



**Program Support Unit
Sindh Devolved Social Services Program
Finance Department, Government of Sindh**



Loan No. 2049-PAK: Sindh Devolved Social Services Project

**4th & 5th Quarterly Progress Reports
For the Period 1st March to 31 May and 1st June to 31 August 2005**

1. Summary Part

Financed through Asian Development Bank and implemented over a period of three years Sindh Devolved Social Services Program SDSSP is a direct budgetary support to improve service delivery in education, health, water & sanitation sectors. The Program would achieve its targets by enhancing the service delivery capacity of relevant departments in the district governments and taluka/ town administrations by providing additional financing. The DSSP is built around basic set of policy reforms, which will create an enabling environment for local governments (LGs) to finance the identified institutional, social, financial, and capacity needs in service delivery at provincial as well as local levels.

It would also be pertinent to acknowledge the eagerness demonstrated by all tiers of local government; which resulted in substantial disbursement of 71% of first year ADF to 68% local governments in a very short period of five months.

Sector planning, with special emphasis on Health, Education and water sectors, requires consultative process, involving functionaries at various tiers of the LGs and more importantly involvement and ownership of the political leadership. The Program Support Unit emphasized this point in its interaction with the district governments and TMAs through workshops, personal meetings and official correspondence. It is reflected clearly from the plans that the local governments have adopted participatory planning methodology and their respective councils have approved the plans. The PSU staff remained engaged with the LGs through workshop, seminars and interactive sessions. As a result of these interactions with LGs and a concomitant process of reflective meetings with the provincial line departments, the PSU prepared guidelines for LGs to develop annual sector plans (ASP). These guidelines were periodically improved in the light of feedback received from the Provincial Line Departments (PLDs) and LGs. At Taluka/Town Municipal Administration (TMAs) level the target of getting a majority of TMAs to sign the Memorandum of Understanding (MoU) and prepare their ASPs was achieved and a greater part of them have received their share of the conditional grants too. The TMAs of rural areas have utilized the major chunk of the conditional grant on rehabilitation/ expansion of their crumbling sewerage system. This shows that the rural TMAs consider the maintenance of sanitation system their priority area, which also helps in environmental improvement. However, the solid waste management aspect of the sanitation sub-sector has not received due attention from the rural TMAs only because of lack of knowledge. It is important to sensitize them to the benefits of attending to this aspect.

Besides SDSSP, there has been a marked increase in social sector financing, both internal and external, which has indeed provided a fostering environment required for ensuring this. Foregoing is substantiated from the fact that as compared to FY: 03-04, the Government has substantially increased social sector expenditure; specifically for health, education and water in FY: 05-06.

Scheduling. The physical implementation of the program was originally scheduled from the February 2004, however, due to the technical reasons the implementation actually started from the July 2004. The loan was approved in December 2003, loan agreement signed in February and became effective on 29 April while the first tranche of US\$ 100 million was received in May 2004. During the Inception Mission in July 2004 it was decided that the physical implementation or the transfer of the ADF to LGs would start from the financial year (FY) 2004-05. However, due to the delayed approval of the implementation document – the PC-I – the physical implementation or the transfer of ADF and utilization of TA funds could start from January 2005 only.

Reports. 1st report for the period May-July 04 was furnished in the shape of the Inception report, 2nd and 3rd quarterly reports (August 04-February 05) were submitted in March 05. This is the 4th and 5th quarterly report for period March to August 05.

2. Technical Part

Description	Assessment of Progress-to-date
A. Program and Sector Management and Monitoring	
a. PSU shall ensure that all the initiative envisioned under the Program are carried out as per the Policy Matrix.	During the period under report the PSU remained busy in achieving the implementation milestones set for the first year of the program and events leading towards the clearance of the Bank for the transfer of the second tranche of the funds. Having successfully complied with the policy actions, the Sindh received second tranche of US\$ 70 million in July 2005. Report for the completion of the second tranche actions is posted on www.sdssp.gov.pk
b. PSU shall implement a system of Program monitoring and shall implement the Project.	Technically the implementation of the Program started from 1 st July 2004 however, the physical implementation started with the distribution of grants to LGs in February. In the absence of a monitoring specialist the Program officers initiated the reporting and monitoring performas, which are being used by the LGs for reporting purpose. In addition the PSU teams visited districts and TMAs to have the first hand information about the program activities and status of execution on certain schemes. Visit reports have also been shared with the LGs for removing the observations and bringing the program activities in line with the MoU and ASP requirements. Visit reports are posted on the website.
c. PSU shall track the flow of funds and monitor financial management of the proceeds of the Loan	<u>Districts:</u> Total Allocation: 1326 millions Total Disbursement: 1001 millions Utilization 31 Aug: 25% <u>TMAS</u> Total Allocation: 568 millions Total Disbursement: 345 millions Utilization 31 Aug: 30%
B. Capacity Building	
a. PSU shall organize awareness campaigns about Sindh's poverty reduction strategy,	PSU has held few district workshops in Hyderabad, Naushero Feroze, Dadu, Nawabshah and Thatta during

<p>strengthening of participatory planning, and rationalization of services, support for CBOs and devolved social services.</p>	<p>the period January to August to apprise the district functionaries and other stakeholders on the concepts and covenants of MoUs on participatory planning, rationalization of services, public private partnership and role of community in the service delivery. Participatory Planning Specialist has planned number of interactive activities with the LGs and community organizations.</p>
<p>b. LSU will strengthen the DGs and the TMAs in the areas of: (a) annual planning and budgeting for social services using a participatory approach; (b) gender mainstreaming; (c) social sector management and monitoring; (d) financial management as required; (e) strengthening of linkages of governments and communities; and (f) capacity building of the CBOs.</p>	<p><u>Health</u></p> <p>The annual sector planning process itself is a consultative process. Starting from conception of the ideas to preparation of plan most of the input is provided by the stakeholders. Approval from district council ensures the ownership and participation of public representatives in the planning process. PSU has undertaken the district contact initiative and 7 districts have been visited and contacts established with the major players in these districts. Participatory planning consultant is preparing guidelines for engaging CBOs/NGOs, gender mainstreaming and participatory planning.</p> <p><u>WSS</u></p> <p>Sector planning requires consultative process, involving district functionaries at various tiers of the government and more importantly involvement and ownership of the political leadership. The Program Support Unit emphasized this point in its interaction with the District Governments through workshops, personal meetings and official correspondence. It is reflected clearly from the sector plans that participatory planning methodology has been adopted by the District Governments. All the plans have been approved by their respective councils</p>
<p>C. Sector Specific Reforms</p>	
<p>a. Education: Sindh shall examine, with the assistance of consultants, a range of policy issues such as the functioning of the SMCs, contracting teachers, and affordability of education.</p>	<p>SMC</p> <p>Various meetings were held with Education Department and Sindh Education Foundation. Department intends to introduce SMC Act in the provincial assembly to give legal cover to SMCs. However procedural matters are still to be resolved</p> <p>Teachers</p> <p>District based teachers recruitment is under process. School teachers are being recruited through test based screening by third party.</p> <p>Affordability of Education:</p> <p>While continuing free textbooks initiative for primary stage, Sindh has decided to extend the scope to the</p>

	matric level. Sindh is also extending the scope of girl stipend to class XII.
b. Health: (a) health boards and patient associations shall be established to strengthen local participation in managing services; and (b) studies shall be undertaken, vis-à-vis, contracting arrangements for staff and public-private partnership, improving the financial sustainability of health facilities, and rationalizing and operationalizing closed health facilities	(a) Health boards in all tertiary care hospitals have been notified and amongst districts Hyderabad has piloted by establishing the health boards in three hospitals. PSU is working in close liaison with provincial health department and district governments for strengthening and establishing patient welfare associations. (b) 2 nd year's guidelines are mainly focused on Rationalization of staff and services so that health facilities could be functionalized properly.
c. Water and Sanitation Services: (a) technical support shall be provided for the capacity building of the TMAs, including financial management and monitoring system, categorization of schemes, consumer surveys, preparation of a master plan for the TMAs and capacity building and support for the VDAs to manage water and sanitation services; and (b) with the assistance of consultants and using a participatory process, interim policies for the water and sanitation sector shall be prepared, including for solid waste management in general and of hospitals, health centers and drinking water and sanitation in particular.	<u>WSS</u> Holding a seminar in Hyderabad on sectoral planning and community integration has been beneficial so have been the meetings in various districts and TMA with relevant officials. (b) An interim solid waste management framework has already been evolved by the Sindh Government with outsourcing of certain services in SWM being the salient feature. However, in the water and sanitation sector, interim policies would be framed after the arrival of the consultants.

3. Financial Part

Counterpart Funds	
a. Amount requested by the Executing Agency for allocation in the annual budget 2004-2005 2005-2006	Rs. 178.842 Million Rs. 23.695 Million
b. Amount approved by the Government in the annual budget 2004-2005 2005-2006	Rs. 147.607 Million Rs. 23.699 Million
c. Amount of utilization to date (31 August 2005)	Rs. 3.489 Million
d. Difficulties in getting the allocated amount released due to budgetary or other procedures	Nil

4. Management and Operations Part

<p>a. <i>Any changes in the organization of the Executing Agency, its management, etc</i></p>	<p>As a major step towards supporting the aspect of financial decentralization the Sindh has established a new wing named "Local Finance Wing" in the Finance Department to assist the local governments through regular and direct fiscal transfers and tracking the expenditures. This Wing also houses the Secretariat of Provincial Finance Commission. All PFC related transfers take place through this wing. The wing is thus the natural partner in the implementation of the SDSSP and its Additional Secretary is the Focal Person and member of the technical working group of the SDSSP.</p>
<p>b. <i>Status of the Project Office and / or Field Office staffing</i></p>	<p>The PSU has acquired new premises for its offices. Though the refurbishing work continues but the premises have been partly occupied and made operational as well.</p> <p>PSU continued efforts for the hiring of support staff and consultants and the counterpart sector program officers. After recommendation of the PLDs and suitability process, the government has posted five program officers in PSU while the position of Deputy program Director was advertised. The government has also notified a committee for the recruitment of the counterpart officers to ensure the merit and transparency. All positions for the support staff in PSU and LSU advertised, candidates Shortlisted and interviewed except for the computer operators and program assistants who would be required to appear for an online test.</p>
<p>c. <i>Any significant decisions made in relation to particular loan covenants</i></p>	<p>After having a review of policy matrix and second tranche actions with the ADB in April / May, the Sindh is of the view that the tranche conditions for the third year would require a review and some revisions. Such proposal would be discussed with the ADB during future interactions.</p>

5. Loan Covenants and other Miscellaneous Matter.

- I. Loan Covenants
(Use PAM Appendix 9, pages 3-4)
- II. Expected Progress for the next reporting period
 - *TWG would consider finalizing the strategies for transfer of second tranche (ADF) to local governments and strategy for TA Management through PLDs.*

- *Procurement of goods and services would continue*
- *Recruitment of support staff and POs on counterpart side*

III. Problems encountered which significantly affected the implementation of the Projects / Action Taken and/or Proposed.

- i. Program encountered problem of "ownership" from line departments being a Multi-Sectoral program. At times it becomes difficult to get policy directions on the reforms like rationalization of services
- ii. The project approach in DEEP and program approach in SDSSP creates confusion in Education Department's functionaries and makes transition from Project to Program approach more difficult.
- iii. Program design has limited role for provincial department whereas, majority of decisions require proactive role of department. It obviously creates hindrances in implementation of agreed outcomes.
- iv. SDSSP has introduced sector wide approach; there is lots of confusion at province as well as in districts in handling these conceptual issues.
- v. Often valuable time is lapsed in exchange of minor corrections by the ADB in the documents produced by PSU e.g. ToRs, guidelines etc.
- vi. Issue of further or total devolution of social services is still a far cry.
- vii. PSU continued to face variety of administrative impediments, resulting into lack of human resource, delay in the shifting and streamlining of PSU.

Actions Taken and/or Proposed:

- i. PSU has inspired renewed efforts in getting Line Departments on-board, in March 2005, special session of Joint Ministerial-PSC-SDSSP was called to create greater ownership of the program in line departments. In the follow up of this series of meetings took place with the department. As an outcome of this Education Secretary, Additional Secretary Health, and Additional Chief Secretary Local Governments Department presented their sector progress to Review Mission-ADB themselves. In addition to this one of the conference of SDSSP on "Delegation Plan" was chaired by Hon' Advisor to Chief Minister on Local Governments himself.
- ii. There is a need of streamlining the ADB projects, it is suggested that joint conferences/seminars may be arranged to brief the provincial and district functionaries about DBS modality.
- iii. Policy Matrix may be revised and made more sensitive to socio- politico realities
- iv. A formal protocol may be developed for developing ToRs, procuring goods, hiring of consultants etc. ADB may show some flexibility in support of PSU especially for hiring of human resource that has low level of financial impact.
- v. Government is in the process of suitably amending the SLGO to remove the operational bottlenecks