

VI. CONCLUSIONS AND RECOMMENDATIONS

109. The SAPE set out to answer 11 questions (para. 5). The first two questions explored sector performance and government policies. The conclusions of these are not repeated here. The SAPE conclusions on the other questions follow.

A. Overall Conclusions

1. What Strategies Were Pursued for Using ADB's Resources?

110. ADB has employed four broad strategies in support of social sector development in Pakistan, either separately or together: (i) go for growth to increase the “size of the pie” thereby allowing the Government and/or individuals greater scope to buy better social outcomes; (ii) investing directly in public provision of publicly-provided social services, largely through provision of infrastructure, “software”, and training; (iii) increasing the relative share of public expenditure on social service provision—without consideration of where this increased allocation would come from during the SAP years and, in recent times, through provincial debt restructuring to create fiscal space;⁴³ and/or (iv) influencing the policy environment to achieve better social outcomes.

111. ADB's resource allocation to the social sectors has been a significant, although usually secondary, part of the total resource envelope. The exceptional period was 1995–1998, at the height of the SAP decade, when the social sectors accounted for almost 30% of new loan approvals. In earlier years, economic growth was the primary objective of ADB strategies. Social development increased in importance to be then overtaken again by economic growth, then good governance and finally, poverty reduction.

112. ADB's operations in the social sectors in Pakistan have largely consisted of public sector lending. Only a small proportion of the social sector resource envelope has been allocated to ESTW, capacity or institutional building, policy dialogue, or project implementation support. No private sector operations have been undertaken in the social sectors. ADB's implied strategy, based on resource allocation choices, has mostly been to help Pakistan meet a public sector funding gap for publicly-provided social services.

113. At the next level of disaggregation, ADB has sought, and has achieved, engagement in all the social sectors defined here—education, health and population (and now social protection), water supply and sanitation, and urban development. ADB has sought, but has not achieved, a more integrated approach to social sector development, as operations have generally focused on single sectors, even when bundled in multisector packages. Given this, the potential advantages of the multisector projects were not realized but the disadvantages of increased management complexity were.

114. Education has accounted for the greatest share of social sector lending (40% after reallocating multisector loan amounts), implying that ADB has seen education as strategically more important than the other social sectors, although why this should be is never made explicit. Water supply and sanitation (24%) and health and population (21%) have received

⁴³ This part of the strategy is also supported by a series of province-level loans in support of public resource management, which are classified as governance projects. However, they are significantly justified on the basis of better social outcomes.

similar shares after reallocation, implying these sectors are accorded moderate strategic importance.⁴⁴ Urban development was allocated 12% of the social sector resource envelope, implying it has a somewhat lower strategic importance. ADB's investment over time in urban development has not been continuous and a significant share of new approvals occurred in 1985–1989 and 2002–2004. No strategic reason is given or can be inferred in country strategies for the relative shares for the various sectors, or for the changes in these over time.

115. ADB's resource allocation for public sector loans has varied considerably in terms of modality. In the early years, only investment projects were approved. These tended to give disappointing results. With the advent of SAP, a greater dimension of policy reform was introduced into the lending program. Disappointment with SAP saw a reversion to investment-only projects (albeit on a much reduced scale because of international sanctions against Pakistan following its nuclear tests). In 2002–2004, policy-based loans became a major part of social sector operations, accounting for 60% of approvals. This is expected to drop to 40% in 2005–2006 as the Government has decided not to use OCR resources for social sector operations. Based on resource allocation decisions, the policy context is now seen as important in determining social sector outcomes. The global strategic context has also been influential in increased lending post-11 September 2001.

116. Until 1994, ADB funded only single-sector projects (although urban development projects are in practice multisector). A strong multisector approach was introduced with the approval of two loans in support of SAP. However, the results of SAP were disappointing and lending reverted to single sector projects until approval of the Sindh DSSP in 2003 and the Punjab DSSP in 2004. Further DSSP projects are planned for Balochistan and NWFP. Given the problems with SAP, a return to multisector projects is of some concern, unless substantially increased support can be provided by ADB in PRM.

117. ADB's degree of geographic targeting has varied considerably over the period. In the early period, single province projects dominated—mainly because of the high proportion of urban development and city-based water supply and sanitation projects. Over the next three strategic periods, multiprovince projects accounted for around 75% of new approvals. This was reversed in 2002–2004 when 75% of approvals were for single-province projects—this shift is accounted for by the single-province DSSPs, a renewed engagement in urban development, and two single-province technical and vocational education projects. The provincial focus can be somewhat illusory in terms of the degree of geographic focus. Many multiprovince projects work in selected districts, so may have a greater degree of geographic focus than a single province-wide project. It is difficult to account for ADB's strategic shifts with respect to provincial focus. Social service delivery was always (until the local government ordinance of 2001) a provincial responsibility, and is now a district responsibility. Given this, the earlier shift to multi-province and federally driven projects is not understandable. The current shift to single-province projects is the correct approach.

118. Within the education sector, ADB has allocated resources to

- (i) science education (two projects);
- (ii) girls' primary education (two projects);
- (iii) technical and vocational education (three projects);
- (iv) teacher training (one project);

⁴⁴ The balance of 3% represents components such as project management that could not be reallocated from multisector projects to the individual sectors.

- (v) middle school (two projects, including Sindh Decentralized Elementary Education); and
- (vi) education policy and financing reforms (four projects).

119. The science and technical and vocational education projects were directed towards the strategic end of economic growth. The girls' primary and elementary education projects aimed to deliver on the human resource development and gender equity objectives. Four projects (two SAP projects and two recent policy-based loans in support of devolved social services) have aimed to bring about social sector financing and other policy reforms. In short, ADB has had a rather multitrack strategy in the education sector. A focus on fewer subsectors and greater geographic continuity is called for. The recent return to technical and vocational education is welcome given the success of the earlier project and the more restricted focus of projects in this subsector.

120. ADB has funded five stand-alone health projects over the last 20 years. The two early projects continued the already established strategy of contributing to health infrastructure and the body of trained health personnel. Only a single population project was funded—somewhat surprising given the overriding importance of population growth to social sector outcomes and the success of the project. The two more recent projects have been directed towards women's health (including reproductive health). Although the Reproductive Health Project has a population component, little progress has been made on this. Throughout, there has been a focus on the provision of health infrastructure and training personnel. Overall, ADB has had only a modest program in the health sector, which lacked critical mass in the subsectors it tackled (apart from the Population Project).

121. Operations in the water supply and sanitation, and urban development sectors have oscillated between urban development and RWSS. A lack of continuity would seem to be the main issue here. Further support to urban development should be conditional on resolving the problems with urban authorities. For RWSS, the approach needs to be reviewed.

2. What Drove the Strategic Choices Made?

122. The SAPE concludes that the main influences driving the strategic choices for social sector operations over the last 20 years have been

- (i) past program decisions;
- (ii) sector division preferences;
- (iii) prevailing international agendas—directly or, in some cases, via ADB's crosscutting strategies and policies;
- (iv) opportunity; and
- (v) meeting lending targets.

123. Every country strategy has been formulated with the reality of an ongoing program of operations and a pipeline of proposed projects at varying stages of conceptualization or preparation. Not surprisingly, present and already planned operations have been the main determinants of social sector strategy. Given this, the main purpose of the strategy is to justify the already largely settled strategic direction and to explain how this fits with the current institutional or global development agenda. The country strategy serves more as a communication tool than as a guide for allocating resources. What takes place within the sectors largely reflects the preferences of the sector divisions and, to varying degrees, their

clients in Pakistan. The country strategy becomes a vehicle for rationalizing these choices rather than deciding them.⁴⁵

124. Prevailing global agendas have been influential—for example, the focus on gender (reflected in operations directed at women’s education and health), community-managed water supply, and governance. Whether ADB’s crosscutting policies and strategies influenced country strategies or whether both were influenced by the global agenda is harder to say. Nonetheless, the fact that ADB has committed to certain crosscutting strategies has been reflected in country strategies.

125. Unplanned opportunity (unplanned in the sense of having arisen outside the process of ADB’s formal strategy preparation) has been a significant factor in influencing major strategic shifts in social sector operations—most notably, the support provided to SAP, and the move to large policy-based loans in the aftermath of the terrorist attacks of 11 September 2001. Lending targets have been a powerful influence in determining resource allocation choices.

126. The following have been less influential in strategic decision making regarding resource allocation:

- (i) ADB’s formal country strategies;
- (ii) ADB’s broader strategic agenda as captured in its institution-level sector strategies;
- (iii) sector, problem, and alternatives analysis;
- (iv) government preferences (most recently, the Government has become more assertive in stating its preferences);
- (v) other stakeholder preferences; and
- (vi) partnership considerations.

3. What was the Quality of ADB’s Formal Country Strategies?

127. The SAPE rated the quality of ADB’s formalized strategies according to 18 criteria. The highest score for a sector strategy in any strategic document was 62% (Table 20). The average score for the first four strategies ranged from 35% to 55% with no improving trend. The most recent strategy scored best at 60%, which is a positive finding. While improvement is clearly needed, this SAPE also questions the value-added of country strategies as an aid to decision making. This will be further explored in the CAPE.

⁴⁵ This critique of the utility of country strategies is echoed by the Office of Evaluation and Oversight of the Inter-American Development Bank. In reference to its equivalent of CSPs, it concluded that “(i) objectives are too general...; (ii) there is no clear strategic focus, and innumerable objectives or areas of action are proposed, while providing a rationale for practically any type of intervention; (iii) sectoral evaluations lack depth; (iv) the document seems to have been written to justify a preconceived set of projects; and (v) there is a lack of emphasis on the importance of nonfinancial products.” Inter-American Development Bank. 2001. *Evaluability of Country Strategies: Methodology Note*. Washington, DC.

Table 20: Rating of Sector Strategies in Country Strategy Documents

Strategy Document	Education (%)	Health and Population (%)	Water Supply, Sanitation (%)	Average (%)
Strategies for Economic Growth and Development: 1985	24	50	52	42
The Bank's Operational Strategy in Pakistan: 1990	20	45	39	35
Country Operational Strategy Study for Pakistan: 1995	56	62	48	55
Country Operational Framework: 1999–2000	31	59	48	46
Country Strategy and Program: 2002–2006	60	61	59	60

Source: Consultants' estimates.

128. The main weaknesses in the quality (not utility) of social sector strategies in ADB's country strategies were identified as

- (i) an inadequate analytical basis;
- (ii) no identification of options with reasons given for selecting the chosen option;
- (iii) limited influence by in-country stakeholders on the choices made;
- (iv) superficial alignment with government FYPs and other policies in a context of frequent changes of government and an inability of successive governments to implement their plans and policies;
- (v) a general lack of baseline quantification (related to the weak analytical base), as well as specification of targets and indicators;
- (vi) a lack of focus and critical mass;
- (vii) inadequate provision for monitoring and evaluation; and
- (viii) little, if any, innovation.

129. An important issue regarding the quality of ADB's social sector strategies for Pakistan is that the needs-based assessment has not been tempered by an analysis of the resources required to make a significant difference in the chosen area. For example, there is no doubt that the lack of basic education for girls is a major development challenge. In this regard, it is the right issue to focus on. However, the question is whether ADB's resources, and the mix of these, were sufficient to make an impact. The SAPE concludes that they were not.

4. What was the Quality and Performance of ADB's Program?

130. A "whole of program" assessment was carried out for ADB's social sector operations over the 20-year period. The result was a rating of 32%, with low to moderate scores the norm across most criteria. Particular areas of weakness were identified as an inadequate analytical basis (problem and alternative analysis), a lack of critical mass, low demonstrated learning, low efficiency (with a lack of financial and economic analysis), low flexibility, insufficient consideration of political economy factors, lack of results management, low selectivity and focus, low sustainability, and a lack of synergy among sectors. Overall, value for money was assessed as low.

131. A problem with the quality of ADB's program in support of the social sectors in Pakistan is its imbalance in favor of lending. Of course, ADB is a development financing institution, so a predominance of loans is to be expected. However, the realities called for more ESTW, more policy dialogue, more capacity building, and more project supervision and support.⁴⁶

132. In terms of implementation performance, social sector operations in Pakistan generally mirror the overall poor performance of the portfolio, although they generally take longer to become effective, are slower to disburse, and are more likely to require extensions. Of course, these factors are interrelated. There is a certain inevitability that social sector projects (and others) will suffer from implementation delays in Pakistan. First, the lack of meaningful engagement by the Government in the design and formulation of projects means that senior decision-makers focus on the project only once it has been approved by ADB. Second, there is a strong political dynamic in Pakistan to see as many projects approved as possible.⁴⁷ This reality, coupled with ADB's requirement for a counterpart contribution virtually guarantees slow implementation.⁴⁸ The actual time required for project implementation is not taken into account in the design of projects.

133. The success of social sector projects in Pakistan as measured by ADB's evaluation criteria is low—absolutely, in relation to some other sectors in Pakistan, and in relation to evaluations of ADB social sector projects in other developing countries. According to the SAPE rating of 24 projects, only 8% were judged to be successful, 58% partly successful, and 33% unsuccessful. This assessment is in line with aggregate postevaluation ratings for all social sector operations in Pakistan (9% successful, 64% partly successful, and 27% unsuccessful). However, using PCR ratings where PPAR ratings are not available shows that the performance of social sector operations has improved from 0% successful for 1970s loan approvals, 25% successful for 1980s approvals, to 38% for 1990s approvals (up to 1996). According to the SAPE assessment, over the last 20 years, there was one successful education sector project (out of seven); one in the health sector (out of five projects); none in the water supply, sanitation, and urban development sector (out of nine projects); and none in the multisector category (out of two projects).

134. The recurring themes that emerged from the SAPE assessment and previous evaluations of social sector operations were:

- (i) A lack of analytical underpinning for social sector strategies and operations. Too often these appeared to be based on a superficial or partial understanding of the causes of identified problems (based on documentary evidence), with insufficient consideration of the alternatives for addressing these.

⁴⁶ This is supported by the conclusions of a World Bank empirical study. World Bank. 1998. *Assessing Aid: What Works, What Doesn't, and Why*. New York: Oxford University Press. Its first conclusion is that financial aid works best in a good policy environment. It also concludes that aid can help bring about reform in the most unfavorable policy environments, but this requires patience and a focus on ideas, not money. The study notes "Donors' ability to work in these environments has been hampered by an 'approval culture' that does not value small-scale, staff-intensive activities. In the past, agencies have too often focused on how much money they disburse and on narrow physical implementation measures of the 'success' of projects."

⁴⁷ Social Policy Development Centre. 1997. *Review of the Social Action Program*. Karachi. As SPDC observes, "The basic tendency is to approve too many schemes, which stretches not only the implementation capacity but also implies that a given amount of [national] funds is spread over a larger number of projects and therefore, each project gets a smaller [annual] allocation [than required for timely implementation]. This tendency can be attributed largely to the politicization of the approval process."

⁴⁸ In his address to the 38th Annual Meeting of the Board of Governors of the Asian Development Bank (available at <http://www.adbistanbul.org/annualmeeting/Speeches/president-kuroda-address-bog.html>), President Haruhiko Kuroda stated, "ADB needed to be more flexible, including the need for less restrictive cost-sharing arrangements."

- (ii) Lessons from past experience were insufficiently acknowledged and incorporated into subsequent operations.
- (iii) A lack of financial and economic analysis for comparing alternative approaches in order to ensure efficient investment and likely sustainability.
- (iv) Insufficient high-level government engagement during project design.
- (v) Although many project outputs were produced, these frequently failed to produce desired outcomes and hence impacts.
- (vi) Projects generally failed to ensure that data was collected that would allow tracking of progress towards the achievement of expected results.

135. Despite persistent poor performance, there has been a lack of micro-level innovation.⁴⁹ There has been a general resistance to innovation on the part of the Government and perhaps insufficient push for it from the ADB side. Innovation is the practical expression of ideas on how to do things better. Chief among the areas where innovation is sorely needed is in finding effective means for supporting private funding and private provision of basic social services as these predominate in some sectors, and are the most dynamic growth area in all sectors. Innovation is needed in terms of directly supporting private funding and/or private provision and quality improvement, as well as hybrid arrangements such as public-private partnerships—in some cases, the latter would legitimize the *de facto* private provision of publicly-funded services. Demand analysis and willingness-to-pay studies could contribute useful information to policy making. The related challenge is how to provide services and, importantly, choices to the poor including, but not limited to, voucher schemes. The next area where innovation is needed relates to data availability on sector performance. Ideas such as citizens' report cards could be tried. A wider range of data sources is needed. Overcoming persistent gender and urban-rural disparities also requires innovative thinking. New partnership arrangements could be explored. Many other areas of innovation could be considered, including better utilization of remittances and Islamic philanthropic payments, increased role of the Pakistan diaspora in helping the country achieve better social outcomes,⁵⁰ and trial of the "rapid results" approach.⁵¹ A more comprehensive understanding of the role of corruption in determining social sector outcomes would assist in policy development to address this problem.⁵²

5. Was the Program Well Managed?

136. It has been widely acknowledged, particularly since the 1994 project quality task force,⁵³ that ADB has dedicated insufficient resources to project administration and support. This is certainly true for social sector operations in Pakistan, where there is a high degree of certainty

⁴⁹ "To be responsive, we must be innovative." President Kuroda (footnote 48).

⁵⁰ Some of these ideas are discussed in International Monetary Fund, World Bank. 2005. *Moving Forward: Financing Modalities Towards the MDGs*. Paper of the Development Committee (Joint Ministerial Committee of the Board of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries). Washington, DC.

⁵¹ Matta, N. and R Ashkenas. Why Good Projects Fail Anyway. In *Harvard Business Review* on Managing Projects. Boston. See also Schaffer, R. and R. Ashkenas. *Rapid Results!: How 100-Day Projects Build the Capacity for Large-Scale Change*. Jossey-Bass.

⁵² An example of the type of work that might be undertaken is provided in Reinikka, R., and J. Svensson. 2001. *Explaining Leakage of Public Funds*. Policy Research Working Paper No. 2709. Washington, DC: World Bank. The authors report on a survey of primary schools in Uganda, which showed that on average during 1991–1995, schools received only 13% of the central government's allocation for nonsalary expenditure. Most of the funds were used by public officials for other purposes or were captured for private gain. Importantly, once these results became known, the Government took a series of steps (including publicizing the transfers made). By 1999, the funds actually reaching the schools reached 90%. This example also illustrates the power of information to affect outcomes.

⁵³ ADB. 1994. *Report of the Task Force on Improving Project Quality*. Manila.

that implementation will not go smoothly. Achieving success in social sector operations in a context such as Pakistan requires support and supervision that is both quantitatively and qualitatively of a different order of magnitude than that needed in a more favorable context or in some other sectors. For social sector operations in Pakistan—particularly those for education, health, and RWSS, which are characterized by a large number of facilities spread over a wide geographic area, often with difficult access—it is essential to have the time for regular surprise field visits to view ground reality. Based on 2004 mission data, social sector projects received fewer missions per project reviewed, and fewer staff days per review than projects in other sectors in the country. However, the superior figures for projects in other sectors were boosted by a much higher number of missions for three governance projects and an agriculture program loan. The case of the governance program in Pakistan is interesting as there is a dedicated support unit in the PRM. This may be a useful model, a proposition that will be further examined under the CAPE.

137. Project management by executing agencies has generally been inadequate. Although this has been recognized, this has not been effectively addressed in project design. A high turnover of project staff has been a constant feature of executing agency management.

6. How Did ADB Resources Contribute to Sector Outcomes?

138. The almost total noncompliance by the Government with the requirement to monitor and evaluate benefits from ADB projects makes it difficult to answer this question. The overall poor performance of the social sectors does not provide a very positive context for attributing development outcomes to the investments made. As outlined by the SAPE, ADB's social sector projects delivered many of their expected outputs, although delayed and, in some cases inefficiently, and not of the expected quality. However, there have been a number of gaps or issues that have prevented or lessened the achievement of development outcomes. Notwithstanding this, there are a number of positives. First, ADB has been a constant advocate for better social sector performance in general and women's education and health in particular. This has ensured that these issues remain on the policy agenda and in the public's consciousness. Second, the capital stock of the country has been increased through the addition of numerous facilities and items of equipment, even if these are currently not always delivering the expected benefit flow. A large number of people have been trained. Some progress has been made in getting beneficiary engagement. Arguably, social sector outcomes would have been worse without ADB present. More recently, greater fiscal space is being created to allow provinces to increase social expenditure should they choose to do so.

7. Was There Effective Synergy in the Use of ADB Resources?

139. The conclusions in this regard are mixed. Without a doubt, SAP represented a major attempt to achieve synergy. ADB funds were pooled with those of others. However, the process was significantly captured by the World Bank, Government ownership fell, and the SAP process became bogged down in compliance monitoring. ADB was not to blame for this and ADB's contribution, although limited, was useful. In more recent times, a significant partnership is being built with the Department for International Development of the United Kingdom. Partnership is rather too frequently equated with cofinancing and, in particular, cofinancing by others of ADB projects. There is a need for a broader view of partnership. One example is partnership with the United Nations specialized agencies—these lack funds but have specialized sector expertise. A natural basis for partnership would seem to exist. Having said this, middle-income countries and countries like Pakistan have said very clearly that they want ADB to be a source of ideas—this cannot be excessively contracted out to consultants or other agencies if ADB's credibility is to

be enhanced. Partnerships are also needed with a wide variety of organizations interested in social sector development in Pakistan, particularly those engaged in social research.

8. Did ADB Do the Right Things?

140. Considering the answer to this question reveals the dilemma ADB finds itself in. On the one hand, the organization has committed to helping its development member countries achieve the MDGs. This provides a strong case for supporting social sector development in Pakistan.⁵⁴ On the other hand, it has committed to managing for development results,⁵⁵ and to allocating its ADF on the basis of performance. Based on the results and performance imperative, ADB needs to acknowledge the relatively poor performance of its social sector operations in Pakistan and, at the very least, instigate changes to improve performance. The following points are relevant in addressing this question:

- (i) None of the four broad strategies employed by ADB (para. 110) has worked fully as intended to produce better social outcomes. The experience of the last 20 years would indicate that a lack of financing is not the problem—the results from financing actually made available are poor (even accepting a major imbalance between salary and nonsalary expenditure). Therefore, efforts to increase public sector social expenditure (including the creation of fiscal space) have not and will not significantly improve public sector social service delivery unless issues such as capture and corruption are successfully addressed, among others. Policy is definitely a problem, but it is not solely the lack of policy—it is the apparent lack of ability to implement policy (exacerbated by frequent changes in government).
- (ii) The political and social context that gives rise to poor social sector performance called for a greater emphasis on the generation of ideas, a broader outreach to stakeholders to generate a momentum for change,⁵⁶ an increased effort to get reliable data on sector performance, more innovation, increased learning from past experience, and probably doing less, but doing it better. This implies less emphasis on lending and a greater attention to ESTW, capacity building, policy dialogue, and implementation support and portfolio management.
- (iii) Having made a decision to be engaged in the social sectors in whatever shape or form, a more constant share of the resource envelope should have been provided to better enable decisions regarding continuity and critical mass among others.
- (iv) The allocation decisions within the social sector resource envelope have covered too broad a field with a consequent lack of focus, critical mass, and continuity.⁵⁷

⁵⁴ “We must scale up our financial assistance, especially to support attainment of the non-income MDGs. To meet basic needs across the region, much more investment is needed in sectors such as water supply, sanitation, education, and health care.” President Kuroda (footnote 48).

⁵⁵ “To assist our [developing member countries] in achieving the MDGs, the new era of development requires that ADB become more relevant, more responsive, and more focused on results.” President Kuroda (footnote 48).

⁵⁶ An example of how better information on sector performance issues can change outcomes was provided in footnote 51. Another illustration is provided in Reinikka, R., and J. Svensson. 2004. *The Power of Information: Evidence from a Newspaper Campaign to Reduce Capture*. Policy Research Working Paper No. 3239. Washington, DC: World Bank. Under the campaign, capture was reduced from 80% in 1995 to less than 20% in 2001.

⁵⁷ “Operations are sometimes too broad in scope... we must strive for greater focus and selectivity in our operations.” President Kuroda (footnote 48). Also, internal planning directions for 2006 to 2008 talk about the need to sharpen the focus of the lending and non-lending program.

9. How Can Choice Selection be Improved?

141. The CAPE will address the more general questions regarding ADB's strategic planning process. In terms of social sector strategies, better decisions require well-informed decision-makers. This requires reliable data on sector performance and detailed sector analysis. The SAPE has also stressed the need to introduce more extensive use of financial and economic analysis into social sector decision making. Choices need to be made on the basis of needs and, critically, commensurate with the resources ADB has available to meet those needs. If a consideration of the results chain shows that ADB resources are insufficient to achieve the desired outcome, more modest objectives need to be set or resources increased, or alternatively a decision taken to get out of the sector.

142. Within the currency of the next CSP, ADB is committed to four DSSP projects (two under implementation and two to be approved). The challenge for ADB and the Government is to do what it takes to make these successful. For ADB, this means significantly increased staff resources based in PRM to support and monitor the DSSPs. Also within the next CSP period, ways must be found to increase data availability on sector performance and its reliability. Finally, the number of areas of focus for social sector operations need to be considered to ensure critical mass and continuity.

143. Further out, ADB and the Government need to reflect on the balance between promotion of economic growth with equity and direct investment in the social sectors as alternative means of achieving better social outcomes. For its part, the World Bank's OED concluded that its emphasis had shifted too far away from the economic growth with equity objective.⁵⁸

B. Recommendations

144. In light of the SAPE findings, recommendations are made for Government and ADB consideration. The recommendations are mostly concerned with strategy as the SAPE believes that changes to strategies will have the greatest impact on the development effectiveness of social sector operations.

Recommendation	Responsibility
For Government Consideration	
1. Within the next 12 months, the Government should commission an independent stocktaking of assets provided by ADB loan funding for social sector development and an assessment of the extent to which these are delivering planned benefits. Based on this, an action plan should be produced to increase benefit flows where this is financially viable.	Coordination by planning and development departments.
2. With immediate effect, the Government should ensure that the monitoring and evaluation of development outcomes, as specified in loan agreements, are undertaken to a high standard for all ongoing and future projects.	The mandate for this needs to come from the highest level of Government.

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⁵⁸ World Bank. 2004. *Annual Review of Development Effectiveness: The Bank's Contribution to Poverty Reduction*. Washington, DC.

Recommendation	Responsibility
For ADB (and Government) Consideration	
3. Within the next 6 months, ADB should undertake a review of strategy for social sector operations in Pakistan and produce an action plan for improving the performance of its program.	South Asia Social Sectors Division (SASS)
4. As part of a strategy review, decisions should ensure critical mass and focus. Depending upon resource availability, this may imply fewer sectors and a greater degree of focus within sectors.	SASS
5. In the next CSP, consideration should be given to shifting the balance of the social sector program of operations should shift from lending to a greater emphasis on policy dialogue; capacity building; community outreach; implementation support; and economic, sector, and thematic work.	SASS and Government
6. In the next CSP, the program of social sector operations in Pakistan should place a high priority on the generation and utilization and dissemination of reliable data on sector performance.	SASS and Government
7. The program of social sector operations in Pakistan must find ways to further develop private provision and private funding of basic social services, both quantitatively and qualitatively. As part of this, consideration should be given to extending private sector operations to the social sectors in Pakistan. This should be reflected in the next CSP.	SASS, Government, and Private Sector Operations Department
8. A much greater degree of innovation should be incorporated into social sector operations in Pakistan—to be reflected in the strategy review.	SASS and Government
9. A specialty support unit for DSSP should be created in the Pakistan Resident Mission as soon as possible.	South Asia Regional Department, Office of the Director General
10. Loans and strategies for social sector development should always be justified on the basis of robust financial and economic analysis.	Regional departments assisted by Economic Research Department
11. A more rigorous consideration of the impact of corruption and the means for addressing it are required in social sector strategies and projects.	SASS and Government
12. Over the next 12 months, a concerted effort should be made to capture and make available the knowledge generated through ADB's social sector projects in Pakistan.	SASS, Regional and Sustainable Development Department, and Government