparent and implementation-oriented. The three key functions of monitoring include assessing progress made in implementing annual operational plans; verifying the adoption and implementation of agreed-



upon policy and institutional measures; and evaluating the quality of initiatives and their impact on beneficiaries.

SAP inputs are supposed to be monitored at four levels – by the line departments, by the provincial P&D and finance departments, by the provincial SAP Coordination Committees, and by the SAP National Steering Committee. The key source of monitoring data is the PIHS, which is overseen by the Federal Bureau of Statistics. Under SAP-II, the MSU will support the costs involved in expanding the PIHS and help to build the capacity of the federal SAP Secretariat for such an undertaking.

We can't expect to have effective monitoring and evaluation simply by creating monitoring and evaluation structures. Such structures will not be useful unless they are impartial, adequately staffed, and provided with appropriate training, logistical support and facilities. The capacity for monitoring and evaluation must be enhanced at all levels, if this is to be a timely function that contributes to better program implementation.

Given that decentralization and community participation are key tenets of SAP, the failure to involve NGOs, private sector organizations and CBOs in monitoring is a glaring omission. If monitoring stops at the provincial line departments, it will be difficult, if not impossible, to verify official claims of SAP performance with respect to expenditures, inputs and outcomes of service delivery. This is what occurred in SAP-I.

The lack of reliable and independent sources of data on inputs, performance and outcomes, makes the involvement of NGOs in the monitoring process all the more crucial. Their exclusion to date also casts doubt on government claims of success in the areas of decentralization and community participation.

Scant comfort can be taken from the government's sectoral monitoring exercises to date. For example, because of methodological inconsistencies, the 1995 School Site Verification Survey done by the Auditor General was unable to assess the extent to which provincial disparities were reduced.

The picture that emerges from joint monitoring exercises is not much better. The SAP Project Field Review (1996) was undertaken by the provincial P&D departments in conjunction with the Federal SAP Secretariat and the MSU. Despite the fact that so little progress was made under SAP, the Field Review contained little substantive information that shed light on where initiatives broke down.

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

Indicators and survey methodology must be standardized to ensure consistency. This calls for a coordinated participatory approach to the design of monitoring and evaluation processes, as well as to training. It also requires indicators that can measure the quality and impact of service. Programs should be "results-based," meaning that achievements should be measured by results, rather than by intermediary outputs – or worse still, inputs – as has been done in the past. Thus, educational quality would be measured by student and teacher achievement, rather than by enrollment rates, and health care quality would be measured by



Better monitoring is needed to establish the cost-effectiveness of projects

consumer satisfaction with the services provided, rather than by mere access to BHUs. In water supply, levels of service would be measured by the hours of availability, not just the number of household taps.

It is very difficult to determine cost-effectiveness without information on realistic unit costs. So far, these have not been established. Even finding out where SAP funds went – village by village – proved to be impossible, as we found out during the SPDC/SPO study on SAP-I. However, without such basic information, we cannot begin to assess whether value for money is being obtained in social service delivery.

Access to detailed breakdowns of costs would permit the unit costing of results and enable comparisons to be made between projects, districts and provinces. Without such monitoring there can be no accountability or feedback for improvement. The information needed to answer these questions is held at the district level offices of the line departments, but, for obvious reasons, is not collated and made available. Such withholding of information must not be allowed to continue under SAP-II, or we will once again see an enormous waste of public funds.

While useful as a baseline, the PIHS needs to be broadened to incorporate the requirements outlined above. It is the District Social Sector Survey, however, that should prove to be the most useful instrument, since it is closest to the implementors and recipients. The 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 in collecting data on basic parameters through participatory monitoring, with the support of district staff. CBOs should be trained in survey techniques and progress monitoring. This will help to make the monitoring process more transparent because both providers and users of services will share the same information on results. Monitoring should be a continuous process.



District staff should regularly update the district data base and provide feedback to the district councils.

All aspects of monitoring and evaluation should be designed, established and nurtured by the Planning Commission, and supported by the MSU, the provincial P&D departments and the line departments. Line departments should also be responsible for setting standards and ensuring quality control, in addition to planning and results-based target-setting. They should provide regular reports on progress to higher authorities and donors as well.

Regular monitoring and evaluation by independent, impartial third parties is essential. Such third parties could be competent private sector firms or NGOs contracted outside of the system and operating at arms-length to it. Annual monitoring should be carried out using a representative randomized sample that is large enough to detect statistically significant changes. Indicators should be results-oriented and compatible 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 also be carried out by third-party evaluators and should assess both the impact and cost-effectiveness of service delivery.

THE ROLE OF DONORS

Over the last four years, a consortium of donors has provided a high level of coordinated support to the Social Action Program. This has included the World Bank, the Asian Development Bank, the UNDP, the UK Overseas Development Administration and the Netherlands government. In addition to providing ongoing sector assistance through the "umbrella" Social Action Program Project, donors have also endeavoured to coordinate their assistance in an effort to expand public expenditures and improve overall effectiveness. For donors, SAP remains the main vehicle for participating in a dialogue on social sector policy in Pakistan as well as other macro policies.

Despite Pakistan's poor record at implementing policy reforms (with some programs persistently failing to comply with agreements), donors have continued to provide funding. Donors defend this on the grounds that the past four years have been needed to clarify and operationalize policy reforms. However, even their own evaluations stress the failure of government to make these reforms.

At the same time as they publicly advocate policy reform, donors justify the dilution of the reform agenda by stressing the difficulty of making social sector reforms in isolation from reforms to general governance. They also argue that the full impact of SAP will not be felt for at least a decade. Unfortunately, the actions of donors fail to back up their own statements that bureaucratic and political decentralization is vital to enhancing the effectiveness of increased spending on the social sectors.

Differences seem to be emerging between donors and government about the priorities of SAP-II. While government seeks greater financial support to broaden SAP's scope and content, donors stress the need to improve service quality and reform institutions. Donors see their funding contributions as a way to keep the dialogue going, contending that their



Donor support has been critical to social development in Pakistan

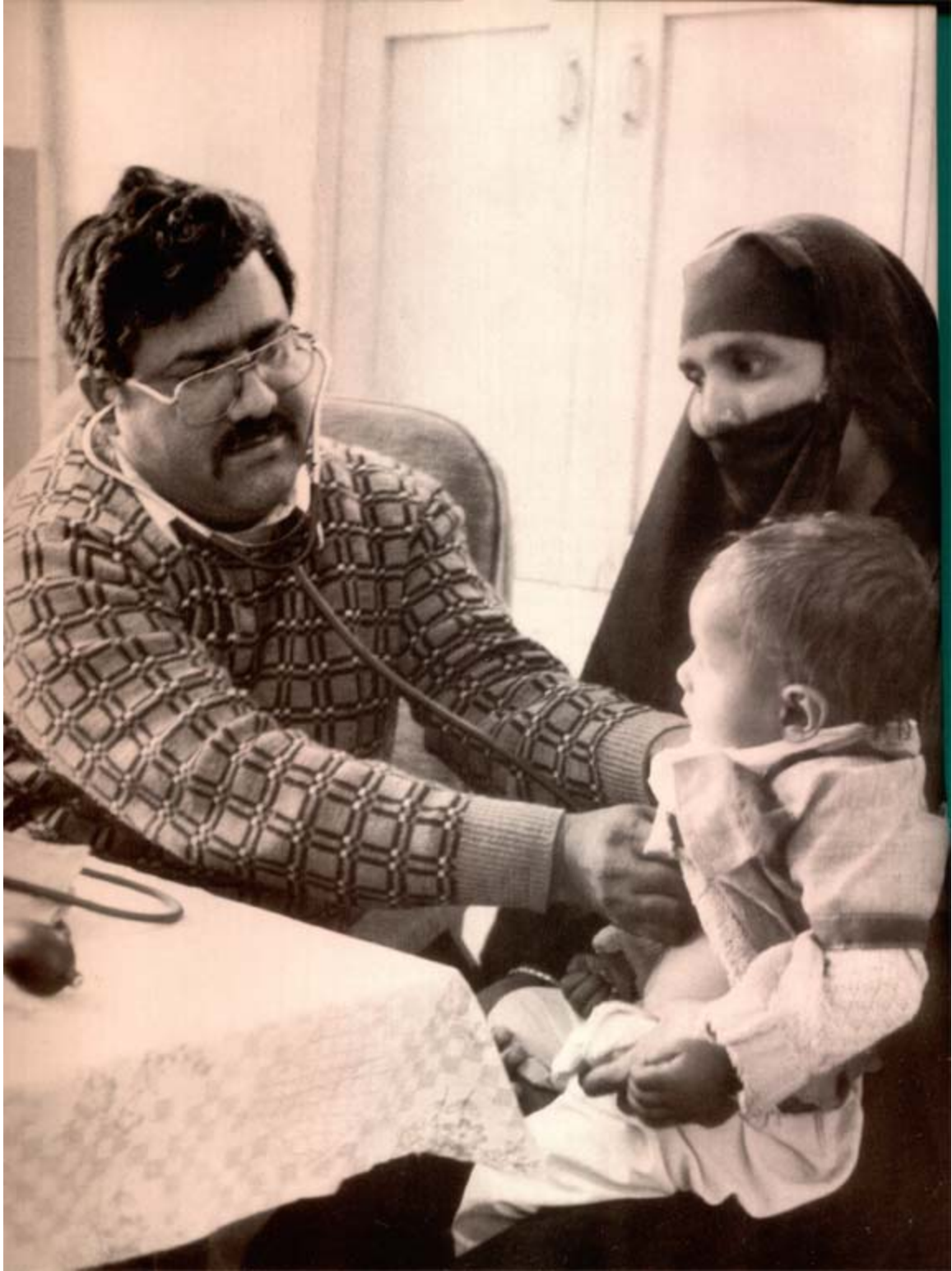
leverage is minor since donor assistance comprises only a small part of total SAP funding. It is, however, a major part of incremental spending.

This failure by donors to insist on compliance with basic policy reforms and their inability or unwillingness to exercise their considerable leverage places large foreign contributions in jeopardy – not to mention Pakistan's future generations. Judged by their actions, rather than their words, donors are reluctant to counter the vested interest of the bureaucracy and politicians in the status quo.

That being said, donor assistance for social sector projects can be justified, both as a catalyst for needed changes and improvements, and also as a source of low-cost external funds to shore up the large deficit in the country's external current account. This role of donors must continue in the foreseeable future if Pakistan's social indicators are to improve.

Most donor-funded projects support government initiatives for change by providing institutional strengthening, including management upgrading and technical assistance, to public sector agencies at all levels. However, these donor-supported efforts are doomed to fail if they continue to be tacked on to the edges of existing structures, rather than instituted right at their core. Donors should continue to play a supportive role while resisting the tendency to create parallel organizational structures. Whenever possible, technical advisers should be drawn from the expertise available within the country. Only when such expertise is lacking should the skills be imported from elsewhere.

In the past, donor-funded projects containing elements of institutional support and capacity-building have suffered from the unwillingness of donors to ensure that government meets the objectives set. If donors are to contribute to the improvement of social indicators and service levels, the emphasis must be shifted away from spending. Donors must realize that programs designed to change the work ethos and readjust organizational psychology take time. Therefore, a more program-based approach should replace the current expenditure and project-based approach in the social sectors.



APPENDICES

AN INTEGRATED SOCIAL POLICY AND MACROECONOMIC PLANNING MODEL FOR PAKISTAN

THE NEED FOR AN INTEGRATED MODEL

Historically, Pakistan's development planning models have not explicitly recognized the interdependence between social sector development, intergovernmental revenue-sharing/transfers and the macroeconomy. The macroeconomic model of the Pakistan Institute of Development Economics was developed primarily to address the policy issues facing the macroeconomy and was updated in 1992 to include 97 equations. The model developed by the Applied Economics Research Centre explicitly incorporates linkages between federal and provincial governments, but its scope is limited to resource mobilization.

Recognizing this reality, the Social Policy and Development Centre (SPDC) has identified a pressing need for Pakistan to develop a macroeconomic model that explicitly incorporates the impact of public expenditure, which is close to 30% of the GDP. SPDC has been working diligently over the past few years to develop just such a model.

STRUCTURE AND LINKAGES OF THE MODEL

To respond to these needs, the Social Policy and Development Centre has developed a unique economic model which can be used as an effective planning tool for social sector development. This model actually integrates the social, public finance and macroeconomic

dimensions of the economy under one interrelated system.

Called the Integrated Social Policy and Macroeconomic Planning Model for Pakistan (ISPMM), the model provides the basic framework for analyzing the implications of SAP and numerous other economic and non-economic policy decisions on the long-term development of Pakistan's social sectors.

The model is highly disaggregated and covers all three levels of government. It is capable of predicting outcomes in great detail, even at the level of individual social service provision. Such a disaggregation of the model at the provincial level in terms of revenues and expenditures on social services (e.g., schools, hospitals, doctors, teachers, enrollments, etc.) is required to analyze the impact of SAP on the macroeconomy.

The model is based on consistent national level data covering the 22-year-period between 1973 and 1994 and is estimated by single equation regression techniques. It consists of 247 equations, of which 116 are behavioural and the rest are identities. These equations are subsumed into 18 interrelated blocks. All the blocks, along with their sizes in terms of equations and identities, are listed in table A1.1

Although the model is broadly Keynesian in spirit, the specification of individual blocks and equations are based on a pragmatic approach. It captures the reality and non-market clearing aspects of Pakistan's economy. Thus, the macroeconomic block is essentially supply driven. In addition, the social sector indicators are also resource determined.

**INTEGRATED SOCIAL POLICY AND MACROECONOMIC
PLANNING MODEL FOR PAKISTAN**

	Total Number of Behavioral Equations	Total Number of Identities	Total Number of Equations
A Macro Economic Production Block	6	14	20
B Macro Input Demand Block	5	10	15
C Macro Economic Expenditure Block	10	10	20
D Federal Revenue Block	5	7	12
E Federal Expenditure Block	9	8	17
F Federal Deficit Block	1	3	4
G Provincial Revenue Block	7	5	12
H Provincial Expenditure Block	12	5	17
I Provincial and Total Budget Deficit	0	3	3
J Local Revenue Block	3	4	7
K Local Expenditure Block	10	6	16
L Trade Block	5	4	9
M Monetary Block	1	1	2
N Price Block	4	5	9
O Human Capital Index Block	27	27	54
P Public Health Index Block	12	11	23
Q Index of Economic Infrastructure Block	0	4	4
R Index of Fiscal Effort Block	0	4	4
Total	117	131	248

The model is both dynamic and rich in specification. The nature of linkages across the model varies. In some cases, the linkage is simultaneous, in which equations in a block are not only determining equations in another block, but are also determined by them. Examples include the linkages between the macro production and input block, the production and macro expenditure blocks and the fiscal revenues and expenditure blocks. These simultaneous equations may be behaviourally determined or may just be identities. The broad links of the model can be traced as follows.

Macroeconomy → Public Finance

The key link here is that developments in the macroeconomy influence the growth of the tax bases (including divisible pool taxes) and thereby affect the fiscal status of different governments. Also, the overall rate of inflation in the economy affects the growth of public expenditure.

**Public Finance → Social Sector
Development**

The availability of resources, both external and internal, determines the level of development and recurring outlays to social sectors by different levels of government, especially provincial and local.

**Social Sector Development →
Macroeconomy**

Higher output of educated workers and their entry into the labour force raises the human capital stock and could contribute to improvements in productivity and a higher growth rate of output in the economy. Similarly, an improvement in public health standards may also have a favorable impact on production.

Public Finance → Macroeconomy

The level of government expenditure could

exert a demand side effect on national income, while the size of the overall budget deficit of the federal and provincial governments (combined) influences the rate of monetary expansion and consequently the rate of inflation in the economy.

Social Sector Development → Public Finance

A vital link in the model is between the rate of social sector development and the state of public finances, especially of provincial governments, in terms of implications for the level of debt servicing and recurring expenditures.

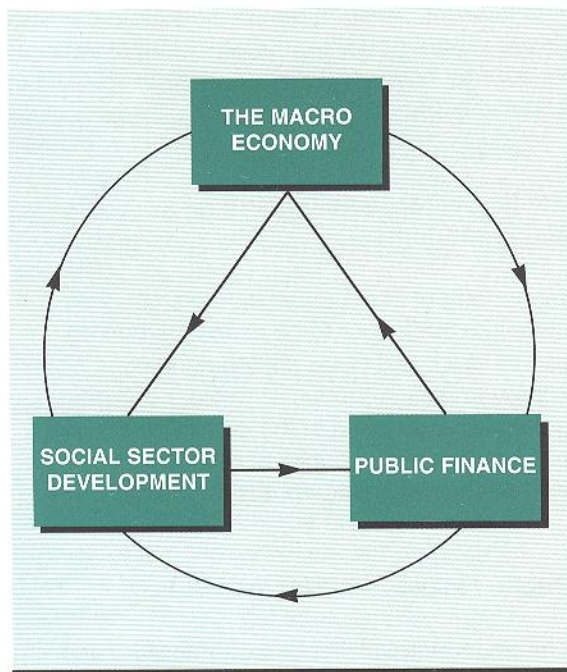
Macroeconomy → Social Sector Development

Demographic and other socioeconomic changes affect the demand for social sector facilities such as schools and hospitals, and thereby influence the level of social sector outputs.

CHART

A1.1

BASIC STRUCTURE OF THE MODEL



Linkages within macroeconomics, fiscal and social sector blocks

Apart from these broad linkages among different modules, there are also links between different blocks within each module. In all, there are 74 linkages in the model. Thirty-six of these linkages are within the macro module, 28 are within the fiscal module and 10 are within the social sector module. The attached flow chart outlines the complex intersectoral linkages within the model (see chart A1.1).

An example of a major linkage within the macro module is the two-way linkage to and from the macro production block and macro input blocks. This link is due to the dependence of sectoral value added on the factors of production and input demand functions on the value of production. Macro production determines macro expenditure, as private consumption is influenced by income.

The two-way link between the macro production block and the trade block is due to the fact that the value of imports and exports determines and is determined by economic production activity. The trade gap affects the level of money supply.

Important linkages in the fiscal module consist of the simultaneous dependence of revenues of various levels of government and their expenditures. Non-tax receipts of governments have been made a function of the recurring expenditure on particular services via cost-recovery ratios. Similarly, the level of government expenditure is affected by the government's level of resource generation.

Important vertical links between levels of government include fiscal transfers in the form of divisible pool transfers, non-development grants and ADP loans from federal to provincial governments as well as development grant requirements (in line with the feasible level of decentralization) from provincial to local governments. The link between the budget deficits of the federal and provincial governments and their revenues and expenditures is obvious.

FINANCING OF SOCIAL SECTOR INVESTMENTS

As we've already mentioned, financing and delivering services is quite a complex process in Pakistan, with all three levels of government involved. While the principal responsibility for executing and maintaining social sector projects is in the hands of provincial and local governments, the role of the federal government is limited to providing social services in federally administered areas. More than 80% of the total expenditure on social sectors is incurred by the provincial and local governments.

Provincial governments receive the bulk of financing for delivering social sector programs as transfers from higher levels of government because of the structural imbalance between the allocation of functional responsibilities and fiscal powers to different levels of government. This has created the need for elaborate intergovernmental revenue-sharing arrangements, particularly between the federal and the four provincial governments.

Provinces finance their expenditures from various tax and non-tax sources constitutionally under their fiscal powers, federal revenue-sharing transfers (which includes divisible pool and straight transfers), grants and development transfers (including donor funds) received from the federal government.

In 1994/95, for example, 15% of recurring provincial expenditure were financed by their own sources (8% taxes and 7% user charges), 75% by revenue-sharing transfers and 11% by grants from the federal government. Almost all the provincial development outlays were financed from federal development transfers, largely consisting of loans and donor funds. Clearly, the bulk of provincial income comes from the federal government and is outside the direct control of the provincial governments. Therefore, the modelling of intergovernmental fiscal transfers is a crucial feature of the model.

RECOGNIZING FACTOR PRODUCTIVITY OF PUBLIC INVESTMENT

A key feature of this model is that it includes public sector investments in the form of social (human capital and public health indices) and economic infrastructure in the value-added production function. It has been argued that, along with private factor inputs (labour and capital), public sector investments may also contribute to the output of the economy.

Unlike the private inputs, which directly influence production, the role of public investments takes the form of creating positive externalities and an enabling environment (e.g., an educated and healthy workforce, roads, electricity, etc.). The model has the ability to estimate the direct and relative factor productivities of public social vis-à-vis economic infrastructure investments on the output of the economy.

The two types of public capital (social and economic) included in the model are endogenized under separate modules for human capital, public sector health and economic infrastructure. Within the human capital and public sector health modules, there is a link between the level of social sector expenditures by the federal, provincial and local governments and the human capital and public health indices. This, in turn, is expected to influence the productivity of the economy through the output production function. On the other hand, acting as a base for public revenues, the output of the economy may also indirectly impact the social variables through social sector expenditures.

FORECASTING AND POLICY ANALYSIS TOOL

Given the richness in structure and the complex web of interrelationships and interactions embodied within it, the ISPM can be used first as a forecasting tool, both for the medium- and long-term, and, second, for undertaking policy simulations to analyze

the consequences of particular policy actions by the federal or other levels of government.

For example, if the federal government decides to pursue a policy of higher tax mobilization and opts for a rigorous fiscal effort, the model can forecast the impact, not only on federal finances, but also on the fiscal status of the provincial governments. In this scenario, it could also forecast key macroeconomic magnitudes such as growth in the gross domestic product and the inflation rate. With respect to other specific policy issues, the model can also:

- provide projections of the quantum of revenue transfers to the provincial governments by the federal government, both short-term and medium-term, under different scenarios
- determine the impact of different rates and patterns of economic growth on provincial tax bases and revenues
- determine the impact of changes in provincial expenditure priorities on fiscal status, levels of service provision and the overall macroeconomy
- determine the impact of education expenditures by provincial governments on sectoral inputs (schools, teachers), enrollments, outputs, entry into the labour force and literacy rates

- determine the impact of health expenditures by provincial governments on sectoral inputs (beds, rural health centres, doctors, nurses, paramedics) and on the health status of the population
- determine the impact on higher levels of resource mobilization by provincial governments on federal transfers, sectoral levels of expenditure and fiscal status
- determine the impact of SAP-type programs on the level and quality of service provision and on the financial position of provincial governments.

LOOKING AHEAD

The Integrated Social Policy and Macroeconomic Planning Model for Pakistan is a rich and complex analytical tool for assessing the implications of wide-ranging economic, fiscal and social policy interventions. It was formally introduced to the Planning Commission of Pakistan in January 1997. It is now expected to contribute significantly to the development of various planning scenarios for the Ninth Plan. Its completion by the Social Policy and Development Centre is a first step in the evolutionary process of attempts to model and stylize the intricate real world linkages and workings of the Pakistan economy.

SPDC PUBLICATIONS

RESEARCH REPORTS

Review of the Social Action Program

August 1997, RR 16

This four-part study takes an in-depth look at Pakistan's Social Action Program (SAP). The first two parts provide the background to SAP and describe its institutional framework. The third part outlines patterns of financial expenditure, examines SAP's cost-effectiveness and sustainability, and assesses its delivery mechanisms and their impact on the social sectors. The final part evaluates the overall cost-effectiveness and efficacy of SAP and offers practical advice for the program's second phase.

The Provincial Budgets 1997/98

July 1997, RR 15

This report is a compilation of articles published after the announcement of the 1997/98 provincial budgets. It covers the following issues: fiscal status; fiscal efforts by the provincial governments; the impact of provincial budgets on social sector development; SAP expenditure priority; the intersectoral priorities of the Annual Development Program; and the impact of the federal and provincial budgets on economic and social infrastructure.

An Evaluation of the Federal Budget 1997/98

July 1997, RR 14

This report brings together articles published after the announcement of the 1997/98 federal budget. These articles deal with debt

management, the consistency between policy instruments and targets, the budgetary outcome for 1996/97, the 1996 NFC award, and the impact of budgetary allocations on social sector development and poverty.

An Evaluation of the Budget 1996/97

July 1996, RR 13

This report is a collection of articles published prior to, and following, the announcement of the 1996/97 federal budget. These articles relate to the state of the economy, the debt trap, the budgetary outcome for 1995/96, budgetary options, the process of fiscal adjustment, and the budget's impact on poverty, social development and provincial finances. An analysis of provincial resource mobilization and expenditure priorities is also included.

Resource Mobilisation and Expenditure Planning for Social Sectors in Pakistan

Aisha Ghaus, M. Asif Iqbal, Rafia Ghaus and Nadeem Ahmed

June 1996, RR 12

This study looks at the performance of social indicators and the institutional responsibility for social service delivery. In addition to analyzing critical issues in provincial resource mobilization and offering possible solutions, the report also recommends ways to make public spending on social sector development more efficient.

The World Summit for Social Development: Its Implications for Social Sector Development in Pakistan

Asad Sayeed and Zafar H. Ismail
June 1996, RR 11

The purpose of the World Summit for Social Development was to increase the commitment of world governments to social development. Comparing the social development goals set by the Summit with those set by the Government of Pakistan, this report comments on Pakistan's progress and suggests ways to achieve key targets.

Social Development Ranking of Districts of Pakistan

Aisha Ghaus, Hafiz A. Pasha, Rafia Ghaus and Naeem Ahmed
June 1996, RR 10

This study uses 11 indicators relating to education, health and water supply to rank the social development of Pakistan's 94 districts. The results show that Punjab appears to have the highest level of social development, followed by NWFP, Sindh and Balochistan.

Continuation Rates in Primary Education: A Study of Pakistan

Hafiz A. Pasha, Zafar H. Ismail and M. Asif Iqbal
May 1996, RR 9

With so many students failing to continue their education beyond primary school, Pakistan's literacy rate is perceptibly lower than its regional neighbours. Despite substantial growth in the availability of primary schools, there are still considerable differences in continuation rates among provinces and between males and females. Looking at five factors – school availability, teacher availability, the rate of urbanization, per capita income and female literacy – this study attempts to account for these differences between 1972 and 1993.

National Finance Commission: 1995 – Intergovernmental Revenue-Sharing in Pakistan

Aisha Ghaus, Rafia Ghaus, A. Rauf Khan and M. Asif Iqbal
January 1996, RR 8

This study looks at the 1996 National Finance Commission Award on federal revenue-sharing transfers to the provincial governments. In Pakistan, since provincial governments are principally responsible for delivering social services such as education, health, water supply and sanitation – services that are largely financed by federal fiscal transfers – intergovernmental revenue-sharing is a critical issue. This report includes papers on the evaluation of recent changes, the implications of impending changes, the federal perspective, and provincial positions on revenue-sharing.

Integrated Social Policy and Macro-Economic Planning Model for Pakistan

Hafiz A. Pasha, M. Aynul Hasan, Aisha Ghaus, Zafar H. Ismail, Ajaz Rasheed, M. Asif Iqbal, Rafia Ghaus, A. Rauf Khan, Nadeem Ahmed, Nazia Bano and Naveed Hanif
June 1995, RR 7

The SPDC planning model is a first attempt in Pakistan to integrate the conventional macroeconomic model of public finance with that of social development and economic growth. This paper provides a detailed treatment of the social sector and endogenizes the variables of education and health. It also details a disaggregated public sector revenue and expenditures model and incorporates intergovernmental transfer and revenue-sharing arrangements.

Optimal Education Expenditure and Enrollments

Hafiz A. Pasha, M. Aynul Hasan, Ajaz Rasheed, Nadeem Ahmed, Naveed Hanif, Nasrul Eman, Noreen Mujahid and Nazia Bano
October 1994, RR 6

This paper presents a model for the public school system that features a cost-effective

optimal allocation of outputs (student enrollments) and inputs (teachers, schools, etc.). The study also looks at the effect of public education policies on student participation rates, the optimal allocation of inputs within and across different levels of education, and the impact of government-prescribed wage policies.

Optimal Mix of Health Sector Expenditure

Hafiz A. Pasha, M. Aynul Hasan, Ajaz Rasheed, Nadeem A. Khan, Naveed Hanif, Nasrul Eman and Noreen Mujahid
September 1994, RR 5

This paper offers a general optimization framework for public health policy focusing on cost-effectiveness and efficiency. It also highlights Pakistan's current state of health development by comparing its health facilities and public expenditure on health to that of other countries.

Data Base Development for Integrated Social Sector Revenue and Expenditure Model

Aisha Ghaus, Zafar H. Ismail, M. Asif Iqbal, Rafia Ghaus and A. Rauf Khan
February 1994, RR 4

The objective of this work was to develop a computerized data base for constructing the Integrated Social Sector Revenue and Expenditure Planning Model. This report describes the data base and data sources and assesses the overall quality and shortcomings of the data. It also outlines the feasibility of developing and implementing the model and the additional data required for the estimation, validation and simulation of various policy options.

Specification of Integrated Social Sector Revenue and Expenditure Planning Model

Hafiz A. Pasha, Aisha Ghaus, M. Aynul Hasan, M. Asif Iqbal, Rafia Ghaus and A. Rauf Khan
August 1993, RR 3

This publication explains the structure and provides a detailed specification of the

comprehensive integrated macroeconomic planning model pioneered by the SPDC. This specification establishes linkages between the macroeconomy, the public sector and the social sectors. It can be used to analyze a variety of issues, including the sustainability of the Social Action Program, as well as to suggest the overall impact of social sector development on Pakistan's economy.

A Study on Improving the Efficiency and Effectiveness of Spending in the Social Sectors and Increasing Resource Mobilisation in the Provinces

Hafiz A. Pasha, Aisha Ghaus, M. Aynul Hasan, M. Asif Iqbal, Rafia Ghaus and A. Rauf Khan
September 1992, RR 2

The success of programs like the Social Action Program depend on the ability of provincial governments to improve the efficiency of social sector spending and to provide more funding for social sector development. In addition to analyzing provincial resource mobilization, this report assesses the revenue-generating potential of the provinces and recommends ways to improve the efficiency of public sector spending.

Fiscal Policy in Pakistan

Hafiz A. Pasha, Aisha Ghaus and Rafia Ghaus
October 1991, RR 1

This report analyzes fiscal policy in Pakistan: developments over the long term; current and future prospects; as well as the strategic choices in fiscal management likely to be made by government in the future. The report also lays out the contours of a potential resource mobilization strategy and indicates likely expenditure priorities and possible areas for economizing. Not only does it contain an analysis of structural adjustment to IMF conditionalities, but it also looks at elements in the macroeconomic environment – both domestic and international – as well as the overall mix of economic policies adopted by the government.

POLICY PAPERS

Political Economy of Tax Reform: The Pakistan Experience

Hafiz A. Pasha
1997, PP 12

Using a political economy perspective, this paper analyzes several major components of tax reform in the 1990s: the introduction of presumptive and withholding taxes in income tax; the removal of exemptions and rate reductions in income tax; and the broad-basing of the general sales tax and tariff reforms. It also identifies those who stand to gain and lose from each reform, and shows how the success or failure of the reform process is determined by the roles played by the winners and losers and agents of the state.

Ninth Five-Year Plan (1998-2003): Issues Paper

Hafiz A. Pasha, Aisha Ghaus, Zafar H. Ismail, S. A. Husaini Jagirdar, Kaisar Bengali, S. Akbar Zaidi, Dr. Asad U. Sayeed and Ajaz Rasheed
April 1996, PP 11

This paper highlights key issues in the formulation of the Ninth Five-Year Plan for Pakistan, and suggests the type and direction of policy options that could be adopted. It was prepared at the request of the Planning Commission of Pakistan to provide the basis for obtaining policy directives from the National Economic Council.

Fiscal Effort by Provincial Governments in Pakistan

Rafia Ghaus and A. Rauf Khan
November 1995, PP 10

Based on a comparative analysis of fiscal efforts made by provincial governments between 1989/90 and 1994/95, this study uses the representative tax system approach to provide interprovincial comparisons. The analysis measures the magnitude of provincial tax bases and constructs an index that is the ratio of actual to potential tax revenue. The

study indicates areas of slack in provincial fiscal efforts and recommends how each province should focus its strategy for exploiting revenue potential. Punjab should focus on income-related taxes; Sindh and NWFP should focus on property-related taxes; and Balochistan should focus on developing most of its taxes, except for property tax.

Implication of the TOR of the New NFC

Aisha Ghaus
June 1995, PP 9

This paper analyzes the impact of the terms of reference of the National Finance Commission after being newly constituted by the President of Pakistan. The 1990 NFC Award was set to expire on June 30, 1996. This study shows that the new divisible pool of taxes would be identical to the 1974 Award, and would provide substantially lower federal transfers than the provinces were already receiving. The study predicts that the decline in total transfers to the provinces (more than Rs. 11 billion) would have a detrimental impact on the financial status of the provincial governments and would adversely impact all their development programs, especially the Social Action Program.

Provincial Budgets of 1995/96

Aisha Ghaus, Rafia Ghaus and A. Rauf Khan
July 1995, PP 8

This review assesses recent trends in provincial finances, levels of fiscal effort, and development allocations, with particular reference to the SAP sectors. The report summarizes the provincial budgets of 1995/96, and describes key financial and administrative aspects of social sector expenditures and financing. On the revenue side, the paper examines additional taxation and administrative measures in order to establish the resources available to each sector. On the expenditure side, it provides a brief review of social sector allocations and the institutional arrangements proposed to improve service delivery.

Switchover to Ad Valorem Octroi Rates at Dry Ports

*Aisha Ghaus, M. Asif Iqbal and Naveed Hanif
October 1994, PP 7*

This paper analyzes the structure of octroi at the port of Karachi and other dry ports, especially Lahore, given the importance of octroi in local revenues and the preponderance of revenues from sea dues in KMC's collections. It looks at the legal and administrative impediments involved in switching from specific to ad valorem tax rates – as currently operate in Karachi – at other dry ports. It also considers the impact of this switch on the location of economic activity and the movement patterns of imported goods. The study shows that such a switch would create a substantial revenue gain for municipal governments in Lahore, as well as for other cities with dry ports.

Rationalisation of Octroi Rates

*Aisha Ghaus, A. Rauf Khan
and Naveed Hanif
October 1994, PP 6*

This paper focuses on the rationalization of the octroi rate structure. Fiscal anomalies in the current structure have created inequities and may have also affected the tax's revenue potential. In an effort to overcome these anomalies, the report provides a detailed study of the performance and effective rate variation of octroi, with respect to prices and commodity wise composition, in different cities. Economic criteria are developed on which to construct a new octroi schedule that would preserve revenue neutrality, improve incidence and enhance the built-in buoyancy of revenues from the source.

User Charges in Health

*Zafar H. Ismail and M. Asif Iqbal
August 1994, PP 5*

This paper considers the affordability of the public health care system and the public's willingness to pay user charges. The study

puts forward a way to measure the affordability of medical expenses by households and assesses willingness to pay from a sample survey of private sector health institutions operating in low-income urban areas. The results of this survey lay the basis for recommending the rationalization of user charges in the public health system.

Sindh Government Budget of 1993/94

*Aisha Ghaus, Rafia Ghaus, M. Asif Iqbal
and A. Rauf Khan
July 1994, PP 4*

This review of Sindh's annual budget for 1993/94 analyzes recent trends in provincial finances, levels of fiscal effort, and development allocations, particularly to the SAP sectors. The report presents a short summary of the provincial budget and describes key financial and administrative aspects related to social sector expenditures and financing. On the revenue side, the report analyzes additional taxation and administrative measures in order to establish the resources available to each sector. On the expenditure side, it provides a brief review of social sector allocations and the institutional arrangements proposed to improve service delivery.

User Charges in Education

*Zafar H. Ismail and M. Asif Iqbal
June 1994, PP 3*

This policy paper looks at Pakistan's education system, highlighting such issues as resource allocation, cost recovery from the public system, the management of the private system, and cost-effectiveness. Household income and expenditure surveys were used to measure the affordability of education. Willingness to pay was derived from a small survey of private sector educational institutions that operate in the low-income urban areas of Pakistan. The report concludes with recommendations for achieving greater cost recovery in the public sector.

Sales Taxation of Services by Provincial Governments

*Hafiz A. Pasha and Rafia Ghaus
June 1994, PP 2*

Vast scope exists for increasing resource mobilization by developing sales taxes on services, a power which is constitutionally granted to the provinces. This study quantifies the incidence of indirect taxes (federal, provincial and local) on the output/sale of different service sectors and discusses the legal implications of introducing a provincial surcharge on federal excise duties on services. The report also develops specific proposals for taxing banking and insurance, the wholesale and retail trades, transport and communications, as well as professional services. Finally, it presents a proposed implementation program, along with projections of additional revenues, and recommends ways to improve tax administration.

Rationalisation of Stamp Duties on Financial Assets and Transactions

*Aisha Ghaus and A. Rauf Khan
June 1994, PP 1*

Stamp duties are the principal source of provincial government revenue. The fact that much of this collection comes from property transactions has created friction in the operation of the property market, and has led to underdeclaration and evasion. This study examines the scope for increasing stamp duty revenues by orienting the tax structure toward financial assets and away from property. It examines the composition and structure of stamp duties, as well as historical trends. Composition is studied with special reference to judicial and non-judicial stamps, and an effort is made to analyze collections by the denomination of stamps, and type of transaction. The study identifies potential areas for reform, such as switching from specific to ad valorem rates, enhancing rates, and extending the coverage of stamp duties. The study shows that stamp duties have considerable potential to generate revenue, even if tax rates on property transactions are reduced.

CONFERENCE PAPERS

Annual General Meeting of the Pakistan Society of Development Economists, 1996 Social Development Ranking of Districts of Pakistan

*A.F. Aisha Ghaus, Hafiz A. Pasha
and Rafia Ghaus
December 1996, CP 23*

This paper attempts to explain the differences in social development among districts in Pakistan. The ranking demonstrates a close correlation between economic and social development. Factors influencing regional variation include the extent of urbanization and the administrative development of districts.

Annual Sustainable Development Conference, 1996

The City of Karachi: Planning and Managing for Urban Development

*Zafar H. Ismail
August 1996, CP 22*

In Karachi (a city with a population of more than 10 million), planning and management functions are fragmented across three levels of government and 30 agencies. The structure of government, the centralization of control and authority, as well as interference in management and operations by higher tiers of government, all impede the accountability of civic agencies to the population. Major issues that impact on efficient planning and management include: the institutional framework; planning and coordination; land and shelter; urban infrastructure and service; and transportation and environmental control. Problems are compounded by the lack of good governance, poor urban planning and management practices, the fragmentation of authority for service delivery, and the indiscriminate use of discretionary powers. Solutions include enacting legislation that strengthens the KMC, amending or enacting corresponding legislation, and developing services and infrastructure that are delivered by specialized uni-function agencies or area-specific multi-function agencies.

IBA National Conference on Business Administration and Economics, 1996
Sustainability of Public Debt in Pakistan
Hafiz A. Pasha and A. F. Aisha Ghaus
 1996, CP 21

This paper quantifies the importance of factors such as the size of the primary deficit, current account deficit, interest rates, capital losses on external debt etc. in explaining the evolution of debt as a whole, and of domestic and public debt separately.

IBA National Conference on Business Administration and Economics, 1996
Has Poverty Returned to Pakistan?
A. F. Aisha Ghaus and Asad Sayeed
 1996, CP 20

Studies agree that poverty in Pakistan decreased between the 1970s to the late 1980s. This paper explores whether this trend has continued into the 1990s. With no micro-level household data available for the period, the issue is approached indirectly, by assessing the determinants of poverty and then comparing their performance before and after 1990/91. The paper concludes with policy recommendations for alleviating poverty within the context of a liberalized market and a rapidly integrative world economic order.

IBA National Conference on Business Administration and Economics, 1996
Improved Health Status and Economic Growth: Some Co-integration Results from Development Economies
M. Aynul Hasan, Muhammed Rashid Ahmed and Aisha Bano
 1996, CP 19

This paper examines the relationship between health status and economic growth for 26 countries between 1960 and 1990, using the recently proposed "co-integration" technique. The empirical results reveal a strong stable long-run relationship between health status and per capita gross national product.

International Conference on Management and Business, Lahore University of Management Sciences, 1996
Is There a Long-Run Relationship Between Economic Growth and Human Development? Some Cross Country Evidence from Developing Countries
M. Aynul Hasan, Nadeem Ahmed and Nazia Bano
 June 1996, CP 18

This paper examines the relationship between education variables and economic development for selected developing and less developed countries between 1960 and 1990. Using the Granger-causality technique, the study shows that education variables lead to economic development in an overwhelming number of countries.

World Bank Workshop on Small Towns Development, 1996
Municipal Finance in Small Cities
Hafiz A. Pasha and Aisha Ghaus
 December 1995, CP 17

This paper assesses the mechanisms available for financing urban development in the small towns of low-income developing countries and examines international experience in this area. It looks at household levels of affordability, levels of demand for municipal services, and potential local sources of revenue. It also discusses issues related to institutional structure and capacity, focusing particularly on the range and level of functions that can be efficiently performed by small town governments. Finally, it highlights financial management problems relating to the operation of municipal budgets and the process of revenue administration.

Regional ADB Seminar on Megacities, 1995
Management in Asia and the Pacific
Financial Development of Megacities
Hafiz A. Pasha and Aisha Ghaus
 October 1995, CP 16

This paper assesses prospects for the financial development of megacities in the short and long run. Success in financing urban development hinges on the

formulation of strategic policies at the municipal government level. These include strategies for mobilizing resources from local taxes, pricing services, involving the private and non-governmental sectors, and developing the institutional apparatus for gaining greater access to domestic and international capital markets. The paper begins with a review of major issues in financial development and proceeds to deal with the self-financing of such basic services as water supply, sewerage, transport through user charges levied on the principle of full cost recovery. The paper also examines issues related to the financing of land, assesses the role of local taxes, and discusses the allocation of taxes among different levels of government. The efficiency, equity and administrative implications of major taxes are presented, along with an estimation of potential revenue yields.

***LINK Project Annual Conference, 1995
Is Public Sector Investment Productive?
Some Evidence from Pakistan***

*Hafiz A. Pasha, M. Aynul Hasan,
Aisha Ghaus and M. Ajaz Rasheed
September 1995, CP 15*

In view of the need to alter public expenditure priorities to better respond to emerging social development issues, this paper describes an integrated macroeconomic planning model for Pakistan. With 196 equations, this large model clearly establishes linkages between the macro economy, public finance and the social sectors. The paper shows how investments on economic and social infrastructure impact on economic growth, and looks at the financial sustainability of SAP, and the implications of privatizing public ventures and decentralizing service delivery.

DATA BASE REPORTS

Data Base Report 1997: Education Module

*Zafar H. Ismail, A. Rauf Khan, Abu Nasar,
Naveed Hanif and Asif Usman
November 1997, DB 3*

The report consists of time series data by province that was constructed with the help of statistics published by different levels of government between 1973 and 1995. An education module contains information at the following six stages: primary, secondary, intermediate, degree, university and vocational/technical education.

Data Base Report 1997: Provincial Finance Module

*Zafar H. Ismail, A. Rauf Khan, Abu Nasar,
Naveed Hanif and Asif Usman
September 1997, DB 2*

The report consist of time series data by province on federal tax assignments, provincial tax and non-tax revenues, development receipts, development expenditures, capital receipts, capital expenditures, current expenditures, use of cash balance, etc. for the years between 1972/73 and 1996/97.

Data Base Report 1997: Federal Finance Module

*Zafar H. Ismail, A. Rauf Khan
and Naeem Ahmed
July 1997, DB 1*

The report consist of time series data by sector on federal tax and non-tax revenues, capital receipts, capital disbursements, public account receipts, public account disbursements, PSDP financing from privatization funds, current revenue expenditure, current capital expenditure, development capital expenditure, development revenue expenditure, external resources, etc. for the years 1972/73 to 1996/97.

RECENT PUBLICATIONS ON SOCIAL SECTOR ISSUES

BOOKS AND PUBLICATIONS

P A K I S T A N

Pakistan – Towards a Strategy for Elementary Education

The World Bank, Washington D.C., U.S.A., June 23, 1997.

Produced as part of the preparatory work for the second phase of the Social Action Program, this report synthesizes ideas for educational reform. The report discusses recent progress in education, the strengthening of government schools, the need to encourage private and NGO schools as well as the sustainable financing of universal education. Addressing whether universal primary education can be attained by 2006, the report analyzes the financial requirements, financial sustainability, risks, institutional capacity, as well as areas for future study and sector work.

Overcoming Poverty: The Report of the Task Force on Poverty Eradication

Government of Pakistan, Islamabad, May 30, 1997.

This three-part report begins by outlining the magnitude of poverty in Pakistan, examining current trends and analyzing the impact of economic growth and macroeconomic policy on poverty. It then advances a set of macroeconomic policies to reduce poverty. The second part sets out a five-pronged national strategy for overcoming poverty in the next

decade that includes mobilization, training, employment generation, income generation and food security for the poor. Part Three puts forward ideas for a supportive media strategy.

Pakistan – Towards a Health Sector Strategy

The World Bank, Health, Nutrition and Population Unit, South Asian Region, May 27, 1997.

Reviewing the overall health situation in Pakistan, this report zeros in on recent trends in government health expenditure, the impact of the Social Action Program on health and priorities for government financing. It also looks at ways to improve the management of government-financed health services and foster the development of private health services.

Public-Private Health Partnership Project

ADB/WHO, The Futures Group International, Islamabad, May 25, 1997.

The main issues discussed in this report are population health status, health services and management, health financing, management system impediments, as well as previous programs designed to improve the health system. The report offers a conceptual framework for designing public/private health

partnerships to improve management, increase the number of female health workers in rural areas, and improve the availability of essential drugs and vaccines.

Economic and Social Progress in Asia: Why Pakistan Did Not Become a Tiger

Omar Noman, Karachi: Oxford University Press, 1997.

Ever since the 1960s, Pakistan's development path has diverged dramatically from its East Asian neighbours. This book attempts to uncover the reasons for East Asian success and explain why Pakistan failed to become a "tiger" by exploring the complex web of economic and social policies.

Women's Autonomy, Livelihood and Fertility: A Study of Rural Punjab

Zeba A. Sathar and Shahnaz Kazi, PIDE, Islamabad, 1997.

This study, which surveyed 1,000 women and half as many husbands, provides a strong base of empirical information on the way rural couples are reacting to changes in women's autonomy, economic contribution, household decision-making and fertility.

The Informal Sector in Urban Economy: Low Income Housing in Lahore

Imtiaz Alvi, Karachi, Oxford University Press, 1997.

The recent formal/informal sector approach to development is the main focus of this analytical work. The book attempts to demystify the role and vitality of this development approach by investigating the urban land market, the construction material market, and construction labour market in the urban economy. It examines the shelter policies in Pakistan since 1947 and the effects of these policies in the face of growing poverty and homelessness.

EDHI: A Mirror to the Blind. An Autobiography

Tehmenia Durrani, Islamabad, National Bureau of Publications, 1996.

Abdul Sattar Edhi is an internationally known Pakistani social worker. In nine chapters, the writer records the experiences and contributions of Mr. Edhi and his co-worker and wife, Ms. Bilques Edhi, in fighting drug addiction, homelessness, starvation, and the abuse of women and children in Pakistan. His view on running efficient and cost-effective emergency services under the aegis of the Edhi Foundation carry useful lessons for developing an effective social service delivery system in Pakistan.

Developmental Issues: Innovations and Successes

Tasneem Ahmed Siddiqui, Lahore: Fiction House, 1996.

This book brings together articles previously published in the DAWN newspaper dealing with the weaknesses of the current social service delivery in Pakistan. The authors describe innovative and tested community-based projects that provide excellent models and ideas for enhancing the delivery of social services.

Orangi Pilot Project: Reminiscences and Reflections

Akhter Hameed Khan, Karachi: Oxford University Press, 1996.

This is a collection of articles written by the moving force behind two globally renowned projects – the Comilla Cooperatives in rural Bangladesh and the Orangi Pilot Project in Karachi. Not only does the author describe the living conditions in the informal settlements of Orangi, along with the actors and processes involved, he also outlines the manner in which the project helps communities overcome sanitation, housing, health, education, and employment problems. The book also illustrates how the project uses "action research" – a method that has been phenomenally successful.

Resource Mobilisation and Expenditure Planning in the Provinces of Pakistan

Eds. Hafiz A. Pasha, A.F. Aisha Ghaus and M. Aynul Hasan, *The Social Policy and Development Centre, Karachi: Vanguard Books, 1996.*

The book is a collection of papers and proceedings from a conference held in Lahore in April 1993. The conference was sponsored by CIDA and organized by the Finance Department, Government of Punjab. The papers address issues relating to cost-effectiveness and efficiency in the delivery of social services. Improvement in the process of resource mobilization for the development and maintenance of services by the provincial governments is also the focus of several papers.

OTHER COUNTRIES

Towards Quality Secondary Education: An Agenda for the 21st Century

The Council of Boards of School Education in India (COBS), New Delhi: Vikas Publishing House, 1995.

This publication was compiled from papers presented at an international seminar organized by COBS. An international picture of secondary education lays the groundwork for a series of country case studies. Each of these is a fascinating glimpse of a nation attempting to face up to the challenge of education for the next century.

Schooling and Rural Transformation

Moonis Raza and H. Ramachandran, National Institute of Educational Planning and Administration, New Delhi: Vikas Publishing House, 1990.

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KEY CONFERENCES ON SOCIAL SECTOR ISSUES

IMPROVING SCHOOLS IN PAKISTAN – A NATIONAL EDUCATIONAL CONFERENCE

INSTITUTE FOR EDUCATIONAL DEVELOPMENT (IED)
AGA KHAN UNIVERSITY

Karachi, July 27 to 29, 1997

This conference considered perspectives on improving schools through better teacher education, management, supervision and followup.

CONFERENCE ON THE CHALLENGE OF HUMAN DEVELOPMENT IN SOUTH ASIA

Islamabad, April 7 to 8, 1997

This conference highlighted the fact that the human development race in South Asia is just beginning. Genuine differences in policy frameworks exist between East and South Asia. By focusing on the “basics,” South Asia can take an important step in preparing for the global competition of the 21st century. A key message of the conference was that local communities should be directly involved in the implementation of human development programs.

TWELFTH ANNUAL GENERAL MEETING AND CONFERENCE PAKISTAN SOCIETY OF DEVELOPMENT ECONOMICS

Islamabad, December 14 to 16, 1996

This conference brought together leading professional economists and policy makers to exchange ideas on vital economic and social issues facing Pakistan. Under the broad theme, Macroeconomic Adjustment in the Era of Globalization, SPDC staff presented the following key papers: The Public Sector Planning Model for Social Sectors of Pakistan; The Social Development Ranking of Districts of Pakistan; and Gender Differentials in the Cost of Primary Education: A Study of Pakistan.

**SECOND ANNUAL SUSTAINABLE DEVELOPMENT CONFERENCE
THE MINISTRY OF ENVIRONMENT, URBAN AFFAIRS, FORESTRY AND
WILDLIFE AND THE SUSTAINABLE DEVELOPMENT POLICY INSTITUTE**

Islamabad, August 4 to 9, 1996

This conference focused on the broad issue of sustainable development, including human development, poverty eradication, social development, governance, social

justice, environmental conservation and economic development. SPDC's Aisha Ghaus, spoke on Local Social Development and Policy Analysis.

**IBA NATIONAL CONFERENCE ON BUSINESS ADMINISTRATION
AND ECONOMICS, 96'**

Karachi, July 20 to 22, 1996.

The aim of this conference was to promote thinking on key economic, industrial and business issues confronting Pakistan. The discussions were organized so as to provide input into policy formulation at the organizational, industrial and national government level as well as to provide

guidelines for future business and economic research. Papers presented by SPDC staff included: Improved Health Status and Economic Growth: Some Co-integration Results from Developing Economies; Has Poverty Returned to Pakistan?; and Continuation Rates in Primary Education: A Study of Pakistan.

**CONFERENCE ON EDUCATION COMMECS, THE OLD STUDENTS'
ASSOCIATION OF GOVERNMENT, COLLEGE OF COMMERCE
AND ECONOMICS**

Karachi, May 8 to 9, 1996.

This conference set out to identify the problems currently facing the educational system and recommend solutions. SPDC's

Board member, Hafiz A. Pasha, presented a paper entitled Bridging the Resource Gap in Education.

**INTERNATIONAL CONFERENCE ON INNOVATIVE APPROACHES TO
TEACHER EDUCATION
INSTITUTE FOR EDUCATIONAL DEVELOPMENT, THE AGHA KHAN
UNIVERSITY**

Karachi, April 2 to 4, 1996.

Some of the themes covered by this conference include innovative approaches to teacher education and their implications for improved teaching and learning; teacher education and modern technology; new models of practica for student teachers; developing professionalism among teacher

educators; the changing roles and functions of teachers in the 21st century; new partnerships in teacher education; and preparing teachers to become change agents. SPDC Board member, Quratul Ain Bakhteari, presented a paper on Innovative Approaches to Teacher Education in Balochistan.

NEW AND ONGOING PROJECTS IN THE SOCIAL SECTOR

This appendix provides brief descriptions of several new and ongoing public sector projects, providing a broad overview of the type of local and donor-supported activities currently being undertaken to address shortcomings in the social sector in Pakistan.

NEW PROJECTS

Northern Education Project (AJK and FANA)

The overall goal of these two World Bank projects is to expand universal primary education and improve literacy in Azad Jammu & Kashmir and FANA. The projects will run until the year 2001 and 2002, respectively. The AJK project will cost Rs. 606 million, including a foreign aid component of Rs. 485 million, while the FANA project will cost Rs. 936 million, with a foreign component of Rs. 749 million.

The AJK project will construct 500 primary schools and provide equipment for four colleges involved in the training of elementary teachers. It will also build a Curriculum Research and Development Centre, an Education Extension centre, and boundary walls for 22 primary schools for girls. The project will fund the establishment of 500 school management committees, a staff development program, consultancy services, as well as additional Assistant Education Officers.

The FANA project will establish 700 community schools, two elementary teacher training colleges for women, 80 primary

schools, 184 sanitary units and 269 boundary walls in primary schools. It will also provide funding for furniture, equipment, as well as the development and distribution of learning materials and support to the community and NGOs. The program will also finance a staff development program, consultancy services and transport facilities for supervisors. It will also strengthen the role of the Directorate of Education and provide support to planning and development departments.

Northern Health Project (AJK and FANA)

This project seeks to upgrade, strengthen and standardize existing health facilities in the Azad Jammu & Kashmir and FANA areas by the year 2000. By integrating functions and services, it aims to develop a unified system that includes government, NGOs and communities. The project covers staff development (with an emphasis on increasing the number of female health workers) and adequate supplies.

The project cost for FANA will be Rs. 898 million including a foreign aid component of Rs 282 million. The total project cost for AJK will be 1,082 million, including a foreign aid component of Rs 368 million. The project has close links to the primary health care and population component of SAP-II.

The project for FANA includes the construction of a 50-bed DHQ hospital and a 30-bed additional ward. NGOs will be given financial support to establish and expand health centres. New family welfare centres and a mobile component offering family planning services will also be established.

Balochistan Primary Education Project

The objective of this project is to expand and develop primary education facilities in Balochistan. Running from 1993 to 1999, the project will result in the establishment of 720 new girls' schools, 1,100 multigrade classrooms, 1,900 additional classrooms in existing overcrowded schools, 710 latrine units, 20 middle school buildings and 20 annexes for girls on boys high schools. It will also cover 50% of the cost of the Balochistan Text Book Board facilities.

In this project, private sector involvement will be encouraged through a community support program. Subsidies will be given to girls from low-income families. The project will also fund a staff development program, consultancy services, instructional materials and vehicles for supervisors. The total cost of the project is Rs. 4,057 million, including a foreign aid component of Rs. 3,638 million.

New Secondary Schools in the Developing Sectors of Islamabad

This project, which runs until the year 2000, will provide secondary education facilities for the newly developed sectors of G-11 /1&2 in Islamabad. It will result in the construction of two four-section secondary schools – one each for boys and girls. Each school will have 20 classrooms, an administration block, a library, a sports room, a hall and three science labs. The project will fund furniture, library books, sports material and equipment. The completion of this project will see the creation of 2,000 new seats at the secondary level (1,000 each for boys and girls) at a total cost of Rs. 78 million.

Girls Primary Education Project (Phase II)

This project, which is aided by the Asian Development Bank and the OECF, has as its goal the qualitative expansion of primary education for girls in all four provinces.

Running from 1996 to 2001, this project will set up 894 Community Model Schools (CMS) in Union Councils. Of these, 796 will be created by adding new facilities to existing

two-room primary schools.

The project will also finance teacher training, interactive radio instructional activities, staff development and consultancy services. It will also provide for the establishment of Quality Improvement Cells, instructional materials, Teachers Resource Rooms, furniture, equipment, vehicles and recurrent costs for Community Model Schools and Quality Improvement Cells.

Completion of this project will benefit 400,000 girls besides creating job opportunities for 4,500 female teachers. The total cost of the project is Rs. 2,736 million, including a foreign aid component of Rs. 2,116 million.

ONGOING PROJECTS

Low Cost Water Supply, Sanitation and Hygiene Education Project (Balochistan) and Integrated Community-Based Rural Water Supply Project (Punjab)

These two projects are currently installing the modified UNICEF-designed Aferidev-II handpumps in Balochistan and Punjab, with the assistance of UNICEF and the Government of the Netherlands. Implementation is being done by the Rural Development Departments and the cost of development is shared with the communities which provide the labour. The officials of the Rural Development Departments provide the technical expertise for installation and are also responsible for mobilizing the communities to cost-share and take over operations and maintenance. The technology used is simple and geared to the skills available. Pumps are locally manufactured and spares are readily available.

Punjab and Balochistan, Sindh, NWFP and AJK Rural Water Supply and Sanitation Project

These Rural Water Supply and Sanitation Projects evolved from a study funded by the World Bank, UNICEF, WHO and CIDA that

prepared strategic plans for providing drinking water and sanitation facilities to rural communities in the four provinces and three special regions of Pakistan. They are funded jointly by the Asian Development Bank and the World Bank.

The first goal of these projects is to strengthen the Public Health Engineering Departments, improve their skills in mobilizing communities, develop public/private partnerships for community management, and select appropriate technologies for use at the community level. The second goal is to rehabilitate existing water works in the rural areas and to develop new water supply and sanitation schemes for community management. There is a very small component in some of the projects that involves the installation of non-mechanized schemes and latrines.

Family Health Project

This project is made up of a variety of provincial level initiatives in each of the four provinces. It has three main objectives: (1) to improve the health status of the population; (2) to increase the effectiveness of the existing health care network; and (3) to build the institutional capacity to realize these objectives. It also has three main

components: (1) strengthening health services at the village and district levels (including improving maternal health services including family planning while integrating and expanding communicable disease control activities); (2) developing staff and increasing the number of female paramedical staff; and (3) developing management and organizational capability.

The project will finance the construction or expansion of training facilities and limited health facility upgrading, furniture, equipment and transport; training costs, technical assistance, as well as incremental recurrent costs, including medicines. The total project cost is financed by the government, the IDA, the British Overseas Development Administration (ODA) and the Save the Children Fund (UK). It is being implemented by the provincial governments with technical support from local NGOs and universities.

Teachers Training Project

Most of these projects are financed by international donor agencies such as the World Bank and UNICEF throughout the country. The goal is to enhance teaching skills and curriculum development. These projects are being executed by the provincial Education departments.

INNOVATIVE PROGRAMS IN THE SOCIAL SECTOR

THE AGA KHAN FIELD-BASED TEACHER DEVELOPMENT PROGRAM

In Pakistan, virtually all programs aimed at improving the quality of education are based in urban areas with outreach to the rural areas. A notable exception is the Aga Khan Field-Based Teacher Training Program, which trains teachers directly in the rural areas. Introduced in 1984, the program has so far trained more than 600 uncertified teachers in the Northern Areas and Chitral District. The trained teachers work both in government schools and schools run by Aga Khan Education Services. Primary and middle schools conveniently located in a particular geographical area are used as training centres from which master trainers fan out to work with teachers from schools in surrounding areas. The entire training program is delivered within walking distance of the teacher's village, making the program highly accessible and cost-effective.

THE AGA KHAN SELF-HELP SCHOOL CONSTRUCTION PROGRAM

This program has helped communities in Northern Pakistan build additional classrooms in existing schools to accommodate the growing number of children attending school. The program provides a subsidy in the form of construction material and technical assistance while the community provides the labour. In the last ten years, more than 450 classrooms have been added, and another 100 are planned or in progress.

THE NGO RESOURCE CENTRE

This initiative is gaining national recognition as an innovative model for developing and supporting indigenous NGOs, reflecting the Aga Khan Foundation's conviction that local initiatives strengthen the fabric of civil society. The centre builds the capacity of NGOs to act as effective intermediaries that mobilize the skills, energies and resources of local organizations to respond to pressing social needs. The NGO Resource Centre is currently working with some 200 NGOs in and around Karachi as well as with scores of groups in the Khairpur District of rural Sindh.

SCHOOL-BASED MANAGEMENT INVOLVING PARENT COMMITTEES IN PRIMARY EDUCATION

Primary education initiatives launched during SAP are providing excellent examples of ways to increase enrollment, school completion and teacher attendance in Balochistan and NWFP. The key seems to be getting parents actively involved in monitoring their children's education and making teachers accountable to parents.

One such example is the Community Support Program in Balochistan, which, in its first three years, has established more than 270 schools educating some 13,000 children. Placing special emphasis on teaching girls, this NGO begins by working with the community to establish a parents' committee and a temporary school, as well as to identify and train a local teacher. If the school succeeds in maintaining enrollment and attendance for three months, the government provides the teacher with a full post and gives

the community a commitment for a permanent school building and supplies. The committee continues to monitor the attendance of teachers and children, enrollment and the quality of education.

The Village Education Program in the Turbat District of Makran, Balochistan focuses on basic education for girls. The program's strategy is to mobilize women in the area to form women's organizations, known as Anjuman-e-Zanana Taleem (AZT). The job of these AZTs is to assess the difficulties anticipated in introducing female education into a particular area, study approaches that have been successful elsewhere, identify and provide the necessary technical and financial resources, plan and manage a community education program, and draw on local and external resources. These groups, which are organized along formal CBO lines and instructed in CBO management, are also trained to undertake educational surveys, create non-formal literacy centres and monitor the operation of these centres.

The Integrated Basic Education Program of NWFP is also NGO-driven and has established some 30 primary schools so far. The process used here is similar, although the NGO continues to pay the teacher's salary.

THE ASIAN DEVELOPMENT BANK TECHNICAL ASSISTANCE TO PHEDS, PUNJAB AND NWFP

In 1994 the Asian Development Bank (ADB) reached an agreement with the Government of Pakistan under SAP to provide technical assistance (TA) to the provinces of NWFP and Punjab to strengthen their Public Health Engineering Departments (PHEDs). This technical assistance worked within government to reorient PHED senior staff, develop training programs based on needs assessment and conduct staff training in seven demonstration districts.

A demonstration project was set up to train community organizations to prepare action plans for long-term programs that would eventually create more than 4,000 community-managed schemes. This project went beyond the pilot testing stage to develop field

methodology relevant to full-scale programming, providing the first opportunity for these provinces to come to grips with the problems of full-scale programming.

The PHED in NWFP put forward a concept paper for clearance to transfer all existing and ongoing schemes to community management. The ADP for 1996/97 allocated Rs. 100 million under the Community Management Program. The TA helped prepare PC-1s in a phased manner to rehabilitate and then transfer water supply schemes to communities to manage operations and maintenance. In contrast to NWFP, Punjab experienced greater resistance to community management and considerable political influence in the recruitment of social organizers and was able to transfer relatively few schemes. This program is currently suffering from fiscal constraints and is inactive, however there is every intention to regenerate it once SAP-II gets underway in NWFP.

MANAGEMENT OF WATER SUPPLY SCHEMES BY REFUGEE COMMUNITIES

After 14 years of supplying water, education, health services and wheat to Afghan refugee camps in Balochistan and NWFP, the United Nations High Commissioner for Refugees (UNHCR) decided to reduce its support. In 1994 it introduced a program of self-reliance which closely approximated SAP policy, with some important differences.

By this time, the refugees had become very dependent on the UNHCR and rival factions and blood feuds in the camps made it difficult to achieve consensus. Most camps were served by deep tubewells and aging distribution systems that were leaky, costly to run and in need of major repair. The refugees, who lived in poverty, were thought to be unable to afford the cost of water supply. All of these factors led many to doubt whether the community management of water supply in the camps was possible.

However, the results of this project exceeded all expectations. Methodology was worked out in the latter half of 1994 and policy was established early in 1995. As a result of

strict adherence to policy and strong support to the communities, all 175 schemes were successfully transferred to the communities or alternatives such as shallow wells and hand pumps were put in place. By early 1996, all water management committees had been trained in management and technical issues and were managing, operating and paying for their water supplies (75 of which were deep tubewells driven by diesel or electric power).

This achievement was not made without great difficulty, however, and there are interesting lessons to be drawn from this experience. Typically, the problems that arose did not come from the communities.

Communities were usually willing to take over responsibility for water schemes after being well oriented to the policy, provided that there was a written agreement between the committee and the UNHCR, as well as ongoing technical/managerial advice and financial assistance for major repairs (above Rs. 20,000).

Most problems actually stemmed from the surrounding institutions (WAPDA, PHED, SAFRON and even the UNHCR itself), particularly from staff whose interests and jobs were threatened by the community takeover. There was often resistance to any form of accountability to the community.

One key lesson learned is that the same policy must be followed in all cases. The one community in which policy was not observed and subsidy was provided, posed the most difficult problems. Most committees, however, found it possible to collect more funds than required. Since water typically costs less than three packages of cigarettes per family per month, water supply (even by deep tubewell) is affordable by the community, even the refugee community.

Corruption (the commission system or rent-seeking) is common, particularly with WAPDA, and needs to be dealt with. The community is best placed to do this, provided that the committee itself is not involved and keeps an open book policy.

Community management restores a dignity that is lost over years of dependency. Once informed, organized and trained, the community is usually willing to shoulder responsibility for water supply schemes. The biggest return is its newfound ability to

manage its own affairs, and provide its members with better services.

The UNHCR community management program is a good example of SAP policy operating in Pakistan today. It has recently won the Canadian International Award for Social Infrastructure Development. This project has afforded the opportunity to test field methods and has taught vital lessons. Although useful insights have been gained right in SAP's backyard, they have unfortunately not been transferred to the rest of SAP. As a result, a valuable opportunity is being lost.

THE PRIME MINISTER'S LADY HEALTH WORKERS PROGRAM

To overcome the gender imbalance in health care personnel, and to improve services to women and children at the grassroots level, the government initiated the Lady Health Workers Program. Its main objective is to provide health and family planning services in basic health facilities and in the home. Currently, 100,000 Lady Health Workers (LHW) are in the process of recruitment and deployment. Nearly 40,000 LHWs are in place right now, including 900 supervisors.

This is a federal program with a parallel vertical management structure to provincial health departments. Under the program, the federal government allocates the number of LHWs to be employed in each province, which are further allocated at the district level.

The district health office advertises these positions through newspapers and applicants are selected at the BHU/RHC level. To qualify, the applicant must be between the ages of 18 and 45 and have completed Class 8 or above. She must belong to the same village area that she will serve. One LHW is supposed to serve approximately 200 households (or 1,000 population).

LHWs undergo a three-month training at their respective BHU/RHC and are paid Rs. 1,200 per month as an all-inclusive salary. Supervision is provided by one supervisor per 30 LHWs and a district program coordinator based in the district health office.

The main problems faced by program managers include a lack of staff, logistics at the PIUs, delays in the availability of medicines and supplies, and politically influenced transfers of LHWs. The PIU's are provided with ample transport facilities (vehicles) but no drivers. The supervisors are expected to visit, on the average, 30 LHWs in their catchment areas twice a month.

The procurement of medicine and contraceptives is managed at the federal level. As a result, medicines are often received three to six months late. For example, medicine used for malaria and oral rehydration is normally received in December and not in the early spring/summer when it is required. Most of the time, contraceptives are not available even though family planning is a core purpose of the LHW program. Households have complained about the poor quality of medicine provided.

THE PARTICIPATORY DEVELOPMENT PROGRAM (PDP)

During SAP-I, the government launched a pilot community development program to deliver social sector services through partnerships that included the government, the private sector (represented by NGOs) and the beneficiary communities. The objective was to involve communities in identifying their needs, sharing decisions and managing service delivery.

The pilot program is two years old and so far, 28 NGOs (and 30 projects) from across the country have been selected and funded under the program. The PDP funds projects in all three main sectors. Projects are distributed as follows: education – 60%, water – 30%; and health – 40%. (Percentages add to more 100% because some projects cover more than one sector.)

The 30 projects were selected from nearly 200 proposals. Difficulties in selection were encountered – it took two years for the first batch of proposals to be selected and funded. No selection criteria or procedures were published. Although private sector firms were invited to submit proposals, and several did so in the second round, all were rejected,

ostensibly because they were from the private sector.

The government bureaucracy has had very little experience with NGOs. They are commonly regarded by officers in line departments with suspicion, and as a source of competition, rather than as a resource. It is not surprising, then, that it is difficult to develop partnerships between NGOs and government. This is exacerbated by the recent explosion in the number of small NGOs, many of which have only been set up as a way to provide a source of income to their founders.

The government tends to misunderstand the way NGOs operate in the rural areas. For example, the government still finds it necessary to deal with NGOs as it does with contractors. In the PDP, for example, the funding for two-year projects is simply divided by eight and advanced on a quarterly basis with no appreciation of cash flow requirements, which are normally much greater at the beginning of construction projects.

The PDP has wisely responded to monitoring requirements by setting up a monitoring capability through a private sector firm which is introducing a self-monitoring capability into the NGOs. However, this falls far short of the required capacity-building in the NGOs and CBOs.

Other issues include the diversion of goals and sustainability. The funding given to NGOs (which averaged Rs. 5.5 million each) often exceeds amounts they have previously managed. Badly in need of funds, smaller NGOs tend to orient their programs to respond to what they perceive are donor needs.

Having succeeded at small-scale projects, many NGOs have trouble dealing with larger projects and become diverted from their principal mission. Most international donors are sensitive and able to tailor their funding to the needs and capacities of NGOs. PDP also needs to develop this sensitivity and in-house capacity. PDP funds are usually provided for two years with no guarantee of funding for the two subsequent years. NGOs tend to become heavily dependent on large funding (relative to their capacity). When the funding stops, so do their programs.

The main difficulty facing an expanded PDP

is the limited capacity of most NGOs to manage large projects. This is not to say that the proposed funding should be reduced. Rather, greater attention and resources should be focused on building capacity within NGOs. It will require a large investment in funding, human resources, and time to boost the ability of NGOs to make a substantial contribution to the social sector. Unfortunately, the government lacks the experience and expertise needed to build this NGO capacity.

PDP funding does not explicitly differentiate between NGOs, Area-NGOs and CBOs. These have distinctly different objectives, programs, and ways of operating. Ultimately, the community-based organization (not the NGO) is responsible for direct interaction with the beneficiary community and is intimately tied to the success of the PDP. However, while it is essential that CBOs be strengthened, this component is missing from the PDP. The success of the PDP will depend upon the ability of the government and NGOs to strengthen communities and then withdraw so that CBOs can proceed to manage their own programs independently.

SCHOOL MANAGEMENT COMMITTEES IN PUNJAB

In 1995 the government of Punjab advertised the establishment of school management committees in four districts of the province on a pilot project basis. These school management committees (SMCs) were to be directed by a primary school head master with the authority to receive allocations for building, furniture repair and maintenance. The basic objectives were to decentralize the management of the O&M function and to authorize local purchases. The funds, which could be used by the committees at their discretion, neither lapsed at year end nor were subject to audit. Each school receives up to Rs. 25,000 per year. According to the finance and planning department, the result has been a more effective utilization of funds, a substantial reduction in corruption and very little diversion of funds to other uses. Next year, the program will be extended to the entire province on a voluntary basis.

COMPUTING INDICES OF SOCIAL DEVELOPMENT

HUMAN DEVELOPMENT INDEX

As in the Human Development Report of the UNDP the national Human Development Index (HDI) is based on three indicators: education attainment, as measured by a combination of adult literacy and combined primary, secondary and tertiary enrollment ratios; and standard of living, as measured by real GDP per capita (adjusted by poverty line); and longevity as measured by the life expectancy and infant mortality rate.

The Knowledge Index

The two variables – adult literacy and enrollment – have been combined to produce a measure of educational attainment by assigning weights to the two components.

$E = a_1 \text{ LITERACY} + a_2 \text{ ENROLLMENT}$
Where $a_1 = 2/3$, $a_2 = 1/3$

The Income Index

As in the case of the UNDP Report, HDI is based on the premise of diminishing returns from income for human development. An explicit formulation for the diminishing return is the well-known, and frequently used, "Atkinson formulation" for the utility of income.

$$W(Y) = 1 / (1 - E) * Y^{(1-E)}$$

{ E is the elasticity of the marginal utility of income w.r.t. income }

If $E=0$ there is no diminishing return and as E approaches to 1, the equation becomes

$$W(Y) = \log(Y)$$

The modification adopted in HDI is to let the value of E rise slowly as income rises.

For this purpose, the full range of income was divided into multiples of the poverty lines Y^* .

For all years for which $Y < Y^*$, E is set equal to 0. For income between Y^* and $2Y^*$, E is set equal to 1/2. For income between $2Y^*$ and $3Y^*$, E is set equal to 2/3. In general, if $aY^* < Y < (a+1)Y^*$ then $E = a/(a+1)$.

This gives:

$$\begin{aligned} W(Y) &= Y && \text{for } 0 < Y < Y^* \\ &= Y^* + 2(Y - Y^*)^{1/2} && \text{for } Y^* < Y < 2Y^* \\ &= Y^* + 2(Y^*)^{1/2} + 3(Y - 2Y^*)^{1/3} && \text{for } 2Y^* < Y < 3Y^* \end{aligned}$$

and so on.

Poverty line of 1980-81, $Y^* = 786.87$ rupees per year, is used.

The Health Index

Two variables – the infant mortality rate which indicates the survival rate, and life expectancy at birth – have been used to calculate a Health Index. Taking 1959-60 as the base year, the indices have been added as follows

Health Index = a_1 Life Expectancy Index + a_2 Survival Index

Where $a_1 = 2/3$, $a_2 = 1/3$

HDI is the simple average of the above three indices.

Provincial HDI

To capture provincial variations in HDI, fixed minimum and maximum values have been established for each of these indicators as follows:

- Life expectancy at birth: 25 years and 85 years.
- Adult literacy rate: 0% and 100%.
- Combined gross enrolment ratio: 0% and 100%.

- Real GDP per capita: Rs. 50 and Rs.10000

For any component of the provincial HDI, individual indices can be computed according to the general formula:

$$\text{Index} = \frac{\text{actual } X_i \text{ value} - \text{minimum } X_i \text{ value}}{\text{maximum } X_i \text{ value} - \text{minimum } X_i \text{ value}}$$

The knowledge, income and health indices are then computed in the same manner as in the national HDI.

HUMAN DEPRIVATION MEASURE

The Human Deprivation Measure essentially captures lack of access to safe water, to literacy by adults, to enrollment in primary school and to adequate incomes needed to meet basic human needs. It is designed to measure the extent of the deprived population in each province. The methodology essentially replicates that used in the *Human Development in South Asia* Report as follows:

Education Deprivation:

This index measures the number of people deprived of education and is calculated simply by adding the number of illiterate to the number of children out of school.

Income Deprivation:

This requires establishment of a minimum income threshold, below which the basic necessities of life cannot be financed. For this purpose the income poverty line using the Purchasing Power Parity (PPP) Approach (at 1993 level) has been estimated at Rs. 155 per day. The HIES has been used to determine the extent of population below this level in each province.

Health Deprivation:

Lack of access to safe drinking water has been used to arrive at an estimate of those deprived of proper health service.

Human Deprivation Index:

Using the Atkinson formula which measures the total effect of various deprivations, the HDM index is calculated as follows:

$$X_a = (p_1 X_1^{1-e} + p_2 X_2^{1-e} + p_3 X_3^{1-e})^{1/1-e}$$

where X_a is the average required, X_1 , X_2 and X_3 are the three deprivations which are given equal weights of 0.33, each represented by p_1 , p_2 and p_3 and $e = 3$.

GENDER DEVELOPMENT INDEX

Using the same methodology as the Human Development Report of the UNDP, the Gender Development Index (GDI) has been constructed using the same variables as the HDI. These have, however, been adjusted for disparities between women and men. The adjustment has been made using a weighting formula that expresses a moderate aversion to inequality, setting the weighting parameter, ϵ , equal to 2. This is the harmonic mean of the male and female values.

Provincial knowledge, income and health indices have been estimated separately for male and female as described earlier. These have then been adjusted as follows:

Equally distributed health index=

$$\left\{ \left[\frac{\text{female population share}}{\text{female life expectancy index}} \right] + \left[\frac{\text{male population share}}{\text{male life expectancy index}} \right] \right\}^{-1}$$

Equally distributed knowledge index=

$$\left\{ \left[\frac{\text{female population share}}{\text{educational attainment index}} \right] + \left[\frac{\text{male population share}}{\text{educational attainment index}} \right] \right\}^{-1}$$

Equally distributed income index=

$$\left\{ \left[\frac{\text{female population share}}{\text{female proportional income share}} \right] + \left[\frac{\text{male population share}}{\text{male proportional income share}} \right] \right\}^{-1}$$

where: female (male) proportional income share = female (male) share of earned income ÷ female (male) population share.



SELECTED SOCIAL DEVELOPMENT INDICATORS

EDUCATION

1

	Literacy rate			Mean years of schooling			Combined enrollment ratio			Enrollment ratio (primary)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB												
1975	31.6	12.6	22.9	1.8	0.4	1.2	29.6	14.8	22.7	57.8	32.9	46.0
1980	36.4	16.4	27.0	2.5	0.6	1.6	26.7	14.8	21.1	54.5	34.1	44.8
1985	40.8	18.2	30.0	2.8	0.8	1.8	27.2	16.6	22.2	53.0	37.9	45.8
1990	45.2	20.8	33.3	3.2	0.9	2.1	34.5	22.3	28.6	68.1	48.3	58.5
1995	50.0	24.9	37.8	3.4	1.1	2.3	35.4	27.0	31.4	69.4	58.1	64.0
SINDH												
1975	39.3	20.0	30.6	3.2	1.1	2.2	31.6	14.2	23.6	65.8	25.1	46.3
1980	39.7	21.5	31.4	3.7	1.0	2.5	30.9	15.2	23.6	63.9	26.6	45.7
1985	43.2	22.4	33.4	3.8	1.1	2.5	31.2	15.8	23.9	61.7	28.7	45.9
1990	46.5	23.7	35.7	3.9	1.3	2.7	32.3	15.0	24.0	60.7	26.2	44.2
1995	51.6	25.8	39.4	4.2	1.6	3.0	37.1	21.0	29.4	74.1	42.3	58.7
NWFP												
1975	24.1	5.3	15.3	1.7	0.2	1.0	33.0	6.5	20.5	68.9	13.6	42.2
1980	25.7	6.4	16.6	2.3	0.3	1.4	25.9	5.8	16.5	53.1	12.5	33.5
1985	30.5	7.1	19.2	2.5	0.4	1.5	33.4	8.2	21.5	70.1	19.5	46.4
1990	38.1	8.6	23.7	2.6	0.3	1.5	42.5	12.6	28.4	86.2	29.2	59.7
1995	47.3	12.0	30.1	2.6	0.4	1.5	47.6	17.6	33.3	93.7	39.2	68.1
BALUCHISTAN												
1975	15.0	4.2	10.2	0.8	0.1	0.5	15.0	4.5	10.3	33.6	9.0	21.7
1980	15.2	4.3	10.3	1.9	0.4	1.2	13.6	4.0	9.4	31.5	7.5	19.8
1985	17.9	4.9	11.9	2.1	0.4	1.3	20.3	5.8	13.6	41.8	11.1	27.2
1990	21.0	5.7	13.9	2.0	0.3	1.2	28.9	7.0	18.7	63.0	13.4	38.3
1995	25.3	6.6	16.5	1.8	0.2	1.0	32.9	9.2	21.6	64.2	19.8	41.3
PAKISTAN												
1975	31.8	13.0	23.2	2.1	0.5	1.3	29.9	13.1	22.1	60.1	27.1	44.4
1980	34.8	15.7	25.9	2.7	0.7	1.8	26.8	13.1	20.4	55.1	27.6	41.9
1985	38.9	17.0	28.4	3.0	0.8	1.9	28.6	14.8	22.1	56.8	31.6	44.8
1990	43.4	19.1	31.7	3.2	0.9	2.1	34.7	18.5	27.0	68.4	38.4	54.0
1995	48.7	22.5	36.1	3.4	1.1	2.3	37.4	23.4	30.6	73.6	49.3	61.9

NOTES:

1. After 1981, the number of literate people is estimated by taking number of literates given in the Census Report 1981 as stock and subsequently adding enrollment of Grade 5 in to the stock
2. Primary school enrollment is adjusted also to include the enrollment in private schools
3. In the tables related to education sector, figures for Pakistan represent four provinces combined only

DEFINITIONS:

- **Literacy rate:** The Number of literate persons as a percentage of population aged 10 and above
- **Mean years of schooling:** Average number of years of schooling received per persons aged 25 and above
- **Combined enrollment ratio:** The number of students enrolled in all levels as a percentage of the population aged 5 to 25
- **Enrollment ratio (primary):** The number of students enrolled in primary level classes (I to V) as a percentage of the population aged 5 to 9

SOURCES:

1. Development Statistics of Provincial Governments
2. Education Statistics of Provincial Governments (various issues)
3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues)
4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues)
5. National Education Management Information System
6. GOP, Pakistan labour Force Surveys, Federal Bureau of Statistics (various issues)
7. GOP, Men and Women in Pakistan, Federal Bureau of Statistics (1992)
8. GOP, Census Report of Pakistan, Population Census Organization (various issues)

EDUCATION

2

	Pupil-teacher ratio (primary)			Percentage of cohort reaching Grade 2			Percentage of cohort reaching Grade 5			Availability of primary schools		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
PUNJAB												
1975	43.4	39.6	42.0	76.2	56.0	67.9	—	—	—	176	258	207
1980	41.5	41.1	41.3	80.8	55.6	69.8	54.5	36.1	47.0	177	251	206
1985	32.4	43.3	36.0	80.7	52.5	67.7	60.8	33.9	48.7	139	269	180
1990	39.2	47.6	42.2	86.7	55.4	72.1	68.9	40.3	55.6	150	225	179
1995	33.7	44.4	37.7	71.9	51.3	61.9	64.9	44.0	55.0	156	228	184
SINDH												
1975	34.9	22.2	30.4	66.9	73.7	68.5	—	—	—	136	658	219
1980	38.8	27.0	34.5	69.6	75.3	71.0	41.4	59.5	45.7	154	802	255
1985	40.2	30.1	36.5	68.4	76.9	70.7	40.1	50.9	42.9	132	633	214
1990	43.0	27.7	37.2	69.3	79.8	72.2	44.1	49.6	45.6	91	565	152
1995	27.7	41.0	31.2	64.3	69.3	65.8	50.9	60.1	53.5	70	364	115
NWFP												
1975	52.5	31.8	47.6	77.2	66.2	75.4	—	—	—	197	511	280
1980	52.2	33.3	47.4	57.5	60.3	58.0	35.8	35.4	35.7	209	547	297
1985	50.9	43.7	49.3	44.8	42.3	44.3	34.4	26.8	32.8	216	532	299
1990	44.5	38.6	43.0	48.5	37.6	45.9	32.9	26.5	31.6	125	362	180
1995	38.8	40.8	39.3	41.8	40.6	41.5	33.2	29.2	32.1	89	295	133
BALUCHISTAN												
1975	35.2	35.5	35.2	46.5	41.6	45.5	—	—	—	146	606	231
1980	38.3	49.4	40.0	48.3	52.0	49.0	26.7	22.5	25.8	192	837	308
1985	40.4	69.3	43.9	52.0	49.8	51.5	29.3	32.3	29.8	128	924	216
1990	27.3	32.8	28.1	39.7	36.6	39.0	24.8	25.8	24.9	109	980	184
1995	23.5	29.4	24.5	30.3	32.4	30.7	20.4	22.0	20.7	98	533	160
PAKISTAN												
1975	41.7	33.3	38.9	72.7	59.3	68.3	—	—	—	165	340	219
1980	41.8	36.2	39.8	71.8	59.6	67.6	46.7	40.0	44.5	176	352	232
1985	36.9	39.9	37.9	67.8	55.9	63.6	48.3	36.5	44.1	144	358	201
1990	39.8	41.3	40.3	69.6	56.3	64.7	51.1	40.1	47.1	124	297	172
1995	32.1	42.7	35.5	59.8	52.2	56.8	50.3	43.5	47.8	109	270	152

NOTE: The percentage of cohort reaching Grade 2 and 5 are five-year averages except for the figures for the year 1975 which are averages of 1974 and 1975

DEFINITIONS:

- **Pupil-teacher ratio (primary):** The number of pupils enrolled in primary level classes (1 to V) divided by the number of teachers in primary schools
- **Percentage of cohort reaching Grade 2:** The percentage of children starting primary school who reach Grade 2
- **Percentage of cohort reaching Grade 5:** The percentage of children starting primary school who reach Grade 5
- **Availability of primary schools:** The population aged 5 to 9 divided by the number of primary schools

SOURCES:

1. Development Statistics of Provincial Governments
2. Education Statistics of Provincial Governments (various issues)
3. Pakistan School Statistics, Central Bureau of Education, Government of Pakistan (various issues)
4. Pakistan Education Statistics, Central Bureau of Education, Government of Pakistan (various issues)
5. National Education Management Information System

EDUCATION													3	
	Availability of primary school teachers			Ratio of boys to girls (Primary)	Percentage of female teachers (Primary)	Enrollment ratio (secondary)			Pupil-teacher ratio (secondary)			Ratio of boys to girls (Secondary)	Percentage of female teachers (Secondary)	
	Male	Female	Total			Male	Female	Total	Male	Female	Total			
PUNJAB														
1975	75	120	91	1.9	36.0	29.6	10.0	20.8	28.5	8.5	18.9	3.6	48.0	
1980	76	120	92	1.7	36.6	26.2	9.9	18.7	24.9	8.2	16.6	3.1	49.5	
1985	61	114	78	1.6	32.6	28.1	12.1	20.7	26.7	8.6	17.0	2.7	53.5	
1990	57	98	72	1.5	35.7	34.7	18.5	27.2	15.4	14.2	15.0	2.2	33.3	
1995	49	76	59	1.3	37.2	36.5	23.1	30.2	14.6	16.6	15.3	1.8	33.2	
SINDH														
1975	53	88	66	2.9	35.6	22.2	14.4	18.8	21.2	14.3	18.2	1.9	43.3	
1980	61	101	75	2.5	36.3	24.4	15.4	20.3	24.2	17.2	21.2	1.9	42.7	
1985	65	105	80	2.3	36.6	29.5	17.5	24.0	30.3	19.4	25.6	2.0	43.5	
1990	71	106	84	2.5	38.1	30.5	17.6	24.5	27.1	17.7	23.1	2.0	42.8	
1995	37	97	53	1.9	26.6	25.0	15.5	20.6	24.8	19.5	22.6	1.9	40.4	
NWFP														
1975	76	233	113	5.4	23.4	23.1	3.8	14.4	16.8	16.1	16.8	7.5	12.2	
1980	98	267	141	4.6	25.5	20.9	3.4	13.0	14.6	9.1	13.6	7.5	17.6	
1985	73	225	106	4.1	22.1	22.7	4.0	14.3	14.0	10.3	13.4	7.0	16.2	
1990	52	132	72	3.4	25.3	31.7	6.7	20.6	15.8	13.2	15.4	5.9	16.8	
1995	41	104	58	2.7	26.0	40.2	12.0	27.5	18.8	17.9	18.6	4.1	20.7	
BALUCHISTAN														
1975	105	394	163	3.9	20.1	8.8	2.5	6.1	7.0	6.7	6.9	4.8	17.6	
1980	122	656	202	4.4	15.1	7.4	2.6	5.4	6.7	5.7	6.5	3.9	23.5	
1985	97	626	161	4.2	12.2	11.3	4.1	8.2	5.9	6.2	6.0	3.5	21.5	
1990	47	232	73	4.9	14.4	13.8	4.5	9.7	5.7	6.8	5.9	3.9	17.8	
1995	38	159	59	3.7	17.8	22.7	5.2	14.7	8.6	8.8	8.7	5.2	15.9	
PAKISTAN														
1975	69	123	88	2.4	34.1	26.1	9.7	18.8	23.8	10.0	18.0	3.3	41.7	
1980	76	131	95	2.2	34.9	23.9	9.8	17.5	21.7	10.0	16.7	2.9	42.8	
1985	65	126	84	2.0	31.7	26.8	11.8	19.9	23.1	10.6	17.5	2.7	45.0	
1990	58	108	75	1.9	33.4	32.1	15.9	24.7	16.3	14.7	15.8	2.4	31.9	
1995	44	87	57	1.6	31.7	33.6	18.9	26.8	16.0	17.0	16.3	2.0	31.6	

DEFINITIONS:

- **Availability of primary school teachers:** The population aged 5 to 9 divided by the number of primary school teachers
- **Ratio of boys to girls (primary):** The ratio of male students to female students enrolled in primary level classes (I to V)
- **Percentage of female teachers (primary):** The number of female teachers as a percentage of total teachers in primary schools
- **Enrollment ratio (secondary):** The number of students enrolled in secondary level classes (VI to X) as a percentage of the population aged 10 to 14
- **Pupil-teacher ratio (secondary):** The number of pupils enrolled in secondary level classes (VI to X) divided by the number of teachers in secondary schools
- **Ratio of boys to girls (secondary):** The ratio of male students to female students enrolled in secondary level classes (VI to X)
- **Percentage of female teachers (secondary):** The number of female teachers as a percentage of total teachers in secondary schools

SOURCES:

1. Development Statistics of Provincial Governments
2. Education Statistics of Provincial Governments (various issues)
3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues)
4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues)
5. National Education Management Information System

EDUCATION

4

	Percentage of cohort reaching						Availability of secondary schools			Availability of secondary school teachers		
	Grade 6			Grade 10			Male	Female	Total	Male	Female	Total
	Male	Female	Total	Male	Female	Total						
PUNJAB												
1975	88.4	68.7	83.2	—	—	—	906	1705	1147	96	85	91
1980	89.4	62.8	81.5	42.8	47.5	43.8	947	1749	1200	95	83	89
1985	91.6	73.4	85.9	37.9	42.1	38.9	866	1561	1091	95	71	82
1990	94.2	84.5	91.0	47.3	54.1	49.1	725	990	828	44	77	55
1995	89.0	83.1	86.8	51.3	54.5	52.3	701	989	812	40	72	51
SINDH												
1975	54.7	93.8	64.1	—	—	—	938	2056	1234	95	99	97
1980	60.8	82.4	67.1	71.0	64.2	68.5	1059	2474	1432	99	111	104
1985	79.4	93.1	83.6	71.3	60.5	67.4	1010	2587	1396	103	111	107
1990	83.5	94.5	86.9	58.9	54.8	57.5	932	1847	1207	89	101	94
1995	66.5	78.8	70.2	51.9	52.6	52.2	1059	2019	1356	99	126	110
NWFP												
1975	69.5	58.1	67.9	—	—	—	857	3447	1294	73	430	116
1980	74.5	52.0	70.5	54.5	51.0	54.1	949	3605	1425	70	271	105
1985	80.8	65.5	78.3	45.5	41.9	45.0	868	3258	1294	62	259	94
1990	83.0	73.0	81.3	54.9	49.8	54.2	753	2619	1101	50	198	75
1995	81.9	74.9	80.3	58.5	53.0	57.6	643	1804	907	47	148	68
BALUCHISTAN												
1975	76.5	66.9	74.7	—	—	—	800	2567	1128	79	272	113
1980	77.7	70.2	76.3	44.0	58.9	46.5	847	3109	1224	90	216	120
1985	70.7	75.0	71.6	45.5	53.6	46.9	634	2326	931	52	149	73
1990	84.7	95.4	86.8	43.6	48.4	44.6	523	2180	787	42	152	61
1995	81.5	83.2	81.8	57.9	41.7	54.5	592	2700	919	38	169	59
PAKISTAN												
1975	77.7	73.9	76.8	—	—	—	900	1940	1183	91	102	96
1980	80.2	67.3	76.5	49.0	52.7	49.9	963	2082	1276	91	102	96
1985	86.6	78.3	84.2	45.4	48.2	46.1	878	1891	1164	86	89	88
1990	89.8	86.2	88.7	50.8	54.0	51.7	750	1268	924	51	92	64
1995	82.7	81.4	82.2	52.6	53.7	52.9	742	1254	916	48	89	61

NOTE: Percentage of cohort reaching grade 6 and 10 are five-year averages except for the figures for the year 1975, which are averages of 1974 and 1975

DEFINITIONS:

- **Percentage of cohort reaching Grade 6:** The percentage of children finishing primary school who reach Grade 6
- **Percentage of cohort reaching Grade 10:** The percentage of children enrolled in Grade 6 who reach Grade 10
- **Availability of secondary schools:** The population aged 10 to 14 divided by the number of secondary schools
- **Availability of secondary school teachers:** The population aged 10 to 14 divided by the number of secondary school teachers

SOURCES:

1. Development Statistics of Provincial Governments
2. Education Statistics of Provincial Governments (various issues)
3. GOP, Pakistan School Statistics, Central Bureau of Education (various issues)
4. GOP, Pakistan Education Statistics, Central Bureau of Education (various issues)
5. National Education Management Information System

HEALTH

5

	Population (in thousand) per						Access to drinking water			Access to sanitation		
	Hospital bed	Doctor (Total)	Doctor (Female)	Nurse	Para-medics	Rural health facility	Urban	Rural	Total	Urban	Rural	Total
	PUNJAB											
1975	2.6	14.0	57.9	34.6	14.1	267	69.3	43.0	48.9	68.8	4.8	19.3
1980	2.6	9.4	41.1	32.3	6.9	172			62.0			
1985	2.4	4.1	18.5	22.3	3.8	93						
1990	2.1	2.9	12.3	15.1	3.0	64	93.6	81.4	84.7	77.5	14.7	24.8
1995	2.0	2.5	9.8	14.4	2.8	66	94.0	92.0	92.0	82.0	25.0	40.0
SINDH												
1975	3.1	7.8	25.4	26.3	11.7	338	38.7	15.5	25.2	83.0	22.6	47.7
1980	1.7	5.0	16.8	33.4	6.8	203			35.7			
1985	2.5	1.9	6.3	24.6	7.7	180						
1990	1.9	1.2	4.1	13.2	5.3	97	79.1	32.8	60.1	92.9	34.0	55.8
1995	1.9	1.0	3.4	12.9	2.9	76	84.0	67.0	76.0	94.0	47.0	69.0
NWFP												
1975	1.5	8.6	54.3	203.9	4.4	436	30.2	2.8	7.5	76.7	42.4	48.2
1980	1.6	6.2	39.1	18.4	2.3	249			10.8			
1985	1.5	3.6	21.5	6.2	1.9	73						
1990	1.5	2.6	14.1	6.7	2.1	64	61.4	22.8	28.1	87.2	54.9	57.9
1995	1.6	2.3	10.5	5.3	2.1	65	70.0	38.0	44.0	91.0	41.0	50.0
BALUCHISTAN												
1975	2.1	17.2	56.3	61.0	3.3	223	29.8	1.3	5.4	66.7	10.8	19.0
1980	1.8	11.1	46.5	7.9	3.6	249			6.8			
1985	1.6	4.8	25.1	5.6	2.7	126						
1990	1.6	3.7	17.6	4.7	1.6	41	69.5	6.8	21.8	87.1	23.6	28.6
1995	1.7	3.1	13.5	4.6	1.6	40	77.0	23.0	33.0	83.0	30.0	40.0
PAKISTAN												
1975	2.5	11.1	44.4	36.7	9.5	294	54.4	31.1	37.2	74.5	12.7	29.1
1980	2.1	7.4	30.7	25.8	5.2	191	65.6	39.6	46.9			
1985	2.2	3.2	13.1	15.0	3.7	99						
1990	1.9	2.2	8.6	11.4	3.0	66	85.6	62.2	69.4	83.8	23.7	35.0
1995	1.9	1.9	6.9	10.5	2.6	64	90.0	76.0	81.0	88.0	31.0	48.0

NOTES:

1. Number of rural health facilities = [No. of RHCs+(No. of BHUs/5)]
2. Figures on access to water and sanitation are for the years 1973, 1989 and 1996 instead of 1975, 1990 and 1995 respectively
3. Number of nurses and paramedics represent provincial governments only

DEFINITIONS:

- **Access to drinking water:** The percentage of households with access to piped water or with a handpump/motorpump inside the house
- **Access to sanitation:** The percentage of households having latrine (flush or without flush) inside the house

SOURCES:

1. Development Statistics of Provincial Governments (various issues)
2. Health Statistics of Provincial Governments
3. Budget Documents of Provincial Governments
4. Pakistan Medical and Dental Council, Islamabad
5. GOP, Housing Economic and Demographic Survey 1973, Federal Bureau of Statistics
6. GOP, Housing Census Report of Pakistan 1980, Population Census Organization
7. GOP, Survey of Housing and Housing Facilities in Pakistan 1989, Federal Bureau of Statistics
8. GOP, Pakistan Integrated Household Survey 1995/96, Federal Bureau of Statistics

DEMOGRAPHIC PROFILE

6

	Crude death rate			Crude birth rate			Infant mortality rate			Natural growth rate			Life expectancy
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	
PUNJAB													
1976-79	9.5	11.7	11.1	41.4	42.5	42.2	80	107	100	3.2	3.1	3.1	
1984-86	8.6	12.5	11.0	39.8	44.6	42.7	88	131	120	3.1	3.2	3.2	57.6
1987-89	8.3	11.5	10.6	37.6	43.0	41.4	93	119	105	2.9	3.2	3.1	57.8
1990-92	7.9	11.2	10.2	33.5	41.2	38.9	83	129	110	2.6	3.0	2.9	58.0
SINDH													
1976-79	6.1	11.5	9.2	33.7	43.9	39.5	57	83	74	2.8	3.2	3.0	
1984-86	8.5	13.0	10.6	40.2	45.3	42.5	86	138	114	3.2	3.2	3.2	55.1
1987-89	7.8	13.7	10.8	35.4	43.3	39.4	76	145	113	2.8	3.0	2.9	54.4
1990-92	7.1	13.2	10.1	34.7	44.0	39.3	68	138	98	2.8	3.1	2.9	55.4
NWFP													
1976-79	9.0	11.1	10.7	41.0	43.6	43.2	100	111	109	3.2	3.3	3.2	
1984-86	10.1	9.8	9.7	38.8	46.3	44.2	146	83	93	2.9	3.7	3.4	58.7
1987-89	7.3	9.7	9.3	38.1	46.9	45.5	67	80	76	3.1	3.7	3.6	59.3
1990-92	7.5	10.1	9.7	34.0	44.7	43.1	74	94	90	2.6	3.5	3.3	59.6
BALUCHISTAN													
1976-79	6.4	7.2	7.1	33.1	36.9	36.3	44	69	66	2.7	3.0	2.9	
1984-86	8.4	13.8	12.1	45.4	45.6	45.9	101	166	155	3.7	3.2	3.4	50.4
1987-89	8.7	11.4	11.0	44.4	44.3	44.4	104	117	114	3.6	3.3	3.3	51.0
1990-92	7.9	12.0	11.5	35.5	45.6	44.1	88	128	117	2.8	3.4	3.3	51.5
PAKISTAN													
1976-79	8.2	11.4	10.5	38.4	42.7	41.5	74	101	94	3.0	3.1	3.1	
1984-86	8.7	12.2	10.8	40.1	45.1	43.0	92	126	116	3.1	3.3	3.2	56.9
1987-89	8.1	11.6	10.5	37.0	43.7	41.6	85	117	106	2.9	3.2	3.1	57.1
1990-92	7.6	11.4	10.2	34.0	42.5	39.8	77	125	105	2.6	3.1	3.0	57.3

DEFINITIONS:

- **Crude birth rate:** The number of live births per thousand population in a year
- **Crude death rate:** The number of deaths per thousand population in a year
- **Infant mortality rate:** The number of deaths of children under 1 per thousand live births in a year
- **Natural growth rate:** [Crude birth rate]-[Crude death rate]
- **Life expectancy:** The number of years a newborn infant would live if prevailing patterns of mortality at the time of birth were to stay the same throughout the child's life

SOURCES:

GOP, Pakistan Demographic Survey, Federal Bureau of Statistics (various issues)

DEMOGRAPHIC PROFILE

7

	Percentage of live births in medical institutions			Fertility rate			Sex ratio			Dependency ratio			Contraceptive prevalence rate
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	
PUNJAB													
1976	4.9	0.7	1.8	7.3	7.1	7.1	111	107	108	96	98	98	—
1979	4.6	0.6	1.6	7.4	7.3	7.3	110	107	108	96	100	99	9.3
1985			8.2	6.3	8.0	7.2	107	104	105	94	101	98	—
1990	18.2	4.7	8.2	5.2	6.6	6.1	106	103	104	89	98	95	13.0 ^a
1992	22.5	6.1	10.2	4.7	6.1	5.7	105	101	102	85	97	93	20.0 ^b
SINDH													
1976	33.6	0.6	12.4	5.4	7.3	6.4	112	116	114	87	97	93	—
1979	32.4	0.2	11.2	5.1	7.3	6.3	112	117	115	84	98	92	9.6
1985			19.1	5.9	7.5	6.6	107	114	110	91	103	96	—
1990	41.4	4.1	20.7	5.2	6.9	6.0	109	109	109	87	103	95	12.0 ^a
1992	46.3	10.1	26.3	4.8	6.7	5.6	108	107	107	86	105	95	15.0 ^b
NWFP													
1976	4.6	0.2	0.9	6.6	6.9	6.8	108	101	102	94	108	106	—
1979	4.5	0.6	1.3	7.3	6.7	6.7	109	100	101	100	115	112	9.4
1985			3.8	7.0	8.4	7.8	107	102	104	99	110	105	—
1990	19.5	3.7	5.6	5.0	6.9	6.6	107	102	103	90	113	109	9.0 ^a
1992	21.0	5.4	7.2	4.6	6.7	6.4	105	99	100	86	114	109	15.0 ^b
BALUCHISTAN													
1976	19.8	0.8	2.9	5.9	7.3	7.1	106	108	108	86	91	90	—
1979	17.9	0.6	4.1	7.6	4.9	5.2	101	115	113	92	95	94	4.3
1985			2.6	6.6	6.5	6.6	114	109	111	105	109	107	—
1990	26.2	6.7	9.0	5.2	7.6	7.3	110	105	106	103	115	113	2.0 ^a
1992	22.6	4.4	6.3	5.1	8.0	7.5	109	109	109	100	110	108	4.0 ^b
PAKISTAN													
1976	13.7	0.6	4.1	6.6	7.1	6.9	111	108	109	93	99	97	5.2
1979	13.0	0.5	3.8	6.6	7.1	6.9	110	108	109	92	101	98	—
1985	19.8	2.5	10.1	6.2	7.8	7.1	108	106	107	94	103	100	9.1
1990	26.8	4.6	10.6	5.2	6.7	6.2	107	104	105	89	102	98	12.0 ^a
1992	31.1	6.6	13.1	4.7	6.4	5.8	106	102	103	85	102	96	18.0 ^b

a: 1990-91

b: 1994-95

DEFINITIONS:

- **Fertility rate:** The average number of children that would be born to a woman if she were to live to the end of her childbearing age and bear children at each age in accordance with prevailing age-specific fertility rates
- **Sex ratio:** The number of males per hundred females
- **Dependency ratio:** The ratio of the dependent population (those under 15 and over 64) to the working-age population (aged 15 to 64)
- **Contraceptive prevalence rate:** The percentage of currently married women aged 15-49 years who are currently using a family planning method

SOURCES:

GOP, Pakistan Demographic Survey, Federal Bureau of Statistics (various issues)

LABOUR FORCE AND EMPLOYMENT

8

	Labour force participation rate									Percentage of labour force in		
	Urban			Rural			Total			Agriculture	Industry	Services
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Urban		
PUNJAB												
1975	39.8	71.6	4.0	46.1	78.8	9.0	44.6	77.0	7.6	7.4	35.2	57.4
1979	40.0	71.6	5.6	47.9	79.0	14.4	46.0	77.2	12.2	6.4	35.6	58.0
1985	40.0	72.1	4.6	45.7	78.2	11.3	44.1	76.5	9.4	8.6	34.5	56.9
1991	40.1	67.3	10.8	46.1	73.6	17.6	44.3	71.7	15.6	9.4	29.1	61.5
1994	38.2	65.9	9.0	46.2	71.3	20.3	43.9	69.8	17.1	6.0	31.0	63.0
SINDH												
1975	37.6	67.1	3.7	49.1	85.2	6.0	43.1	75.6	4.8	2.4	33.7	63.9
1979	39.4	69.7	5.1	58.9	89.1	24.6	49.9	79.5	15.5	4.3	35.7	60.0
1985	38.2	69.7	3.5	52.1	85.0	13.2	45.1	77.4	8.2	5.2	33.5	61.3
1991	37.9	65.7	5.9	45.7	76.6	9.5	41.6	70.9	7.6	4.9	34.2	60.9
1994	35.9	63.4	5.0	42.9	73.7	6.4	39.5	68.7	5.7	4.3	29.4	66.3
NWFP												
1975	38.4	70.8	3.3	39.9	75.9	3.8	38.6	74.9	3.8	14.0	23.8	62.2
1979	37.3	65.3	5.2	38.8	73.8	4.3	38.5	72.2	4.4	7.3	24.2	68.4
1985	39.7	71.5	4.4	43.9	80.4	6.8	43.3	79.0	4.4	8.7	25.3	66.1
1991	36.2	66.1	5.1	41.0	70.1	10.2	40.2	69.5	9.3	7.9	25.7	66.4
1994	34.5	62.7	4.5	38.9	67.2	11.6	38.2	66.5	10.6	7.8	22.3	69.9
BALUCHISTAN												
1975	37.9	68.2	2.1	45.7	79.4	1.0	44.6	82.5	1.1	22.4	12.8	64.7
1979	36.8	63.3	2.9	47.5	84.1	3.1	45.9	80.3	3.1	6.0	17.7	76.3
1985	37.8	69.3	1.8	45.9	81.4	7.0	44.5	79.4	6.2	8.9	23.2	67.9
1991	36.8	63.1	4.7	43.7	74.3	6.2	42.6	72.7	5.9	11.4	17.7	70.8
1994	35.2	61.8	2.4	41.5	70.8	4.6	40.6	69.5	4.3	8.1	16.1	75.8
PAKISTAN												
1975	38.8	69.6	3.5	45.9	79.8	7.6	43.8	76.7	6.4	6.2	33.6	60.2
1979	39.6	70.3	5.3	48.7	80.1	14.3	46.1	77.3	11.8	5.7	34.5	59.8
1985	39.3	71.1	4.1	46.5	79.8	10.7	44.2	77.1	8.7	7.4	33.3	59.3
1991	39.0	66.6	8.6	45.2	73.6	14.8	43.2	71.3	12.8	7.6	30.7	61.7
1994	37.0	64.7	7.2	44.2	71.0	16.0	42.0	69.1	13.3	5.6	29.6	64.8

DEFINITIONS:

■ **Labour force participation rate:** The number of persons in the labour force as a percentage of the population aged 15 and above

SOURCES:

GOP, Pakistan Labour Force Survey, Federal Bureau of Statistics (various issues)

LABOUR FORCE AND EMPLOYMENT

9

	Percentage of labour force in			Percentage of labour force in			Percentage of literates in labour force		
	Agriculture	Industry	Services	Agriculture	Industry	Services	Urban	Rural	Total
	Rural			Total					
PUNJAB									
1975	69.1	15.7	15.2	55.6	20.0	24.4	48.5	19.6	25.9
1979	63.5	19.0	17.5	51.6	22.5	25.9	53.3	26.2	31.9
1985	62.5	18.2	19.3	49.1	22.2	28.7	54.0	28.9	35.2
1991	62.6	17.4	20.0	48.9	20.4	30.7	57.9	31.5	38.3
1994	65.0	14.7	20.3	51.1	18.5	30.4	64.1	32.6	40.0
SINDH									
1975	83.4	5.3	11.3	47.1	18.1	34.9	56.9	23.5	38.4
1979	84.0	6.4	9.6	55.8	16.8	27.4	52.7	19.9	31.5
1985	82.9	6.6	10.5	50.3	17.9	31.8	57.6	22.3	37.1
1991	71.7	10.2	18.1	40.2	21.6	38.3	65.0	34.9	49.1
1994	72.7	9.1	18.2	42.2	18.2	39.6	68.5	33.3	49.0
NWFP									
1975	73.0	10.7	16.3	62.1	13.1	24.8	43.7	18.1	22.8
1979	56.1	17.1	26.8	48.0	18.3	33.8	48.1	25.6	26.0
1985	64.8	14.2	21.0	56.7	15.8	27.4	49.5	20.3	24.5
1991	58.0	14.6	27.4	50.5	16.3	33.3	51.2	28.6	32.0
1994	61.9	12.6	25.4	54.9	13.9	31.3	57.5	28.0	31.8
BALUCHISTAN									
1975	75.4	5.1	19.5	68.8	6.1	25.1	40.5	14.2	17.5
1979	69.9	10.7	19.5	60.6	11.7	27.7	41.6	14.0	18.0
1985	64.4	11.9	23.7	56.7	13.4	29.8	55.5	17.3	22.6
1991	68.1	7.9	24.0	60.9	9.2	29.9	54.8	18.2	22.9
1994	70.5	6.6	22.9	62.7	7.8	29.5	54.7	16.1	21.0
PAKISTAN									
1975	72.1	13.1	14.8	54.8	18.5	26.7	51.2	19.8	28.1
1979	67.4	15.9	16.8	52.7	20.3	27.0	47.2	24.3	31.1
1985	66.7	15.2	18.1	50.6	20.1	29.3	45.0	26.0	33.9
1991	63.8	15.4	20.8	47.5	19.8	32.7	60.2	31.2	39.6
1994	66.0	13.1	20.9	50.0	18.3	31.7	65.1	31.4	40.3

SOURCES:

GOP, Pakistan Labour Force Survey, Federal Bureau of Statistics (various issues)

PUBLIC FINANCE

10

	Gross Regional Product ^a (Rs per capita)	Government expenditure on ^a					Public expenditure on social sectors as a percentage of total expenditure				
		Education	Health	Physical Planning & Housing (Rs per capita)	Other Social Sectors	Total Social Sectors	Education	Health	Physical Planning & Housing	Other Social Sectors	Total Social Sectors
PUNJAB											
1975	2448	36	10	13	1	60	21	6	8	1	36
1980	2647	35	14	19	2	70	19	7	11	1	38
1985	3101	54	19	15	3	91	22	8	6	1	37
1990	3404	69	26	16	4	115	24	9	6	2	40
1995	4107	86	21	15	5	127	28	7	5	2	42
SINDH											
1975	3685	44	11	16	0	72	22	5	8	0	36
1980	3930	46	10	13	1	71	22	5	6	1	33
1985	4879	58	15	18	2	93	22	6	7	1	35
1990	5501	79	28	17	5	129	22	8	5	1	35
1995	5327	104	25	16	4	149	22	5	3	1	31
NWFP											
1975	2494	36	15	8	0	59	18	7	4	0	29
1980	2562	47	21	14	1	83	19	8	6	0	34
1985	2862	81	29	16	2	129	23	8	4	1	36
1990	3488	109	37	19	2	166	23	8	4	0	35
1995	3556	147	42	27	5	221	29	8	5	1	43
BALOCHISTAN											
1975	2975	35	12	8	2	57	10	3	2	1	16
1980	2283	34	12	8	9	62	9	3	2	3	17
1985	2562	72	29	29	12	142	14	6	6	2	28
1990	2978	100	46	50	12	209	15	7	8	2	32
1995	3660	132	58	50	22	262	19	8	7	3	38
FEDERAL GOVERNMENT											
1975		7	2	6	0	14	1	0	1	0	2
1980		7	2	0	18	27	1	0	0	3	4
1985		9	2	0	20	32	1	0	0	2	4
1990		10	4	0	27	40	1	0	0	3	4
1995		12	7	0	13	32	1	1	0	1	3
PAKISTAN											
1975	2657	43	12	18	1	74	5	1	2	0	9
1980	2825	45	15	16	21	97	5	2	2	2	11
1985	3351	67	22	16	23	128	6	2	1	2	11
1990	3763	86	31	18	31	167	6	2	1	2	12
1995	4163	110	33	18	18	180	8	2	1	1	13

a: at constant prices of 1980/81

SOURCES:

1. Annual Budget Statements of Provincial Governments (various issues)
2. GOP, Budget in Brief (various issues)
3. Bengali (1995)

PUBLIC FINANCE

11

	Growth ^a in government expenditure on ^b						Growth ^a in government expenditure on ^c					
	Education	Health	Physical Planning & Housing	Other Social Sectors	Total Social Sectors	Total Expend- iture	Education	Health	Physical Planning & Housing	Other Social Sectors	Total Social Sectors	Total Expend- iture
PUNJAB												
1975-80	12.0	19.6	21.3	29.9	16.0	14.4	2.3	9.2	10.7	18.6	5.9	4.4
1980-85	21.0	18.2	6.3	17.1	16.9	17.7	12.2	9.6	-1.5	8.6	8.4	9.1
1985-90	15.5	17.2	10.6	21.7	15.3	13.4	8.4	10.0	3.9	14.3	8.2	6.5
1990-95	20.1	10.1	14.0	15.5	17.2	16.3	7.5	-1.5	2.0	3.3	4.8	4.0
SINDH												
1975-80	14.4	12.1	8.9	33.4	13.1	14.8	4.5	2.3	-0.6	21.8	3.3	4.8
1980-85	16.4	21.0	17.8	21.6	17.4	16.6	7.9	12.2	9.2	12.7	8.9	8.1
1985-90	17.0	23.9	9.1	31.0	17.4	17.0	9.8	16.4	2.4	23.0	10.2	9.8
1990-95	21.9	12.8	13.7	7.6	18.6	21.5	9.1	1.0	1.7	-3.7	6.2	8.7
NWFP												
1975-80	19.7	21.5	26.2	36.9	21.3	18.0	9.3	11.0	15.2	25.0	10.8	7.7
1980-85	24.1	19.1	13.3	32.4	21.4	20.0	15.1	10.4	5.1	22.8	12.5	11.3
1985-90	16.4	15.1	13.3	10.9	15.7	16.0	9.3	8.1	6.4	4.1	8.6	8.9
1990-95	22.1	18.2	23.5	33.8	21.7	16.7	9.3	5.8	10.5	19.7	8.9	4.4
BALUCHISTAN												
1975-80	16.7	16.3	14.9	60.4	19.3	17.3	6.6	6.2	4.9	46.4	8.9	7.1
1980-85	30.2	33.6	46.2	18.3	31.9	19.6	20.7	23.8	35.6	9.7	22.3	10.9
1985-90	17.4	20.7	22.0	10.8	18.6	15.8	10.2	13.3	14.6	4.1	11.4	8.7
1990-95	21.6	20.7	15.7	29.0	20.6	16.7	8.8	8.0	3.5	15.4	7.9	4.5
PAKISTAN												
1975-80	13.8	18.1	10.0	114.2	19.0	14.4	3.9	7.8	0.4	95.6	8.6	4.5
1980-85	20.5	19.2	11.4	13.5	17.5	16.8	11.7	10.5	3.3	5.3	9.0	8.3
1985-90	15.7	18.5	11.9	17.0	15.9	14.3	8.6	11.2	5.1	9.8	8.9	7.3
1990-95	20.7	16.3	15.7	3.4	16.8	14.3	8.0	4.0	3.6	-7.5	4.5	2.3

a: Annual Compound Growth Rate (%)

b: at current prices

c: at constant prices of 1980/81

SOURCES:

1. Annual Budget Statements of Provincial Governments (various issues)
2. GOP, Budget in Brief (various issues)

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