

MANAGEMENT RESPONSE ON THE SECTOR ASSISTANCE PROGRAM EVALUATION FOR THE SOCIAL SECTORS IN PAKISTAN

On 19 August 2005, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. Pakistan's social indicators have remained well behind its economic performance and generally lag behind those of comparator countries. Public social services—education, health, nutrition, population welfare, and water and sanitation—are run-down, primarily due to chronic problems in governance, capacity, and financing. The Social Action Program (SAP) in the 1990s had mixed results due to the prevailing economic problems, the time it took to generate commitment for social services, and lack of focus on service delivery and related governance. Management therefore fully shares the concern raised in the captioned SAPE study (the study) for the poor performance of social sectors in Pakistan. Given the magnitude of the human development challenge in Pakistan, it is the responsibility of all involved in the social sectors, including the national and local governments, development partners, civil society, and private sector, to bring about much needed changes for improved performance of social sectors.

2. As a responsible member of the development community in Pakistan, ADB has introduced a major change in the way it is providing social sector assistance to Pakistan. While education, health, and water supply assistance had been usually provided through stand-alone projects, ADB, in 2003, started providing assistance directly to local governments through new devolved social services programs (DSSPs). These are multi-sector assistance that put more resources in the hands of local governments while strengthening the planning and implementation capacity of local institutions. The programs, integrating policy reforms with project investments, facilitate increased social sector spending at local government levels in support of Government's efforts to make social service delivery more effective by managing in a decentralized manner. DSSPs are in the initial stage of implementation and several workshops are planned in 2005 and 2006 to review the progress made and improve development effectiveness through lessons learned.

3. While Management and staff appreciates the problems and challenges indicated in the study, the study's usefulness to improve ADB's social sector operations in Pakistan is limited. We found that the recommendations are by and large generic and falling short on strategic vision and direction. Application of various "ratings" generated by untested methods is a major limitation of the study. In the Management's view that there is need for more comprehensive analyses of social sector issues using reliable study methods to address complex social development challenges in Pakistan.

4. Staff had submitted detailed comments on the first draft, the second draft, and the final draft of the study. Some of the substantive comments were not duly considered in the final report. Likewise, comments provided by the Government of

Pakistan on the study have not been considered. Some of the key concerns of Management and the Government are listed below.

5. Management observed that the study relied heavily on “ratings” generated by new rating methodologies of projects’ and programs’ success. The methods used are based on subjective judgment calls of individual evaluators, mainly one domestic consultant for each sector, and they are not tested for validity, reliability, and unbiasedness. Such a qualitative and subjective judgment-based evaluation by a small number of evaluators is prone to error and unsubstantiated opinions by evaluators. In statistical terms, the findings may have such large error margins with limited operational value. The methodologies adopted in the study to rate the projects/strategies require careful review by independent evaluation experts.

6. The study attempted to assess and “rate” all past social sector strategies and projects for a period of 20 years and commented on some ongoing ADB initiatives. As a result, the study has become a collection of short-term assessments of individual projects. As such, no long-term and strategic perspective is provided in the evaluation and recommendations. The Government also expressed that the study would have been more effective if it (i) identified priority intervention areas requiring immediate attention, and (ii) undertook comparative analysis of findings by development partners to gather facts and identify problematic areas.

7. The Government of Pakistan, in its response to the study, was critical about the inadequate consultations with relevant people both at provincial and federal level. The Government (Planning and Development Division) observed that “focal persons in the concerned ministries were not contacted to collect authentic information.” In Government’s discussions with stakeholders of the SAPE report, its contents have been found to be “inappropriate and misleading.” Government observed faulty use of data and weak analysis in education and commented that “the report has been written with a preconceived idea and efforts were directed only to prove a supposition.” Government also noted: “One of the most prominent features of this report is the use of old data. The obsolete data used in this report has changed the economic and social outlook of the efforts made by the Government of Pakistan and ADB in the social sector in the last few years.”

8. Issues relating to the impact of operations in the social sectors, particularly the complexity of social sectors intervention, were not taken fully into account. The study could have examined how ADB’s social sector operations in Pakistan, like other development partners’, have been influenced by periods of weak macroeconomic conditions, unstable democratic institutions, low women’s status, and fractious religious fundamentalism.

9. The study observes that alignment of ADB’s strategy and program with formal policy documents of Government is not sufficient test of “relevance” in an environment where, as per the study, there have been 15 administrations over the last 20 years. While it is true that there have been changes in Government in the recent past and that these have led to uncertainty about policies and their continuity particularly among businesses and the private sector, public sector

development policies, such as those for the social sectors, have remained broadly consistent in their focus and priorities. For example, the focus on primary education and primary health care facilities under the Social Action Program in the early 1990s continues to date. At any rate, it is counterproductive for an institution like ADB to pursue its own strategies and goals in any sector when they are inconsistent and unaligned with those of the borrowing country. This also increases the risk of ADB strategy and operations becoming irrelevant and likely running into implementation problems because of lack of Government commitment and ownership.

10. The report's observations on the ongoing provincial DSSPs vis-à-vis experiences in SAP are informative. These risks and issues were also recognized during the preparation of the programs and, to the extent possible, were addressed in the program design, and the supporting technical assistance. The new programs in pipeline are not only incorporating lessons learnt from past experiences including SAP, but also lessons learnt from current program implementation. The observations and suggestions of the study on DSSPs will be carefully reviewed and addressed in the program design.

11. The issue relating to staff resources is not unique to the social sectors in Pakistan but is ADB-wide. Despite limited staff resources, as indicated by the study, the performance of ADB's projects in the social sectors are "in line with those of other partners," which confirms the efficiency of ADB operations. However, following the study recommendations, a dedicated unit is being established at Pakistan Resident Mission for implementation of DSSPs.

12. While more sector work and analyses are necessary and will be undertaken, this challenge can also be strengthened through maximizing synergies between ADB's own sector work and research outputs of other external agencies working in Pakistan's social sectors. This is in line with donor harmonization and efficient knowledge management.

13. From comments made by the Government, Management observed that greater consultation during evaluation is necessary. Evaluators should explore with the stakeholders both the strengths and weaknesses of the evaluation questions and approaches that might be used for answering those questions. Evaluators need to discuss with relevant stakeholders tasks to be undertaken, limitations of methodology, and scope of results. Evaluators need to seek a comprehensive understanding of the important contextual factors that may influence social sector performance during the evaluation period, including political and social climate, economic conditions, and other factors.

14. The report emphasized a need for "a new approach" and recommended: (i) private provisions and funding for social services; and (ii) improvement of quality of data in social sectors. Management and staff agree with these points. "Private sector provision of social services," however, cannot be an alternative to public sector operations. Private provision of social services is one of the major pillars of DSSPs.

15. While maintaining some reservations about the study, the Management's responses to the specific recommendations of the study are as follows.

Recommendations to the Government of Pakistan (1 and 2) would be followed-up through various forums of policy dialogue by ADB. Excepting two recommendations (4 and 5), Management agrees with most of the other recommendations (3, and 6 to 12). Management reckons that there is need for more robust assessment and wider stakeholder consultation before any action is initiated on recommendation relating to restricting to fewer sectors, and greater degree of focus within sectors (4). Management feels that limiting lending activities while ensuring greater emphasis on policy dialogue, capacity building, community outreach, implementation support, and economic, sector and thematic work (5) are contradictory. Limited grant funding for Pakistan will entail lending support—both OCR and ADF—for any activity to be taken on a scale that is reasonable in Pakistan, including those proposed by the Study.

16. Finally, moving forward, there is no doubt that the social sector operations would benefit immensely from objective, robust, independent, and transparent evaluation. However, the evaluation needs to build on stronger stakeholder consultation, empirical evidence, and adjustment for social, economic and cultural context of evaluated program. This way there is a greater buy-in and adoption of the evaluation study recommendations by key stakeholders, especially the Governments, and, thus, further enhancement of ADB's development effectiveness.