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DISSERTATION

Improving Decision-making Systems for Decentralized Primary Education Delivery in Pakistan

Mohammed Rehan Malik

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This dissertation is dedicated to my altruistic parents

who sacrificed the certainty and comfort of current consumption

to invest in my education.

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Abstract

This dissertation investigates the design and implementation of General Musharraf's avowed decentralization initiative. The objectives are: 1) test whether decision-making and service delivery have been decentralized; and 2) determine restructuring of business processes, institutional structures and incentives that can improve decentralized primary education delivery.

The dissertation synthesizes decision-making into three stages: policymaking, planning, and operations. Using methodologies of institutional analysis and business process mapping, the analysis determines if decentralization supports district government authority, accountability, responsiveness, and service user participation. In the absence of reliable output indicators, input availability is analyzed.

The evidence on policymaking indicates that the decentralization design is a replication of a unitary structure where constituent units (districts) do not have policymaking authority. District governments, accountable for service delivery, are superseded and contested by Supra-State, federal, and provincial decisions at policymaking, and subsequently, operations levels.

The analysis of education planning identifies multiple institutional structures, incentives, and mandates that contest district authority. Evidence from ESRAP indicates that unitary-style planning complies with IMF and UNESCO priorities and contradicts federalism and decentralization.

The evidence on SDSSP indicates that the program design reinforces administrative centralization (policy control) and fiscal centralization (resource mobilization and expenditure assignment) with ADB and its provincial-level proxy, the PSU. SDSSP contradicts decentralization and limits district government planning to budgeting in compliance with ADB/ PSU policies.

The evidence on teacher and textbook availability indicates that district government authority over education input availability is limited by policy control and fiscal centralization at the provincial (and indirectly federal) levels. GoS has manipulated the decentralization design to control teacher recruitment, transfers, and compensation.

Specific policy recommendations are in four categories: 1) restructuring the decentralization design; 2) diluting pre-federalism and pre-decentralization structures; 3) realigning Supra-State interventions; and 4) identifying strategies for improving education input availability in districts in Sindh.

Acknowledgements

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Abbreviations

AA	Administrative Approval
ADB	Asian Development Bank
ADO	Assistant District Officer
ADP	Annual Development Program
AG	Accountant General
APT Rules	Short form used for Sindh Civil Servants (Appointment, Promotion, and Transfer) Rules, 1974
ASP	Annual Sector Plan
BBdR	District Budget Rules, short form used for Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002
BCL	Budget Call Letter
BPM	Business Process Mapping
BPS	Basic Pay Scale
CAP	Country Assistance Plan
CDL	Cash Development Loan
CM	Chief Minister
DBuR	District Business Rules, short form used for Sindh District Government (Conduct of Business Rules), 2001
DCO	District Coordination Officer
DDWP	District Development Working Party
DEEP	Decentralized Elementary Education Project
DEP	District Education Plan
DfID	Department of International Development
DG	District Government
DO	District Officer
DSS	Devolved Social Services
EA	Executing Agency
EAB	Education Advisory Board
EAD	Economic Affairs Division
ECE	Early Childhood Education
ECNEC	Executive Committee of the National Economic Council
ED	Education Department
EDO	Executive District Officer
EFA	Education for All
ESRA	Education Sector Reform Assistance
ESRAP	Education Sector Reform Action Plan 2001-2004/5/6
F&P	Finance and Planning
FAO	Food and Agricultural Organization
FD	Finance Department
FG	Federal Government
FTI	Fast Track Initiative
GoS	Government of Sindh
GoP	Government of Pakistan

I-PRSP	Interim-Poverty Reduction Strategy Paper
IA	Institutional Analysis
ICG	International Crisis Group
IDIs	International Development Institutions
IMF	International Monetary Fund
LG	Local Government
LGO	Local Government Ordinance
LSU	Local Support Unit
MDG	Millennium Development Goals
MGM	Multilevel Governance Model
MNA	Member of National Assembly
MoE	Ministry of Education
MoF	Ministry of Finance
MoPD	Ministry of Planning and Development
MoU	Memorandum of Understanding
MPA	Member of Provincial Assembly
MQM	Muttahida Qaumi Movement
MTDF	Medium Term Development Framework
NEC	National Economic Council
NEP 1992	National Education Policy 1992
NEP 1998	National Education Policy 1998
NFC	National Finance Commission
NGO	Non-Government Organization
NOC	No Objection Certificate
NPA-EFA	National Plan of Action on Education for All
NRB	National Reconstruction Bureau
NWFP	North Western Frontier Province
OECD	Organization for Economic Co-operation and Development
OS	Open System
P&D	Planning and Development
PC	Planning Commission
PFC	Provincial Finance Commission
PKR	Pakistani Rupee
PML	Pakistan Muslim League
PPP	Public Private Partnerships
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PSDP	Public Sector Development Program
PST	Primary School Teacher
PSU	Provincial Support Unit
RRP	Report and Recommendation to the President
SAP	Social Action Plan
SAPs	Structural Adjustment Programs
SDSSP	Sindh Devolved Social Services Program
SEMIS	Sindh Education Management Information System
SIAs	Sector Institutional Assessments

Sindh EFA	Sindh Education For All
SLGO	Sindh Local Government Ordinance, 2001
SMC	School Management Committee
SNE	Statement of New Expenditures
SPDC	Social Policy and Development Center
SPSC	Sindh Public Service Commission
SSAC	Sindh Structural Adjustment Credit
STB	Sindh Textbook Board
TMAs	Taluka Municipal Administration
USAID	United States Agency for International Development
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNRISD	United Nations Research Institute for Social Development
USD	United States Dollar
WB	World Bank

Glossary

Administrative Approval: The formal approval/document issued to sanction expenditures. At the district level this is issued by the District Coordinating Officer.

Annual Development Program: Provincial and district government development expenditure programs.

Annual Sector Plan (ASP): A programming document prepared by district governments under the Sindh Devolved Social Services Program to identify projects and costs for funding.

Assistant District Officer: An official in a district government department who reports to the District Officer.

Cash Development Loan: A (former) federal credit facility for provincial governments to finance their development budgets.

Chief Minister: Chief Executive of a provincial government

Decentralized Elementary Education Project: An education development project initiated by the Asian Development Bank

District Coordination Officer: The highest ranked civil servant in the district government. DCOs are usually federal or provincial government employees posted to the district governments.

District Development Working Party: A district government institution responsible for approving development projects at the district level.

District Education Plan: A programming document prepared by district governments under the USAID-sponsored Education Sector Reform Assistance.

District Officer: An official in a district government department who reports to the Executive District Officer.

Education for All (EFA): An international education development initiative of UNESCO that promotes primary education, adult literacy, and early childhood education and targets.

Education Sector Reform Action Plan 2001-2004/5/6: A federal education plan for developing education at the federal, provincial, and district levels.

Education Sector Reform Assistance: An initiative of the United States Agency for International Development initiative to facilitate education sector reforms in Pakistan.

Executive District Officer: The head of a district government department. EDOs are provincial government employees posted to district governments.

Federalism: A system of government in which sovereignty is constitutionally divided between a central governing authority and constituent political (federating) units (provinces in Pakistan)

Government of Pakistan: The federal government of Pakistan

Government of Sindh: The government of the province of Sindh

Local Government Ordinance: The basic legislation that defines the existence, structure, operations, and responsibilities of local governments. For example, for the province of Sindh, the Sindh Local Government Ordinance, 2001 was promulgated. LGOs were developed by the NRB for each of the four provinces and were identical in structure and content.

Local Support Unit: The temporary office at the district level for local implementation of the SDDSP.

Medium Term Development Framework: A five-year centralized economic planning initiative of the federal government. Provincial governments were required to implement this in their jurisdictions.

Member of National Assembly: Elected representative of the national assembly

Member of Provincial Assembly: Elected representative of a provincial assembly

Muttahida Qaumi Movement: A political party, largely based in urban Sindh, and allied with General Pervaiz Mushrarraf's regime.

National Economic Council: A federal institution under the Constitution of Pakistan, 1973 responsible for approving central economic plans and foreign-funded projects throughout the country.

National Finance Commission: A federal institution created under the Constitution of Pakistan, 1973 to share resources between the federal and provincial governments.

National Plan of Action on Education for All (NPA-EFA): A centralized education planning initiative conducted at the federal level under the auspices of UNESCO in compliance with the EFA initiative.

National Reconstruction Bureau: An institution created by General Pervaiz Musharraf after the Pakistan Army coup on October 12, 1999 to design reforms for the country.

Nazim: Organizer or coordinator. The district government is led by a nazim (Mayor), an elected representative.

Pakistan Muslim League (Quaid-e-Azam): A faction of the Pakistan Muslim League allied with General Pervaiz Mushrarraf's regime.

Poverty Reduction and Growth Facility: A lending instrument of the International Monetary Fund.

Poverty Reduction Strategy Paper: A document defining how the borrower of the Poverty Reduction and Growth Facility would comply with loan covenants including centralized expenditure planning. The Interim-Poverty Reduction Strategy Paper is the initial draft of the PRSP that was prepared to initiate PRGF funding.

Provincial Finance Commission: A provincial government institution responsible for sharing resources between the provincial and district governments.

Provincial Support Unit: A (temporary) program implementation structure created within the provincial finance department to implement the Sindh Devolved Social Services Program.

Public Sector Development Program: The federal government's development expenditure program for the entire country.

School Management Committee: A committee comprising of school leadership, staff, and parents with the authority to manage a school.

Sindh: The second most populous province of the federation of Pakistan.

Sindh Civil Servants (Appointment, Promotion, and Transfer) Rules, 1974: Rules that govern the human resource functions of provincial government employees.

Sindh Devolved Social Services Program: A decentralization support program financed by the Asian Development Bank.

Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002: Rules that define the district government financial management.

Sindh District Government (Conduct of Business Rules), 2001: Rules that define the functioning of district government operations.

Sindh Education Management Information System: The provincial government database of school enrollment in Sindh.

Sindh Public Service Commission: The premier institution of the Government of Sindh responsible for human resource management.

Sindh Structural Adjustment Credit: A World Bank credit facility to the Government of Sindh.

Sindh Textbook Board: The Government of Sindh's textbook production monopoly.

Social Action Plan: A social development initiative promoted by the World Bank and implemented by the federal and provincial governments in Pakistan during the 1990s. The bulk of the financing was federal loans to the provincial governments.

Statement of New Expenditures: A request for sanctioning / budgeting new recurrent expenditures issued by a department to the finance department for approval. In the decentralized setup, district government departments are required to get SNEs approved by the provincial finance department.

Structural Adjustment Programs: Economic restructuring loans from the International Monetary Fund.

Taluka: A constituent unit of rural district governments in Sindh

Tehsil: A constituent unit of the rural district governments in provinces other than Sindh.

Town: A constituent unit of city district governments.

Union Council: A constituent unit of taluka / tehsil governments.

Unitarism: A governance system which favors a process of uniting a political entity which consists of smaller regions, either by canceling the regions completely, or by transferring their power to the central government. A unitary government usually has policymaking authority vested with the central government.

United States Agency for International Development (USAID): The international development unit of the State Department of the United States government.

Chapter 1. Introduction: Decentralization in Pakistan and Other Developing Countries

This dissertation is an analysis of the decentralization initiative in Pakistan and investigates whether decentralization design and implementation have improved decentralized primary education delivery in Pakistan. The hypothesis, that the constructs of decision-making, i.e. district government authority, accountability, responsiveness, and local citizens' participation have improved, is tested in this dissertation. In the absence of a reliable baseline or subsequent reliable data on public primary education system **output** (i.e. student achievement, learning outcomes), the dissertation identifies institutional structures, incentives, and business processes that are hindering decentralized primary education delivery (as measured by education input provision) by district governments in Sindh. Recommendations are made to improve primary education delivery by district governments.

1.1 Introduction to Decentralization in Pakistan

Different motivations, objectives, and pressures compel different implementers to pursue decentralization. The implementers include central governments, international development institutions (IDIs), and military regimes that concentrate power in one person or institution. Each decentralization effort is unique as the legacy institutional structures, reform scope, avowed and actual objectives, implementation approaches, and stakeholder responses vary.

The recent decentralization initiative in Pakistan was introduced in 1999 and is applicable to Pakistan's four provinces[1]. The first indication of decentralization came soon after the Pakistan Army's coup on October 12, 1999. In his speech on October 17th, 1999, Chairman Joint Chief of Staff Committee, Chief of Army Staff, General Pervaiz Musharraf, with the additional authority of the Chief Executive of Pakistan, declared his intention to devolve power. The National Reconstruction Bureau (NRB), an institution created by General Musharraf and headed by an Army general, floated the first draft of the decentralization structure in May 2000.[2] The formal plan was launched in August 2000.[3]

According to the decentralization design, three local government levels were created[4] within provincial government jurisdictions. The local government levels were made responsible for public service delivery for 12 functions.[5] The NRB developed the Local Government Plan 2000. Local Government Ordinances (LGOs) prepared by the NRB were promulgated in the four provinces in 2001. Similarly rules of business for local government levels were developed by the NRB and promulgated as the elected district governments took charge. These developments took place while provincial assemblies, the political representatives of the government level whose authority was being decentralized, were in abeyance (as were the national assemblies) after the Army coup.

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[1] Pakistan is a federation of four provinces (akin to US states) and federally administered areas.
[2] National Reconstruction Bureau. (May 2000), *Local Government Plan 2000*, NRB, Islamabad.
[3] National Reconstruction Bureau. (August 2000), *Local Government Plan 2000*, NRB, Islamabad.
[4] Local governments at the *Zila* (district), *Town/ Tehsil/ Taluka* (sub-district level, towns are the sub-district level in urban areas, Tehsil/ Taluka are the sub-district level in rural areas; *Taluka* are the sub-district level in rural areas in the province of Sindh), and Union Council levels were created. Political posts were created to head these local governments. For example, the district *nazim* (mayor) was elected through indirect election from town/tehsil/taluka *nazims*.
[5] Schedule I of the Sindh District Government (Conduct of Business Rules), 2001

The decentralization legislation transferred responsibility for governance and service delivery to local governments headed by elected local political leadership.[6] The initial scope of General Musharraf's initiative was focused on devolution, i.e. political decentralization, coupled with administrative decentralization.[7] NRB's devolution plan was designed to create political leadership at the local level. Service delivery was an additional consideration strengthened by the influence of the international development institutions, particularly the World Bank (WB), Asian Development Bank (ADB), and the United Nations Development Program (UNDP).

It has been argued that the primary motive for decentralization by the Musharraf regime is political legitimization and creation of political structures dependent on General Musharraf (Cheema et al., 2005) and (International Crisis Group, 2004). This is in line with analysis of previous decentralization attempts: decentralization in Pakistan in the 1950s and 1960s was designed to achieve political objectives (Chauhan, 1977).[8] Pressure from the international community to revert to democratic rule, particularly from the United States of America and the British Commonwealth, also complemented the Musharraf regime's internal political compulsions. Pakistan had been suspended from the

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[6] Article 16(3) of the Sindh Local Government Ordinance, 2001; Article 16(3) of the Punjab Local Government Ordinance, 2001

[7] Both the terms, devolution and decentralization are used here. In the literature, the term devolution refers to the concept of political decentralization. Decentralization refers to a broader set of ideas that includes administrative and fiscal dimensions as well. However, with respect to the National Reconstruction Bureau and the Musharraf regime, the term devolution refers to both: political decentralization, as it was initially envisaged, and the broader concept which includes fiscal and administrative decentralization as well.

[8] Chauhan, D. S. (1977) Democratic Decentralization and Local Administration in India, Nepal and Pakistan", Asia Quarterly, 4:279-303. Page 283 cites Palmer (1967) page 51. Chauhan (1977) page 283 cites Hanson (1963) page 20; International Crisis Group (2004) "Devolution in Pakistan: Reform or Regression?" ICG Asia Report No. 77, Islamabad; Cheema, Ali, Khwaja, Asim Ijaz and Qadir, Adnan, (2005) "Decentralization in Pakistan: Context, Content and Causes". KSG Working Paper No. RWP05-034

British Commonwealth after the Army coup. External influences reinforced the regime's off-the-shelf legitimacy-creating solution to pursue devolution.

Military regimes and authoritarian governments in other countries have also used political decentralization to achieve political legitimacy. In addition to Pakistan's three military regimes, regimes in Bangladesh[9] and Ghana[10] have also promoted decentralization to manufacture legitimacy.

Fiscal pressures and macroeconomic instability may also force countries to opt for decentralization. Pakistan's fragile fiscal condition with respect to its foreign debt obligations and external account imbalances also influenced the decentralization agenda. The economic sanctions imposed on Pakistan after the nuclear tests in May 1998, and Army coup in October 1999, reduced avenues for Pakistan to finance its trade deficits and meet its external debt obligations. Pakistan was on the brink of external debt default. In October 1998, the official external reserves of the Government of Pakistan (GoP) were reduced to USD450 million[11] while external payment arrears had accumulated to USD1.4 billion. External financing requirements from FY1998-1999 to FY2000-2001 were estimated at USD 19.0 billion.[12] A key aspect of the structural reforms under International Monetary Fund (IMF) lending was curtailing the budget deficit while

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[9] Crook, R.C. and J. Manor (1998) "Democracy and Decentralization in South Asia and West Africa; Participation, Accountability, and Performance", Cambridge University Press. Page 87. (Chauhan 1977) Democratic Decentralization and Local Administration in India, Nepal and Pakistan", Asia Quarterly, 4:279-303. Page 282-290.

[10] Mohan, Giles (1996), "Adjustment and Decentralization in Ghana: A Case of Diminished Sovereignty", Political Geography, Vol. 15, No. 1, pages 75-94

[11] Approximately three weeks of import financing

[12] International Monetary Fund (1998). "Pakistan: Enhanced Structural Adjustment Facility Policy Framework Paper, 1998/99-2000/01" Prepared by the Pakistan Authorities in collaboration with the staffs of the Fund and the World Bank staffs, December 23, 1998.

requiring (the demonstration of) federal enhancements of social sector expenditures. The Interim Poverty Reduction Strategy Paper (I-PRSP) required for initiating the Poverty Reduction and Growth Facility (PRGF) from the IMF also included a commitment from the GoP to continue decentralization.

The external fiscal pressures and IMF loan covenants affected the decentralization agenda in two ways. First, the loan covenants created incentives for the federal government to retain centralized planning structures rather than diluting them in the post-decentralization era. The loan covenants under IMF's PRGF outlined in the I-PRSP contain public sector expenditure targets for education and health.[13] This is contrary to the logic and objective of local expenditure assignment and priority setting under the decentralization agenda.

Second, the loan covenants imposed fiscal deficit targets that would affect fiscal decentralization to provincial and district levels.[14] The federal government would eventually achieve fiscal deficit targets by passing the budget deficits down the governance levels.[15]

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[13] Page 54-59, 88-89. Government of Pakistan (November 2001) "Interim Poverty Reduction Strategy Paper", Policy Wing, Finance Division and Poverty Reduction Cell, Planning Commission, Islamabad; Page 114, Government of Pakistan (December 2003) "Accelerating Economic Growth and Reducing Poverty: The Road Ahead (Poverty Reduction Strategy Paper)" Poverty Reduction Strategy Paper Secretariat, Ministry of Finance, Islamabad.

[14] Page 38, 81. International Monetary Policy (2001) "Request for a Three Year Arrangement Under the Poverty Reduction Growth Facility" Prepared by the Middle Eastern Department and the Policy Development and Review Department, Washington D.C.

[15] According to an analysis of federal and provincial budget statements, the federal government has passed on the burden on fiscal deficit to the provincial governments. The share of provincial governments' containment of the public sector deficit rose from 57.8% in FY1999-2000 to 96.7% in FY2003-2004 of the total fiscal deficit. Thus, the federal government parked the fiscal deficit at the provincial level reducing the fiscal space for provincial governments. However, as fiscal conditions at the federal level improved during and after 2004-2005, the short-term liquidity of provincial governments has improved. Social Policy and

Pakistan has a weak federal tradition. Despite being a federation under the 1973 Constitution, Pakistan has continued to operate as a predominantly unitary government with weak provincial autonomy. In a federal structure, the sub-national legislatures are allowed autonomous policymaking authority, whereas in a unitary state policymaking authority is vested in the central government whose jurisdiction covers the whole country. The domination of the domestic political and administrative structures by the Pakistan Army has intensified the unitary tradition through concentration of power at the federal level. This unitary form of government has manifested through, and complemented by high degree of centralization in economic planning and revenue mobilization, and contested expenditure assignment domains. Resistance to this centralization was one of the reasons for the separation of East Pakistan in 1971.

The high fiscal centralization of revenue mobilization at the federal level continues after decentralization as illustrated by Table 1.1. The extent of federal shares of total public sector expenditure is illustrated by Table 1.2.

An example of Pakistan's weak federal tradition is the National Finance Commission (NFC) Award. According to Article 160 of the Constitution of Pakistan, 1973, resources must be distributed amongst the provinces according to the NFC Award held every 5 years. Under the NFC Award 1997, the provincial governments, with weak resource mobilization base, were asked to finance their development budgets on their own. Cash Development Loans (CDLs), federal loans to finance provincial development budgets,

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Development Centre (2003) "Social Development in Pakistan: Annual Review 2002-2003, The State of Education", Karachi. Page 81.

were curtailed.[16] The weak tax base of the provincial governments, federal control of the more buoyant taxes under the federal divisible pool, and expenditure-driven NFC shares of provincial government, set the stage for provinces to either retrench development expenditures or finance their development expenditures through other financial management strategies. Decentralization was launched in this environment of weak provincial autonomy.

Decentralization in Pakistan is confined to transfers from the provincial to the district level. Neither the design, nor the subsequent implementation of the decentralization eight years later, has decentralized any federal authority to the provinces. The Federal List in the Constitution of Pakistan, that specifies the domain of the federal government, or the Concurrent List in the Constitution of Pakistan, that specifies the joint role of the federal government and the federating units, have not been reconfigured to empower the federating units (provinces) or the new district governments (now responsible for service delivery). The decentralization of jurisdiction and authority from provincial governments to local governments has not been compensated by any dilution of the federal authority and unitary governance structures to provincial governments. Table 1.3 presents the distribution of functions across government levels for public primary education delivery.

In summary, the decentralization initiative was launched to achieve multiple objectives: demonstrate democratization and resumption of political activity (but at the lowest levels that owe their existence to the Musharraf regime); respond to political compulsions of

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[16] Government of Pakistan (1997) *Report of the National Finance Commission*, 1996, National Finance Commission Secretariat, Government of Pakistan, Islamabad. Page 22, 24.

domestic and international legitimacy creation; respond to economic constraints that created incentives for fiscal centralization and influenced the decentralization design; and achieve avowed service delivery improvements. The initiative was launched by an Army-led, extra-Constitutional structure (NRB) while elected provincial assemblies were in abeyance, and implemented in a federal system that has operated largely as a unitary structure with weak provincial autonomy.

1.2 Policy Questions

Two policy questions are the main concern of this dissertation:

1) Has decentralization improved district government authority, accountability, responsiveness, and service user participation in primary education delivery?

2) What specific institutional and process restructuring can improve decentralized public primary education delivery in Pakistan?

This dissertation tests whether the decentralization design and implementation has improved district government authority, accountability, responsiveness, and service user participation. This is applied to the entire spectrum of decisions involved in service delivery: policymaking, planning, and operations. Recommendations for reconfiguring policy, planning, and operations sub-systems and improving decentralized primary education delivery are generated.

Primary education delivery has been chosen for two reasons. First, Pakistan has consistently performed poorly on school enrollment, attainment, and completion rates.

According to the Human Development Report, 2003 issued by the United Nations Development Program, Pakistan ranked 144th amongst 175 countries and regions in terms of overall human development ratings. Second, primary education delivery in Pakistan involves three levels of governance, (federal, provincial, and district), and is relatively homogenous in nature (compared to differentiated health services).

1.3 Definitions and Typology

Rondinelli (1981) defines decentralization as "transfer or delegation of legal and political authority to plan, make decisions, and manage public functions, from the central government and its agencies to field organizations of those agencies, subordinate units of government, semi-autonomous public corporations, area-wide or regional development authorities; functional authorities, autonomous local governments, or non-governmental organizations."[17]

Rondinelli (1981) argues that the degree of legal and political power transferred by the central government leads to different forms of decentralization and that deconcentration, delegation, and devolution are three degrees of decentralization. Rondinelli (1983) includes privatization as a type of decentralization.[18]

Parker (1995) modifies Rondinelli's typology by defining three types of decentralization:[19]

1. Deconcentration or administrative decentralization

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[17] Rondinelli (1981) Page 137.
[18] Rondinelli, Nellis, and Cheema (1983) page 14.
[19] Parker (1995) cited in Manor (1997)

2. Fiscal decentralization

3. Devolution or democratic decentralization

Deconcentration or administrative decentralization refers to shifting of workloads from central government or ministry headquarters to its field agents outside the central ministry office. The central government is not giving up or transferring any authority, but transferring it to their agents outside the capital, while these agents continue to be accountable to central government headquarters.[20] Brillantes and Cuachon (2002)[21] argue that administrative decentralization implemented either through *deconcentration* or *delegation*. *Deconcentration* is the weakest form of decentralization as it involves spreading responsibilities across various levels of central government offices spread across larger physical areas. *Delegation* is the transfer of authority from the central government to an autonomous institution that is not part of the central government but report to it. Manor (1997) argues that when administrative deconcentration is executed without simultaneous democratization or without fiscal decentralization, it enables the central government to penetrate into local arenas without empowerment of local interests. Thus, deconcentration leads to effects opposite to the idea of decentralization: increased leverage of the system by the central government.[22]

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[20] Rondinelli (1981) page 137
[21] Brillantes, Alex B., and Nora G. Cuachon eds. (2002) "Decentralization and Power Shift: An Imperative for Good Governance; A Sourcebook on Decentralization Experiences in Asia, Volume 1", Asian Resource Centre for Decentralization, Downloaded on July 13, 2004 from www.decentralization.ws/srcbook_main.asp
[22] Manor (1997), part 1 page2

Fiscal decentralization refers to the transfer of power over budgets and financial decisions to lower government levels that may, in some cases, include the increased power to raise taxes. Fiscal decentralization affects fiscal transfers from higher levels of government and fiscal autonomy of the lower levels of government, which may lead to increased fiscal capacities for local expenditures. Fiscal decentralization involves transferring revenue mobilization and expenditure assignment authorities to lower governance levels.

Devolution is the strengthening or creation of sub-national levels of government by transferring authority and resources downstream. The lower levels of government are wholly or partly independent of higher levels of government. Rondinelli (1981) cites characteristics of devolution as discussed by Uphoff and Esman (1974). First, devolution requires that local government be autonomous and independent and at a separate level over which central government exercise little or no direct control. Second, the local units must have legally recognizable boundaries over which they exercise authority and perform public functions. Third, local governments must be given corporate status and the power to raise sufficient resources to perform specified functions. Fourth, devolution implies that local governments must be developed as local institutions that are perceived by local citizens as organizations serving the public. Finally, devolution is an arrangement in which there are mutually beneficial relationships between local governments and between local and national governments.[23]

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[23] Rondinelli (1981) page 138.

Brillantes and Cuachon (2002) cite the World Bank Decentralization Thematic Team to list five forms of fiscal decentralization: a) self-financing or cost recovery by charging users a fee; b) co-financing or co-production with users; c) expansion of local revenues through property or sales taxes; d) inter-governmental transfers that shift general revenues from taxes collected by the central government to local governments; and e) authorization of municipal borrowing and mobilization of local government resources through loan guarantees.[24]

Rondinelli (1981) argues that in developing countries the definitional requirements or characteristics are not always followed to the core. In some developing countries, central governments may ask local governments to comply with national development policies and plans, and retain formal or informal controls to steer the local governments towards that goal. [25]

Summarizing, decentralization is defined as a transfer of authority and/or resources to lower levels of government. Parker's (1995) typology of decentralization is adopted in this dissertation to include three types: deconcentration or administrative decentralization, fiscal decentralization, and devolution or political decentralization.

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[24] Brillantes, Alex B., and Nora G. Cuachon eds. (2002) "Decentralization and Power Shift: An Imperative for Good Governance; A Sourcebook on Decentralization Experiences in Asia, Volume 1", Asian Resource Centre for Decentralization, Downloaded on July 13, 2004 from www.decentralization.ws/srcbook_main.asp

[25] Rondinelli (1981) page 139.

There are four constructs of decision-making measured to locate the distribution of decision-making:

a) Authority: Decision-making power of officials. Authority for whom? To do what?

b) Accountability: Answerability to local service users, voters, and other institutions to improve transparency and performance. Accountability: for what? To whom?

c) Participation and Voice: Entry points for citizenry to voice their preferences and influence processes and outcomes.

d) Responsiveness: Procedures in the government system for incorporating citizens' needs and preferences and addressing local problems in government decisions.

These constructs are all relative: authority of one entity over another for a decision; responsiveness of one entity to another about a decision; accountability of one entity to another about a decision; participation of stakeholders in arriving at a decision.

This implies that decision-makers and decisions are connected in the system and this connectivity and decision-flow can be mapped. The mapping captures the flow of decisions and business processes that are involved in service delivery and identifies the bottlenecks that can be removed. However, process mapping alone would not reveal the whole picture. The processes occur in an institutional context that affects the decisions. Thus, mapping has to be complemented with analysis of institutional structures and incentives which affect the decisions.

1.4 The Theoretical Basis for Decentralization

Multiple reasons are cited in the literature as the basis for decentralization. Rondinelli, Nellis and Cheema (1983) argue that the 1970s and 1980s saw a greater emphasis on decentralization for three reasons. First, developing countries were dissatisfied with the results of centralized planning and administration. Second, international development priorities changed during the 1970s away from economic growth to equitable distribution, improved productivity and income of all segments of the society. Third, by the end of the 1970s, most developing countries were facing economic and fiscal problems with the onset of rising prices of oil, decreasing levels of exports, and reduced financial assistance. These factors forced countries to find ways to use resources more effectively. Decentralization appeared a possible solution to these fiscal problems.[26] Thus, developing countries in Africa, Asia, and South America pursued decentralization.

Increased administrative efficiency is another reason cited for decentralization.[27] Decentralization is preferred as monopoly control over planning and resource allocation is considered to be inefficient.[28] It is argued that decentralization promotes accountability and reduces corruption in the government.[29]

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[26] Rondinelli, Nellis and Cheema (1983) Page 6-7
[27] Rondinelli (1981), page 135. Ribot (2002) page 8 cites Therkildsen (2001), page 1 and Conyers (2000), page 8
[28] Ribot (2002) page 8 cites Conyers (2000), page 8; Tendler (2000) page 118; Wunsch and Olowu (1995); Mawhood (1983); Meinzen-Dick and Knox (1999) page 4 and 30; Rondinelli et al. (1989); Bhagwati (1982).
[29] Ostrom, Schroeder, and Wynne (1993)

Decentralization has also been supported on grounds of allocative efficiency: decisions are more relevant to local needs and in tune with local knowledge and preferences[30] and thus, more likely to be effective; local co-ordination and decision-making reduces transaction costs; decentralized decision-making is quicker and more efficient; and local actors allocate resources more efficiently as they benefit from cost reduction.[31] The literature argues that competition between public agencies reduces bureaucratic waste (Niskanen 1971), allows for regional differences in preferences (Tiebout 1961), serves as a discovery procedure (Hayek 1968), and improves local democracy and public accountability through competition between politicians (Tiebout 1956). Thus, local governments are more likely to be more responsive to the preferences of their constituents and tailor services accordingly.[32]

These conditions may not be valid for some developing countries. Efficiency claims due to matching of supply and demand of local public goods may not be valid in developing countries with weak democratic conditions.[33] In Pakistan, tribal, feudal, sectarian identities, dependencies, and clientism may inhibit competition between politicians or foster provision of private goods under patron-client relationships. Conditions of free, efficient markets for votes and information (for decentralization to work) may not be valid assumptions.

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[30] Hayek 1945, Mugrave 1959.
[31] Ribot (2002) page 9 cites World Bank (2000), page 18; Conyers (2000) page 8; Huther and Shah (1998); Sewell (1996); Romeo (1996); Baland and Platteau (1996); Schilder and Boeve (1996) pages 94-117; Parker (1995); Cernea (1989); Selznick (1984); Tiebout (1972); Oates (1972) pages 11-12.
[32] Azfar et al. 1999 cites Oates 1968, 1972, 1999; Salmon 1987; Breton 1996; Qian and Weingast 1997.
[33] Ribot (2002) page 9 cites Sewell (1996) page 147.

Evidence that decentralization improves service delivery is limited and indicates mixed results.[34] Increased infrastructure expenditures at national and sub-national level were observed in ten developing countries. In areas where service provision was low, decentralization appeared to have increased locally produced services. A study of 75 countries indicated that facilities are better provided by central government, while operating costs are lower and operations more effective when decentralized. [35]

Decentralization could improve "procedural equity" because disadvantaged populations may have recourse in a decentralized system. However, there is "little evidence that decentralization is instituting procedures and institutions for representative, accountable and empowered forms of local governance."[36] Decentralization may lead to distributional equity through intra-jurisdictional distribution of government services. However, Ribot (2002) argues that there is very limited evidence of that in Africa. Decentralization may also affect equity among districts, inter-jurisdictional equity, though this depends on the willingness of the central government to shape equity through redistribution.

Improved participation by local stakeholders is another argument for decentralization. Representation of diverse groups through local governments is one of the goals of democratic decentralization. However, its successful implementation requires transfers of resources to local governments and increased public participation at the local level.

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[34] Ribot 2002
[35] Ribot (2002) cites Lewis (1998)
[36] Ibid.

Decentralization may be used to limit political instability that arises from demands from domestic interests groups for greater power. Decentralization may also be used to strengthen or create legitimacy of a regime.

Fiscal crises may also force decentralization.[37] An overriding motivation for decentralization is to reduce public expenditure, and thus, decentralization is often part of broader structural adjustment programs supported by international development institutions. This support is based on the assumption that the central government's financial burden can be reduced by decentralization: it will force increased efficiency in local expenditure and generate local revenues more efficiently by local governments.[38] However, austerity programs and fiscal crises may undermine decentralization.[39]

Another motive for decentralization cited in the literature is the assumed benefit of poverty alleviation that may be achieved by empowering and serving the poor. However, evidence on this front doesn't point to this purported benefit. On the contrary, decentralization's responsiveness to the poor is cited as rare and debatable.[40]

There are risks associated with decentralization as well. Decentralization may increase leakage of funds in systems without well-functioning democratic mechanisms for

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[37] Ribot (2002) cites Olowu (2001), and Meinzen-Dick and Knox (1999).
[38] Ribot (2002) page 15 cites Conyers (2000)
[39] Ribot (2002) page 15
[40] Ribot (2002) cites Crook and Sverrisson (2001)

participation. Decentralization may increase chances of "local capture" of decision-making systems by the local elite, and decisions may reflect their private preferences.[41]

1.5 Survey of Decentralization Efforts in Developing Countries

Appendix A presents a survey of decentralization experiments in developing countries. The survey of decentralization efforts in developing countries indicates that decentralization reforms have been initiated for multiple objectives: political legitimization, fiscal restructuring and downsizing, service delivery improvements, and national unity considerations. Recent decentralization efforts in developing countries often accompany or follow economic crises and fiscal retrenchment. Military regimes have used decentralization to demonstrate their democratic credentials or legitimize their rule. Central governments have used it to restructure fiscal expenditures, partially by passing fiscal deficits down to lower levels of governance.

The decentralization experiences in South America and Africa, particularly in the 1990s, are similar to Pakistan's latest initiative. There were external political and fiscal pressures to decentralize and multiple objectives for launching decentralization. The review suggests that, similar to Pakistan's past efforts, decentralization initiatives in other countries have not fully succeeded in achieving the avowed decentralization objectives.

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[41] Prud'homme (1995); Collins and Green (1994); Bardhan and Mookherjee (2000) and (2002); World Bank (1997)

Table 1.1 Federal Financing of Provincial Current Expenditure (%)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Punjab	41.5	56.7	58.6	76.5	76.8	76.6	79.8	79.3
Sindh	36.3	50.1	55.8	80.2	78.7	78.3	83.0	84.9
NWFP	54.8	81.5	81.3	88.0	89.2	69.8	71.8	72.3
Balochistan	84.8	52.8	55.0	68.9	92.8	95.4	94.5	94.3

Note: *Federal Financing includes (i) Federal Tax Assignment (ii) Federal Non-Development Grants.*

Source: *Annual Provincial Budget Statements; various issues*

Table 1.2 Federal Share of Total Public Sector Expenditure (%)

1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
71.3	71.1	70.7	70.0	69.8	68.5	65.9	64.5

Note: *Total Expenditure includes federal & provincial current and development expenditure*

Sources: *Annual Federal and Provincial Budget Statements; various issues*

Table 1.3 Distribution of Authority for Primary Education Delivery under the Legislative Structure

Function	Pre-decentralization	Decentralization	Post-Decentralization
Policy	F,P	-	F,P
Planning	F,P	D	F,P,D
Operations	P	D	P,D

F=Federal, P=Provincial, D=District

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Chapter 2. Literature Review: Decentralization in Pakistan, Decentralization and Service Delivery, and Decentralization of Education Systems in Developing Countries

This chapter presents a literature review on decentralization in Pakistan, decentralization and service delivery, and decentralization of education systems in developing countries. The objective is to highlight methodological approaches, findings, and critical issues in implementing decentralization.

2.1 Decentralization in Pakistan

2.1.1 Findings

International Crisis Group (2004) points to conflicts between the provincial and local governments.[42] Cheema et al. (2005) highlight limited local government authority. While the paper is strong on historical discussion, it is weak in its discussion of post-August 2000 events. Cheema et al. (2005) provide a limited comparison of the administrative structures under the current and previous decentralization initiatives. [43]

Evaluations of decentralization in Pakistan are limited. Zafar (2003) investigates the extent to which resources, and decision-making authority to utilize these resources, have

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[42] International Crisis Group (2004), "Devolution in Pakistan: Reform or Regression", March 22, 2004, Islamabad, Brussels, Page 25

[43] Cheema, Ali, A. I. Khwaja, and A. Qadir (2005), "Decentralization in Pakistan: Context, Content and Causes". KSG Working Paper No. RWP05-034.

been devolved to school-based governance.[44] The data is based on official documents and interviews to develop a case study based on qualitative analysis of 40 schools in two districts from the provinces of Punjab and Baluchistan. Zafar (2003) finds that all financial powers at the district level are concentrated with the District Coordination Officer (DCO). It also reports preliminary successes in less cumbersome processes for small projects for which districts have authority. Zafar (2003) argues that "multiple reporting lines and absence of criteria for allocating funds at the school level results in arbitrary decision-making or inaction providing grounds for political maneuvering."[45]

Asian Development Bank et al. (2004) is a survey of six districts across four provinces and argues that the provincial incentives for fiscal efficiency are mixed.[46] Local governments have little autonomy in preparing their budgets and are dependent on intergovernmental fiscal transfers creating incentives for them to expand expenditures. Furthermore, while devolution has created incentives for local political leadership to listen to citizens, jurisdictional overlap makes it difficult for them to seek credit for improved services. It also reports anecdotal evidence on councilors to provide targeted private goods.[47] Asian Development Bank et al. (2004) report the weak managerial authority of local government officials over service providers.

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[44] Zafar, Fareeha (2003), "Fiscal Devolution in Education; Case Study Reflecting Initial Responses", Final Draft July 7, 2003. Page 12.
[45] Ibid, Pages 4 -6
[46] Asian Development Bank et al. (2004), "Devolution in Pakistan: An Assessment and Recommendations for Action", July 2004.
[47] Ibid Pages 6-7

Asian Development Bank et al. (2004) suggest that improving resource certainty and allocation autonomy in budget preparation, and incentives for local revenue generation may improve incentives for local government officials towards efficiency in fiscal management.[48] Politically motivated staff transfers are an area of conflict between provincial and local governments and is most severe in districts not aligned with the province.[49] It is also reported that local governments have weak control over the staff, have to comply with hiring constraints imposed by provinces, and have limited control over transfers and postings.[50]

2.1.2 Critical Issues

Qualitative analyses identify issues for successful decentralization implementation in Pakistan. World Bank (2000) highlights the massive fiscal imbalance between the federal and provincial governments (more than the federal governments in India, USA, Canada, Brazil) weakens provincial fiscal autonomy and accountability of sub-national governments.[51] It recommends expanding the provincial tax base to include taxes that, under the Constitution of Pakistan 1973, are the sole purview of the provincial government.[52] Strengthening the fiscal base of the local governments and assigning clearly demarcated roles for the local government in service delivery may improve their accountability to improve service delivery. However, if not carefully designed and

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[48] Ibid Page 6.
[49] Ibid Page 8.
[50] Ibid Page 13.
[51] Word Bank (2000) "Pakistan: Reforming Provincial Finances in the Context of Devolution: An Eight Point Agenda", Report No.21362-PAK, November 10, 2000, Poverty Reduction and Economic Management Unit, South Asia Region.
[52] Page ii-iii, Word Bank (2000) "Pakistan: Reforming Provincial Finances in the Context of Devolution: An Eight Point Agenda", Report No.21362-PAK, November 10, 2000, Poverty Reduction and Economic Management Unit, South Asia Region.

implemented, devolution could intensify duplication and over centralization, elite capture of local governments, and interruptions in service delivery.[53]

Manning et al. (2003) point out that jurisdictions need to be specified between provincial and district governments, and within local governments (district, town/ tehsil / taluka, and union).[54] It also asserts that administrative autonomy of districts is curtailed and the largest part of the budget, human resource administration, is outside their control. Manning et al. (2003) suggests that vertical programs should be curtailed as they impede the autonomy of district governments in developing their development portfolio. They suggest the need of exit strategies away from vertical programs and towards local service delivery. They suggest the creation of a District Public Service. They argue that district dependency on fiscal transfers gives local governments weak incentives to improve service efficiency or raise new revenues.[55]

2.1.3 Methodology

The literature consists of qualitative analyses that draw on early implementation experiences. The initial evaluations of decentralization in Pakistan are based on limited, initial anecdotal evidence.

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[53] Ibid Page iii-v
[54] Manning, Nick et al. (2003), "Devolution in Pakistan- Preparing for Service Delivery Improvements", Working Paper prepared for the Forum on Intergovernmental Relations and Service Delivery in Pakistan, June 17-29, 2003, Islamabad. Page 16-17
[55] Ibid Page 31

2.2 Decentralization and Service Delivery

There are few systematic evaluations of how decentralization affects service delivery. The results of decentralization's effect on service delivery are mixed.[56]

2.2.1 Findings

Habibi et al. (2001) finds that decentralization has a positive effect on health and education outcomes in Argentina. Decentralization has reduced intra-regional disparities but has also aggravated inter-regional disparities.[57] This result is consistent with the logic that better performing districts will get better and worst performers may remain poor performers. Faguet (2001) found that decentralization in Bolivia lead to greater investment in education, agriculture, urban development, water management and water and sanitation and but lesser investment in health, transportation, and communication.[58] This finding is consistent with the model of public investment in which local government's superior knowledge of local needs dominates the central government's technical advantage in the provision of public services.

However, studies also find that decentralization may fail in improving service delivery. Schou (2000) argues that case studies on Tanzania and Zimbabwe indicated that selected councils were not responsive to local needs. The degree of financial autonomy from

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[56] World Bank (2003); Burki, Perry, & Dillinger (1999)
[57] Habibi, Nadir et al. (2001) "Decentralization in Argentina" Center Discussion Paper No. 825, Economic Growth Center, Yale University.
[58] Faguet, J., P. (2001) "Does Decentralization Increase Responsiveness to Local Needs? Evidence from Bolivia" World Bank Policy Research Working Paper Mo. 2516, World Bank Development Research Group, Washington, D.C..

central governments affected the councils' responsiveness.[59] Akin (2005) examines the budgeting and expenditures for district health services in Uganda and finds that local health planners were allocating declining proportions of their budgets to public goods activities.[60] Regarding public health provision, Akin (2005) argues that decentralization into smaller and smaller units may reduce the local decision-making to approximate behavior of individuals, to the detriment of overall social welfare.

Azfar et al. (2001) report that even though decentralization has moved resources and authority to local governments, the results on service delivery do not match theoretical expectations in Uganda and Philippines. The local governments could not break out of their procedural, resource and governance constraints. The limitations in information flow affected the results. In non-urban centers there was evidence of elite capture. Careful planning of the decentralization process and gradual implementation is important.

Khaleghian (2003) examines the effect of decentralization on child immunization and finds different effects in low- and middle-income countries. In low-income countries, decentralized countries have higher coverage rates, whereas in middle-income countries, decentralized countries have lower coverage rates.[61]

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[59] Schou, Arild (2000) "Democratic Local Government and Responsiveness: Lessons from Zimbabwe. International Journal of Comparative Sociology, XLI, 1.

[60] Akin, John (2005) "Decentralization and Government Provision of Public Goods: The Public Health Sector in Uganda" The Journal of Development Studies, Volume 41, No. 8, Pages 1417-1443.

[61] Khaleghian, Peyvand (2003) "Decentralization and Public Services: The Case of Immunization" Working Paper No. 2989, Development Research Group, Development Research Group, World Bank, Washington, D.C.

2.2.2 Critical Issues

Ahmad et al. (2005) is a discussion of a framework for decentralization to improve service delivery[62] and argues that decentralization has failed due to: a) poor local government capability to exercise authority; b) misaligned responsibilities due to political reasons or incompletion of the decentralization process; c) political elite capture; d) other issues such as the soft-budget constraint of local governments and national macroeconomic crisis.[63]

Azfar et al. (1999) present a literature survey of how institutional structures affect decentralized governance and service delivery. They argue that performance of decentralized service delivery is affected by: a) the political framework (unitary or federal government, constitutional and legal framework); b) fiscal decentralization; c) transparency of government actions; d) citizen participation in service delivery; e) social and economic heterogeneity of the society; f) and capacity and incentives of local governments.

Akin (2005) presents an overview of risks associated with decentralization. Due to the reduction in the redistributive powers of the central government, decentralization may worsen vertical equity.[64] Decentralization may increase susceptibility to local elite capture where decisions may not reflect the interests of the entire locality.[65] Others have

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[62] Ahmad, Junaid et al. (May 2005) Decentralization and Service Delivery, World Bank Policy Research Working Paper 3603.
[63] Ahmad et al. 2005 Page 2
[64] Akin (2005) cites World Bank (2000) and Dillinger (1999b)
[65] Akin (2005) cites Prud'homme (1995); Collins and Green (1994); Bardhan and Mookherjee (1998) and (2000); World Bank (1997)

noted that even local decision-making is well-intentioned it may be lacking in technical competence thereby reducing the supply and effectiveness of health services.[66]

2.2.3 Methodology

In terms of analytic models and underlying assumptions, the literature reviewed consists of statistical analysis coupled with qualitative discussion (Afzar et al. 2001), qualitative case study (Schou 2000), and econometric analyses (Faguet 2001; Khaleghian 2003; Akin 2005; Habibi 2001). Schou (2000) investigated the responsiveness of local governments using state-centered theories of decision-making and questioned the assumption of financial autonomy. Azfar et al. (2001) investigates the impact of formal institutions and social practices on governance and service delivery.

The econometric analyses model either local government expenditures in multiple sectors (Faguet 2001) or in a single sector (Akin 2005; Khaleghian 2003), or human development indicators such as student enrollment and infant mortality rate (Habibi et al. 2001). The implicit assumption in the case of modeling expenditures is that local expenditures can be attributed to local priority setting. It is possible that local expenditures are execution of provincial or federal policy and planning priorities, or a mixture of federal, provincial, and local expenditure priorities.

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[66] Akin (2005) cites Tanzi (1996) and Dillinger (1999a)

2.3 Decentralization of Education Systems in Developing Countries

Fiske (1996) highlights reasons for decentralization of education systems: to promote regional integration and peace in Spain; to promote local autonomy in Brazil; to reduce management layers in New Zealand; to ensure timely salary payments to teachers in Mexico; to promote socialist spirit in Zimbabwe; to deal with fiscal problems in Argentina; to act on free market ideology in Chile; to promote democracy in India; and seeking economic development in Venezuela.[67]

Behrman et al. (2002) argue that decentralization movements in Philippines, Bangladesh, and Indonesia have been spurred mainly by fiscal constraints and concerns about the effectiveness of centralized education system.[68] Ornelas (1988) argues that the World Bank's neo-liberal agenda was one of the motivations that spurred decentralization in Mexico during 1982-1988 and decentralization of education in Chile, Peru, Mexico, Papua New Guinea, Philippines, and Tanzania.[69] Derqui (2001) makes a similar argument. He argues that decentralization of functions and responsibilities to schools was accompanied by a process of centralization of planning and evaluation at the national level. He attributes this to the neo-liberal agenda in restructuring the State.[70]

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[67] Fiske, E. B. (1996). *Decentralization of Education: Politics and Consensus*. Directions in Development. Washington D.C., The World Bank. Pages 13-22

[68] Behrman, J.R., A.B. Deolalikar, and Lee-Ying Soon (2002), "Promoting Effective Schooling Through Education Decentralization in Bangladesh, Indonesia, and Philippines", ERD Working Paper Series No. 23, Asian Development bank, Manila.

[69] Ornelas (1988) cites McGinn and Street (1985), Bray (1985), Banquicio (mimeo), Samoff (1987)

[70] Derqui (2001) Page 561.

2.3.1 Findings

The findings from decentralization of education systems are mixed and not encouraging. Schou (2000) finds that two union councils in Tanzania and Zimbabwe were not responsive to local needs due to weak organizational commitment, central government control over local planning, and councils' limited financial autonomy. There was weak grass-root level participation and weak democratic control of the council's development policies.[71] The council's lack of financial autonomy had implications for responsiveness as the councils looked towards central governments directives and funds rather than to their own constituencies.

Fiske (1996) suggests that the evidence on decentralization's impact on administrative efficiency is mixed. Decentralization led to teachers being paid on time in Mexico and improved efficiency due to training of staff at sub-national levels. In Papua New Guinea, decentralization increased administrative costs due to the creation of new structures and staffing positions. Evidence from Jamaica indicated that decentralization to schools did not lead to efficiency gains primarily due to inadequate training of staff. Argentina imposed the decentralization instantly and failed as quickly whereas Spain took a staggered approach. The evidence of the effects of decentralization on administrative efficiency is mixed.[72]

The evidence suggests that the impact of decentralization on financial efficiency is a function of the context, external economic and political conditions, and the

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[71] Page 138, Schou, A. (2000). Democratic Local Government and Responsiveness: Lessons from Zimbabwe and Tanzania. *Journal of Comparative Sociology, 41(1)*, 121-143.
[72] Fiske, E. B. (1996). Page 25

decentralization process.[73] The evidence presented in Fiske (1996) suggests that the effect of decentralization on equity can go both ways. It can reduce regional differences in education indicators, as it did in Mexico and Argentina, or aggravate indicators as in Burkina Faso where local financial responsibility for education caused drop out rates to increase. [74]

Parry (1997b) presents the effects of decentralization in Chile and suggests that decentralization has worsened equity in expenditures and student performance across income groups.[75] Jimenez et al. (1988) find evidence that schools which rely more heavily on local sources of financing are more efficient, i.e. have lower cost, better enrolment retention, and better quality. Decentralized schools appear to save on personnel costs.[76] Behrman et al. (2002) find that the effect of decentralization on school effectiveness in Philippines, Bangladesh, and Indonesia is unclear.[77] In the attempt to gauge the effect of decentralization, the parameterization of decentralization is weak.

McGinn and Street (1986) point out that decentralization of education does not necessarily lead to broadening of people's participation in decision-making or to efficient management. Using case studies from Peru, Mexico and Chile, they point out that the State will only share power through decentralization with groups that share the State's

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[73] Ibid Page 26
[74] Ibid 27-28
[75] Page 129, Parry, T., R., (1997b), "Decentralization and Privatization: Education Policy in Chile", Journal of Public Policy, 17: 107-33
[76] Jimenez Emmanuel, Vicente Paqueo, and Ma. Lourdes de Vera (1988) "Does Local Financing make Primary School More Efficient? The Philippine Case", Working Paper Series, 69, International Bank for Reconstruction and Development, Washington D.C. Page 17
[77] Behrman, J.R., A.B. Deolalikar, and Lee-Ying Soon (2002), "Promoting Effective Schooling Through Education Decentralization in Bangladesh, Indonesia, and Philippines", ERD Working Paper Series No. 23, Asian Development bank, Manila.

projects and goals. They argue that a strong State must first strive for social equity for decentralization to lead to genuine participation. Decentralization doesn't work with an unstable government.[78]

Based on the review of international decentralization of education systems, there was little evidence that decentralization improves participation and voice of communities, particularly in developing countries. Based on the literature, it is not clear whether decentralization increases responsiveness to user demands in developing countries.

2.3.2 Critical Issues

Fiszbein (ed.) (2001) conducts an institutional analysis of decentralization of education systems in six Central and Eastern Europe countries. This qualitative analysis focused on a) key functions and actors; b) exploring the three problems of inadequate assignment of responsibilities, mismatch between authority and responsibilities, and mismatch between accountability and authority; and c) solving the principal contradictions that are a series of mismatches identified in the institutional analysis.[79] The principal contradictions can be solved by a) redefining responsibilities; b) providing new authorities; and c) creating new forms of accountability to change incentives.

Fiszbein (ed.) (2001) argues that there is a strong influence of sequencing and legacy systems in decentralization reforms. Authority distribution across governance levels

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[78] McGinn, N.F., and S. Street (1986), "Education Decentralization: Weak State or Strong State?" Comparative Education Review, Vol. 30, No. 4, Pages 471-490.

[79] Page 3-4, Fiszbein, A. (Ed.). (2001). Decentralizing Education in Transition Societies: Case Studies from Central and Eastern Europe. Washington D.C.: World Bank Institute.

varied between the six systems but illustrated tensions in the system about finding the right balance of power. The case studies highlight the absence of transparent, accurate, and timely information to conduct performance assessment. The education finance dimension emerged critical in determining local decision-makers authority.

Parry (1997a) finds that Chile, in its decentralization drive in the 1980s, devolved decision-making authority to local governments and private schools, but retained the power to monitor safety regulations and education standards. Municipalities were successful in developing capacity for managing school operations, and some claim that devolution had a positive impact on the responsiveness to citizen needs and demands.[80] However, he argues that the implementation of privatization and decentralization policies have not had the expected impact on education quality, but may have negatively affected equity.[81] Parry (1997a) concludes that the success of education reforms in Chile was due to: the gradual implementation of a deconcentration exercise (leading to greater acceptability of the reform); the vertical linkages to support local governments; and the gradual reconfiguration (rather than dilution) of the central government's role.

McGinn and Street (1986), based on the case studies of education decentralization in Chile, Peru, and Mexico, argue that a state is likely to share its power only with groups with which its shares a common agenda. Participation and consensus can only be achieved if there are strong groups in a homogenous society can countervail the State's

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[80] Parry (1997a) cites Espinola (1991) and Campbell (1990)
[81] Parry (1997a), Pages 222-223

monopoly. They contend that a strong State must first achieve some minimal degree of social equity for decentralization to lead to genuine participation.[82]

2.3.3 Methodology

Prior to this dissertation, analyses of decentralization's impact on public education systems have been fragmented discussions of power, accountability, and actors rather a consolidated system level analysis of the entire decision-making chain. The literature presents generalized, qualitative discussions of decentralization implementation in various countries.

In terms of methodology, the existing literature on education decentralization employs two approaches. The first approach highlights stand-alone decisions that are delegated to local decision-makers. While this approach is a first step in the right direction it has three deficiencies. First, it does not link the flow of decisions across the levels of government. Second, the financing side of public education is not fully explored. In aid dependent countries, the financing comes with policy conditionalities and planning priorities which affect the autonomy of the service providers. Third, while the literature highlights "authority instances", it does not map how accountability, authority, participation, and responsiveness are distributed in the system.

The second methodological approach is econometric analysis of education decentralization metrics affecting education outcomes (Behrman et al. 2002 and Jimenez

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[82] McGinn and Street (1986). Page 490

et al. 1988). Determining causality is difficult. The literature is limited and assumes that local decision-makers autonomously make these expenditure decisions.

2.4 Gaps in the Literature and Implications for Research Design

The review identifies gaps in the literature. First, service delivery includes policymaking and planning stages that precede the operations stage. The literature streams do not analyze the impact of policymaking and planning decisions on service delivery at the operations level. The analysis of the policy and planning processes and their impact on operations is important when 1) the higher governance levels transfer their planning priorities down the governance levels; 2) international development institutions influence policy direction and planning priorities at the federal, provincial and local levels; and 3) decentralization design simultaneously expects local governments to respond to policy directives from the federal level (and international development institutions) and respond to local priorities determined by local decision-makers.

Second, a more rigorous analysis of decentralization design is required to identify how it affects service delivery. To illustrate the gaps in the literature, consider the findings from Asian Development Bank et al. (2004). While it identifies hiring constraints imposed by the provincial government, it does not explore how the provincial governments can control human resource management through the policymaking function.

Third, the decentralization design in Pakistan remains largely unexplored. While Cheema et al (2005) do compare the administrative structures under the current and previous

decentralization initiatives the implications for service delivery and the influences on the design configuration remain unexplored. This dissertation will contribute to the literature by addressing how the decentralization design affects service delivery by district governments.

Fourth, the literature reviewed does not link decisions across the policy, planning, and operations stages. The decentralized service delivery literature assumes that the expenditure assignment is based on local preferences. Service delivery in a particular sector is affected by decisions across multiple stages (policymaking, planning, operations), multiple governance levels (federal, provincial, district, school), and multiple functional areas (planning, finance, education, public works).

The analysis of local government performance in the education decentralization literature is without a mapping of decision flows that identifies the bottlenecks in the system. The discussions of authority, participation, accountability, responsiveness is without a mapping of these constructs. The gaps in literature imply that the research design and analysis of decentralization must involve mapping decision flows across multiple institutions.

The literature points out that institutional reforms such as decentralization, are political processes that involve reconfiguration of institutional structures and incentives. Furthermore, the decisions at the micro level occur in institutional settings. Context

matters. The political aspect of decentralization is as important as the fiscal and administrative aspects.

In conclusion, the research design must be employ a) mapping of decision / business process flows to illustrate the impact of decentralization on service delivery; and b) analysis that identifies how institutional structures and incentives affect service delivery by district governments. The scope of the research design must capture: a) all the stages of service delivery and how they are executed across multiple levels and functional areas; b) design and implementation aspects; and c) political, fiscal, and administrative dimensions.

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Chapter 3. Literature Review of Public Sector Decision-making

This chapter presents a literature review of public sector decision-making; education policymaking models; and education governance in Pakistan.

3.1 Public Sector Decision-making Models

There are multiple approaches to model public policymaking and decision-making processes. Simon (1945) developed the rational comprehensive model. He argues that rational actors make decisions through a purely rational process that defines the problem, objectively ranks the goals, analyzes competing alternatives, conducts cost benefit analysis, and makes the decision that accrues the maximum net benefit. Alternatives to the rational comprehensive model were the bounded rationality approach to decision-making that replaces optimization with satisficing (March and Simon 1958), incrementalism (Lindblom 1959), and disjointed incrementalism (Braybrooke and Lindblom 1963).

Theoretical models for studying political behaviors can also be applied to the policymaking process. The political systems theory by Easton (1965a, 1965b) argues that public policy is made by institutions in response to demands from the individuals and groups who abide by paying taxes or obeying laws made by these institutions. Latham (1965) in his group theory argues that public policy is a product of group struggle whereas Dye and Zeigler (1970) argue that public policy is determined by the ruling elite and carried out by public institutions and officials.

Allison (1971) discredits the rational actor paradigm and argues that knowledge of inter- and intra-organizational politics is critical to understanding policymaking. Similarly, Anderson (1979) proposes the institutional approach to analyze public policymaking. Institutionalism focuses on the formal organization, legislative structure, rules, and mandated and actual activity of government institutions, which may be biased towards certain interests.

The Institutional Analysis and Development (IAD) framework is a model in which policy processes and outcomes are affected by four variables external to the decision-making individual: (1) attributes of the physical world; (2) attributes of the community within which actors are embedded; (3) rules that create incentives and constraints for certain actions; and (4) interactions with other individuals.[83] Furthermore, each individual has internal values and preferences that affect the decisions. The IAD framework emphasizes individual actions as influenced by rules, community, and the physical world.

Institutional Rational Choice (IRC) developed by Bromley (1989), Ostrom (1990), and Ostrom (1991) argues that public policy arises from actions by rational individuals trying to improve their circumstances by altering institutional arrangements. Moe's Politics of Structural Choice (POSC) approach conceives policy formation a result of collective action. He argues, however, that this is an economic argument that should be supplemented with a political analysis that views institutional development as political processes that involve conflict over power. The political process and the struggle for

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[83] Ostrom, Gardner, and Walker (1994)

control may result in arrangements that are not necessarily efficient or effective.[84]

Sabalevel (1988) in his Advocacy Coalition (AC) framework argues that policy change occurs as a result of interactions of competing advocacy coalitions, socio-economic changes external to the system, and stable system aspects such as constitutional rules and social structures.[85]

The literature on policymaking processes and models presents varying assumptions of stakeholder participation and therefore varying modeling configurations.[86] Initial models in which sub-systems compete in the policy arena included the political and legislative groups, the bureaucratic agency responsible for implementing the policy and an established interest or clientele group.[87] Subsequent models presented variability in the number of actors and complexity of strategy.[88]

Nicholson-Crotty (2005) argues that while sub-system theories of public policymaking accord bureaucratic agencies a role in the policymaking process, they inadequately analyze how bureaucratic agencies act strategically, or how these strategic interactions lead to policy choices.[89] Bureaucratic actors adjust policy responses to remain viable

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[84] Moe, T. (1990a). "The Politics of Structural Choice: Toward a Theory of Public Bureaucracy" In Oliver Williamson, ed., "Organization Theory: From Chester Bernard to the Present and Beyond." New York: Oxford University Press.
Moe, T. (1990b). "Political Institutions: The Neglected Side of the Story." *Journal of Law, Economics, and Organization, 6: 213-53.*
[85] Sabalevel, P. (1988). "An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein." *Policy Sciences, 21:129-68*
[86] This discussion of the role of subsystems in policy formation draws heavily from Nicholson-Crotty (2005, page 341-343)
[87] Nicholson-Crotty (2005, page 341) cites Freeman (1965), Lowi (1969), and Maas (1951).
[88] Nicholson-Crotty (2005, page 341) cites Baumgartner and Jones (1991); Helco (1978); Jenkins-Smith, St. Clair and Woods (1991); Kingdon (1984); Sabalevel and Jenkins-Smith (1993); Walker (1983).
[89] Nicholson-Crotty (2005), page 341.

players in the policy space[90] and create "coalitions of esteem" to create more autonomy

for themselves and change the composition of the subsystems.[91]

Bureaucratic competition is tied to the quest for bureaucratic autonomy and authority

where multiple agencies occupy the same policy space and compete to ensure that the

policy choices lie within their "territory". "Territory" is defined by Downs (1967) as the

area in the policy space that best matches the organization's policy preferences and where

the agency controls a substantial portion of the expertise or resources.[92]

OECD (2001) is a report on citizen's participation in policymaking process in selected

OECD countries. The case study on education policymaking in Czech Republic indicates

that participation was limited to educationists with less attention was paid to soliciting

views from citizens even though the initiation with citizens was a cultural shift.[93]

Several models have been proposed to capture the dynamics of policymaking in

developing countries. Meier (1991) presents a model where the interaction between State-

and Society-centered determines policy choices. Jalil (1996) applies Meier's model to

explain State-centered education policymaking in Pakistan over the period 1958-1988.[94]

Gould and Ojanen (2003) present a "molecular model of the public policy arena" where

international development institutions, non-state, and State actors interact to develop

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[90] Nicholson-Crotty (2005) page 342 cites Krause (1997)
[91] Nicholson-Crotty (2005) page 342 cites Carpenter (2000), (2001).
[92] Nicholson-Crotty (2005) page 343 cites Downs (1967)
[93] OECD (2001). Pages 11-13 and 145
[94] Jalil (1996) page 44

public policy in aid-dependent developing countries.[95] Gould and Ojanen (2003) describe the policy space as an "iron triangle" involving three-dimensions.[96] This analysis of Tanzania's Poverty Reduction Strategy illustrates the "partnership" between State actors and the transnational aid industry and how it undermines political accountability and democratization.[97]

UNRISD (2004) highlights the impact of technocratic policymaking on democratic accountability in a study of economic policymaking in eight developing and transition countries. UNRISD (2004) argues that financial globalization, high debt levels, and neo-liberal prescriptions limit the economic options available to technocrats. Technocrats work in institutions that are isolated from public pressure and are not democratically accountable. Together, structures of accountability are distorted as technocrats and governments become more answerable to multilateral agencies rather than the public. The democratic policy choices are affected by: exposure to financial pressures, economic situation before democratic transition, elite consensus, party behavior and representation in the legislative branch, technical skills of legislators, and the activism of civic groups and citizens.[98]

Dror (1983) argues that policymaking is a phenomena cluster, much too dynamic and complex to be fully caught in one model or theory. Social science studies from the West

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[95] Gould and Ojanen (2003) page 17
[96] This metaphor that is adopted by Gould and Ojanen (2003) from J. Ewald (2002) in his analysis of democratization and economic reform in Tanzania [cited in Gould and Ojanen (2003, page 22)] and from Thomas Callaghy's (2001) analysis of policy process involved in Uganda's debt relief [cited in Gould and Ojanen (2003, page 23)]
[97] Gould and Ojanen (2003) page 113
[98] Page 1-3 UNRISD (2004)

cannot reveal the complicated realities of high-level decision-making in developing countries. Western political science and public policy studies are largely not applicable to developing country contexts.[99] Historical approaches are necessary for understanding policy processes.[100] In his generalized view of policymaking in developing countries, Dror (1983) argues that policymaking is of survival quality with inefficient central planning for successful social transformation.[101]

3.2 Education Policymaking

A survey of the literature on education policymaking is presented below. Elboim-Dror (1970) is a qualitative discussion that describes the education policy formation process as inherently difficult given the intangibility, multiplicity, and inconsistencies of un-prioritized goals. The education policy formation processes is characterized by a lack of feedback, wide discretionary decision-making, heavy influence by environmental factors, limited use of analysis, and incremental change as the main pattern of decision-making.

Country case studies present mixed evidence of the role of education research on policymaking through qualitative discussions. In South Africa, [102] Scotland,[103] Canada[104], China[105], Iran[106], and Barbados[107], there is evidence of using research for education

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[99] Dror, Yehezkel (1983), Pages x-xi.
[100] Dror (1983) cites Eisenstadt (1963); Eschenburg (1976); Zaret (1980)
[101] Dror (1983) page 119.
[102] Claassen, J. B., (1999)
[103] Harlen, Wynn and Margo Reid (1999)
[104] Wilson, David N. (1999)
[105] Nanzhao, Zhou, Z. Mujue, B. Jiguang, and Z. Tiejun (1999)
[106] Bazarga, Abbas (1999)
[107] Ellis, Patricia A. (1999)

decision-making though in Canada, the research is referred to validate actions.[108] In Lebanon[109], Egypt[110], Mali[111], Mexico[112], the evidence suggests limited role of research in policymaking.

Haddad (1994) develops a model of the policymaking process as a hybrid between a) a *process model* based on Lindblom (1977), where the process could be either centralized (*synoptic*) or negotiated and b) an *actor* model based on Allison (1971), where the *actor*, can either make policy as a large feudal organization acting according to the rules (Organizational Process Model) or as a negotiated settlement across leaders of different organizations executing their personal and institutional interests. Haddad (1994) argues that limited analytical rationality exists within the context of political and administrative aspects of education decentralization.[113] Haddad (1994) finds that education policymaking changed from synoptic to revolutionary ideology in Peru, from incremental to synoptic in Jordan, from issue specific to strategic in Thailand, and from synoptic to externally-influenced in Burkina Faso.[114]

Samoff (1994) argues that education policymaking in Tanzania has been oscillated between dependence on foreign assistance and assertions of self-reliance. Overlapping roles and shifting institutional boundaries have tangled the policy process.[115] Evans and

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[108] Wilson, David N. (1999)
[109] Farah-Sarkis, Fairouz (1999)
[110] Galal, Abdel Fattah (1999)
[111] Diarra, Idrissa (1999)
[112] Alfaro, Catalina Olga Maya (1999)
[113] Pages 5-8. Haddad, Wadi, D. (1994)
[114] Haddad (1994) Page 33-71; Page 72-119; 120-177; 178-246
[115] Samoff, Joel (1994)

Kajubi (1994) argue that education policymaking in Uganda has been dominated by high-level education commissions. The central governments have not set clear priorities and donor agendas appear to heavily influence education policies.[116] Bagayoko and Hittenberger (1994) argue that education policymaking in Mali has been through education conferences are organized in response to political crises and point to the absence of any effective institutional mechanism for education policy formation.[117] Rideout and Bagayoko (1994) identify a tension in determining the objective of the education system in Senegal between the Senegalese elite who want the education system to meet manpower needs, and the mass of the Senegalese people who want to expand basic education.[118]

3.3 Education Governance in Pakistan

The literature on education policymaking in Pakistan is limited. Bengali (1999) presents a concise historical review of education policies and federal development plans and asserts that education policies and plans represent moving goalposts.[119] Saigol (1995) argues that the State in Pakistan has used the curriculum to shape nation building and character building and attitudes towards authority. A review of the social studies curriculum highlights the glorification of the military, religious rhetoric in the content, and positioning of nationalistic discourse.[120] Mehtabdin (1979) identifies the role of the elites during General Ayub's regime from 1958-1971. He argues that central government

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[116] Evans, D. R., and W.S. Kajubi (1994)
[117] Bagayako, M. and J. Hitten Berger (1994)
[118] Rideout, W. M. and M. Bagayoko (1994)
[119] Bengali (1999)
[120] Saigol (1995) Pages 400-421, and 461-468, 422-425, 573-578, 579-584,

geared the education system to produce technocrats for economic development and docile citizenry unable to challenge elite domination.[121]

Jalil (1996) analyzes education development and federal education policymaking over the period 1958-1988 by applying the Meier (1991) model of public policymaking.[122] However, Jalil (1996) assumes that the State is independent from international influences in exercising its capacity. In effect, Jalil (1996) argues that the federal government, in isolation from international institutions, has autonomously shaped educational development and policymaking.[123]

There exist gaps in the literature on education policymaking in Pakistan. First, there is an absence of evaluation of education policymaking at the federal level in the 1990s and analysis of education policymaking at the provincial level. Second, education policymaking and its linkage to other non-education State institutions remains unexplored. Third, the effect of Supra-State institutions on education policymaking in Pakistan remains unexplored. Fourth, there is an absence of analysis of policymaking and its impact on service delivery at lower levels (e.g. district governments after decentralization).

Jones (1993) is a political economy analysis of education planning in the North Western Fronlevel Province (NWFP) during the 1980s. The analysis in Jones (1993) is based on the premise that education planning, which is assumed to be rational and structured

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[121] Mehtabdin (1979) Pages 58-60
[122] Jalil (1996) Page 44
[123] Page 316, 318

processes, is affected by factors external to the education system, including international stakeholders. These external influences need to be incorporated in the analysis of education planning. The author includes a discussion of factors external to the education system in NWFP during the 1980s: international dependency arrangements in federal and provincial governments; pursuance of educational planning and education development strategies to manufacture legitimacy by the State in the domestic and international arena; regional nationalism; and policy rhetoric aimed at alleviating regional nationalism, legitimacy crisis, and local elite interests.

Qaisrani and Khawaja (1989) provide an inventory of issues associated with failure of previous education policies and plans in the realm of basic education. The piece however, lacks an analysis of why plans and polices were developed as they were, and why resource allocations for primary or basic education have been consistently low. Curle (1966) points out human resource constraints affected the ability of the Planning Commission and the education establishment in influencing education planning.[124]

SPDC (2003) presents a brief analysis of the Education Sector Reform Action Plan 2001-2005 (ESRAP).[125] It argues that the ESRAP is designed at the central level with no input from provincial governments. SPDC (2003) argues that it appears that demonstrating commitment to EFA and the I-PRSP affected the ESRAP content.[126]

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[124] Pages 42-43, 47, and 30
[125] SPDC (2003) "Social Development in Pakistan: Annual Review 2002-03, The State of Education", Pages 95-98.
[126] SPDC 2003 implies that ESRAP targets were adopted as I-PRSP indicators and targets. The analysis in this dissertation suggests otherwise.

World Bank (2000) identifies disconnects between provincial policy, planning, and budgeting. Provincial governments tend to over-budget in the initial stages without knowledge of resources available. The Finance Department conducts budgeting for the recurrent expenditures. The Planning and Development Department's budgeting (for development expenditures) is often without consideration of future recurrent expenditures.[127] It is further argued that Federal Five Year Plans are federally dominated in terms of priority setting even though projects affect provincial governments.[128]

World Bank (2002) presents an overview of development policy in Pakistan in the initial post-decentralization period. The document supports two contradictory policies: the Interim–Poverty Reduction Strategy Paper (I-PRSP) and its policy preferences and centralized expenditure targets; and decentralization with local governments developing local priorities of local citizens. On one hand, World Bank (2002) expresses hopes that fiscal decentralization would allow citizens to act through local governments to improve service delivery.[129] On the other hand, the World Bank supports the I-PRSP, required under IMF's PRGF that requires the federal government to commit to expenditure priorities in the district governments' domain (e.g. education, health).[130] I-PRSP, in violation of the decentralization initiative, reinforces federal expenditure assignment.

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[127] Page 52-53. World Bank (2000) "Pakistan: Reforming Provincial Finances in the Context of Devolution: An Eight Point Agenda", Report No.21362-PAK, Poverty Reduction and Economic Management Unit.

[128] Ibid Page 55.

[129] Ibid Page 11.

[130] Page 9, World Bank (2002) "Pakistan Development Policy Review: A New Dawn?" Report No. 23916-Pak, Poverty Reduction and Economic Management Sector Unit, Pakistan.

World Bank (2004) is primarily concerned with federal expenditure management and identifies flaws in the budgetary system: a) lack of strategic focus, clear articulation, and ownership; b) lack of information about costs, policy, advice, regulation, and service delivery; c) focus on inputs and plan vs. actual expenditures; d) short term horizon that does not include long term recurrent costs; e) artificial separation of development and recurrent budgets; and f) low incentive for saving resources as current expenditure becomes next year's starting point for allocations.[131]

World Bank (2004) presents contradictory advice. On one hand it argues that the federal government's role in provincial subjects must be curtailed.[132] On the other hand, it argues that the Planning Commission at the federal level must be responsible for developing sector policies, priorities, and plans[133] and mechanisms should be developed for conveying federal and provincial policy priorities to local governments.[134] World Bank (2004) argues that the federal Medium Term Development Framework (MTDF) developed with the assistance of Department of International Development (DfID), and the PRSP developed under IMF guidelines are the appropriate approaches towards expenditure management.[135] These top-down commitments by the federal governments are in compliance with international development institutions. It is not clear whether World Bank (2004) supports district autonomy of expenditure assignment, or IDI-

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[131] Page 67. World Bank (2004a) "Pakistan: Public Expenditure Management; Strategic Issues and Reform Agenda Volume 1, Report No.25665-PK, Poverty Reduction and Economic Management Sector Unit, Pakistan.
[132] Page 71, 84
[133] Pages 73-74
[134] Page 86.
[135] World Bank (2004) Page 70.

sponsored top-down expenditure assignment (and policy control through budgeting) initiatives.

In summary, there is an absence of structured institutional analyses of education governance in Pakistan that identify incentives and structures affecting education delivery, particularly under a decentralized structure.

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Chapter 4. Dissertation Approach, Research Questions and Methodology

This chapter presents the dissertation approach, research questions, and methodologies employed. The data are described in each chapter separately.

Primary education delivery in Pakistan is a product of a system that relies on other sub-systems. Domestic, foreign, education-specific, and non-education stakeholders affect the education system. The district education department is nested within the district government and within the provincial education department. The district governments are nested in the provincial governments, which are nested in the federal structure. The education function is linked to the finance and planning functions at each of the governance levels. The education departments at the district level in Pakistan do not have their own financial management systems and are susceptible to cash flow considerations of provincial and district governments. Understanding the fiscal structure and incentives across federal, provincial and district governments is important to understand education service delivery at the district level. Furthermore, primary education delivery at the operations stage is affected by decisions at the policymaking and planning stages.

The research design for analyzing decentralized service delivery should include a) mapping of business decision flows and b) an analysis of institutional structures and incentives that affect the decision flows. The analysis should capture: a) all the stages of service delivery and how they are executed across multiple levels and functional areas; b)

design and implementation aspects; and c) political, fiscal, and administrative dimensions.

Business process mapping and institutional analysis are the dual approaches employed in this dissertation. Together, the approaches will be employed to analyze the technical aspects and political issues associated with decentralization design and implementation to improve primary education delivery in Pakistan. The entire system (policymaking, planning, and operations) will be analyzed.

The dual approach of employing business process mapping and institutional analysis methodologies is applied to varying degrees in the analyses in this dissertation as described in Table 4.1.

4.1 Dissertation Approach- Education Systems as Open Systems

System (from the Latin systēma), and this from the Greek (sustēma), is an assemblage of elements comprising a whole with each element related to other elements. Systems theory focuses on organization and interdependence of relationships. A system is composed of regularly interacting or interdependent groups of activities/parts the emergent relationship(s) of which form the (a) whole. Part of systems theory, system dynamics, is a method for understanding the dynamic behavior of complex systems. The basis of the method is the recognition that the structure of any system — the many circular, interlocking, sometimes time-delayed relationships among its components — is often just as important in determining its behavior as the individual components themselves.

An Open System (OS) has a discrete number of interfaces to allow the exchange of matter, energy or information with its surrounding environment. Therefore, a system may be said to be any assemblage that accepts an input, processes it, and produces an output. A closed system is self-contained in such a way that outside events have no influence upon the system. In this case there is no possible exchange of matter, energy or information with the surrounding environment.

Systems have common characteristics.[136] First, systems are composed of sub-systems and are connected in an organized way. When a system undergoes reform, redundancies or inadequacies that emerge during the reform may linger after the reform has been completed. These redundancies and inadequacies affect the system performance. Second, systems can be identified by their purpose. Third, the elements of a system are affected by being in the system and changed by taken out of the system. Fourth, systems include processes that transform inputs into outputs. Fifth, systems have boundaries.

Harrison (2005) defines eight components of the Open System: inputs, outputs, organizational behavior and processes, technology, environment, structure, culture, and system dynamics.[137] He argues that the Open System model generates important ideas for diagnosing organizations: 1) the Open System frame can be applied at several levels of analysis; 2) an organizational system may be described as being composed of inter-

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[136] These characteristics are based on Clarke and Crossland (1985) cited in page 14-16. Swanson, Richard A. (1994) "Analysis for Improving Performance. Tools for Diagnosing Organizations and Documenting Workplace Expertise", Berrett-Koehler Publishers: San Francisco.

[137] Harrison (2005) Pages 27-29

dependent components; 3) an organization's effectiveness and success depend heavily on its ability to adapt to its environment, shape that environment, or find a favorable environment in which to operate; 4) an organization's effectiveness depends substantially on its ability to meet internal system needs – including tying people into their roles in the organization, conducting transformative processes, and managing operations as well as on adaptation to the environment; and 5) developments within and outside the organizations produce pressures for change as well as forces for inertia and stability.[138]

Systems theory argues that all configurations of sub-systems should be viewed as a whole rather than examined on piecemeal basis. The isolated study of one component does not yield an insight into the choices made or the impediments to institutional or system reform.

The Open Systems approach is employed in this dissertation, as the education service delivery is a product of interconnected units, the performance of which is affected by internal and external stimuli. Multiple stages (policymaking, planning, operations), multiple functions (education, finance, planning, public works), multiple governance levels (federal, provincial, district, school), actions by multiple stakeholders (State-centered forces, Society-centered forces, and Supra-State institutions) are analyzed to identify strategies for improving decentralized primary education delivery.

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[138] Harrison (2005) pages 29-31

4.2 Research Questions and Dissertation Structure

This dissertation covers the policy, planning, and operations stages of primary education delivery in the province of Sindh and consists of six analytical chapters. Chapter 5 focuses on policymaking; chapters 6-8 focus on education planning; and chapters 9-10 focus on the operations stage. These chapters are logically linked as decisions at each stage affect service delivery. Policy decisions affect operational level priorities; planning initiatives are employed as policy documents (policymaking through budgeting) and affect operational expenditures. Policy control and planning directives from higher levels of governance affect district level decision-making. This dissertation will be a first in the decentralization literature that investigates the entire chain of decisions and decision-makers and their impact on service delivery.

Chapter 5 highlights how decisions at the policymaking stage affect education delivery. It identifies decentralization design aspects and provincial strategies that have affected decentralized decision-making by district governments.

Chapters 6-8 provide evidence on the effect of the planning function on system operations. The institutional structures and incentives for education planning and service delivery are identified. Chapter 6 analyzes planning initiatives across federal, provincial, and district governments, and identifies how their development process and content affect education delivery at the district level.

The case study in chapter 7 is an analysis of a federal education planning initiative while decentralization while decentralization is implemented. The case study in chapter 8, of education planning under a donor-funded decentralization support program, highlights how the design and implementation of an ADB program affects decentralized education planning and service delivery.

Chapters 9 and 10 analyze the business processes, institutional structures, and incentives associated with education input availability. These chapters present evidence on the impact of decentralization design and provincial government strategies on decentralized input delivery. Strategies to improve input availability and service delivery are identified.

In Pakistan, education delivery in the pre-decentralization era was a provincial subject. Due to feasibility and time constraint issues, one province is chosen and linkages to the federal and district governments are investigated. The province of Sindh is chosen in this dissertation. The selection of Sindh is due to the fact that it represents the "middle-of-the-road" province. Amongst the four provinces, it ranks second in terms of population and socio-economic development status.[139]

Education delivery in Sindh and its selected districts are the focus of this dissertation. Within the province of Sindh, four districts were first selected for the analysis. The basis is the Social Policy and Development Center's ranking of district by education status: the

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[139] Punjab is the leading province in terms of population and social and economic development, whereas Baluchistan and the North West Fronlevel Province are the laggards. The most and least developed provinces are avoided and the province of Sindh is selected.

District Education Index.[140] The initial districts selected were Karachi (the highest quintile), Khairpur (the third quintile), Ghotki (second quintile), and Thatta (the lowest quintile). When data limitations arose in Khairpur on books supply, and access to officials and documents was unsuccessful in Karachi, the semi-urban district of Sukkur was added to the districts where operations level data was collected. Hence, the final selection of districts consists of Ghotki, Sukkur, Thatta, and Khairpur. These represent a variation in districts across education development level, and semi-urban (Sukkur) and rural (Ghotki, Thatta, and Khairpur) groups in Sindh.

Chapter 5. Education Policymaking in Pakistan: Implications for Decentralized Primary Education Delivery

1) How is authority and accountability for policymaking distributed across education governance levels in Pakistan?

2) What is the level of participation of domestic and external stakeholders in education policymaking in Pakistan?

3) Can, and do district governments make policies to respond to local operations needs and what institutional and incentive restructuring is necessary to improve service delivery?

Chapter 6. Education Planning in Pakistan: Implications for Decentralized Primary Education Delivery

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[140] Pages 20-30. SPDC (2003) Social Development in Pakistan Annual Review 2002-03: The State of Education. Karachi: Social Policy and Development Center.

1) Do education planning initiatives support service user participation and district government authority, accountability, and responsiveness?

2) What institutional and incentive restructuring is necessary to improve education planning and service delivery by district governments?

Chapter 7. Education Planning in a Decentralized Structure: Case Study of the Education Sector Reform Action Plan 2001-2004/5/6

1) Do the ESRAP development process and content support district government authority, responsiveness, accountability, and service user participation?

2) What restructuring of institutional structures and incentives can decentralize education planning and service delivery?

Chapter 8. Supporting Decentralization or Reinforcing Centralization? Evidence from ADB's Sindh Devolved Social Services Program

1) Do the project design and implementation support the program objectives and district government authority, responsiveness, accountability, service user participation?

2) What changes in program design can support education planning and delivery by district governments?

Chapter 9. Improving Primary Education Delivery in Sindh by Improving Teacher Availability

1) What are the processes, institutional structures, and incentives involved in the recruitment, transfers, and compensation of primary teachers?

2) Do these processes, institutional structures, and incentives support district government authority, responsiveness, accountability, and service user participation?

3) What business process and institutional restructuring will improve teacher availability by district governments?

Chapter 10. Improving Primary Education Delivery in Sindh by Improving Textbook Availability

The following questions are investigated in this chapter:

1) What are the processes, institutional structures, and incentives involved in the provision of textbooks to public primary schools?

2) Do these processes, institutional structures, and incentives support district government authority, responsiveness, accountability, and service user participation?

3) What restructuring of business process and institutional incentives can improve the timely provision of textbooks by district governments?

The dissertation first tests the hypothesis that decentralization reform has empowered district governments in their decision-making. The extent of implementation of the constructs of authority, responsiveness, accountability, and service user participation, are investigated. Strategies for service delivery improvements through restructuring business processes, institutional structures, and incentives are identified.

This focus on input delivery is due to two reasons. First, there are no reliable indicators of service delivery output such as student learning outcomes or standardized test scores.

Second, there are multiple interventions (often initiated by IDIs) being implemented in several districts. Districts have little control over these interventions, and the systemic effect, if any, may not be due to decentralized local governance (alone) but due to supply side initiatives.

4.2.1 External Validity

The dissertation is applicable to other provinces and districts in Pakistan as they are implementing the decentralization under the same weak federal tradition, similar fiscal dependencies, identical decentralization design, and similar institutional dynamics in the fiscal, administrative, and political domains. The analysis of education policymaking, education planning, and the case study on federal education planning (ESRAP) are applicable to education policymaking and planning in the other three provinces as well.

The analysis of the operations stage in terms on input delivery is limited to Sindh but has validity for other provinces of Pakistan and decentralization implementers in the developing countries. The case study of an ADB-funded decentralization support program, Sindh Devolved Social Services Program, (SDSSP) is limited to Sindh.

4.3 Methodology 1: Business Process Mapping

The mapping of business processes a) locates the distribution of authority, responsiveness, accountability, and service user participation and b) measures, based on data availability, the cycle time between need origination to input availability in schools.

Based on the mapping, policy recommendations to improve the decentralized education delivery will be identified.

Capturing definitions is useful before the review of the mapping and measurement methodology:

 A process is defined as:

- "The logical organization of people, materials, energy, equipment, and procedures into work activities designed to produce a specified end result (work product)". [141]

- "A set of logically related tasks performed to achieve a defined business outcome".[142]

- "A bounded group of inter-related work activities providing output of greater value than the inputs by means of one or more transformations."[143]

Business process is defined as "one or more activities that create or augment the value of a product or service for a customer."[144] A process captures *how* the work is done in an organization and involves an input and a transformation activity that produces a desired output.

Model: Wilson (1991) defines model as:

A model is the explicit interpretation of one's understanding of a situation, or merely of one's idea about the situation. It can be expressed in mathematics, symbols or words, but

[141] Pall (1987) cited in Darnton and Darnton (1997) page 10.
[142] Davenport and Short (1990) cited in Darnton and Darnton (1997) page 10.
[143] Melan (1993) cited in Darnton and Darnton (1997) page 12.
[144] Page 118, Sutcliffe, A.G. (2000) "Business Modeling Interprocess Relationships" in "Systems Modeling for Business Process Improvement", edited by Bustard, D., P. Kawalek, and M. Norris, Artech House: London

it is essentially a description of entities and the relationships between them. It may be prescriptive or illustrative, but above all, it must be useful.[145]

Process models contain workflows and include: activities (tasks and processes carried out by people); information flows (information passed between people and workgroups); material flows (goods, resources and physical entities); and external entities (organizations outside the system boundary that supply inputs and receive outputs from the processes).[146]

4.3.1 Literature Review on Business Process Mapping

The basic idea is that mapping business processes can identify strategies for reforming processes in the system.[147] Business process mapping is the diagnostic step followed by comparison with the objective of the system and identifying reform strategies. Mapping / measurement is a management tool for improving performance. "Performance diagnosis is: a) problem defining method that results in an accurate identification of the actual and desired organizational, process and individual performance levels and b) the specification of interventions to improve this performance."[148]

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[145] Wilson B., (1991) Concepts, Methodologies, and Applications, 2nd Edition, John Wiley and Sons: Chichester

[146] Page 118. Sutcliffe, A.G. (2000) "Business Modeling Interprocess Relationships" in "Systems Modeling for Business Process Improvement", edited by Bustard, D., P. Kawalek, and M. Norris, Artech House: London

[147] Czarnecki 1999, Johansson 1994, Camp 1995, Sutcliffe 2000, Swanson 1994, Jacka and Keller 2002, Darnton and Darnton 1997.

[148] Page 38. Swanson R. A., (1994) "Analysis for Improving Performance. Tools for Diagnosing Organizations and Documenting Workplace Expertise", Berrett-Koehler Publishers: San Francisco.

There are multiple approaches to performance measurement identified in the literature. Czarnecki (1999) identifies four areas of performance measurement: quality, productivity, cycle time, control.[149] Cycle time is a measure of administrative efficiency where cycle time is the elapsed time between the start of a process and the delivery of its final defined outputs. Johansson (1994) argues that companies can succeed if they re-engineer business processes to achieve "breakpoints", or dominance over their rivals in one or more of the customer value criteria of quality, cost, service, and cycle time. Swanson (1994) suggests time, quantity, and quality, as three performance measures.[150]

Sutcliffe (2000) proposes the following design heuristics based on the assumption that business process should serve a purpose. Business processes should a) produce a measurable improvement to a product or service; b) be as autonomous as possible; c) operate directly on a product or service (if their contribution is none, then their existence should be questioned); and d) not be too large.

Jacka and Keller (2002) provide a guideline of issues to be considered to map business processes. Key ideas include: focusing on process triggers and independent processes that can start sooner; batch processing can reduce customer satisfaction; starting the data gathering with the macro-level issues that can be elicited from interviews with the executives; developing process profile work sheets that capture process triggers, inputs, outputs, cycle time, location of execution, business objectives, and measures of success; reducing approvals as they are a result of the disconnect between objectives, controls, and

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[149] Czarnecki 1999, Page 10.
[150] Swanson R. A., (1994) "Analysis for Improving Performance. Tools for Diagnosing Organizations and Documenting Workplace Expertise", Berrett-Koehler Publishers: San Francisco. Page 54.

measures of success; eliminating loops and looping errors (e.g. reviews for approval); isolating delays and reworking; isolating non-value addition handoffs.[151]

There are several process methodologies employed to measure performance. Czarnecki (1999) presents an entire stream of activities: defining measures to improvement, data collection and analysis (customer satisfaction surveys, benchmarking versus other companies). Swanson (1994) suggests that interviews, questionnaires, observations, and organizational records are the proposed data collection methods.[152] Darnton and Darnton (1997) provide a systems analysis approach to analyzing business processes. Object Property Relationship (OPR) modeling is based on the idea that systems language and sentence structures can provide a basis for identifying the flow of an input through a process. A Statement joins together an Object, its Properties, and Relationships. This Statement is in a modeling language that can be in an automated manner and applied consistently to define multiple processes. The input or decision is an object, a property provides more information about the object that is linked to the output through a relationship which is the transformation or transfer. These statements, in an automation-adaptable language are used to capture a process that is the basic unit (Level 1 Process), and then linked together to build Level 2 Process.[153] Darnton and Darnton (1997) identify workflow and process analysis as possible OPR-based approaches to mapping processes. Possible techniques are presented in Table 4.2. Darnton and Darnton (1997) identify text analysis and document analysis to be important sources of data to identify objects,

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[151] Jacka and Keller (2002) Page 51- 52, 80, 101, 237-238, 240, 241-246, 248
[152] Swanson R. A., (1994) "Analysis for Improving Performance. Tools for Diagnosing Organizations and Documenting Workplace Expertise", Berrett-Koehler Publishers: San Francisco. 78-90.
[153] Page 38-50, Darnton, Geoffrey and Moksha Darnton (1997) "Business Process Analysis". International Thomson Business Press, London

properties, and relationships from verbal sources (oral and written) into standardized information about a set of business processes.[154]

4.3.2 Methodology and Data Sources for Business Process Mapping

The methodology chosen for business process mapping is constructing decision-flow tables through document analysis and interviews. The decision-flow tables locate decisions through the system and identify local authority, responsiveness, accountability, and service user participation. The official documents provide the richest data on system operations while the interviews provide possible explanations for process choice and implementation. Decision-flow mapping generates a chronological and spatial order of the decisions. The "locating the decision" aspect is critical for identifying the distribution of authority, accountability, responsiveness, and channels of service user participation.

4.4 Methodology 2: Institutional Analysis

The institutional analysis identifies factors that support or impede the decentralization effort. This is a qualitative analysis that complements process mapping and measurement and highlights systemic changes required towards decentralized education delivery.

4.4.1 Literature Review for Institutional Analysis

Sutcliffe (2000) argues that while the business process re-engineering literature urges radical change, it does so without advising the study of the organization. Sutcliffe (2000) agues the importance of understanding the activity's context and suggests a set of models

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[154] Darnton and Darnton (1997) Page 89-104.

for organizational structure, activities, and employees.[155] Pinto and Mrope (1995) provides a framework for Sector Institutional Assessments (SIAs) and discusses the first experience of its operation in Zambia. The diagnostic procedure covers a leveled analysis of the *political-structural, administrative systems, and techno-sectoral* domains. It is argued that if the objective of the SIA is to highlight the causes of poor service delivery, then assessments should stress on the technical-sectoral domain and work on the links with the administrative functions.[156]

The *political-structural* domain focuses on state institutions as it directly affects the performance of the civil service. The *administrative systems* domain focuses on the management of personnel, financial, core economic functions, and the environment of the bureaucracies in which these functions are carried out. The *technical-sectoral* domain focuses on the agencies responsible for service delivery. The nature of the organizations, the policy environment, the staff's technical capacity and norms, and expectations of the client group affect sector performance.[157]

Cummings and Worley (2001) present an Open Systems (OS) model that treats organizations as open systems and as political arenas.[158] The OS approach can diagnose entire institutional sectors, develop criteria for institutional effectiveness, gather data,

[155]Page 118, Sutcliffe, A.G. (2000) "Business Modeling Interprocess Relationships" in "Systems Modeling for Business Process Improvement", edited by Bustard, D., P. Kawalek, and M. Norris, Artech House: London

[156] Page 9-11, Pinto, Rogerio F., and Angelous J. Mrope (1995) "Assessing Sector Institutions: Lessons of Experience from Zambia's Education Sector", World Bank Discussion Paper No 27, The World Bank, Washington D.C.

[157] Ibid.

[158] Cummings, T., & Worley, C. (2001). Organization Development and Change. 7th Edition, Cincinnati: South-Western.

analyze it, and identify steps that are required to improve the system effectiveness. The OS model also provides a framework for assessing the context in which particular function in a larger system is being performed, and the context of problems associated with the performance of a function. DfID (2003) provides an excellent summary of the OS approach for analyzing and diagnosing institutions.[159]

4.4.2 Developing a Richer Framework for Institutional Analysis

Both the OS model and the SIA approach analyze the context and the environment in which the service is delivered. They provide an inventory of issues that should be covered for a rich institutional analysis. In developing countries, there is an additional level of interest groups and bureaucracy: the international development institutions. The IDIs populate the sectoral space and often influence governance choices in aid-dependent countries. These Supra-State forces, their policy objectives, institutional interests, and bureaucratic goals also need to be modeled. The SIA approach or the OS model by Cummings and Worley (2001) do not explicitly incorporate these aspects.

Thus, there is a need for a governance model for developing countries that would capture the role of Supra-state institutions as a governance level, their interaction with State-institutions, and their influence on the civil society. This model should be based on the OS approach, have the flexibility to incorporate the interactions of State-centered, society-centered and Supra-State forces, and have a multi-level governance structure.

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[159] Source: Page 18, DfID (2003) "Promoting Institutional and Organizational Development: A Source Book of Tools and Techniques", Department for International Development, London.
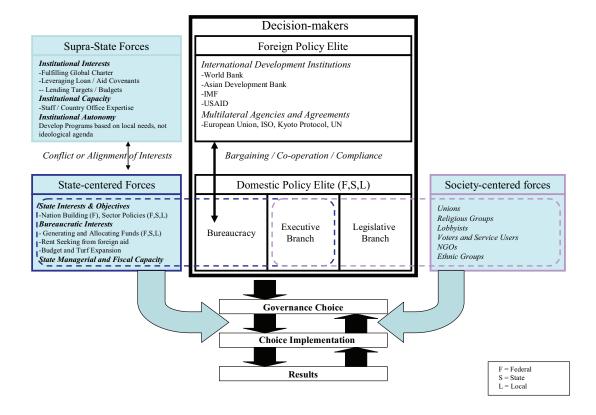
This institutional analysis model should be flexible to be adapted to the policymaking, planning, and operations stages.

The starting point for developing an institutional analysis framework for decentralizing, multilevel governance structures is the Meier's Policy Formation Process.[160] The Meier (1991) model is concerned with the policymaking function in developing countries and assumes only two forces: Society-centered and State- centered forces. The Meier model has been adapted as the "Multilevel Governance Model" (MGM) (Figure 1).

This model is adapted and developed in this dissertation. It incorporates the public sector as an Open System, with multiple levels of the domestic governance structure including the Supra-State level. This model is applied to the analysis of policymaking, planning, and operations stages in of decentralized primary education delivery in Pakistan.

The Multilevel Governance Model includes Society-centered forces identified by Meier (1991): classes, interest groups, and parties and voters. The MGM modification of Meier's model developed in this dissertation has four new features. First, the MGM explicitly captures the influence of Supra-State forces (from international development institutions) in influencing governance and service delivery choices.

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[160] Meier, Gerald M. (1991) "Politics and Policy Making in Developing Countries: Perspectives on the New Political Economy", San Francisco, ICS Press. Page 10.

Figure 1: Multilevel Governance Model

Decision-makers

Foreign Policy Elite

International Development Institutions
-World Bank
-Asian Development Bank
-IMF
-USAID
Multilateral Agencies and Agreements
-European Union, ISO, Kyoto Protocol, UN

Supra-State Forces

Institutional Interests
-Fulfilling Global Charter
-Leveraging Loan / Aid Covenants
-- Lending Targets / Budgets
Institutional Capacity
-Staff / Country Office Expertise
Institutional Autonomy
Develop Programs based on local needs, not
ideological agenda

Conflict or Alignment of Interests

Bargaining / Co-operation / Compliance

State-centered Forces

State Interests & Objectives
-Nation Building (F), Sector Policies (F,S,L)
Bureaucratic Interests
- Generating and Allocating Funds (F,S,L)
-Rent Seeking from foreign aid
-Budget and Turf Expansion
State Managerial and Fiscal Capacity

Domestic Policy Elite (F,S,L)

Bureaucracy | Executive Branch | Legislative Branch

Society-centered forces

Unions
Religious Groups
Lobbyists
Voters and Service Users
NGOs
Ethnic Groups

Governance Choice

Choice Implementation

Results

F = Federal
S = State
L = Local

The second modification of the model is the linkages and interactions between State-centered forces and Supra-State forces. The governance choices and objectives of the Supra-State and State-centered institutions may or may not be aligned. There exist compliance and accountability linkages for the Domestic Policy Elite towards the international development institutions. The instruments of compliance are loan covenants and international development initiatives (e.g. Education for All under UNESCO).

The third modification is to differentiate the policy elite as Domestic Policy Elite and Foreign Policy Elite from domestic and foreign institutions. There exist bargaining and

cooperation relationships between the Domestic and Foreign Policy Elites in determining governance or service delivery choices.

The fourth modification is the explicit differentiation / segregation between institutions that constitute the State. This enables the inclusion of secondary, non-education objectives of the dominant institutions. This differentiation also allows to model competition and co-operation across bureaucratic departments. The State is not a monolith but consists of multiple institutions with their own objectives.

The inventory of issues investigated in the institutional analysis is based on the Cummins and Worley (2001), but has been modified to investigate the decentralization of the education sector in Pakistan. The issues analyzed in this dissertation are presented in Table B1 in Appendix B. The text in italics is additions to the initial Cummins and Worley (2001) Open Systems model and represents the author's adaptation of a generic static model (Cummins and Worley 2001) to a dynamic setting (decentralization).

4.4.3 Methodology and Data Sources for Institutional Analysis

The institutional analysis is based on the Multilevel Governance Model. The analysis identifies institutional restructuring required for improving decentralized education delivery in Pakistan. The data for institutional analysis comes from three sources: 1) official documents and communications; 2) questionnaires; 3) interviews. The first stage was to access official documents and communications. This was the quickest way of capturing the system dynamics, structure, strategy, flow of inputs and outputs, and

institutional environment. The range of official documents accessed varies across the analytical chapters and draws from multiple governance levels, multiple functional areas, and multiple governance stages.

For example, the official documents for Chapter 6 required access to, and analysis of planning documents from the federal level, (Ministry of Finance, Planning Commission, Ministry of Education), the provincial level (Finance Department, Education Department), the district level (Finance Department, Education Department), international development institutions (UNESCO, USAID), and consultants working in the education sector. In addition, documents from policymaking stage were also accessed to identify linkages (or disconnects) between the policy and planning functions. A list of official documents and groups of respondents is provided in each chapter.

The analysis of official documents was complemented by data gathered through questionnaires from a range of stakeholders, from officials in multiple governance levels and functional departments, and from different governance stages. These questionnaires differed for each chapter and the range of respondents varied across the chapters. The questionnaires contained fixed response and options questions as well as open-ended questions. The data from the questionnaire yielded a range of opinions from different vantage points.

Once the initial data was gathered through official documents and structured questionnaires, arguments explaining the choices and actions emerged in some cases.

These arguments were explored using unstructured interviews with open-ended questions from multiple respondents to eliminate respondent bias. These interviews provided rich data on respondents' individual and institutional perspective.

4.5 Contribution to the Literature

The dissertation contributes to the decentralization literature in three areas. First, in terms of scope and approach, the dissertation defines the education sector as an Open System and covers the entire stream of decisions from policy to planning to operations. The analysis spans multiple governance levels and multiple departments (education, finance, planning and development). This analysis of decentralization does not assume that a) district governments make expenditure assignment purely to respond to local needs; and b) that district governments' share of total public sector expenditure is a reflection of district government authority.

Second, in terms of methodology, the dissertation, based on the literature review conducted, is a first analysis of decentralized service delivery that employs business process mapping to highlight system performance and locate the constructs of authority, accountability, responsiveness and service user participation.

Third, it is the most detailed analysis of decentralization, and its impact on service delivery in Pakistan to date. This dissertation builds on the initial analysis in Asian Development Bank et al. (2004) and provides empirical evidence and restructuring strategies to improve primary education delivery by district governments.

Table 4.1 Methodologies Employed

Chapter	Methodologies
Chapter 5: Policymaking	IA
Chapter 6: Planning	IA
Chapter 7: Case Study of ESRAP a Federal Education Planning Initiative	IA
Chapter 8: Case Study of ADB's SDSSP	IA, BPM
Chapter 9: Provision of Teachers	IA, BPM
Chapter 10: Provision of Books	IA, BPM

Table 4.2 Potential Data Gathering Techniques for Institutional Diagnosis

Category	Example Techniques	Issues
Fact-finding	Questionnaires; Interviews; Observation; Examination of Existing Process Description	Rules and Conventions; Reliability; Validity
Interviewing	Formal; Informal; Factual; Attitudinal; Confidential	Cognition; Motivation; Adequacy of Responses
Charting	Process Flow; Function Allocation; Scheduling	Diagram Semantics; Completeness
Analysis of Objectives	Output Analysis; Strategy Formulation	Traceability; Transformations and assumptions known
Statistics and Probability	Classical; Empirical	Theoretical Outcomes known; Sample of historical data; Knowledge of real distribution
Forecasting	Judgmental; Extension of past history	Time series data available; Evidence of Relationships
Matrices	Input-Output Analysis; Object Life-history	Meaningful axes and classification system for each axis

Source: Darnton and Darnton (1997)

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Chapter 5. Education Policymaking in Pakistan: Implications for Decentralized Primary Education Delivery

This chapter presents an institutional analysis of education policymaking in Pakistan. The analysis identifies how institutional structures and incentives affect decentralization design and education delivery. Policymaking is analyzed for human resource management and physical infrastructure development.

This chapter presents an analysis of pre-and post-decentralization education policymaking across the federal, provincial, and district levels. The historical analysis of policymaking processes and output highlights the tradition of participation, authority, and service user participation. The operations policies in the province of Sindh and its districts are analyzed in this chapter. Recommendations to improve policymaking and education delivery by district governments are presented in Chapter 11, collectively with recommendations based on the analyses from other chapters.

5.1 Research Questions

1) How is authority and accountability for policymaking distributed across education governance levels in Pakistan?

2) What is the level of participation of domestic and external stakeholders in education policymaking in Pakistan?

3) Can, and do district governments make policies to respond to local operations needs and what institutional and incentive restructuring is necessary to improve service delivery?

In this chapter, *policy*, is construed as a *principle*, or *guideline* that that employees or members of an institution are expected to execute. Policymaking for macro-level and operations level decisions should be differentiated. Macro-level decisions are those that affect the broader direction and shape of the education system. Macro-level decisions can be about the broad goals and mission of the education process (strategic policies), about compliance with certain standards expected from the operations level managers (regulatory policies), or about the form and design of the system (structural policies). These decisions can be made at a higher level of governance to ensure equity or standardization across the country. Thus, macro-level decisions include *strategic, regulatory*, and *structural* policy domains.

Operations level decisions are narrower in scope. They are deployed to achieve the broader strategic, regulatory, and structural policies. For example, districts with different population levels and densities may adopt different tradeoffs in terms of access and quality. Centralized policymaking, planning, and operational prioritization may ignore such heterogeneity. Examples of operations policy decisions are: location of physical facilities; managing the intra-district tradeoff between access and quality; maintenance of school infrastructure; human resource management; structuring teaching time, sequence of learning items, student groupings based on local and classroom needs; provision of textbooks and teaching aids to meet local student needs and student achievement standards.

Policymaking authority must be assigned to governance levels to improve authority, accountability and responsiveness of the education system with room for service user participation. Decentralization involves reassignment of authority and accountability across federal, provincial, district and school level.

5.2 Methodology and Data

The methodology involves institutional analysis defined in Chapter 4. The education system is an Open System analyzed under the Multilevel Governance Model defined in Chapter 4. Federal policymaking was analyzed for the latest national education policy and the declared action plan to implement it. Policy decisions of the Government of Sindh over 2002-2005 are analyzed. Education development and planning initiatives of international development institutions in Sindh are analyzed for the post decentralization period.

Secondary data include: legislation on the governance of the State (including the recent decentralization legislation); official policy and planning documents from the federal Ministry of Education, Ministry of Planning and Development and Ministry of Finance; official policy and planning documents from the provincial Planning and Development, Education, and Finance departments; and education planning documents from three district governments in Sindh defined in Chapter 4.[161]

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[161] When decentralization was introduced the province of Sindh was divided into 16 districts. However, this number has now risen to 23.

Primary data on education policymaking across the governance levels were collected through structured questionnaires with respondents at: the federal Ministry of Education; the federal Ministry of Religious Affairs; the federal Economic Affairs Division; the federal Ministry of Finance; Planning and Development, Finance, and Education departments in the provinces of Sindh and Punjab[162]; the education department officials from six districts in Sindh and three districts in Punjab; educationists and NGO workers in Sindh and Punjab; officials at the international development institutions, and consultants working in the education sector.

Primary data on operations policies being implemented in districts were gathered through structured questionnaires and open-ended interviews from officials in the selected districts is Sindh. District level documents and communications were analyzed to determine policy decisions made at the district level.

5.3 Legislative Structure for Education Policymaking

The legislative structure for education policymaking is presented in Table 5.1. The review of the legislative structure identifies four issues. First, the pre-decentralization structures have not been reconfigured in the post-decentralization era to accommodate district governments. Provincial or federal government authority in the decentralized era has not been realigned. The provincial rules of business continue to assert that education delivery is a provincial subject even though the decentralization legislation considers it to district government responsibility. The Concurrent List of the Constitution of Pakistan,

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[162] The Punjab respondents were inquired about federal policymaking and the decentralization design.

1973 which assigns policymaking authority to provincial and federal governments is unchanged in the post-decentralization era.

Second, there is no clear demarcation of policymaking authority for operational, strategic, regulatory, or structural domains across the governance levels in the Concurrent List. Policymaking for all of the above areas is contested between the federation and the federating units (provinces) as a result.

Third, the decentralization design or legislation does not assign any policymaking authority to the district governments, even for determining operations level policies. District governments are accountable for education delivery but do not have any policymaking authority assigned to them in the Concurrent List or the decentralization legislation. Instead, district governments are expected to implement provincial government policies. Specifically, Rule 127(3) and Rule 4(1) of the Sindh Local Government Ordinance, 2001 (SLGO) assert that the departmental heads of the district governments, who are provincial government employees, must comply with provincial government policies, and implement them in the budgeting and financial management functions. The Sindh District Governments (Conduct of Business) Rules, 2001 [District Business Rules] and the Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002 [District Budget Rules] both instruct district government departments to comply with provincial government policy guidelines in expenditure assignment.

Fourth, contradictions exist within the decentralization design and legislation for the legitimate source of development and education policy. Components of the decentralization legislation contradict provincial government control of the development policy as identified in Rule 127(3) and Rule 4(1) of the SLGO. Specific illustrations of this contradiction are: Article 18(a) of the SLGO, and Rule (32) of the District Budget Rules that assert that the Nazim shall "provide the vision and provide the development priorities", and Rules 11 and 22 of the District Budget Rules that instruct bottom-up participatory planning to determine development priorities of the district government.

The shortcomings in the decentralization design and the pre-decentralization legislation restrict district government authority and potential for responsiveness to local needs. The decentralization design and the legislative structure do not recognize district governments as autonomous units even though they are accountable for service delivery. There is evidence of a mismatch between the accountability for service delivery and the authority to deploy operations level policies. This lack of authority restricts the district governments in adapting resources to respond to local needs.

5.4 Policymaking Process and Content Analysis

This section presents content and process analysis of policy documents and education planning initiatives that serve as policy instruments.

5.4.1 National Education Policy 1998-2010

The National Education Policy 1998-2010 (NEP 1998) consists of vague and multiple objectives. NEP 1998 presents 17 broad objectives of the policy. Eleven education system components are covered in the policy document. These are supplemented by sections on innovative program, implementation, monitoring and evaluation details, and financial outlays. Each section consists of a summary of the issues related to the education component, followed by lists of objectives, policy provisions, and implementation strategies. Across the 11 components (and the introductory set 17 of objectives) there are 81 objectives of the education policy. These objectives are translated into 182 policy provisions and 232 implementation strategies. Each component has a set of physical targets.

For example, NEP 1998 lists 8 objectives for elementary education and an un-prioritized list of policy provisions: emphasis on quality, improving access, teacher training, reduction in disparities based on gender and socio-economic variables, institutionalizing pre-school classes, retention of out-of-school children. Physical targets on formal primary schools, mosque schools, introduction of double shifts, recruitment of teachers, and infrastructure development is generated. The physical targets are followed by a list of 63 implementation strategies for achieving objectives and physical targets.

The NEP 1998 document also proposes an implementation program involving national and provincial committees. NEP 1998 demonstrates that the federal MoE intervention into the provincial domain of education delivery by choosing implementation strategies,

defining the physical targets, and determining the education portfolio for the provinces. This unitary-style approach in a federal structure undermined provincial authority for education delivery while provincial governments were still accountable for education delivery.

A process of soliciting views from Society-centered stakeholders was conducted in generating the NEP 1998 document. The MoE prepared an initial draft of the policy based on consultations of working groups consisting of an elite group of educationists, bureaucrats, and representatives from the non-government sector. This federally-managed draft was followed by a review by the federal cabinet on January 21, 1998.

A public call for proposals followed and the Ministry of Education officials collected suggestions received from Society-centered stakeholders. A committee consisting of officials at the federal level reviewed these suggestions. "Six committees of experts" of the Ministry of Education examined 4,025 proposals and further proposals to the draft were presented on February 18th, 1998. On February 21, 1998, the Prime Minister announced the main contents of the policy.[163] The review of the first draft of the policy document on January 21, 1998 by the Cabinet, the public call for proposals, receipt, review, and pruning of 4,025 proposals by the MoE officials, review of revised draft by the Cabinet on February 18, 1998, and the Prime Minster's announcement occurred within a short span of time.

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[163] National Education Policy 1998-2010, page ix.

Another round of public proposals was sought and received after February 21, 1998. On March 18, 1998, review of these proposals was presented to the Committee of the Cabinet. On the same day "views of all donor agencies and provincial governments were personally heard by the federal education minister, assisted by senior officers of the ministry."[164] After the March 18, 1998 presentation to the Committee of the Cabinet, a draft of the policy was reviewed in the standing committees of the national assembly and the Senate. "These committees invited experts from all over the country and asked for their candid feedback to improve the policy. The Ministry received the comments from the Standing Committees, which were examined by [the Education Secretary] and the Education Minister."[165] All these events occurred between March 18, and March 27, 1998 when the policy document was finalized and signed off by the Education Secretary and Minister.

The evidence from the policy development process indicates that discussions with the international development institutions and provincial governments were a communication exercise rather than a participation exercise. Based on the evidence, it appears that representatives from the provincial governments and provincial departments of education, who are expected to implement these policies, were not included in developing the NEP 1998. NEP 1998 was a unitary-style initiative that compromised the "joint" provincial authority in policymaking.

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[164] Ibid, page x.
[165] Ibid, page x.

The analysis of NEP 1998 development process suggests that the Domestic Policy Elite at the federal Ministry of Education dominated the activity of preparing the NEP 1998 while the political leadership at the federal level demonstrated a participatory process. Society-centered forces such as teachers' union were not represented as collective units in the policy formulation or review processes.

Federal education planning initiatives also serve as policy instruments. In the relevant period, these are: Education Sector Reform Action Plan (ESRAP) 2001-2004/5/6 (ESRAP); National Plan of Action on Education for All (2001-2015) (NPA-EFA); Medium Term Development Framework 2005-2010 (MTDF); and the Interim Poverty-Reduction and Strategy Paper (I-PRSP).

The ESRAP is a planning document that conducts policymaking through budgeting. These policy and expenditure choices of the federal government are transmitted to the provincial and district level. Examples of operations policies in the ESRAP are proposed targets and financial allocations towards primary education, adult literacy, early childhood education, and technical education programs. Though the document claims to be indigenous in its origin, most of the policy choices either originate from or are dependent on international development institutions. Examples are the I-PRSP expenditure and enrollment targets [166] and UNESCO's Education for All targets/priorities.

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[166] Government of Pakistan (November 2001). *Interim Poverty Reduction Strategy Paper*. Policy Wing, Finance Division, and Poverty Reduction Cell, Planning Commission, Islamabad; Ministry of Education. (April 2003). *National Plan of Action on Education for All (2001-2015) Pakistan.* Government of Pakistan: Islamabad

The NPA-EFA is prepared by the Ministry of Education to comply with the EFA policy agenda. The MTDF was developed by the Planning Commission as part of its central economic planning mandate. I-PRSP was developed by the Ministry of Finance to qualify for IMF's PRGF. These plans have their own policy generation processes that compete with education policy mandate of the federal and provincial governments, and the post-decentralization district mandate of education planning and delivery. There is co-operation between the Domestic Policy Elite (bureaucrats at the federal Ministry of Education and the Ministry of Finance) and the Foreign Policy Elite (bureaucrats at the World Bank, IMF, UNESCO) in developing planning documents to achieve their bureaucratic initiatives.

The content analysis of the federal policy documents highlights three issues. First, the policy documents generate a clutter of objectives that do not represent a guiding framework to be followed by sub-federal units. Second, the span of federal policymaking includes both macro-level and operations level issues. This is not surprising since the policymaking mandates for strategic policy direction, structural policies, regulatory policies, or operations policies are not demarcated between the federal and provincial governments in the Federal List or the Concurrent List. "Policy" is monolithic construct that the federal government employs to instruct provincial governments in a unitary structure.

Third, the federal government delves into detailed education planning without consultation provincial education departments. The Concurrent List allows for a federal role in education planning which competes with the pre-decentralization provincial authority and the post-decentralization district authority and accountability for education delivery. Federal unitary style education planning authority and initiatives must be retrenched in line with the logic and objectives of federalism and decentralization.

The federal policymaking process highlights poor tradition of participation from Society-centered stakeholders. State-centered bureaucratic forces (achieving bureaucratic objectives of compliance with international development initiatives, generating foreign aid) dominated the education policymaking process. The economic planning in the MTDF and the I-PRSP represent policymaking through budgeting in parallel to the Ministry of Education's policymaking authority. These represent redundancies and competition between the federal Ministry of Education, Ministry of Finance, and the Planning Commission. The Supra-State initiatives also represent policymaking through budgeting. The Supra-State and federal initiatives burdened the system with contradictory, un-measurable, unenforceable, un-financed policies.

Provincial governments' response to federal policy documents is mixed. There is partial compliance of structural policies such as the curriculum and execution of federal funded projects. However, unfunded operational policy priorities and the clutter of physical targets and objectives cannot be, and therefore, are not fully executed by sub-federal levels.

5.4.2 Provincial Policymaking

Analysis of the content and the process of education policymaking in the province of Sindh over 2002-2005 is presented below. There is, or has been in recent years, any comprehensive document that can be described as a policy document of the Government of Sindh. What exist as policy, are rules, standalone directives, notifications and ordinances issued sporadically by the Education Department, and complemented, or at times contradicted by, directives issued by the Planning and Development Department, the Finance Department, and the Chief Minister.

The operations policies affecting human resource management and physical infrastructure provision are analyzed. These policies represent the policy direction current at the time of data collection.[167] Operational policy decisions are summarized in Table 5.2.

Table 5.2 highlights issues for decentralization and education delivery. First, the provincial government has exploited the decentralization design to control inputs to service delivery, i.e. teachers and school infrastructure. The recruitment process triggered in financial year 2003-2004 has been conducted under provincial government control.[168] Through frequent transfers of education department leadership at the district level, the provincial government has violated its own directive of minimum posting tenure on one

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[167] In the absence of a single set of policies or widely distributed policy documents it was very challenging to procure policy directives and notifications.
[168] The recruitment process discussed here was triggered in September 2004

year[169], and the LGO requirement of three years tenure for the EDOs.[170] The evidence from districts in Sindh shows that since 2003-2004, EDOs were changed as much as thrice within twelve months in some districts. This undermines leadership stability and continuity at the district education department.

Second, the provincial government has manipulated the rules (e.g. the Sindh APT Rules, 1974) to control human resource management. These actions retain provincial government turf and also, in some cases, achieve political objectives. For example, through a directive of the Chief Minister of Sindh (who is the Chief Executive of the provincial government) on September 20, 2004[171], the provincial government lifted its ban on transfers and postings. This directive was intended for district government employees as well.[172] The directive also asserts that officials and staff posted on the instructions of the Chief Minister would not be transferred without the Chief Minister's approval. On March 26, 2005, the Minister for Education and Literacy redistributed powers for transfers and postings across provincial education department leadership.[173]

Third, the political leadership of the provincial government, through expanded discretionary development expenditures has contested the district governments' turf created by the decentralization initiative. In the financial year 2002-2003, after the

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[169] September 20, 2004 directive number: NO.SO(SG&CD)-6/25/2003 by the Services, General Administration & Co-ordination Department, Government of Sindh

[170] Article 30(3) of the Sindh Local Government Ordinance, 2001

[171] Order NO.SOI(SG&CD)-6/25/2003 dated September 20, 2004 issued by the Services, General Administration & Co-ordination Department, Government of Sindh.

[172] The notification does not specify whether it is applicable only to provincial government employees or employees working at the district level. Evidence from the education officials in the provincial education department indicates that senior officials have been transferring and posting district level staff.

[173] Order NO.SO (G-I) EDU-E&A-9-41/04 dated March 26, 2005 issued by the Education and Literacy Department, Government of Sindh.

responsibility for key services had passed on to district governments, a program was launched through which each Member of Provincial Assembly (MPA)[174] in Sindh, would be allocated Rs. 5 million[175] per annum for discretionary development spending.[176] The policy guidelines for this MPA Program[177] came through an administrative directive from the Planning and Development Department, Government of Sindh.[178]

The MPA Program is parallel to the district governments' mandate to improve service delivery and erodes the accountability link between service users and district governments. Recapturing expenditure control and political credit seeking for service delivery, and potential economic rent-seeking through construction contracts are potential motivations for the MPA Program.

Fourth, education policy direction often comes from provincial departments that control or generate resources (the Finance Department, the Planning and Development Department). The policy directive to district education departments to focus on operating the existing stock of schools rather than creating new infrastructure emanated from the provincial Planning and Development Department. The directive was most likely triggered by GoS compliance to ADB under the Sindh Devolved Social Services Program that required an emphasis on operating existing facilities instead of creating new ones. This directive "takes notice" of new schools being built under the federal governments'

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[174] Legislator in the provincial government.
[175] USD83,333/- at the rate of PKR/USD=60.00
[176] These MPA programs are operational in all the four provinces.
[177] See Table 2 for details
[178] The initial notification could not be obtained but the second Notification No. P&D/MPA/CHIEF-TPP/Gen/2004 dated November 20, 2004 issued by the Additional Secretary Planning and Development summarized the initial priority areas. Notification No. P&D/MPA/CHIEF-TPP/Gen/2004 dated November 20, 2004 issued by the Additional Secretary Planning and Development.

ESRAP. The provincial Finance Department asked the provincial Planning and Development Department to develop policy guidelines for new school construction. The provincial Education Department was asked to follow these guidelines.[179]

In the same directive, the Planning and Development Department provides guidelines to district governments for building physical infrastructure, improving access to education for girls, and developing priorities for primary or secondary education, and developing formal and non-formal education sectors. These have been summarized in Table 5.2. The Chief Minister approved the policy guidelines. This was a bureaucratic process conducted at the provincial level. The policy requirements on locating new schools (presented in Table 5.2) undermine district government's authority over, and responsiveness to, local schooling access needs. Local conditions such as poverty may not enable the local community to provide physical infrastructure for the school. This centralized policy directive is based on the provincial Planning and Development Department's objective to manage financial resources at the provincial level. Since provincial and district education departments do not have their own financial management systems, they are restricted by policies from the provincial Finance, and Planning and Development departments.

5.4.3 Foreign Education Development Initiatives in Sindh- Policymaking through Budgeting

UNESCO's Education for All (EFA) initiative has spurred detailed national, provincial, and district plans of action Under the Sindh EFA Plan, the GoS has committed to creating

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[179] Directive dated December 15, 2003 number; NO: PO (EDU) P&D-116/99-2003 issued by the Planning and Development Department, Government of Sindh.

infrastructure for early childhood education, adult literacy and primary school facilities. This Sindh EFA Plan has not been implemented to date.

Asian Development Bank's (ADB) Sindh Devolved Social Services Program (SDSSP) focuses on improving service delivery for education, health, and water and sanitation. The fiscal transfers to district governments through the SDSSP are conditional grants that district governments can access by signing a Memorandum of Understanding (MoU) with the provincial government. The MoU includes operations policy guidelines: avoid setting up separate primary schools for boys and girls; set up combined schools where the population is greater than 500; build schools where there is no school in a 1 km radius and where the community is ready to provide the building and accommodation for the school. The policy guidelines curtail districts' policy choices.[180]

ADB's Decentralized Elementary Education Project (DEEP) in Sindh is an extension of ADB's Middle School Project[181]. DEEP's project scope focuses on building middle schools[182] and upgrading primary schools to middle school status. SDSSP and DEEP, implemented by ADB through the provincial government, enhance fiscal centralization of resource generation at the provincial level, and restrict the space for district governments to determine operations policies.[183]

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[180] Most of these guidelines emanate from the Planning and Development Department's directive No.PO(EDU)P&D-116/99-2003, Karachi, dated the 15th December,2003. This was issued, most likely in compliance with the SDSSP policy matrix by the ADB.
[181] Middle Education is Grade V-VIII
[182] Primary education is from Classes I-V. Middle education includes Classes VI-VIII. Elementary education includes Class I-VIII.
[183] A detailed discussion is presented in the paper on SDSSP.

USAID's Education Sector Reform Assistance (ESRA) focuses on six areas of activity including literacy. ESRA operates in four selected districts in Sindh and imparts youth and adult literacy programs to achieve a target of 100,000 literates over the span of the program.[184] ESRA focuses on districts and a priorities determined by USAID and their consultants (Research Triangle International).[185]

The provincial government's commitment to the operations policy of focusing on post-primary education under ADB's DEEP exists simultaneously with its commitment to UNESCO under EFA to focus on primary education, adult literacy, and early childhood education. Both the commitments involve hiring new teachers (in contradiction with the ban on teacher recruitment imposed by the Government of Sindh since the 1990s) and building new infrastructure (in contradiction with the ban on the construction of new structures). These commitments exist parallel to the GoS commitment under ADB's SDSSP to operate existing infrastructure before creating new infrastructure.

These commitments are not made through a formal process of developing operations policies and strategic direction, but through an ad hoc process that reflects compliance to higher levels of governance, response to external financing opportunities, and pursuing institutional interests. The consultations with Society-centered forces are trumped by Supra-State initiatives. The Supra-State policymaking through budgeting is contradictory to the basis of decentralization that is predicated on local information and local responsiveness to local needs.

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[184] ESRA works in four districts in Sindh, five districts in Baluchistan, and the Islamabad capital Territory. Khairpur, Sukkur, Thatta, and Hyderabad are the four districts in Sindh in which ESRA is operating.
[185] http://esra.rti.org/. Downloaded August 17, 2005.

5.4.4 District-level policymaking

The empirical evidence indicates that district education department officials are responsive to provincial policy directives. Under the decentralization design, district governments do not have policymaking authority, even at the operations level. The Executive District Officers (EDOs) are provincial government employees and have a personal, long-term stake in complying with provincial policy guidelines even though many of these directives undermine local decision-making authority. The evidence from the districts indicates that district governments do not have autonomous, uncontested control over financial and human resources.

Since operations policymaking is at the provincial level, local service users and stakeholders do not participate in determining education priorities.[186] This leaves district education department officials and the district political leadership responsive to provincial policies and provincial governments. District governments, under the decentralization design, have weak authority to respond to local needs.

District education department officials do execute survival strategies based on external financing opportunities from supra-district institutions.[187] These survival strategies may respond to local needs but are contingent upon policy constraints from the financiers.

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[186] More evidence on local stakeholder participation in education planning and priority-setting is presented in the paper on education planning.

[187] For example, the National Commission for Human Development, a federal institution outside the education system, provides teachers in selected districts in selected schools through short-term contractual agreements. These teachers are paid a stipend of Rs. 1,500, less than the minimum wage for non-skilled workers in Pakistan. In Thatta, UNICEF provides teachers under similar contractual terms to primary schools for girls.

This patchwork of resources from Supra-district sources may lead to inter-district disparities and equity concerns as these external institutions have their geographical limitations and policy preferences. These survival strategies can only lead to short term service delivery changes, if any, instead of systemic reform.

5.5 Conclusion and Contribution to the Literature

The analysis highlights that district governments, under the decentralization design, do not have the authority to make operations policies; in practice district governments do not make operations policies; authority for making operations policy decisions is not demarcated between federal and provincial governments; participation of service users is absent; and accountability and responsiveness of district governments is stronger to the provincial government and Supra-district institutions than to the local service users. District governments, due to fiscal centralization of resource mobilization and continued administrative centralization under the decentralization design, cannot autonomously devise policies. The decentralization design has not activated the basis for decentralization: local decision-makers with better local information and control over resources responding to local needs. Strategic response by the Sindh government has also exploited decentralization design deficits and lead to provincial control of inputs to education delivery.

The decentralization design in its present form (with no policymaking powers to the district level) is an extension of the unitary tradition of governance in Pakistan where

provincial governments are dependent on federal transfers and struggling for provincial autonomy.

The exclusion of policymaking authority for districts may also be influenced by concerns of controlling fiscal deficit. The decentralization design requires a hard budget constraint to be imposed on district governments. These concerns from the federal government and the Supra-State level emanate from the fiscal stabilization commitments in the PRGF loan covenants under the IMF lending.[188] The decentralization objective (district governments allocating resources to respond to local needs) have been superseded by the objective of achieving fiscal stabilization.

The chapter makes a contribution to the literature on policymaking models and methodology by developing a model that: 1) includes Supra-State forces; 2) differentiates between the Domestic Policy Elite and the Foreign Policy Elite; 3) captures bureaucratic cooperation and bargaining between the Foreign Policy Elite and the Domestic Policy Elite; 4) segregates State-centered forces to incorporate multiple institutional and bureaucratic objectives; and 5) identifies implications of the interactions between State and Supra-State institutions on local government authority, accountability, responsiveness, and service user participation.

This chapter makes a contribution to the decentralization literature by presenting empirical evidence on the design and implementation of a decentralization initiative. The analysis is applicable to other developing countries that decentralize under fiscal

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[188] Page 5. International Monetary Fund (September 2001)

stabilization pressures or decentralize without given policymaking authority to local decision-makers.

The analysis challenges the argument made in World Bank (2003) that the policymaker must be separated from the provider of services in the name of increasing accountability.[189] Based on the evidence presented in this chapter, it can be argued that local decision-makers cannot improve service delivery without having policymaking authority. The entire basis of decentralization, that local decision-makers respond to local service delivery deficits, is neutralized when district governments have to comply with policies from higher governance levels.

The chapter makes a contribution to the literature on education governance in Pakistan as it is the first analysis of a) education policymaking in the post-decentralization structure; b) provincial policymaking in Sindh and its implications for district-based service delivery; and c) the influence of Supra-State institutions in influencing policy direction through planning / programming initiatives.

Regarding public policymaking and decision-making models, the analysis of federal education policymaking initiatives in Pakistan conforms with Dye and Ziegler (1970) who argue that public policy is determined by the ruling elite and carried out by public institutions. The evidence suggests that federal policymaking analyzed does not undergo a rational process that evaluates alternatives as argued by Simon (1945). Instead it can be

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[189] Pages 98-101

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interpreted as bureaucratic and political actions determined by institutional organization, and legislative structures (Anderson 1979).

The evidence on provincial policymaking activity suggests that the ruling elite, political leadership and bureaucracy determine policy (Dye and Ziegler 1970), that is rational but towards retaining their institutional interests. The rational evaluation of alternatives and cost benefit analyses are missing. The evidence on provincial government response to decentralization suggests that bureaucratic and political actors adjust policy responses to remain viable players in the policy space (Krause 1997), to protect their turf (Downs 1967), and change the composition of the subsystems to create more autonomy for themselves (Carpenter 2000, 2001).

The evidence from Supra-State policymaking through budgeting initiatives (EFA) suggests that Supra-State institutions have bypassed local policymaking processes and imposed a top-down policy agenda. The Multilevel Governance Model highlights the dynamics of multiple public sector institutions pursuing different goals. There is compliance from bureaucrats in aid-dependent countries to Supra-State institutions. This is in line with findings from by UNRISD (2004): accountability and responsiveness to Supra-State institutions is strengthened at the cost of accountability and responsiveness to Society-centered stakeholders.

Policy recommendations are presented in Chapter 11.

Table 5.1 Legislative Structure for Education Policymaking in Pakistan

Legislation, Rules	Content	Domain	Implications for Service Delivery
PRE- DECENTRALIZATION			
A. Federal			
A1. Constitution of Pakistan, 1973			
Concurrent List under Article 70(4): The Concurrent List specifies the legislative domain of government levels	Item 38: Education policymaking is the joint domain of the federal and provincial governments	Education policymaking	Represents overlapping authority over education policymaking. Federal government authorized to develop education policies while education delivery was provincial responsibility. No retrenchment of federal or provincial roles made after district governments responsible for service delivery after decentralization. District governments do not exist in the Concurrent List and have no policymaking authority.
A2. The Rules of Business, 1973			
Schedule II [Item 8(1) and 8 (2)]	Ministry of Education (MoE) is responsible for among others: "development and co-ordination of national policies, plans"	Education policymaking.	Legislation does not specify how the concurrent aspect will be activated and how the provincial governments will participate in developing or implementing federal education policy initiatives.
B. Provincial			
B1. Provincial Rules of Business, Sindh 1986			
Schedule II	Schedule II of the Rules assign blanket authority for education to provincial governments	Education Governance/ Policymaking	Legislation does not specify policymaking domain. Legislation remains unaltered after decentralization. Created contested domains b/w PG and DG.

POST DECENTRALIZATION			
Decentralization legislation and structures added in parallel to pre-decentralization structures which have not been retrenched.			
C. DISTRICT			
C1. Sindh Local Government Ordinance 2001			
Article 18(a)	The Zila[190] Nazim[191] shall: "provide vision for the district-wide development, leadership and direction for efficient functioning of the district government".	Development policy. Education policy.	This reference to "vision" does not assign the authority to define operations level policies.
Article 127(3)	"The [provincial] Government may provide guidelines and render advice to the District Government through the concerned Zila Nazim for achieving the ends of [provincial] Government policy and for promoting economic, social, and environmental security of the Province."	Development policy. Education policy.	PG control over DG priorities and operations.
Article 4(1)	Local governments "shall function within the Provincial framework and adhere to the Federal and Provincial laws."	Development policy. Education policy.	PG control over DG priorities and operations.
C2. Sindh Local Government (Conduct of Business) Rules 2001			
Schedule II	District finance and planning department is responsible for "preparing annual development program of the district in coordination with all district offices of provincial line departments" which must be "within the policy framework given	District government finance and planning. Development Policy. Education policy.	District planning and budgeting to be done by the finance and development department in line with the policy guidelines from the provincial government. This contradicts with the local bottom-up planning proposed under the Budget Call Letter provision. Policy

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[190] *Zila* means district.

[191] *Nazim* means Mayor

	by the provincial government".		control by provincial government.
C3. Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002			
Rule 11	District government shall issue a Budget Call Letter (BCL) and solicit stakeholders' views. BCL shall be approved by the Nazim, and priorities shall be used for budgeting for current and development expenditures.	Development Policy and Planning including education planning and expenditure assignment.	Local participation is the approach for determining expenditure priorities.
Rule 22	District governments will make current expenditure according to "priorities laid down in the budget call letter"	Current Expenditure policy and priorities.	Local participation is the approach for determining expenditure priorities.
Rule 32	The *Nazim* (mayor) "shall provide the vision and set the development priorities"	Development Policy and Planning including education planning and expenditure assignment.	Nazim can, theoretically, independently choose planning and expenditure priorities. Conflicts with Rule 11 of the District Budget Rules and Schedule II that ask for a Budget Call Letter.
Rule 27 and 29	District governments can make their Statement of New Expenditures	Current/ operational expenditures	However, the SLGO requires that finance department of the provincial government has to approve these SNEs.

Table 5.2 Distribution of Operations Policy Decisions – Sindh and its districts

Policy Domain	Actual Policy Decision Made and Decision-Making Level	Policy Making Authority According to Decentralization Design	Institutional Structures and Incentives that undermine decentralized decision-making
Human Resource Management			
Recruitment Policy; When and how will the new staff be recruited?	Policy by PG. Ban by PG on new recruitments since the 1990s. Ban extended by PG onto DGs as well. Ban partially lifted by PG in FY 2001- 2002 (1^{stt}round of recruitment). The second round of recruitment under decentralization was triggered in FY 2003-2004 by a special waiver from the ban issued by the CM. Election Commission instructed the PG to appoint new teachers only after the LG 2005 elections were completed. The process for recruiting of 7,500 teachers incomplete.	The DG authority to conduct recruitment is restricted by the PG authority to determine policies for recruitment and expenditures. The Sindh APT Rules, 1974 governing Sindh government employees were amended to include DG employees. However, the PG remains in control over the recruitment, appointment, promotions and transfers policy even for DG employees.	1. Concurrent List gives policymaking authority to PGs but not to DGs. 2. LGOs require DGs to follow PG and FG policy guidelines 3. DBuR require DGs to follow PG and FG policy guidelines 3. DBdR require DGs to follow PG and FG policy guidelines 4. Sindh APT Rules, 1974 give policy authority to PG. 5. Schedule V of the DBuR invokes the Sindh Government Rules of Business, 1986. This requires the DGs to get approval from the FD of the PG for changing the number or rank of officials. Pre-decentralization structure extended into decentralized era.
Identifying Posts to be Filled	DGs identify posts to be filled.	DG responsible for identifying posts that need to be filled and communicating them to the PG.	-
Selecting Number of Posts to be Filled Given Fiscal Constraints	No stated policy but pre-decentralization legislation in the fiscal domain overrides. DG's FD is required to get an NOC and SNE sanctioned from PG FD. PG FD determines the number of posts that can be filled by the DG.	PG still controls the policy domain under the Concurrent List, LGOs, DBuR, and DBdR, Sindh APT Rules, 1974.	Schedule V of the DBuR invokes the Sindh Government Rules of Business, 1986 which requires the DGs to get approval from the FD of the PG for changing the number or rank of officials.

Defining Employment Terms	PG's salary structure and employment terms apply. Batch of recruits in 2001/2002 was offered 3-year contracts by PG rather than permanent tenures. The current batch of applicants are also to be hired on contract basis to lower salary costs of the largest current expenditure head in the PG and DG budgets.	DGs cannot and do not determine employment terms for its staff. Policy authority of the PGs controls employment terms.	Nazims and EDO (Education) cannot bypass PG policy given the financial dependence of the DG. Career-based incentives of the EDO, who is a PG employee posted to the DG, prohibit DG departmental leadership from developing local policies.
Determining the Recruitment Process	PG provided the recruitment process for both the rounds of recruitment for teachers.	Sindh APT Rules, 1974 do not authorize DGs to determine the recruitment process for its staff. Policy authority of the PG in operations level decisions.	Decisions by the PG on the recruitment process retain the recruitment function with the PG in the decentralized set-up.
Executing the Recruitment Process	Political leadership of the PG controlled the recruitment process. The DG Education Departments executed the recruitment under PG control. Election Commission intervened to delay appointment of new recruits till completion of 2005 DG elections. PG conducted the tests of the candidates. Selection Committees comprising of PG and DG employees were appointed to conduct final interviews and sent final list of candidates for approval by the PG. The partial recruitment was done of the basis of initial test scores.	PG policy and rules (Sindh APT Rules, 1974) amended by the PG.	PG recruitment policy and process retained the recruitment function with the PG in the decentralized structure.
Staff Transfer and Postings	PG banned transfers and postings and retained the privilege to lift them. PG lifted the ban on September 20, 2004 allowing: a) the CM to make transfers at his discretion; b) approval for transfers and postings in Karachi DG vested with provincial minister of the department; c) minimum tenure of new transferees to be one year (this was repeatedly violated by the PG itself). On March 26, 2005, the	Policy comes from PG and DGs implement them. No education-specific, district rules of business that give DGs autonomous control over its employees. In practice, transfer/ postings functions contested between DGs and PG.	Teacher availability and placement contested between PG and DGs.

	powers for transfers and posting in the education department was distributed across the PG, including for posts in Grade 1-15 at the DG level.		
Training and Development	Training programs devised by PG. No consistent, standardized, training program developed by DGs.	Generic rules for district staff training or specific rules for district education department training not present in decentralization design. PG policy and rules apply for DG recruitment.	Quality of human resource determined by PG resources.
Department Leadership (Grade 16 and above)			
Tenure, Postings and Transfers	EDOs, who are PG employees, are posted and transferred more frequently by the PG than under the decentralization legislation.	LGOs require a minimum tenure of three years for officers appointed by the PG.	PG issued directives to lift a ban on transfers and postings. EDOs, the district department heads are more frequently transferred. The September 2004 PG notification defines one year as a minimum tenure for new appointees. PG often violates its own notification.
Operational Priority Determination			
Creating new facilities or improving existing ones	PG declares ban on new physical facilities for 5 years. Policy to prepare a combined school where the community is ready to provide building, population exceeds 500, and where there is no school access within 1km. These policy decisions were declared by the provincial P&D department and approved by the CM through a directive on September 20, 2004.	Under decentralization design and legislation, LGs are expected to improve service delivery by local planning and expenditure assignment. This is undermined when LGs are not empowered to make policy decisions and are required to follow PG and FG policy directives.	Policy directive issued not by the provincial education department but by the P&D Department and approved by the CM. Policy space of education department controlled by the P&D Department.
Priorities: Primary or Secondary	ECE, Primary education, adult literacy focus according to national, provincial, and district EFA Plans. Building Middle (Grade VI-VIII) schools according to	Under decentralization design, LGs are expected to improve service delivery by local planning and expenditure assignment, but the same design	Supra-State policy influences through initiatives (EFA) and funding (ADB's DEEP, SDSSP) fill the policy space where DGs are expected to make local

	ADB's DEEP.	requires LGs to follow PG and FG policy directives.	choices based on local needs.
Priorities: Formal or Informal Education	ECE, Primary education, and adult literacy are all declared priorities in line with UNESCO's EFA initiatives.	Under decentralization design, LGs are expected to improve service delivery by local planning and expenditure assignment, but the same design restricts LGs to follow PG and FG policy directives.	Supra-State policy influences through initiatives (EFA) and funding (ADB's DEEP, SDSSP) dominate the policy space where DGs are expected to make local choices based on local needs
Reducing Gender Enrollment and Attainment Disparities	Avoid setting up separate schools for girls at primary school level. Policy decision made by the provincial P&D department and approved by CM through the directive on September 20, 2004.	Under decentralization design, LGs are expected to improve service delivery by local planning and expenditure assignment, but the same design restricts LGs to follow PG and FG policy directives.	Policy directive issued not by the provincial education department but by the P&D Department and approved by the CM. Policy space of education department influenced by the P&D Department.
School Management and Operations	The teachers hired must be females from the same village/locality under a Pupil-Teacher Ratio of 30 and on contract basis. The salary of elementary school (Grade 1-8) teachers would be Rs. 40 per child per month with a maximum of Rs. 2,000 per month. The salary is lower than the national minimum salary. The expenditure priorities "to be strictly followed" by SMCs are: "a) Appointment of staff; b) textbooks; c) teacher training; d) drinking water, electricity, fans, toilets, shelter; e) repair and maintenance; f) additional class rooms; g) furniture; h) health care; i) food and nutrition; j) stipend for students of poor mothers; k) teaching aids for students and teachers; and l) any other need determined by SMC" Under these notifications, SMCs of primary schools can award construction	The SMCs were reactivated under World banks' SSAC loan through department directives but their existence and operations are not under any legal cover. The SMC Ordinance circulated in 2003 has not yet been approved to date.	SMCs were first introduced under the foreign donor (particularly the World Bank) driven Social Action Program (SAP) during the 1990s. Under the recent decentralization reform, guidelines for School Management and Operation through SMCs were provided by the provincial education department through a notification. SMC Ordinance was circulated in 2003 has not been approved and promulgated by the GoS. In Sindh, SMCs operate without any legislative or legal cover.

	contracts without calling tenders up to Rs. 250,000.		
Other Development Programs	Under the MPA Program, the GoS, through the P&D Department provided expenditure allocation policy. In the domain of education, MPAs were allowed to spend money on construction of building for shelterless schools, additional classrooms in functioning schools, and furniture purchase. Subsequently, the allowable expenditure list was expanded to include: construction of compound wall, lavatories, and libraries for primary and secondary schools.	Under decentralization design, LGs are expected to improve service delivery by local planning and expenditure assignment, but the same design restricts LGs to follow PG and FG policy directives.	Policy directive issued not by the provincial education department but by the P&D Department and approved by GoS Cabinet of Ministers. Policy space of education department influenced by the PG through the P&D Department. Sindh Education Department directives instructs SMCs to be responsible for items, whereas the GoS through the P&D Department allows MPAs to cover the same areas. The MPA Program is in parallel to the LG's and SMCs' mandate to improve service delivery. There is overlap, if not conflict, over jurisdictions for service delivery.

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Chapter 6. Education Planning in Pakistan: Implications for Decentralized Primary Education Delivery

This chapter presents an institutional analysis of education planning in Pakistan. The analysis identifies reform of institutional structures and incentives to improve education planning and service delivery by district governments.

This chapter focuses on the second stage in education system governance, i.e. planning, which follows policymaking, where the framework and direction for the system are determined, and precedes the operations stage, where the resources are deployed according to the policy and planning priorities.

6.1 Research Questions

The following research questions are investigated in this chapter:

1) Do education planning initiatives support service user participation and district government authority, accountability, and responsiveness?

2) What institutional and incentive restructuring is necessary to improve education planning and service delivery by district governments?

Policy is a *principle*, or *guideline* that governs an activity that the employees or members of a system are expected to follow. Standards and regulatory polices further define the expected output of the system. Planning follows policymaking. Given the inputs from the policymaking stage, planning includes the following steps: 1) capturing the existing state;

2) explicitly defining the desired future state; 3) developing operations level goals to achieve the future state; 4) generating and evaluating alternative strategies to achieve these goals; 5) programming that defines how the chosen strategies will be implemented and resources will be allocated; and 6) implementing the program and monitoring performance. Programs define the objectives, time-scales, resource allocations, and performance targets.

The analysis of education policymaking in Pakistan in Chapter 5 highlights a clutter of multiple and contradictory operational policies developed by Supra-State institutions, federal and provincial governments with weak participation of local service users. Post-decentralization, district governments have no authority to determine local operations level polices.

6.2 Data

Planning initiatives applicable for the years 2000-2005 are covered in the analysis though coverage varies by governance level due to data limitations. Secondary data includes, public sector governance legislation; official policy and planning documents from the federal Ministry of Education, Planning Commission, and Ministry of Finance; official policy and planning documents from the provincial education, planning and development, and finance departments; planning documents from three district governments in Sindh (Khairpur, Sukkur, and Thatta)[192]; and education and economic planning documents from

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[192] See Chapter 4 for district selection

Supra-State institutions. The districts selected are consistent with the districts identified in Chapter 4.

Primary data on the process and output of education planning were collected through structured questionnaires and interviews. Respondents from State institutions included officials at the federal Ministry of Education and the Planning Commission, the Education, Finance, and Planning and Development departments in the provinces of Sindh and Punjab, and the district education and finance departments. Respondents from civil society included educationists and NGO leaders in Sindh and Punjab. Respondents at the Supra-State level included officials from international development institutions.

6.3 Legislative Structure for Education Planning

The analysis of the legislative structure for education planning is summarized in Table 6.1. The analysis indicates redundancies in authority for education planning across federal, provincial, and district levels. The unitary-style, centralized education and economic planning structures remain in a federal structure. Decentralization legislation provides contested sources/authority for planning priorities at the district level. The decentralization design contains contradictions within and across legislations. These issues and their implications on service delivery are summarized in Table 6.1.

6.4 Education Planning Initiatives at the Federal, Provincial, and District Levels

Table 6.2 is a summary of planning initiatives at the federal, provincial, and district levels. Table 6.3 identifies which stages of the planning process are conducted in each of the planning initiatives. The analysis identifies contradictions in planning priorities across governance levels and across departments at each governance level. Education planning is contested between Supra-State institutions and federal, provincial, and district governments. Supra-State institutions conduct policymaking through budgeting often via initiatives that are not completely funded.

6.4.1 Federal Planning Initiatives

Education planning at the federal level is conducted at the Planning Commission, Ministry of Education, and the Ministry of Finance. National Education Policy 1998-2010 (NEP 1998), developed by the Ministry of Education, represents federal policies for the entire country. NEP 1998 is a policy document in which physical targets and expenditure priorities are identified for the entire country without participation from the provincial governments who, in the pre-decentralization era, were responsible for primary education delivery.[193] The NEP 1998 demonstrates the unitary tradition of centralized planning prevalent in Pakistan's federal system prior to decentralization.

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[193] Pages 129-134. "National Education Policy 1998-2010" Government of Pakistan, Islamabad, 1998.

The Education Sector Reform Action Plan 2001-2004[194] (ESRAP) was launched as a federal action plan to implement the federal NEP 1998. However, ESRAP morphed into a federal planning initiative that complied with a) UNESCO's Education for All (EFA) priorities, and b) the Interim Poverty Reduction Strategy Paper (I-PRSP) required under the Poverty Reduction and Growth Facility (PRGF) from the International Monetary Fund (IMF).[195] Chapter 7 is a case study that covers the ESRAP development process.

National and sub-national plans of action on Education for All (EFA) were developed after the Dakar World Education Forum in April 2000 to implement the EFA agenda.[196] A National Conference on Education for All was held on January 15, 2001 "to launch the EFA movement, share EFA goals and strategies with stakeholders and prepare framework for a NPA."[197] This was a communication of the goals and priorities under the global EFA policy agenda to the provincial and district education departments.[198]

In April 2003, the final version of the National Plan of Action for Education for All (NPA-EFA) was published. The NPA-EFA was based on centralized programming based

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[194] Government of Pakistan (January 2002). *Education Sector Reform Action Plan 2001-2004*. Ministry of Education, Islamabad. The later versions of the Plan have expanded the three-year document into 2006.
[195] Tables on Pages 83-89 in the ESRAP (2001-2004)
[196] Adult literacy, early childhood education, and primary education
[197] Ministry of Education. (April 2003). *National Plan of Action on Education for All (2001-2015) Pakistan.* Government of Pakistan: Islamabad. page ix.
[198] Within four months of the EFA launch in January 2001, the framework for the National Plan of Action (NPA) was presented to the Director General, UNESCO in April 2001. On August 6-7, 2001, the provinces and the federating units presented their draft plans of action. The NPA was approved in this meeting while the provincial drafts required revision. This activity occurred while the decentralization reform package had been announced and the education delivery was being decentralized to the district level. The second draft of the National Plan of Action was discussed at the National Education for All Forum in August 2002. This second draft had to be prepared in light of the devolution plan. The NPA-EFA draft was also amended in early 2003 to incorporate the views of donors.

on assumptions of national needs.[199] In May 2003, prior to the finalization of district plans, the Ministry of Education, under the technical and financial assistance of UNESCO conducted a centralized exercise of forecasting financing requirements to meet the EFA goals.[200] The NPA-EFA represents a contradiction between Supra-State initiatives that trigger centralized education planning, and the avowed objectives of promoting decentralized planning and service delivery.

The Planning Commission and the Ministry of Finance conduct education planning through central economic planning structures and economic loan covenants with Supra-State institutions. Five Year Plans are central economic planning initiatives through which policies, financial allocations, and development projects at the federal level are developed for implementation throughout the country. The Medium Term Development Framework 2005-2010 (MTDF) is a centralized development planning initiative in the tradition of unitary economic planning. MTDF was developed at the federal level with minimal input from the provincial governments.[201] Working Group on Basic and College Education for Medium Term Development Framework 2005-10 (MTDF Education

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[199] NPA-EFA Page 66-69.
[200] Ministry of Education (2003) Financing of Education in Pakistan: An Estimation of Required and Available Resources to Achieve EFA Goals", Preparatory Document for the Ministerial Meeting of South Asia EFA Forum, May 21-23, 2003, Ministry of Education, in collaboration with UNESCO Islamabad.
[201] The National Economic Council (NEC) authorized the Planning Commission on June 1st, 2004 to develop the MTDF. The MTDF Working Group was constituted by the Planning Commission, Government of Pakistan on June 24, 2004 and had its inaugural meeting on the July 29, 2004. The activity was divided into sub-groups working on themes. The working group presented its report in October 2004. The Government of Sindh requested the federal government that the provincial and district stakeholders should participate in developing the MTDF to which the federal government, through its letter on October 4, 2004, stated that provincial visits were scheduled in November/December 2004.

Working Group) was set up to develop the policy guidelines and financial allocations.[202]

In the NEC meeting of March 3, 2005, the MTDF was presented to the provincial governments with the instructions to provide their comments by April 15, 2005. The Government of Sindh rejected the MTDF in its Cabinet meeting in the first week of May 2005. The federal government approved the MTDF in May 2005. Education planning (and education policymaking through budgeting) was concentrated within the Planning Commission.

The Interim Poverty Reduction Strategy Paper (I-PRSP) and the Poverty Reduction Strategy Paper (PRSP) are documents submitted by the federal government to the International Monetary Fund (IMF) to qualify for the Poverty Reduction and Growth Facility (PRGF).[203] The purpose of the I-PRSP was to demonstrate federal government's commitment to the policy agenda defined under the PRGF.[204]

Through the I-PRSP, the federal government committed to education expenditures as a percentage (1.7%, 1.8%) of GNP.[205] In the PRSP, the federal government commits to PRSP expenditures as percentage of GDP (4.49% - 6.0%) and education sector

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[202] The MTDF Education Working Group consisted of 28 members responsible for identifying objectives, developing policy recommendations, strategies, and financial allocations for the basic and college education sectors.

[203] The PRGF is a standard IMF lending instrument that requires PRSPs to be prepared. In Pakistan's case it was a USD1.32 billion, three-year funding facility over 2001-2004.

[204] International Monetary Fund (November 2001) "Interim Poverty Reduction Strategy Paper- Joint Staff Assessment". Page 6-8.

[205] Page 54 and 56. Government of Pakistan (November 2001) "Interim Poverty Reduction Strategy Paper" Jointly prepared by the Policy Wing, Finance Division, Planning Commission, Islamabad.

intermediate targets in the realm of education delivery (number of functional schools, number of trained teachers, schools with water and electricity).[206]

The rationale behind the federal government's expenditures, and the IMF requirement of federal government budgeting for education expenditures, is weak. The federal government can directly affect expenditures only where education delivery is a federal subject.[207] Compliance to expenditure commitments under loan covenants can be through federal education projects that would increase total expenditure. The centralized expenditure assignment by the IMF-sponsored I-PRSP and PRSP contradict the avowed principles of decentralized planning and service delivery.

The Ten Year Perspective Development Plan 2001-2011 and Three Year Development Program 2001-04 (Ten Year and Three Year Plan) is a single planning document launched on September 1, 2001 while negotiations were being conducted for IMF's PRGF facility. The three-year component corresponds to the three-year term of the PRGF facility being negotiated at the time, and it is possible that it was developed either for the PRGF eligibility process, and/ or was an attempt to salvage the Ninth Five Year Plan during its remaining tenure.[208]

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[206] Page 114, Government of Pakistan (December 2003) "Accelerating Economic Growth and Reducing Poverty: The Road Ahead (Poverty Reduction Strategy Paper)". Poverty Reduction Strategy Paper, Ministry of Finance, Islamabad.

[207] Islamabad Capital Territory and the federally administered areas

[208] The work on the Ninth Five Year Plan 1998-2003 provided the initial inputs to this document that was modified to span the remaining three years of the unimplemented Five Year Plan 1998-2003.

The annual federal Public Sector Development Program (PSDP) represents federal investments as part of its central economic management activity. The federal PSDP is developed by the ministries at the federal level and sorted for priorities by the Planning Commission. The PSDP includes federal projects, which if funded, are implemented by the provincial and district governments, even though project design and priorities are not determined by them.

International education development initiatives such as UNESCO's EFA reinforce top-down centralized planning at the expense of local planning authority. Macro-economic loan covenants reinforce centralized budgeting as part of loan compliance (the I-PRSP/ PRSP under PRGF). On one hand, Supra-State institutions declare support for decentralized decision-making and the accountability of district governments to service users, and on the other hand, Supra-State institutions control the policy agenda and expenditure assignment by reinforcing centralized budgeting.

Federal planning initiatives generate their own policy priorities (MTDF) or comply with policy priorities strongly influenced by external institutions (e.g. I-PRSP/PRSP, NPA-EFA, ESRAP). These federal and Supra-State initiatives represent policymaking through budgeting. Funding levels and geographical distribution in these central plans are bureaucratic targets not identified by district governments or service users. The top-down initiatives that receive funding (ESRAP, PSDP) create infrastructure without local commitment or fiscal capacity to operate this infrastructure.

Education planning at the Ministry of Education and education planning through central economic planning at the Planning Commission are in line with the legislative structure and rules governing the federal bureaucracies. The Constitution and the Federal Rules of Business allow the State to function as a unitary structure with weak provincial autonomy. The federal bureaucracies are fulfilling their mandates: developing education plans (MoE); developing centralized economic plans (PC); generating foreign aid through social sectors to finance trade deficits and social sector expenditures (EAD, MoF). These mandates remain undiluted in the federal, decentralized structure.

There is competition and cooperation between federal bureaucracies. Education planning components of centralized economic plans have their own policy generation process, which compete with policy priorities developed by the Ministry of Education in their policy and planning documents. The Ministry of Education cooperated with the Ministry of Finance by patching in I-PRSP targets and conditionalities in the ESRAP.

Avoiding inefficiencies from centralized planning is one on the reasons to decentralize, but federal and Supra-State centralized planning initiatives have not been retrenched after decentralization.

The findings from federal and Supra-State planning activities demonstrate congruence with the literature. Federal education planning can be explained by institutionalism (Anderson 1979) and Downs (1967): bureaucracies act according to formal rules, legislative structure, and mandated activities, to retain or extend their turf, or achieve

institutional objectives. The ideal rational process as suggested by Simon (1945) is not always followed. The I-PRSP/ PRSP case suggests that public decision-making is often of survival quality in developing countries (Dror 1983) as in the case of aid-dependent federal government in Pakistan. The evidence supports the argument by Dye and Zeigler (1970): the ruling elite determine public policy. The Domestic Policy Elite execute initiatives to achieve compliance with Foreign Policy Elite (NPA-EFA and I-PRSP/ PRSP under UNESCO and IMF respectively). The cases of NPA-EFA, I-PRSP, NEP 1998, ESRAP, and the MTDF suggest that technocratic decision-making by institutions removed from public pressure reduces democratic accountability (UNRISD 2004). The complex, case-specific contexts and historical linkages endorse Dror's (1983) argument: public decision-making is a phenomena cluster, too dynamic and complex to be caught in one model or theory.

The analysis highlights the issues identified by the Multi-level Governance Model: Domestic Policy Elite is influenced by the Foreign Policy Elite who extend its policy space through their bureaucratic initiatives (UNESCO through EFA) and loan covenants (World Bank and IMF through I-PRSP/PRSP). The State institutions achieve institutional objectives (raising foreign exchange for financing external deficit, compliance with Supra-State initiatives) and use the education sector as an instrument to achieve these "non-education" objectives. Society-centered forces such as teachers' unions and service users are marginalized in federal education planning initiatives.

6.4.2 Provincial Planning Initiatives

Institutional analysis of education planning in the province of Sindh is presented below. The Education For All – Provincial Plan of Action Sindh 2001-2015 (Sindh EFA Plan) represents the provincial government's compliance with the UNESCO's EFA initiative. The evidence indicates that the priorities, targets, and the compiler of the planning document (a consultant appointed by UNESCO) were imports into the system.[209] The GoS, through the Sindh EFA Plan, commits to building 2,880 two-roomed and 504 five-roomed new primary schools during the plan period.[210] This commitment is contradictory to the ban of new school construction imposed by the GoS[211] and not backed by the fiscal capacity to staff these new facilities. The GoS has been unable to fully staff the existing infrastructure. The Sindh EFA Plan remains unfunded and has not been implemented.

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[209] Ministry of Education. (April 2003). *National Plan of Action on Education for All (2001-2015) Pakistan.* Government of Pakistan: Islamabad. page ix. And Government of Sindh (June 2004). *Education for All: Provincial Plan of Action Sindh (2001-2015)*. EFA Unit, Government of Sindh. Page ix-x.

At a meeting between officials from UNESCO and EFA Wing, Ministry of Education, "program, modalities and modus operandi to initiate preparation of provincial plans of action were decided." UNESCO agreed to sponsor the workshops at the federal and provincial level. After the process of developing the provincial plans of action were decided by the MoE and UNESCO, the provinces were intimated through one-day orientation meetings at the provincial headquarters.

In November 2001, a workshop of provincial and district government officials was held in Karachi where the officials from the federal ministry of education provided the guidelines for preparing the plan. UNESCO later agreed to sponsor the federal and provincial level workshops for preparing the national and provincial EFA plans. The Government of Sindh (GoS) signed an agreement with UNESCO in July 2003 and an external consultant was provided to the GoS to prepare the Sindh EFA Plan as per UNESCO and GoP template.

In October 2003, the consultant presented the draft Sindh Plan of Action (SPA) to the provincial forum headed by the provincial minister of education and literacy. Due to contradictory figures on Universal Primary Education (UPE) and Early Childhood Education (ECE) participation rates emanating from the Sindh Education Management Information System (SEMIS) and the district EFA draft plans, a second draft was prepared. This was approved as the final draft in June 2004.

[210] Page 44, 57. Government of Sindh, (June 2004) Education for All: Provincial Plan of Action Sindh (2001-2015), EFA Unit, Directorate of Literacy and NFE, Government of Sindh, Karachi.

[211] Directive dated December 15, 2003 number; NO: PO (EDU) P&D-116/99-2003 issued by the Planning and Development Department, Government of Sindh.

6.4.2.1 Annual Provincial Budgets

The financial position of the GoS has remained under stress since the 1990s. During the 1990s, the GoS imposed a ban on new recruitments, including vacant, budgeted posts. The objective was to reduce current expenditures. On the development expenditure side, the provincial government's budgets were largely financed through Cash Development Loans (CDLs) and Social Action Plan (SAP) loans from the federal government.

The National Finance Commission Award 1997 required that the provincial governments finance their development budgets from their "own resources", even though resource mobilization in Pakistan's public sector is highly centralized at the federal level. Previous federal financing of GoS development budgets through CDLs and SAP loans was discontinued. Most of these loans by the federal government to finance provincial government's development expenditure are still carried by the GoS on its books. The federal government has neither allowed the GoS to refinance the most expensive loans from the financial markets, nor passed its savings from reduced interest rates to the provincial governments.

The dependence of provincial government on federal transfers means that either the provincial governments curtail development expenditures, or finance the development budget through financial management strategies. During the period covered in the analysis, the GoS has deployed the latter approach.

Given this background of survival mode by the Sindh provincial government, and the absence of a cogent development policy (highlighted in Chapter 5), annual development budgeting at the GoS over the period of study has been conducted without a strategic policy direction. Planning for development expenditure is done through several approaches: incremental basis (boosting last year's budget), standalone projects developed by each line department, politically motivated projects (MPA Program that allocates Rs.5 million per MPA per year of discretionary development expenditures), donor-funded projects (e.g. Decentralized Elementary Education Project), and federally funded projects (e.g. Education Sector Reform Action Plan). The provincial Annual Development Program (ADP) is developed not based on strategic policies or planning at the provincial level but on short-term bureaucratic and political decisions.

Recurrent expenditures are planned on incremental basis. The provincial financial management is based on managing monthly cash flows to cushion against variations in federal transfers (the main source of provincial finances). Financial management is impeded by short-term uncertainties about funds availability. The incentives for medium-term and long-term planning are weak. Weak expenditure tracking systems lead to weak financial management system. Development expenditure data is guarded by the Planning and Development Department.

Despite the fiscal stress on current expenditures, the development budget of the GoS has grown aggressively over the period of analysis. Table 6.4 illustrates that the planned provincial development budget has nearly tripled after the provincial government was

reinstated in October 2002 after being in abeyance for three years (after the October 1999 Army coup). This growth includes allocations for services that in the post-decentralization setup are district and sub-district government domains. Ad hoc, politically motivated programs such as the Thar Package, MPA Priority Program, and Special Packages operate in district and sub-district government domains. This growth in the development budget is unnatural given that recurrent expenditures for operating existing facilities (salaries to teaching staff) and existing liabilities (pensions) are not fully funded.

A development expenditure strategy in recent years is to expand the portfolio of projects without completing existing ones. This strategy addresses a broader range of public and private interests. The disadvantage is the build-up of a stock of incomplete projects when new projects are added, and the project cost of existing projects escalates beyond the budgeted cost. The budget documents have a category "abandoned projects" for these projects.

Table 6.5 presents an analysis of planned development expenditures. The data illustrates that the planned number of new schemes and expenditure levels have increased by 300% and 700% respectively between 2002-03 and 2005-06. The planned funding for new projects have risen from one-fifth of existing stock of projects, to equal to the existing stock of projects. The planned development schemes and expenditure levels have increased even though a) twelve services have been decentralized to local governments; and b) the provincial government has been unable to staff existing infrastructure.

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Financial management practices employed by the provincial government include padding in the provincial budgeting (e.g. in the interest expenses, finance department administration)[212] to draw funds from the federal level. The GoS has dipped into the under-funded pension fund, sought foreign-funded development projects from the ADB, and cannibalized recurrent expenditures to finance development expenditures.

The fiscal strategy of cannibalizing recurrent expenditures to finance development expenditures works through "savings" from budgeted, vacant posts. Budgetary allocations for approved salaries are drawn from the Accountant General by the GoS and deposited in the Provincial Account I. Salaries of teachers, who work for district governments, have been paid through Provincial Account I, instead of district governments' accounts (District Account IV). Savings from salaries have been accumulated in the GoS Account I and partially finance the provincial and district governments' development expenditures. The provincial government has cannibalized current expenditures to fund development expenditures at the provincial and district levels.

Political and economic rent extraction by the provincial government is a possible explanation for boosting the provincial development budget instead of staffing existing infrastructure at the district level. Through expanded provincial development expenditures, the provincial government can strengthen its control of the turf

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[212] Source: Government of Sindh, Finance Department, Un-audited figures. Statements Showing the Expenditure of Current Revenue Expenditure.

decentralized to district governments. Members of Provincial Assembly (MPAs) are assigned discretionary development budgets of Rs. 5 million per year per MPA. The policy guidelines are provided by the provincial Planning and Development Department.[213]

The planning activities at the provincial level can be explained through the Multi-level Governance Model. The Sindh EFA Plan demonstrates GoS compliance to the Policy Elite at the Supra-State level. In congruence with Downs (1967), it can be termed as a survival strategy. It can also be explained through institutionalism (Anderson 1979): the Concurrent List in the Constitution of Pakistan authorizes the provincial government to conduct education planning. This is parallel to the district governments' authority for education planning under the decentralization initiative.

The ADP development at the provincial level can be explained through institutionalism (Anderson 1979): the legislative structure allows provincial government authority for education expenditures (the pre-decentralization legislation has not been modified). Survival strategy for controlling the contested turf (Downs 1979) after decentralization can also explain the financial management strategies deployed by the GoS. Education planning by the GoS is not a rational process as defined by Simon (1945): there is no strategic policymaking or generation and evaluation of alternatives. There is, however,

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[213] The initial notification could not be obtained but the second Notification No. P&D/MPA/CHIEF-TPP/Gen/2004 dated November 20, 2004 issued by the Additional Secretary Planning and Development summarized the initial priority areas. Notification No. P&D/MPA/CHIEF-TPP/Gen/2004 dated November 20, 2004 issued by the Additional Secretary Planning and Development.

rational behavior in preserving provincial government turf and contesting district governments.

6.4.3 District Education Planning for Annual District Government Budgets

The district governments receive the majority of their share of public sector finances from provincial governments. The Provincial Finance Commission Award determines the size of these fiscal transfers. According to the decentralization design, provincial government transfers (one-line transfers) would be credited to district governments' Account IV. District governments would then assign expenditures at their discretion for services that the district government domain.

In practice, until June 2006 salaries to district government personnel in Sindh were paid from provincial Account I. The analysis of financial management at the provincial level discussed earlier explains this strategy. The implications of routing the salaries of district government personnel through the Provincial Account I is that a) district governments have not controlled human resource management; and b) district governments cannot deploy strategies to improve service delivery by changing the input mix (recruit teachers, reduce salary levels to generate savings, altering development expenditures).

The district governments' planning for current expenditures is limited to budgeting salaries. The fiscal centralization of revenue mobilization limits the authority of district governments to affect the operations (inputs and outputs) of public schools. On the development expenditure side, provincial government policy directives restrict district

level planning. Administrative centralization of policymaking authority and fiscal centralization of revenue mobilization limit district government authority over resource allocation and service delivery. Within these constraints, development expenditures by district governments are based on a mixture of approaches: department-driven schemes, politically-motivated schemes, and foreign-funded schemes.

6.4.4 District Planning Initiatives Sponsored by Supra-State institutions

The Sindh Devolved Social Services Program (SDSSP) is an Asian Development Bank program to improve decentralized social service delivery. Under the SDSSP, the district governments submit Annual Sector Plans (ASPs) to the Program Support Unit (PSU), the ADB's program administrators at the provincial finance department. The analysis in Tables 6.2 and 6.3 highlight that planning under SDDSP is limited to short-term programming.

The Education Sector Reform Assistance (ESRA), funded by the United States Agency for International Development (USAID), supports the development of District Education Plans (DEP) to implement USAID's strategic plan for Pakistan.[214] The districts were

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[214] The United States Agency for International Development/Pakistan Interim Strategic Plan May 2003-September 2006 defines "strengthened education sector policy and planning" and "improved capacity of teachers and education administration" and two intermediate results expected to achieve the strategic objective: "increased knowledge, training, and infrastructure provided to develop high quality education programs for girls an boys throughout Pakistan." The "illustrative activities" under this objective are" "assessment of policy gaps and weaknesses; capacity building for policy planning and implementation at district, provincial and local levels; direct assistance in policy implementation; development of District Education Plans." Source: United States Agency for International Development (May 2003). "United States Agency for International Development/Pakistan Interim Strategic Plan May 2003-September 2006". Islamabad Pakistan. www.usaid.gov/pk accessed July 20, 2004

provided guidelines for developing the district education plan.[215] In Sindh, ESRA selected four districts for its activities; Hyderabad, Khairpur, Sukkur, and Thatta. The evidence on the ESRA-sponsored three-year District Education Plans (DEPs) illustrates that while input was taken from both the district government officials and civil society members, the programs in the DEPs are a combination of local infrastructure needs, EFA agenda, and ESRA supported initiatives. The DEPs were undertaken at the initiative of the donor (USAID), executed by an agent appointed by the donor (the NGOs), and conducted in parallel to the mainstream district planning (annual district budget).

Three district EFA plans were analyzed and the findings have been summarized in Table 6.2 and Table 6.3.[216] The approval process of district EFA plans was top-down in its approach. The first draft was to be prepared and sent to the provincial government for approval. The second draft to be sent to the District *Nazim*[217] and the District Co-ordination Officer.[218] The third draft to be sent to the district assembly for approval.[219] The district EFA plans remain unfunded and have not been implemented.[220]

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[215] Education Sector Reform Assistance Program (November 2003) District Education development Plans Guidelines", November 14, 2003.

[216] In October 2002, the district education department officials were assembled in Karachi to develop cost estimates for achieving the three main goals of EFA. In September 2003, three workshops of three days each were organized by the federal ministry of education and the provincial department held to train the district officials to develop plans according to EFA templates. This was followed by a review meeting in October 2003. Subsequently the district EFA plans were developed.

[217] Mayor

[218] DCO is the highest-ranking bureaucrat at the district level and is a provincial government employee posted to the district level.

[219] "Draft District Plan on Education for All (2004-2015): Khairpur Mirs" District Government Khairpur Mirs, May 2004. Page 5.

[220] District Government Khairpur (May 2004). "Draft District Plan on Education for All (2004-2015): Khairpur Mirs":Khairpur Mirs; District Government Thatta (May 2004) "District Plan for Education for All; District Thatta 2003-2004 to 20015-2016"; Thatta; District Government Sukkur (undated) "Draft District Plan on Education for All (2003-2015): Sukkur.

6.5 Conclusion and Contribution to Literature

Education planning under the mainstream district budget is limited to survival (Dror 1973) under provincial government control. The District EFA Plans can be explained by compliance with the Policy Elite at the Supra-State level. The ESRA DEP Plans, the District EFA Plans, and the SDSSP ASPs are district government programming activities that comply with Supra-State initiatives. These initiatives are parallel to the district governments' main planning process, bypass debate at the district assembly, and bypass service user participation espoused both, in the decentralization legislation, and in planning initiatives supported by international development institutions.

In terms of the Multi-level Governance Model, district governments comply with the policy agenda prescribed by the Policy Elites at the Supra-State, federal, and provincial levels. Supra-State programming initiatives strengthen accountability of district government officials to Supra-State priorities at the expense of accountability to service users. The findings are in congruence with UNRISD (2004).

The multiple education planning initiatives represent redundancies in the planning process with multiple, often contradictory operations level priorities, supported by multiple institutions at multiple governance levels. While district governments are accountable for primary education delivery, authority for education planning in the legislative structure is contested between federal, provincial, and district governments. The federal government continues to exercise its authority under central economic planning and education planning mandates under the Constitution of Pakistan and the

Federal Rules of Business. This unitary approach to planning contradicts district governments' authority over operations level decisions for education delivery. The federal authority is reinforced by Supra-State institutions that have not retrenched their initiatives despite the avowed support for decentralization.

Provincial education planning and financial management is activated by its authority defined by the provincial rules of business. The GoS development budget has expanded as its strategic response to the authority/turf contests with federal and district governments.

The education planning initiatives at the federal and provincial levels, and programming initiatives sponsored by the Supra-State institutions, marginalize local service user participation. Centralization of resource mobilization limits district government authority and responsiveness to local needs.

Policy recommendations are collectively presented in Chapter 11.

Table 6.1 Legislative Structure for Education Planning in Pakistan

Legislation, Rules	Content	Domain	Implications for Service Delivery
PRE- DECENTRALIZATION			
A. FEDERAL			
A1. Constitution of Pakistan, 1973			
Concurrent List under Article 70(4): The Concurrent List specifies the domain of government levels	Item 38: Education planning is the joint domain of the federal and provincial governments	Education planning	Represents overlapping authority over education planning. Federal government authorized to develop education plans when education delivery was a provincial responsibility. No retrenchment of federal or provincial roles after education delivery decentralized to district governments. District governments do not exist in the Concurrent List.
Article 156(2): Creates and empowers the National Economic Council (NEC), a federal institution for centralized economic planning	NEC "shall, for advising the Federal Government and the Provincial Governments, formulate plans in respect of financial, commercial, social, and economic policies: and in formulating such plans, it shall be guided by the Principles of Policy set out in Chapter 2 of Part II" Principles of Policy, under Article 32, assert that the State and the NEC must strive for the "Promotion of Local Government Institutions". Inherent contradiction in the Constitution.	Economic planning including education planning	NEC conducts education planning through centralized economic planning. This includes education "vertical programs." All foreign-funded education projects approved by the Executive Council of the NEC (ECNEC)
A2. The Rules of Business, 1973			
Schedule II [Item 8(1) and 8 (2)]	Ministry of Education (MoE) is responsible for among others: "development and co-ordination of national policies, plans"	Education planning.	Legislation does not specify how the concurrent aspect to be activated and how the provincial governments will participate in federal education planning.

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Schedule II [Item 8(1) and 8 (2)]	MoE responsible for "international aspect of development and planning for education"	Education planning. Compliance with international education planning initiatives.	Allows influence of planning priorities from Supra-State institutions to determine local priorities.
B. PROVINCIAL			
B1. Sindh Provincial Rules of Business, 1986			
Schedule II	Schedule II of the Rules assign blanket authority for education to provincial governments	Education governance	Legislation does not specify education planning domain and how the concurrent aspect will be activated to work with the federal government. Legislation remains unaltered after decentralization.
POST-DECENTRALIZATION			
Decentralization legislation and structures added in parallel to pre-decentralization structures which have not been reconfigured.			
C. DISTRICT			
C1. Sindh Local Government (Conduct of Business) Rules 2001			
Schedule II	LGOs state that elementary education is district governments' responsibility. District education departments are responsible for among others, "identification and formulation of development Schemes", "formulation of district education budget".	Education planning	District governments are authorized to develop local expenditure priorities based on local needs elicited by the respective departments through Budget Call Letters
Schedule II	District finance and planning department is responsible for "preparing annual development program of the district in coordination with all district offices of provincial line departments" which must be "within the policy framework given by the provincial government".	District government finance and planning.	District planning and budgeting to be done by the finance and development department in line with the policy guidelines from the provincial government. This contradicts with the local bottom-up planning proposed under the Budget Call Letter.
Schedule V under Rule 9(5)	No department shall issue any order that directly or indirectly affects the finances of the province or which involves expenditure for which no	Finance and planning. Expenditure assignment. Financial Management. Human resource management.	District governments are not autonomous in its resource management. "finances of the province" argument is used to circumscribe district government

	provision exists, re-appropriation within budget grants, or change in the number or grading of posts.		authority over resource management.
C2. Sindh District Government and Taluka/Town Municipal Administration (Budget) Rules, 2002		
Rule 11	District government shall issue a Budget Call Letter (BCL) and solicit stakeholders' views. BCL shall be approved by the Nazim, and priorities shall be used for budgeting for current and development expenditures.	Development policy and planning including education planning and expenditure assignment.	Local bottom-up planning is the approach for determining expenditure priorities.
Rule 22	District governments will make current expenditure according to "priorities laid down in the budget call letter"	Current expenditure	Local bottom-up planning is the approach for determining expenditure priorities.
Rule 32	The *Nazim* (mayor) "shall provide the vision and set the development priorities"	Development policy and planning including education planning and expenditure assignment.	Nazim can, theoretically, independently choose planning and expenditure priorities. Conflicts with Article 11 of the District Budget Rules and Schedule II that require a Budget Call Letter.
Rule 27 and 29	District governments can make their Statement of New Expenditures (SNE).	Current/ operational expenditures	However, the SLGO requires that finance department of the provincial government has to approve these SNEs. Authority for sanctioning expenditures is contested by pre-decentralization legislation and the decentralization legislation (SLGO vs. District Budget Rules).

Table 6.2 Education Planning Targets, Implementation, Funding, Validity

	Goals for Primary Education	Financial Targets	Implementation. Funding. Validity/ Expiry
Federal Initiatives			
ESRAP (2001-04) extended through to 2006	Gross Enrollment Rate from 89% in 2000-01 to 100% in 2003-04; contradictory primary education participation rates under the EFA section - 66% in 2000 to 100% by 2015; gross primary enrollment rate growth under the I-PRSP component - from 71% in 1998-99 to 100% in 2003-04. Gross primary participation rate in Annexure-I is 83% (year not specified).	Rs. 27.1 billion over 2001-04 for elementary education. (Grade 1-8); the EFA component assigns Rs. 17.2 billion for universal primary enrollment	Partially implemented. Funding less than 5% of total financial targets despite plan's extension of term from 3 to 5 years.
NPA-EFA (2001-15)	Improve net participation rate from 66% in 2000 to 100% in 2015; build 11,250 new schools over 2000-06; 2,300 NGO based schools; 6,500 private schools; 850 community schools; upgrading 18,600 primary schools; upgrading physical facilities in 114,000 schools and recruitment of 117,100 teachers.	Rs. 202.2 billion over 2001-15.	Unfunded. Not Implemented. Valid.
NEP (1998-2010)	Increase participation rate in primary education from 71.4% in 1996-97 to 105% in 2010; Increase number of schools from 145,000 in 1996-97 to 190,000 in 2010; Number of teachers from 339,500 in 1996-97 to 527,000 in 2010.	Rs. 308.4 billion for elementary education. (Grade 1-8)	Planning component not implemented. Unfunded. Valid until new education policy document is developed.
MTDF 2005-10	Increase participation rate in primary education from 92% in 2004-5 to 102% by 2010. Opening 30,000 primary schools.	Rs. 20.5 billion over 2005-10 for elementary education. (Grade 1-8)	-
I-PRSP/ PRSP (2001-04)	(I-PRSP) Increase Gross primary enrollment rate from 71% (based on 1998-99 PIHS) to 100% in 2003-04. PRSP: Gross primary enrollment rate from 83% in 2000-01 to 104% in 2005-06; Increase number of functional schools from 145,056 in 2000-01 to 156,379 in 2005-06; percentage of trained teachers from 98.0% to 98.5%; percentage of schools with water from 53% to 56%; with electricity from 22% to 23%; with sanitation from 37% to 41%; with boundary wall from 41% to 46%.	I-PRSP: Education stipends and disbursements to religious students on provincial basis. PRSP issued on December 31, 2003 near the end of the PRGF loan does not identify actual expenditures over 2001-03.	It can be argued that the education component of the I-PRSP/PRSP were partially funded and partially implemented through ESRAP. Expired as PRGF loan ended.

Three Year & Ten Year Plan (2001-11)	Primary participation rate from 83% in 2000-01 to 104% in 2010-11	Rs. 12.7 billion over 2001-11 for elementary education. (Grade 1-8)	Not Implemented. Unfunded. Validity unclear.
Public Sector Development Program (PSDP). (Annual)	Planning as part of centralized economic planning.	Planned: Rs. 2.6 billion in 2002-03; Rs. 3.1 billion in 2003-04; Rs. 3.4 billion in 2004-05; Rs. 4.5 billion in 2005-06.	Partially implemented. Funded. Valid till next plan. Unfinished projects spill over next annual plan.
Provincial Initiatives			
Provincial ADP (Annual)	Planning done without medium term or long-term goals.	Planned: Rs. 1.2 billion in 2001-02; Rs. 871.7 millionin 2002-03; Rs. 1.0 billion in 2003-04; Rs. 1.2 billion in 2004-05; Rs. 1.6 billion in 2005-06.	Partially funded due to provincial resource constraints. Implemented. Unfinished projects spill into next plan.
Sindh EFA Plan (2001-15)	Achieve universal primary enrollment for boys by 2010 and for girls by 2015; build 3,384 new primary schools; 12,410 community supported schools; 10,370 mosque schools; upgrading 3,450 schools; building 10,560 new classrooms; upgrade facilities in 20,480 schools.	Rs. 51.3 billion over 2001-15.	Not Implemented. Unfunded. Valid.
District Initiatives			
District ADP (Annual)	Planning done without medium term or long-term goals.	**Khairpur district:** Rs. 37.4 million in 2003-04; Rs. 12.8 million in 2004-05; **Thatta District:** Development Budget: Rs. 46.6 million in 2003-04; Rs. 39.9 million in 2004-05; Rs. 51.1 million in 2005-06.	Implemented. Partially funded. Valid. Unfinished projects spill into next plan.
SDSSP ASP (2004-05), first of three annual sector programs.	**Khairpur district:** Shelter to 15 schools **Sukkur District:** Open 67 closed schools and recruit 134 teachers; recruit 392 teachers in 158 understaffed schools; Shelter for 371 shelterless schools; Missing facilities in	**Khairpur district:** Rs. 3.8million over 2004-05 **Sukkur District:** Rs. 611.3 million over 2004-05. Actual budget was lower than this document.	Implemented. Partially Funded. Valid

	1,161 schools.		
District EFA Plan (2003/4-2015)	**Khairpur district:** Improve Gross Enrollment Rate from 50% in 2002-03 to 100% in 2015-16; 201 new schools; 1,195 mosque schools; improve utilization of 1,195 existing schools; physical infrastructure upgrade in 598 schools; recruitment of 3,914 primary teachers; 230 supervisors; 441 supporting staff	**Khairpur district:** Rs. 2.46 billion over 2004-15. (includes Grades 6-8 expenditures as well)	
	Thatta district: Improve Gross Enrollment Rate from 54.5% in 2003 to 100% in 2015-16; 118 new schools; 710 mosque schools; utilization of 1,068 existing schools; physical infrastructure upgrade in 350 schools; recruitment of 2,819 primary teachers	**Thatta district:** Rs. 3.2 billion over 2004-15.	All District Plans not implemented. Unfunded. Still Valid.
	Sukkur district: Improve participation rate from 64% in 2003 to 100% by 2015; build 100 new schools; 240 mosque schools; 240 community supported schools; 112 additional classrooms; recruit 3,298 teachers and 219 supervisors.	**Sukkur district:** Rs. 1.3 billion over 2004-15.	
ESRA DEP (2004-06)	**Khairpur district:** Improve 74 schools, Open 50 closed schools, Shelter for 30 shelterless schools	**Khairpur district:** Rs. 19.4 million over 2004-06	
	Thatta district: 25% increase in enrollment through physical facilities upgrades in 65 schools; 21 new primary schools; recruitment of 502 teachers	**Thatta district:** Rs. 152.4 million over 2004-06	Partially funded by USAID. Still Valid.
	Sukkur District: Open 59 closed schools, Shelter for 97 shelterless schools, Recruit 316 teachers	**Sukkur District:** Rs. 71.2 million over 2004-06	

Source: Budget/programming documents of federal, provincial, district governments and foreign-funded initiatives.

Table 6.3 Stages of Planning

	Define the desired state for the future	*Develop goals*	*Generate and evaluate alternative strategies to achieve these goals*	*Develop programs that lay out implementation plans for the key strategies*
Federal Initiatives				
ESRAP	Imported targets serve as future states, operational goals, and implementation strategies.	Goals for operations level indicators not consistent across the document. E.g. two separate goals for school enrollments under different components of the document.	Multiple programming initiatives generated but not evaluated. Federal planning for provincial and later district subject (education delivery) leads to poor information and inputs from implementers/ service providers.	Multiple programs to achieve multiple objectives (including non-education objectives). Programs imported (EFA, I-PRSP) and federally packaged, whereas education delivery provincial and later district subjects.
NPA-EFA	Imported targets serve as future states, operational goals, and implementation strategies.	Goals imported from Supra-State bureaucracy (UNESCO).	Strategies imported from Supra-State bureaucracy (UNESCO).	Programs developed at the federal level limited to budgeting activity to demonstrate compliance. NPA-EFA remains unfunded and un-implemented.
NEP 1998	Future states not specifically defined. Vague, multiple objectives.	Goals and targets set out through bureaucratic budgeting and poor inputs from implementers/ service providers.	Generation of strategies; strategies being one-line bullets in a list. No evaluation of strategies on implementation and financing feasibility or impact.	Poor disconnect between strategies and programs. The budgets remain unfunded and the programs ignored by provincial governments.
MTDF 2005-10	Vision 2030; Millennium Development Goals.	Education planning goals based on assumptions of macroeconomic planning model and its parameters. Goals and targets set out through bureaucratic budgeting and poor inputs from implementers.	Education sector goals not an end but a means to the end (economic growth). No evaluation of alternative strategies. Only programming.	Poor linkage between future states, alternatives, and programming.
I-PRSP / PRSP	Policy agenda as per PRGF loan conditionalities serves as future states, operational goals, and implementation	Goals and expenditure targets set out through bureaucratic budgeting.	No generation and evaluation of alternative strategies. Programming in line with the	Programming in line with the policy agenda under PRGF loan conditionalities.

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			IMF's policy agenda under PRGF loan conditionalities.	
Three Year & Ten Year Plan	Education plan component an input to the economic plan. The future state is the expected future economic growth.	Education planning goals based on assumptions of macroeconomic planning model and its parameters. Goals and expenditure targets set out through bureaucratic budgeting.	Education sector goals not an end but a means to the end (economic growth). No evaluation of alternative strategies. Only programming.	Programming = federally designed schemes.
PSDP	Future states not specifically defined. Expenditure targets serve as future states, operational goals, and implementation strategies.	Goals and expenditure targets set out through bureaucratic budgeting.	No generation and evaluation of alternative strategies.	Strategies-based programs missing. Programming = federally designed schemes.
Provincial Initiatives				
Provincial ADP	Future state not defined. Basis for the plan is incremental budgeting, politically motivated programs, department-driven schemes, and foreign- funded projects.	No operation level goals.	No generation or evaluation of strategies.	Plan schemes according to politically motivated programs, department-driven schemes, and foreign-funded projects. No strategic planning exercise.
Sindh EFA Plan	Imported targets serve as future states, operational goals, and implementation strategies.	Goals imported from Supra-State bureaucracy (UNESCO).	Strategies imported from Supra-State bureaucracy (UNESCO).	Programs limited to budgeting activity to demonstrate compliance. NPA-EFA remains unfunded and un-implemented.
District Initiatives				
District ADP	Future state not defined. Basis for the plan is incremental budgeting, politically motivated programs, department-driven schemes, and foreign- funded projects.	No operation level goals.	No generation or evaluation of strategies.	Plan schemes according to politically motivated programs, department-driven schemes, and foreign-funded projects. No strategic planning exercise.
SDSSP ASP	Desired future state not identified. The planning guidelines issued by the ADB	The planning documents identify expenditure areas and	No evaluation of alternative strategies. This is precluded	Programming abundant in plan documents. No linkage

	through the PSU circumscribe expenditure areas.	their effect on assets and resources. No linkage with medium or long-term goals.	by programming and expenditure guidelines pre-issued by ADB and implemented through the PSU and provincial P&D departments.	with strategies, as strategy generation and evaluation missing throughout the planning process.
District EFA Plan	Imported targets serve as future states, operational goals, and implementation strategies.	Goals imported from Supra-State bureaucracy (UNESCO).	Strategies imported from Supra-State bureaucracy (UNESCO).	Programs limited to budgeting activity to demonstrate compliance. NPA-EFA remains unfunded and un-implemented.
ESRA DEP	Future state not defined.	Operational goals defined. A mixture of local needs and EFA agenda.	No evaluation of strategies.	Programming based on operational goals.

Table 6.4 Sindh's Planned Development Budget- (Rs. In Million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Total Provincial Dev. Budget	**4,500.0**	**5,550.0**	**3,125.7**	**6,474.0**	**12,342.0**	**17,210.4**
Priority Program	152.9	-	-	840.0	840.0	840.0
Emergent Works	1,000.0	12.2	92.7	200.0	-	-
Special Packages	-	-	-	-	3,000.0	4,000.0
Special Programs	-	-	-	840.0	-	-
Thar Package	-	-	-	-	-	300.0
Special Projects	-	-	-	-	-	559.6

Source: Government of Sindh Annual Budget Documents

Table 6.5 Provincial Development Budget Summary (Plan data. Rs. In Million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
New Schemes						
Planned Number	57	33	104	203	277	426
Planned Allocation	1,272.2	1,190.0	934.2	3,438.2	6,318.4	8,696.2
Ongoing Schemes						
Number	985	960	752	218	332	471
Planned Allocation	3,227.8	4,250.0	4,868.5	3,035.8	6,023.6	8,514.2
Percentage (New: Ongoing)						
Planned Number	5.79%	3.44%	13.83%	93.12%	83.43%	90.45%
Planned Allocation	39.41%	28.00%	19.19%	113.26%	104.89%	102.14%
Capital Exp. : Revenue Exp.						
Planned New Schemes	4.3	6.0	2.5	9.7	4.7	12.9
Planned Ongoing Schemes	4.5	2.9	3.1	2.0	4.0	4.7

Source: Annual Budget Statements, Government of Sindh

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Chapter 7. Education Planning in a Decentralized Structure: Case Study of the Education Sector Reform Action Plan 2001-2004/5/6

This chapter presents a case study of the Education Sector Reform Action Plan 2001-2004 (ESRAP) and its extensions into 2005-6. The analysis identifies how federal and Supra-State institutional structures and incentives affect education planning. The analysis identifies potential realignment of institutional structures and incentives necessary for decentralized education planning.

ESRAP was developed when foreign aid to Pakistan was restricted due to sanctions originating from Pakistan's nuclear tests in May 1998 and Army coup in October 1999. ESRAP was developed at the federal level during January 2000 and December 2001: coinciding with the decentralization initiative that makes primary education delivery a district government responsibility. The ESRAP was issued in January 2002.

The theoretical basis for decentralization is that local decision-makers have better information about local needs than central planners. Service users, through participatory decision-making, would identify local needs to the local decision-makers. Local decision-makers, particularly the political elite, with authority to respond to local needs, and accountable to local voters, would improve service delivery. Local needs, in the case of primary education delivery could be teacher availability and training, textbook provision, or improvements in physical infrastructure. It is under these assumptions of decentralization that the ESRAP initiative should be evaluated.

7.1 Research Questions

1) Do the ESRAP development process and content support district government authority, responsiveness, accountability, and service user participation?

2) What restructuring of institutional structures and incentives can decentralize education planning and service delivery?

As highlighted in Chapter 6 (and Table 6.1) there are redundancies in authority for education planning across federal, provincial, and district governments. The pre-federalism, pre-decentralization, unitary education and economic planning structures prevalent since the 1950s have not been diluted after federalism (under the Constitution of Pakistan, 1973) or after decentralization of education delivery authority to district governments.

7.2 Data

Secondary data on the ESRAP consists of published versions of the ESRAP, documents on IDI-sponsored education planning initiatives, and documents from economic loan agreements.[221] Primary data on the process and content of the ESRAP was gathered through interviews with officials from the Ministry of Education (MoE), MoE consultants, and educationists during the period October 2004- February 2005.

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[221] The chronological data has been collected from secondary sources such as the official ESRAP documents and the consultant's report Jamil, B. R. (June 2001). *Strategic Support Services to the Ministry of Education: Final Report on Support to MoE August 2000-June 2001*. It must be noted that significant initial record of the ESRAP with the MoE was destroyed in the January 15, 2002 fire in the building where the MoE offices were located.

Primary data on education policy, planning, and reform in Pakistan had been collected through questionnaires during the same period from a wider set of stakeholders. While some the respondents did not provide information on the ESRAP, some provincial education department officials and educationists did provide relevant information. These have also been incorporated in this analysis.

7.3 ESRAP Development Process

The development process of ESRAP is summarized in Table 7.1. The evidence suggests that the Domestic Policy Elite at the federal level determined the planning priorities. These were heavily influenced by UNESCO's EFA initiative. At the April 2000 Education for All conference at Dakar, Pakistan committed to the Dakar Declaration, a set of priorities and targets developed at the Supra-State level. Without consultation from domestic stakeholders, the federal Minister of Education agreed to comply with these priorities.

As Table 6.1 highlights, the federal government can enter into international co-operation agreements since a) policymaking is the *joint* domain of both federal and provincial governments and b) the federal government is authorized to coordinate international development agreements. This federal authority contests provincial government authority (pre-decentralization) and district government authority (post-decentralization) over choosing priorities and expenditures based on local needs.

In another instance of federal government compliance to the Foreign Policy Elite, the MoE adopted the I-PRSP monitoring and evaluation mechanism, policy matrix, proposed expenditures, and the outcome and indicator targets. These were developed at the MoF.

The September 2002 version of the ESRAP provides an example of how bureaucratic objective of generating foreign aid affects education planning at the federal level. On June 25, 2002 the World Bank invited 23 countries to join the Education for All Fast Track Initiative (FTI) to facilitate developing countries in achieving the Millennium Development Goal (MDG) of 100% primary school completion by 2015. On July 3, 2002, GoP confirmed its participation with the EFA to ensure Pakistan's qualification for additional resources available under the FTI. Pakistan became one of the five countries receiving "intensified analytical support".[222] Sensing opportunity to raise financing, the MoE included the FTI Financing for EFA as a key feature of the implementation strategy in the September 2002 version of ESRAP.

7.4 Education Sector Action Plan 2001-2004 - Content Analysis

It was proposed in the National Education Policy 1998-2010 (NEP 1998) that an action plan would be developed to implement this federal policy. Three versions of the ESRAP are analyzed in this chapter: January 2002, September 2002, and March 2004.[223]

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[222] Government of Pakistan, Ministry of Education (September 2002), "Education Sector Reforms Action Plan 2001-2005" Page 39.

[223] The first approved plan was a three-year plan covering the fiscal years 2001-02 to 2004-05. However, it was extended to 2006. The January 2002 version was the first public issue; the March 2004 was the latest.

The ESRAP[224] is based on the mission statement of "developing human resource in Pakistan as a pre-requisite for *global* peace, progress, and prosperity."[225] The traditional GoP emphasis on nation building is missing.

The ESRAP document provides bulleted lists of eight policy statements and eight strategies to implement them. In addition, there are seven "Thrust Areas and Innovative Programs". The document does not provide linkages between the policy statements, strategies, and the "thrust areas and innovative programs". At least four strategies are either imported or dependent on foreign aid: the Interim Poverty Reduction Strategy Paper (I-PRSP), Resource Mobilization through Debt Swaps,[226] Public Private Partnership and Community Participation, and the EFA Action Plan.[227]

The I-PRSP was a requirement for initiating the Poverty Reduction and Growth Facility (PRGF) funding from the International Monetary Fund (IMF)**.** A chapter on poverty reduction is inserted in the ESRAP to demonstrate GoP compliance with required social sector expenditures under the PRGF. The monitoring framework from the I-PRSP, finalized by the MoF, is added in the January 2002 and September 2002 versions of the ESRAP.

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[224] Content analysis of the January 2002 version of the document.
[225] Ibid. Page 4. Emphasis added.
[226] Debt swap in this case is a forgiveness of a debt amount if the borrower spends on prescribed areas of social expenditure. For example, if Pakistan has a debt of USD 1 million with a lender, the lender would write off the loan if the federal government would spend USD 1 million on a defined social development area.
[227] Page 5

The section on I-PRSP includes goals, education expenditure outcome indicators, is borrowed from the I-PRSP document. Poverty reducing income transfers in the form of education stipends are mentioned in the I-PRSP section but not included in the financing requirements of ESRAP. Moreover, the main ESRAP targets on enrollment are different from the I-PRSP targets in the ESRAP documents: the ESRAP target for 2003-2004 for middle school enrollment was 55%[228] whereas the I-PRSP target for the same period is 68%.

The strategy of debt swaps for education involves international development institutions writing off debt based on GoP expenditures on education. The emphasis on public private partnerships and community participation emanates from multilateral development institutions and the neo-liberal emphasis on communities and the private sector to bridge the governance, local participation, accountability, and financing deficits. The EFA Action Plan emanates from the UNESCO policy agenda. Post-Dakar, countries were required to develop EFA Action Plans. The foreign origin of these strategies and the absence of these from the NEP 1998, invalidate the claim that the ESRAP package has been indigenously developed as action plan for NEP 1998.[229]

The ESRAP document also defines how the "Goals of Education For All", a UNESCO driven initiative, will be implemented. The "National Plan of Action for Education for All" (NPA-EFA) defines three priorities for the education sector: primary education, adult literacy, and early childhood education. These priorities are included in the ESRAP

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[228] Page 5
[229] Ibid Page xiii

and the overall ESRAP projected financial requirements are realigned.[230] This attempt fails, however. For example, the NPA-EFA section shows total planned financial resources in its Phase I (2001-2005) for primary education is Rs. 59.5 billion and early childhood education to be Rs. 6.8 billion.[231] In the section on financial requirements for the entire ESRAP, the total for elementary education is Rs 27.1 billion over the period 2001-2004.[232] Thus, for the last year of Phase I (i.e. 2005) of the NPA-EFA, which was not covered in the original ESRAP document, financial requirements for primary education and early childhood education are implicit to be Rs. 32.4 billion and Rs. 6.7 billion respectively. Thus, the NPA-EFA, particularly its scale, is not integrated with the rest of the ESRAP.

The ESRAP document claims that "ESR Action Plan is located within the macro-level initiative towards devolution" and that "the interpretation of decentralization spans delegation, decentralization, devolution and privatization."[233] This claim is contradictory to the central planning of operations level priorities and expenditures for 1,000 early childhood education centers[234] and 323,283 facilities for non-formal education.[235] The basis for arriving at the number of 200 early childhood education centers in each province (with different populations and enrolment rates/ levels) appears to be arbitrary. Specific grants in the original ESRAP contest district authority over education planning,

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[230] Page 6 and Page 8 present proposed financial requirements of ESRAP over the period 2001-2004. However, the proposed requirements are not the same in the document. (Rs. 55.5 billion on page 6 and Rs. 55.35 billion on page 8). The correct number is Rs. 56.6 billion as the addition in the columns on page 6 is incorrect.
[231] Page 71
[232] Page 26. This includes Rs. 149.7 million for early childhood education (Page 31).
[233] Page 15
[234] Page 31
[235] Page 25

expenditure assignment, and service delivery. These demonstrate centralization at the federal level rather than supporting the decentralized education planning.

While the ESRAP document delves into setting high targets with large financial outlays, it does not provide a financing plan. The ESRAP document is an action plan without a defined, funded financial plan.[236]

The allocations of hypothetical funding are based on provincial shares of federal resources rather than local needs determined by district governments. The needs vary by geographical areas, demographic attributes, economic and development indicators, previous expenditures, and current deficits in service delivery. However, ESRAP expenditures are centrally determined and translated into centrally assigned targets. ESRAP leaves accountability questions unanswered: who will take how much action and by what time, to achieve which targets.

ESRAP identifies specific grants that limit district autonomy in expenditure assignment. One cannot claim the grants to be adequate or otherwise, as these grants are based on the crude basis of population and not on need basis of each province or district. Furthermore, these grants are unpredictable since the ESRAP does not have a complete financing plan.

The federal government and its apex economic council approved project concepts for implementation by provinces and districts. The Letter of Agreement signed between the

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[236] This remains valid for the later versions of the ESRAP. The latest version examined for this chapter was March 2004.

provincial governments and the federal government indicates the basis for allocation of funds and the conditions to be observed.[237] The Agreement states, "The concept papers on ESR Action Plan [were] developed by MoE and approved by Executive Committee of the National Economic Council (ECNEC)[238] in its meeting held in 2nd September, 2002 which will form the basis for framing individual projects at Provincial/District level."[239] Under the Agreement, the provincial governments are responsible for monitoring schemes, and district governments for implementing them. District governments are instructed to "link as far as possible with Public Private Partnerships and Local Community Organizations."[240]

A comparison of content between the September 2002 and January 2002 versions of the ESRAP demonstrates significant changes. The scope of the plan was extended into 2005 and two new objectives were added to the September 2002 version. The September 2002 version of the ESRAP includes objectives on "mainstreaming madaris[241] for diversifying employment opportunities for their graduates" and "setting up mono-technics/ polytechnics at District and Tehsil levels"[242]. Two programs, the "President's Programs" for Mainstreaming Madaris,[243] and for Polytechnics at District Level,[244] were added to ESRAP. The financing requirements of the full ESRAP were enhanced to Rs. 100 billion. This version also did not have a financing plan.

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[237] ESRAP, March 2004 version, Annexure (i), page 92-94
[238] Executive Committee of the National Economic Council, a federal committee headed by the Prime Minister under Section 156 of the Constitution of Pakistan 1973.
[239] ESRAP, March 2004 version, Annexure (i), page 92-94
[240] Ibid.
[241] Madaris is plural for madrassah or school. In Pakistan, the reference is to religious schools.
[242] September 2002 version, Page 7
[243] Pages 102-106
[244] Page 90

A section on the Fast Track Initiative (FTI)[245] is added to September 2002 ESRAP. Through bulleted points, MoE attempts to justify how Pakistan is on the verge of eligibility for financing under the FTI.[246]

Content analysis of the March 2004 version of the ESRAP highlights changes in the duration of the plan (extended to 2006) while the enrolment and literacy targets are not adjusted.[247] No discussion of achievement of intermediate outputs or compliance with monitoring mechanisms, as defined in the I-PRSP section to evaluate the performance and achievement of the ESRAP.

Despite the scale of the ESRAP, only Rs.5.3[248] billion were disbursed (not necessarily utilized) of the original planning figure of Rs. 55.6 billion over the period 2001-2004. Of the Rs 5.3 billion, Rs 3.4 billion were disbursed in the first year, followed by Rs. 1.0 billion and Rs. 0.9 billion in 2002-03 and 2003-04 respectively[249], versus planned levels of Rs. 9.6 billion, Rs. 18.7 billion, and Rs. 27.2 billion respectively.[250] According to MoE's latest publicly available figures, only Rs. 3.0 billion were spent till December 31, 2003.[251] The ESRAP implementation has been fractional of the initial goals.

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[245] Pages 39-42
[246] Ibid. This is based on the criterion (the assessment of National EFA Plans) for FTI financing.
[247] Page 6
[248] Source: MoE interview on May 12, 2005
[249] Ibid.
[250] ESRAP January 2002 version, page 6 and 8.
[251] Source: http://www.moe.gov.pk, last retrieved June 9, 2006

The analysis illustrates that the ESRAP is a patchwork of multiple initiatives, an incomplete financing plan, and imported and IDI-dependent strategies. The ESRAP content is heavily influenced by the priorities and targets of the EFA agenda and undermines local planning and expenditure assignment in a decentralized structure.

7.5 Conclusion and Contribution to the Literature

The ESRAP demonstrates that non-education objectives (compliance with foreign development initiatives, generating foreign aid, enhancing the bureaucratic turf) of the non-representative, non-accountable Domestic Policy Elite can dominate education planning priorities and process. Foreign Policy Elite at the Supra-State level (World Bank, IMF, UNESCO) reinforce centralization through central planning of expenditures, policy matrices, and targets under economic loan covenants (e.g. I-PRSP for PRGF) or development initiatives (EFA). ESRAP is a planning document that also serves as a policy instrument through which Supra-State institutions attempt to implement their policies and priorities. ESRAP reinforces centralization. The ESRAP case study provides evidence that State capture by Domestic and Foreign Policy Elites stifles decentralization despite their claims to support it.

ESRAP content and development process are contradictory to the logic of federalism and decentralization and do not support district government authority, responsiveness, accountability, and service user participation in education planning.

The case study presents evidence that realigning pre-decentralization institutional structures and incentives are just as important as adding a layer of legislation and decentralized governance structure. The realignment of institutional structures requires focus on Supra-State and federal levels.

The analysis has validity for aid-dependent developing countries. The ESRAP evidence suggests centralized planning spurred under Supra-State initiatives reinforce centralization in micro costing (for estimating financing requirement) and in expenditure assignment (towards the priorities). The centralized planning at the Supra-State level may also reinforce centralization in revenue mobilization if the central government succeeds in generating external financing. These are mutually reinforcing processes. Society-centered stakeholders, the theory and practice of decentralized education planning, and local government responsiveness to local needs are marginalized through top-down planning.

This case study makes two contributions to the literature on public education governance and decentralization in Pakistan. First, it applies a modified model of governance in developing countries and captures how the State's institutional objectives (achieve compliance with the economic loan covenants, policies of Supra-State institutions) shape the planning priorities. Second, the case study presents evidence that decisions made at the central and Supra-State levels by Domestic and Foreign Policy Elites can violate the logic and avowed objectives of decentralization.

This chapter makes a contribution to the literature on public sector decision-making. It illustrates how the central government's bureaucratic non-education objectives affected public sector decision-making in the education sector. It builds on the initial evidence on ESRAP presented in SPDC (2003).

The evidence and analysis supports the findings from the existing literature that public decision-making in developing countries is often of survival quality (Dror 1983), and that knowledge of inter- and intra-organizational politics is critical to understanding the decision-making (Allison 1971). The chapter presents evidence consistent with Dye and Zeigler (1970) that public policy is determined by the ruling elite and carried out by public institutions and officials. Similarly, the chapter strengthens the argument posited by Anderson (1979) that formal organization, legislative structure, rules, and mandated and actual activity of government institutions may be biased towards certain interests. The evidence supports the argument by Simon (1945) in that actors are acting rationally, in this case, to achieve narrow bureaucratic objectives. The evidence suggests that the federal MoE (and its leadership) initiated the ESRAP to retain their authority over the policy space and comply with UNESCO and IMF to create "coalitions of esteem" (Krause 1997; Carpenter 2000, 2001).

The evidence is also in conformity with UNRISD (2004): financial globalization, high debt levels, and neo-liberal prescriptions narrow economic options available to technocrats who work in institutions that are isolated from public pressure and are not democratically accountable. Together structures of accountability are distorted as

technocrats and governments become more answerable to multilateral agencies rather than the public.[252]

The contradictions between the ESRAP design (central priorities and expenditure assignment) and its claim to support decentralization is reflected in the contradictory policy advice by the World Bank. World Bank (2002) supports two contradictory positions: implement the policy preferences and expenditure targets of the Interim–Poverty Reduction Strategy Paper (I-PRSP); and the logic of district governments determining local priorities chosen by service users and decision-makers.[253] World Bank (2004) presents contradictory policy advice as well. On one hand it argues that the federal government's role in provincial subjects must be curtailed.[254] On the other hand, it argues that the Planning Commission at the federal level must be responsible for developing sector policies, priorities, and plans[255] for implementation by district governments.[256]

The Multilevel Governance Model applied in the chapter isolates sub-system dynamics of public decision-making and identifies how bureaucratic agencies and policymakers act strategically.

Policy recommendations are presented in Chapter 11.

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[252] Page 1-3 UNRISD (2004)
[253] World Bank (2002) "Pakistan Development Policy Review: A New Dawn?" Report No. 23916-Pak, Poverty Reduction and Economic Management Sector Unit, Pakistan. Page 9-11
[254] World Bank (2004) "Pakistan: Public Expenditure Management; Strategic Issues and Reform Agenda Volume 1, Report No.25665-PK, Poverty Reduction and Economic Management Sector Unit, Pakistan. Page 71, 84
[255] Ibid. Pages 73-74, 86
[256] Ibid. Page 86.

Table 7.1 ESRAP Development Process

Date	Event
January 2000	Education Advisory Board (EAB) was set up at the federal level on January 2000 to develop an action plan for implementing the NEP 1998
Jan - April 2000	EAB held two meetings
April 26-28, 2000	Education for All conference at Dakar, Pakistan committed to the Dakar Declaration, a set of priorities and targets developed at the Supra-State level
July 2000	Prototype of the ESRAP was prepared and the priorities for the ESRAP were largely based within Dakar framework
July 10, 2000	Selected members of the EAB presented their recommendations to General Pervaiz Musharraf. Attendees at this presentation were from the National Security Council, Pakistan Army and the EAB. General Pervaiz Musharraf approved the approach. Missing were stakeholders from the provincial governments, who according to the Concurrent List in the Constitution are responsible for policymaking and planning jointly with the federal government, and at that time were solely responsible for education delivery in the provinces.[257]
July –Sep 9, 2000	Day-long, meetings at each of the four provincial capitals and with representatives from federal areas. Field trips to each provincial capital included a presentation on the ESRAP, distribution of program summaries and "Innovative Programs Sheets", refreshment breaks, and "consultations" with hundreds of stakeholders in one day.[258]
Sep 9, 2000	ESRAP presented to bilateral and multilateral development institutions
Sep 14, 2000	Federal government called a one-day meeting of provincial ministers and secretaries to finalize the ESRAP.
October 31, 2000	Presentation to General Pervaiz Musharraf who approved the content and implementation strategies of the ESRAP.
Nov – Dec 2000	The financing estimates developed at the federal level
December 2000	The MoE approached the National Reconstruction Bureau "to discuss implications of devolution for education in general, and for ESR Action Plan, in particular."[259]
Jan 2000	A federal team visited the provinces to generate buy-in for the ESRAP and for the financial commitments required.
Feb 9, 2001	Third presentation to General Musharraf. He directed the MoE to include a literacy campaign led by expatriate Pakistanis, developed and implemented outside the federal MoE and provincial education departments. Attendees at this meeting were the Finance Minister and officials from the Planning Commission, MoF, and Pakistan Army.
April 30, 2001	Fourth presentation to General Musharraf. Complete action plan, as it existed on that day, was approved. Attendees were from the Pakistan Army, Ministry of Science and Technology, Planning Commission, Pakistan Literacy Commission, Allama Iqbal Open University, and the MoE.
May – Nov 2001	MoE includes the I-PRSP targets and goals in the ESRAP
Jan 2002	MoE formally publishes the ERSP

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[257] Jamil, B. R. (June 2001). *Strategic Support Services to the Ministry of Education: Final Report on Support to MoE August 2000-June 2001*.
[258] Education Sector Reform: Action Plan (2001-2004), January 2002 version, page 1.
[259] Education Sector Reform: Action Plan (2001-2005), September 2002 version, page 35.

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Chapter 8. Supporting Decentralization or Reinforcing Centralization? Evidence from ADB's Sindh Devolved Social Services Program

This chapter is a case study of Asian Development Bank's (ADB) Sindh Devolved Social Services Program (SDSSP). The analysis highlights the extent to which SDSSP design and implementation support decentralized education planning, and identifies the potential reconfiguration of business processes, institutional structures and incentives to achieve the decentralization objectives.

The SDSSP loan relevant to this chapter is the program loan of USD100 million for improving decentralized education, health, and rural water supply and sanitation services at the district level.[260] Under the program loan, SDSSP focuses on five policy areas of good governance summarized in Table 8.1.[261] This chapter focuses on policy objectives 1- 4 (identified in Table 8.1) that are relevant for the determining the impact of SDSSP on decentralized education planning.

The SDSSP loan was proposed at a time when the Government of Pakistan was seeking USD6 billion of soft loans and USD 4 billion of debt rescheduling to meet its external financing needs. The GoP had requested ADB to increased its lending to USD 500-700

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[260] The USD100 million program loan is financed through the ADB's Special Funds resources with a maturity of 24 years including a grace period of 8 years, with an interest of 1% per annum for the grace period and 1.5% per annum thereafter. The SDSSP consists of two program loans and one technical assistance loan with total funding of USD 220 million over three years.

[261] Page iii-iv. of the "Report and Recommendation of the President of the Board of Directors on Proposed Program and Technical Assistance Loans to the Islamic Republic of Pakistan for the Sindh Devolved Social Services Program" Asian Development Bank, RRP: PAK 34337, November 2003.

million per annum from the then 5 year average of $438 million per annum.[262] The GoP was also negotiating a Standby Agreement with the IMF to open way to debt rescheduling with the Paris Club.[263] SDSSP emerged in this context of external financing needs.

The SDSSP originates from ADB's lending strategy. Devolved Social Services (DSS) is mentioned in Asian Development Bank's Country Strategy and Program Update (2002-2004) in July 2001 as a sector development project to be executed by the federal Ministry of Planning and Development (MoP&D).[264] The proposed DSS project content (multi-sector investments) and implementation structure (through the federal MoP&D) was an extension of the centralized Social Action Program (SAP) supported by the international development institutions in Pakistan during the 1990s. Table 8.2 compares and highlights similarities between SAP and SDSSP designs. Subsequently, SDSSP design was changed so that the provincial government (GoS), instead of the federal government, became the program implementer.

The SDSSP is based on SAP whose results are mixed after a decade of implementation. ADB admits about the SAP experience: "project performance remained weak where authority was highly centralized, institutional capacity was limited, projects required co-ordination between the provinces and the federal authorities, incentives for better

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[262] Page 7, in Asian Development Bank Country Strategy and Program Update (2002-2004), Pakistan, July 2001.

[263] A consortium of lenders to Pakistan.

[264] Page 34. Asian Development Bank Country Strategy and Program Update (2002-2004), Pakistan, July 2001.

performance were missing, or the reform process or project was not owned by the major stakeholders."[265]

The World Bank's SAP assessment report states: "The assessment of outcome is unsatisfactory, although sustainability is likely, with only modest institutional development impacts. Lessons address particularly, institutional reforms and the complexity of the program. The technical and political difficulties of implementation were under-estimated, which resulted in an overly optimistic pace at which success could be achieved…….Further lessons address capacity constraints, poor coordination, management and monitoring, and issues related to future support for the social sector reform."[266] The analysis in this chapter highlights how SDSSP design affected the achievement of the policy objectives defined in Table 8.1.

8.1 Research Questions and Literature Review

The following research questions are investigated in the chapter:

1) Do the project design and implementation support the program objectives and district government authority, responsiveness, accountability, service user participation?

2) What changes in program design can support education planning and delivery by district governments?

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[265] Asian Development Bank Country Strategy and Program (2002-2006), Pakistan, May 2002. Page 17
[266] Source: Webpage abstract of World Bank (June 2003) *Implementation Completion Report On a Credit In the Amount of USD250 Million to the Islamic Republic of Pakistan for the Second Social Action Project.* Report Number 26216, Human Development Sector Unit, South Asia Region.

The benchmarks for analysis are the stated SDSSP policy objectives of promoting decentralization (Table 8.1) and the constructs of decision-making (authority, participation, responsiveness, and accountability) defined in Chapter 1.

The literature review conducted for this chapter could not find any systematic, external evaluation of a decentralization support program, or its impact on decentralized education planning or service delivery.

8.2 Methodology and Data

The section employs the methodologies of business process mapping and institutional analysis described in Chapter 4. The business process mapping is presented for the decisions between the ADB and the provincial government, and the subsequent decision flows between the provincial-level Program Support Unit (PSU) and the district governments of Ghotki, Thatta, and Sukkur for the fiscal year 2004-05.

The data was collected between July 2005 and April 2006. Secondary data consisted of official documents from the Asian Development Bank, the federal Economic Affairs Division, SDSSP PSU, the provincial departments of planning and development, finance, and education, and the district departments of education, and finance and planning. Online resources were accessed where available.

Primary data for process mapping and institutional analysis were gathered through questionnaires and interviews. Respondents were from the Asian Development Bank, the

federal Economic Affairs Division, SDSSP Provincial Support Unit (PSU), the provincial

departments of planning and development, finance, and education and the district

departments of education, and finance and planning. The data may appear limited in

terms of the number of districts analyzed.[267] However, the analysis in this chapter reveals

that there is little potential for variation across districts.

8.3 Process Mapping and Institutional Analysis

Table 8.3 maps the decisions prior to commencement of the SDSSP implementation at

the district level. The evidence indicates that the policy matrix and the program's policy

objectives were provided by the ADB with minimal input from the Government of Sindh

(GoS) or the district governments. The sectors were defined by the ADB as an extension

of the SAP, and agreed by the federal Economic Affairs Division and the Ministry of

Planning and Development. The SDSSP represents policy control by the ADB over

expenditure assignment criteria through a "short positive list" defined by the ADB in the

Report and Recommendation of the President (RRP).[268]

ADB demonstrated stakeholder consultation through three meetings with selected groups

in Sukkur (June 30-July 1, 2003), Karachi (July 3-4, 2003), and Hyderabad (October 7-8,

2003).[269] The content of the report prepared by the Non-Government Organization (that

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[267] The initial number of districts in Sindh was 16 and was subsequently expanded to 23.

[268] According to the Letter of Development Policy dated November 14, 2003. Letter No. FD(DSSP)/01(1)/2003 by the Finance and Cooperation Department, Government of Sindh "only a "short negative list" will restrict the utilization of funding by specifying activities on which the monies made available to the local governments would not be spent". The ADB RRP enforced a short positive list that circumscribed expenditure areas. This was followed through in the MoUs between the provincial government and the local governments.

[269] Raasta Development Consultants (2003) *Stakeholder Consultation Workshops on the Proposed Sindh Devolved Social Services Program* Karachi

arranged these meetings for ADB/ GoS) suggests that these meetings were predominantly communication exercises to inform selected stakeholders about the pre-defined policy agenda and implementation structures of the SDSSP.

A review of the Memorandum of Understanding (MoU) between each district government and the GoS illustrates limited district authority or space for responsiveness to local needs.[270] The criteria for access of funds (para 4 of the MoU) limit district government authority over the scope of projects. The district governments can only spend on "rationalization / operationalization / rehabilitation of existing services / schemes / projects and staff."[271] The limited scope of improving the operations of existing facilities, contradicts with the instructions to "not invest more than USD100,000 from the funds provided under SDSSP in any one scheme / project/ activity."[272] The only activity districts can undertake is operationalizing existing facilities. This coupled with uncertainty about future funding, restricts expenditure options available for districts.

In December 2003, the Planning and Development Department, in compliance with the SDSSP loan conditionalities, issued policy guidelines to district governments for school construction.[273] The guidelines limit the construction of new facilities and require that coeducational schools be set under where, amongst other conditions, the "community is ready to provide the building/ accommodation for the school." These guidelines were

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[270] Governemnt of Sindh (2005). Memorandum of Understanding between the Government of Sindh and District Government Thatta.
[271] Para 4 clause e of the Memorandum of Understanding
[272] Para 4 clause d of the Memorandum of Understanding
[273] Directive dated December 15, 2003 number; NO: PO (EDU) P&D-116/99-2003 issued by the Planning and Development Department, Government of Sindh.

invoked in the SDSSP MoU. The districts cannot start new schools and provide access to girls' schools in the most disadvantaged areas where access to schools does not exist.

The MoU simultaneously requires the districts to "use these funds for pro-poor, gender balancing projects, investments, and schemes."[274] The pro-poor and gender balancing expenditures are compromised by the MoU conditions in favor of the population that has access to schooling. The district governments' authority across sectoral priorities (health and education versus other sectors) and intra-sectoral expenditure assignment (through policy guidelines) is compromised by the SDSSP design where the ADB, through the MoU, provides the policy guidelines for district government expenditures.

There are contradictions between the avowed objectives of promoting decentralized planning at the district level, prescribed in Policy Objective 1[275] and Policy Objective 3[276], and the program design that inhibits these objectives, prescribed in Policy Objective 1[277] and Policy Objective 3.[278] These contradictions are represented by Para 6, clause (i) of the MoU: "Subject to other conditions of this MoU, the district government shall have *complete flexibility*[279] to use the SDSSP funds based on demand-driven, need-based sector priorities in the district." The demand-driven and need-based expenditures are

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[274] Para 4 clause h of the Memorandum of Understanding
[275] "Support further devolution of administrative and financial powers to local governments including: preparation of annual development program, personnel management and financial authority; strengthening the delegation within the local governments"
[276] "Sindh provincial government will improve participation and accountability by encouraging participatory planning in LGs, implementing the Gender Reform Action Plan, improving public information"
[277] "adjusting the roles of provincial line departments towards providing policy"
[278] "adopting the mechanism of management agreements between the provincial governments and LGs where the terms and conditions of the conditional grants are defined to ensure that they are well-used while maintaining flexibility in the use of funds."
[279] Emphasis added.

subject to policy constraints imposed by the ADB which neutralize the district governments' authority to respond to demand-driven and need-based expenditures. The SDSSP design fosters centralization of expenditure assignment at the Supra-State and provincial levels.

Tables 8.4, 8.5, and 8.6 present the decision flow maps for education planning at the district level after the policy guidelines and expenditure assignment priorities were defined in the ADB RRP.

The decision flow for education planning under SDSSP for district Ghotki for the fiscal year 2004-05 is summarized in Table 8.4. No evidence was found of a district council resolution approving the distribution of funds or the choice of schools financed under the Annual Sector Plan (ASP). The evidence suggests that the expenditure allocation and school selection was made by the District Nazim and approved by the District Development Working Party consisting of district department heads (education works; works and services, and finance and planning) and the District Coordination Officer. The absence of the district council approval is in violation of paragraph 6 clause d of the MoU. There is no evidence that the budgeting process, as defined under the Sindh Local Government Ordinance, 2001 or Sindh District Budget Rules 2002, was followed.

The Ghotki ASP 2004-2005 of Rs.30 million[280] for education consists of only one activity: reconstruction of school facilities. This is in violation of paragraph 4 clause d of

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[280] Approximately USD500,000

the MoU (maximum expenditures of USD100,000 on one activity). Despite the violations of the MoU, the PSU sanctioned and released the money to District Government Ghotki.

The decision flow for education planning under SDSSP for district Thatta for the fiscal year 2004-05 is summarized in Table 8.5. Evidence from SDSSP-sponsored education planning in Thatta indicates that PSU released funds for Thatta before the MoU or the ASP reached the PSU. The ASP from Thatta is concentrated on construction expenditure and violates paragraph 4 clause d of the MoU.

The decision flow for education planning under SDSSP for district Sukkur for the fiscal year 2004-05 is summarized in Table 8.6. Evidence on Sukkur indicates that the funds were sanctioned for release before the formal MoU, the ASP, or the district council resolution reached the PSU. The ASP from Sukkur concentrates on construction expenditure and violates paragraph 4 clause d.

8.4 Conclusion and Contribution to the Literature

Regarding the first policy objective of supporting devolution through the preparation of district annual development program (ADP), SDSSP instituted a parallel programming structure instead of supporting the mainstream planning under the district ADP. This parallel programming structure complied with the ADB policy guidelines implemented through the PSU. The budgeting cycle for SDSSP plans was not spurred by the main district budgeting cycle but by the SDSSP funding stream. The centralization of resource mobilization and narrow expenditure space identified through the conditional grants

undermines district government authority in inter-sectoral and intra-sectoral expenditure assignment. In all, the district government authority in the planning function is limited to the programming component where they comply with ADB policies and expenditure priorities. The SDSSP design supports centralization of expenditures through policy control from ADB.

Another example of centralization-inducing program design was the guideline in the February 10, 2005 notification on accounting procedures. The notification assigned the authority to draw and disburse funds [Drawing and Disbursement Officer (DDO) authority] to the Executive District Officer (EDO). The decentralization legislation (e.g. the Sindh Budget Rules) vested this authority at a lower level: to the District Officer (DO) who is a subordinate of the EDO. The most likely reason is to reduce fiduciary risk in expenditure assignment. The SDSSP program design reversed this decentralization of budgeting.

The policy role of the provincial education department was enhanced but within the policy domain prescribed by ADB. The evidence from SDSSP suggests that the centralization of the policy function undermines the district authority over expenditure assignment. District governments' expenditures were limited to prescribed domains.

The evidence suggests that even though the funding levels available to district governments increased, the district governments' financial authority did not improve as a result of SDSSP.

Regarding the second policy objective, there was social sector spending in the first year of the SDSSP program in some districts, though there is inadequate information to determine if the increase was above the "normal social sector share of total revenues" of the Government of Sindh. This is due to data availability limitations for actual development expenditures from the GoS. The PSU did use a transparent formula for distributing grants. While there were funds flowing to districts, the impact on financial management does not appear to be significant. The evidence highlights that the funds have flowed at the discretion of the PSU and their flow can be, and has been stopped under directives from the PSU.

Regarding the third policy objective, the evidence does not suggest that SDSSP has nurtured participatory planning for developing the ASPs. The program expenditure priorities were not developed through a participatory approach, and were a top-down agenda transfer from the ADB and the GoS. The evidence from district governments does not indicate that discussions were held with the service users in preparing the ASPs. The expenditure allocation across facilities was determined by the Nazim with support from the department heads. The PSU was aware of these issues. There was formal communication between the PSU and the district governments after funds release in February 2005 to provide the district council resolution, the signed MoU, or a complete ASP. PSU released funds in violation of paragraph 6 of the MoU which requires these documents as pre-requisites for disbursements.

Despite the violations discussed in this chapter, the PSU triggered sanctions for release of funds in February 2005 to selected districts. This was most likely due to the PSU's incentive to demonstrate program execution and funds distribution of the first tranche to trigger the release of the second tranche scheduled three months later. The incentive to draw the next tranche trumped due diligence by the PSU prior to funds release to the selected districts.

This incentive to maximize lending and borrowing is a recurrent theme throughout the SDSSP negotiation and implementation covered in the analysis. The ADB recycled its SAP design after a decade of unpromising results. The Economic Affairs Division, with its institutional mandate of raising foreign exchange, approved ADB's SDSSP. The GoS initially opposed the SDSSP, but eventually accepted the SDSSP program loan when a) the federal government asked the GoS to comply with the approved ADB Country Program, and b) a debt refinance facility of USD110 million was offered by ADB to the GoS to retire its most expensive loans (which were from the federal government). Once the PSU was formed, the GoS' objective was to maximize the inflow of SDSSP funding. The GoS has used the SDSSP funds from the program loan to partially finance the provincial government's annual development program.

The fourth policy objective of pro-poor rationalization of services was compromised by the program design which requires limiting new school construction, and running new schools only when the community would provide the premises. The most disadvantaged communities, without access to schooling would be deprived under the program design.

In summary, the SDSSP design and its implementation limit district government authority through ADB policy control over district expenditures. The pre-defined and narrow expenditure space limits the responsiveness of district governments. SDSSP did not enhance the annual budgeting cycle at the district level. It created parallel programming and reporting structures that are separate from the mainstream district budgeting processes. The program reporting and expenditure control by the PSU creates accountability to the ADB and the PSU instead of reinforcing accountability to service users. The evidence suggests that service user participation in education planning has not been the route of developing the ASPs. The evidence, instead suggests that the development of ASPs were centralized with the Nazim and the district education, works and services, and finance and planning department leadership. The participation and debate over expenditure and locations in the mainstream district budgeting exercise appears greater than the SDSSP ASPs which were expected to improve local participation.

The analysis contributes to the literature on program evaluation of decentralization support programs. The analysis highlights program design deficits (fiscal centralization of revenue mobilization at the provincial level, policy control of priorities and expenditures by ADB and GoS/PSU) contradict the avowed program objectives of improving district government planning and service delivery. ADB decision-makers rehashed the SAP model to create SDSSP which allowed it to retain its policy space (Krause 1997), and protect its bureaucratic turf (Downs 1967) as a lender to Pakistan.

ADB created parallel sub-systems (PSU, LSU) to expand its authority (Carpenter 2000, 2001) implemented through its client (the PSU).

The analysis contributes to the literature on public sector decision-making. The analysis captures the GoS' tactical responses to the SDSSP program: initial rejection of SDSSP but subsequent compliance when forced by the federal government and offered debt refinance lending by the ADB. It achieved the bureaucratic objective of the federal government (expand foreign exchange generation), of ADB (expand its loan portfolio, retain its policy space) and GoS (retire expensive federal debt, retain its expenditure controlling authority). Due to SDSSP design deficits identified in this chapter, the GoS has managed to create more authority and fiscal space for itself (Carpenter 2000, 2001), control the implementation sub-systems (PSU, LSU), and protect its bureaucratic turf (Downs 1967) at the cost of achieving the decentralization objectives.

Policy recommendations are collectively presented in Chapter 11.

Table 8.1 SDSSP Policy Objectives as defined by the ADB Policy Matrix

1. Support further devolution of administrative and financial powers to local governments including: preparation of annual development program, personnel management and financial authority; strengthening the delegation within the local governments, and adjusting the roles of provincial line departments towards providing policy, monitoring, and technical support
2. The Sindh provincial government will increase social sector financing above the normal social sector share of total revenues; use a needs-based, transparent formula for distributing conditional grants for social sector development; improve the flow of funds; and improve financial management.
3. Sindh provincial government will improve participation and accountability by encouraging participatory planning in LGs, implementing the Gender Reform Action Plan, improving public information, and adopting the mechanism of management agreements between the provincial governments and LGs where the terms and conditions of the conditional grants are defined to ensure that they are well-used while maintaining flexibility in the use of funds.
4. Sindh provincial government will strive for pro-poor rationalization of services, setting minimum standards, using the annual planning cycle and access to grants for LG plans. It proposes restrictions on new construction, selective recruitment of female staff, a minimal set of interventions to be considered in all plans, support of CBOs, and proper planning and monitoring procedures. The provincial line departments will lead studies on sector policy reforms.
5. Sindh provincial government proposes technical and financial support for CBOs in operating and maintaining social services, particularly SMCs in all schools

Source: Asian Development Bank, RRP: PAK 34337, November 2003

Table 8.2 SAP and SDSSP Designs: A Comparison

	SDSSP	SAP
Lending Instrument	Sector Development Program	Sector Development Project
Policy Focus	Improving decentralized service delivery through focus on financing and implementation improvements and capacity building	Improve provision of social services through improvements in planning, finance and implementation[281]
Policy Agenda and Sectors chosen by	ADB focus on education, health, water and sanitation pitched to EAD GoP.	Donors, primarily the World Bank, defined the focus on primary education, basic health care, population and family planning, and rural water supply and sanitation
Intra-sector priorities	Priorities prescribed in the Report and Recommendation of the President (RRP) and the policy matrix provided by ADB. The MoUs signed between the PG, DGs, and TMAs, were designed as per ADB priorities in the RRP. The MoU as per the Letter of Development Policy was supposed to be a "short negative list", but is in fact a "short positive list". This limits the expenditure choices of the DGs and TMAs.	Priorities prescribed by the international development institutions.
Executing Agency	Initial program design made the Ministry of Planning and Development, GoP the EA. Later, the provincial P&D dept was made the EA. Finally, provincial FD was the EA	Ministry of Planning and Development, Government of Pakistan.
Implementing Arrangements	A Provincial Steering Committee provides oversight to the Program Support Unit (PSU). The PSU, Local Support Units (LSU), and local governments implement the program.	National and Provincial SAP Committees were responsible for oversight to the program. Provincial line departments were responsible for implementation.
Planning Approach	DGs to make 3-year sector plans in accordance with the RRP-defined, MoU-confirmed, and PSU-communicated priorities. One-year Annual Sector Plans (ASPs) are made as well.	3-year expenditure programming resulted in compilation of Three Year SAP Programmes. Annual operational plans were required under SAP II for each sector.
Planning Structure	Top-down programming. DGs responsive to donor-defined priorities. DG and TMA expenditure assignment circumscribed by MoU and PSU guidelines, which ask for allocations based on MoU-defined priorities. Participatory bottom-up planning responsive to service user needs is weakened.	Top-down programming. Consolidated projected financial and physical targets developed at the federal level and bundled as provincial targets. District Development Committees were constituted for implementation.
Funding process from donor	Initially the same as SAP (i.e. reimbursement). Later, program loan distributed in 3 tranches after GoS takes policy actions required for triggering tranche disbursement.	IDI funded SAP through reimbursement of actual expenditure by the Government of Pakistan. The majority of funding ws from the GoP

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[281] Page (ii) of World Bank (1991) "Towards a Social Action Plan: Impediments to Progress and Options for Reform", World Bank paper presented at the May 1991 Donors Conference, Paris.

Table 8.3 Mapping Decision Flow- SDSSP Policy Agenda and Program Design

July 2001	ADB issues the Country Sector and Program Update 2002-2004 based on negotiations with the federal Economic Affairs Division and the federal Ministry of Planning and Development. DSS identified as a multi-sector project implemented by the federal government with scope similar to SAP.
May 2002	ADB issues their Country Strategy and Program 2002-2006. Identifies DSS as multi-sector assistance.
November 2002	ADB issues Aide Memoire of the Technical Assistance Fact Finding. Sectors chosen, objectives defined, implementation arrangements defined.
May 2003	ADB sends a Loan Fact Finding Mission. SDSSP objectives and scope defined. Sectoral emphasis of expenditures and policies on elementary education.
July 2003	ADB issues the Country Sector and Program Update 2002-2004. It includes the Concept Paper for SDSSP and reiterates ADB's policy matrix, chosen sectors, intra-sectoral emphasis, and implementation approach.
November 2003	Letter of Policy written by the Finance Secretary, GoS states that district governments will have autonomy in expenditure assignment. DGs will be limited by a "short negative list" that will identify the expenditures not allowed under SDSSP funding.
November 2003	The Report and Recommendation of the President (RRP) submitted to the ADB Board. ADB, through the RRP, specifies the areas in which expenditures can be made by the district government. This is a "short positive list"
March 24, 2004	The Nazims and district finance department leadership are introduced to Memorandum of Understanding (MoU) that each local government is to sign with the GoS. The MoU restates the allowable expenditures defined in the RRP.

Source: ADB, GoS, EAD documents

Table 8.4 Mapping Decision Flow for SDSSP Education Planning at District Ghotki (FY2004-05)

24-Mar-04	Introductory Meeting with District Government Representatives
10-Jan-05	The PSU issues the Annual Sector Plan (ASP) guidelines for the DGs to follow in preparing their plans. Communicated to the DGs.
10-Feb-05	Provincial Steering Committee approves procedure for accounting and transfer of funds to DGs. According to the decentralization legislation, the District Officers (DOs) of the department are Drawing and Disbursement Officers (DDO) with the authority to draw and disburse funds. This notification centralizes this authority to the Executive District Officer (EDO) to which the DOs report.
2-Mar-05	Letter from PSU to DGs reminding them of MoU para 4 and 6 that requires the DGs signing a MoU and preparing ASPs for accessing SDSSP funds.
21-Mar-05	MoU Signed
21-Mar-05	Annual Sector Plans submitted to the PSU
7-May-05	Provincial Finance Department sanctions the release of RS.60.03 million to the district account IV. (The fax is dated April 11, 2005 whereas the letter is dated May 7, 2005)
12-May-05	EDO Education requests the EDO F&P Ghotki for releasing the funds to the Education Department
18-May-05	EDO Finance and Planning Ghotki sanctions the release of funds to the Education department.
25-May-05	The District Development Working Party (DDWP) approves schemes for Rs. 28.908 for school construction and reconstruction. All the funds are for construction in the education sector.
25-May-05	The District Coordination Officer (DCO) issues the administrative approval for the schemes approved by the DDWP.
25-May-05	The DCO informs the PSU of the AA and DDWP minutes.
2-Jun-05	PSU reminds DCOs in all districts that the ASPs must include expenditures as per the MoU. Funds should not be spent on "intangible schemes" such as "School Management Committee training and awareness campaign". Furthermore, no changes must be made in the ASPs after it has been approved by the District Council, as it appears to be the case in some districts.
1-July-05	PSU directs DCOs in all districts to make no further expenditures and furnish performance and funds utilization reports. PSU directs DCOs in all districts to make no further expenditures and furnish performance and funds utilization reports.
14-July-05	The EDO Education informs the PSU that by June 30, 2005, the district government has spent only Rs. 3.3 million of the Rs. 30 million education budget.
9-Sept.-05	PSU allows DGs to restart spending and urges them to make ASPs for FY2005-2006. PSU also instructs the filing of funds utilization reports and monitoring and evaluation data submission to the PSU.

Source: ADB, GoS, PSU, District Government Ghotki documents

Table 8.5 Mapping Decision Flow for SDSSP Education Planning at District Thatta (FY2004-05)

24-Mar-04	Introductory Meeting with District Government Representatives
10-Jan-05	The PSU issues the Annual Sector Plan Guidelines for the DGS to follow in preparing their plans. Communicated to the DGs.
7-Feb-05	District Officer Planning submits an unsigned document on a plain paper that represents the District Council general resolution approving the idea of SDSSP-sponsored planning for improving education and health services.
9-Feb-05	District Officer Planning submits the Annual Sector Plan for approval to the PSU.
10-Feb-05	Provincial Steering Committee approves procedure for accounting and transfer of funds to DGs. According to the decentralization legislation, the District Officers (DOs) of the department are Drawing and Disbursement Officers (DDO) with the authority to draw and disburse funds. This notification centralizes this authority to the Executive District Officer (EDO) to which the DOs report.
10-Feb-05	Rs. 93.53 million for Thatta sanctioned for release by the provincial financial department
23-Feb-05	Meeting for discussion of the ASP attended by the DCO, EDOs, and DOs. No political representatives or district council approvals.
23-Feb-05	Letter from PSU to EDO Education requesting that schools be identified for upgrading.
2-Mar-05	Letter from PSU to DGs reinstating MoU para 4 and 6 that requires the DGs signing a MoU and preparing ASPs for accessing SDSSP funds.
5-Mar-05	Meeting for discussion of the ASP is headed by the District Nazim is attended by the DCO, EDOs, and DOs. No political representatives or district council approvals.
30-Mar-05	Handwritten resolution without a signature is the approval of the ASP 2004-05
6-Apr-05	Revised ASP submitted to the PSU for approval
12-Apr-05	District Development Committee (DDC) approves the schemes. The attendees are the DCO, EDOs and DO's from the Education, Finance, Health, and Public Works Departments.
20-Apr-05	Administrative Approval issued by the EDO F&P.
21-Apr-05	PSU sends a letter requesting the Thatta DG to sign the MoU and return the signed copy by April 25, 2004
27-Apr-05	The MoU is signed by the Nazim and sent to the PSU
4-May-05	Rs. 93.5 million are bifurcated for education (Rs.58.2 million) and health (Rs. 35.3). It is approved by the "Competent Authority" (not specified) and communicated by the EDO (F&P) to the PSU
12-May-05	EDO F&P releases funds to the EDO Works and Services Department, and EDO Education.
24-May-05	PSU sends a letter requesting the Thatta DG to provide specific details of the facilities being upgraded and facilities for which teachers are being hired on contract basis.
31-May-05	DG Thatta sends the information of schemes under the ASP to the PSU.
2-Jun-05	PSU reminds DCOs in all districts that the ASPs must include expenditures as per the MoU. Funds should not be spent on "intangible schemes" such as "School Management Committee training and awareness campaign". Furthermore, no changes must be made in the ASPs after it has been approved by the District Council, as it appears to be the case in some districts.
3-Jun-05	EDO F&P released Rs. 20.48 million for school renovation and maintenance schemes.
1-Jul-05	PSU directs DCOs in all districts to make no further expenditures and furnish performance and funds utilization reports.
July	DG Thatta submits expenditure data till June 10, 2005. Rs. 10.46 million on education
9-Sep-05	PSU allows DGs to restart spending and urges them to make ASPs for FY2005-2006. PSU also instructs the filing of funds utilization reports and monitoring and evaluation data submission to the PSU.

Source: ADB, GoS, PSU, District Government Thatta documents

Table 8.6 Mapping Decision Flow for SDSSP Education Planning at District Sukkur (FY2004-05)

24-Mar-04	Introductory Meeting with District Government Representatives.
8-Feb-05	Deputy District Nazim informs the PSU that they have convened a meeting of the district council for discussing SDSSP.
8-Feb-05	Deputy District Nazim informs the PSU that they have convened a meeting of the district council for discussing SDSSP.
10-Feb-05	Provincial Steering Committee approves procedure for accounting and transfer of funds to DGs. This one causes centralization! In the decentralization design, the District Officers (DOs) of the department are Drawing and Disbursement Officers (DDO) with the authority to draw and disburse funds. This notification centralizes this authority to the Executive District Officer (EDO) to which the DOs report.
10-Feb-05	Rs.53.92 million for Sukkur sanctioned for release by the provincial financial department
23-Feb-05	The PSU requests the EDO Education more information on the ASP submitted including the district council resolution approving the ASP.
2-Mar-05	Letter from PSU to DGs reinstating MoU paragraph 4 and 6 that requires the DGs signing a MoU and preparing ASPs for accessing SDSSP funds.
11-Mar-05	Meeting held under the Chairmanship of the District Nazim. Rs. 53.92 million for Sukkur bifurcated into health (Rs.23.92 million) and education (Rs.30.00 million) shares. Also assigns the expenditures to specific schools. Construction related expenditure: Rs.22 million out of Rs.30 million.
7-Apr-05	EDO Education submits the revised education budget to EDO F&P.
13-Apr-05	EDO Education submits his proposal to the District Nazim.
20-Apr-05	EDO Education submits the revised education budget to DCO for release of funds
23-Apr-05	EDO F&P points out issues to the EDO Education for reconciliation prior to disbursement.
26-Apr-05	DCO signs off on the April 13 summary to the District Nazim and approves the proposals for funding.
14-May-05	EDO Education submits to the DCO, the Nazim-approved list of locations for SDSSP funding.
31-May-05	DCO releases RS. 11.9 million, the Education department funding. This includes "intangible item" of training of School Management Committees.
2-Jun-05	PSU reminds DCOs in all districts that the ASPs must include expenditures as per the MoU. Funds should not be spent on "intangible schemes" such as "School Management Committee training and awareness campaign". Furthermore, no changes must be made in the ASPs after it has been approved by the District Council, as it appears to be the case in some districts.
9-Jun-05	DDWP approves the SDSSP education ASP budget for Rs. 25.55 million for construction items.
1-Jul-05	PSU directs DCOs in all districts to make no further expenditures and furnish performance and funds utilization reports.
13-Aug-05	EDO Education requests that of the Rs.11.9 million released, the residual Rs.6.5 million not spent should be released for spending.
9-Sep-05	PSU allows DGs to restart the expenditures. Also urges them to make ASPs for FY2005-2006. Requests the filing of funds utilization reports and monitoring and evaluation data submission to the PSU.

Source: ADB, GoS, PSU, District Government Sukkur documents

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Chapter 9. Improving Primary Education Delivery in Sindh by Improving Teacher Availability

This chapter presents an analysis of recruitment, transfer, and compensation of teachers in the province of Sindh in the post-decentralization era. The analysis identifies the business processes, institutional structures, and incentives that can be reconfigured to improve education delivery by district governments.

9.1 Research Questions

1) What are the processes, institutional structures, and incentives involved in the recruitment, transfers, and compensation of primary teachers?

2) Do these processes, institutional structures, and incentives support district government authority, responsiveness, accountability, and service user participation?

3) What business process and institutional restructuring will improve teacher availability by district governments?

9.2 Methodology and Data

The methodology consists of institutional analysis and business process mapping defined in Chapter 4. The business process mapping captures the decision flows for teacher recruitment. The institutional analysis identifies the structures and incentives that affect the recruitment, transfer/postings, and compensation of teachers.

Secondary data consist of legislative documents and government decisions on recruitment, transfers, and compensation of teachers in public primary schools in Sindh. Secondary data were collected through official documents from Supra State institutions and education, finance, and planning and development departments at the provincial and district governments.

Primary data were collected through structured questionnaires and unstructured interviews. The respondents include district and provincial government officials from the education, finance, and planning and development departments, and officials in international development institutions.

9.3 Recruitment

This section analyzes the recruitment of teachers in the public education system in Sindh. The most recent recruitment process is mapped to locate the decision flows and identify the distribution of authority, accountability, responsiveness, and service user participation.

9.3.1 Decentralization Design and Legislative Structure for Teacher Recruitment

The Local Government Ordinances (LGOs) were promulgated on August 13, 2001 in each province throughout Pakistan. The Sindh Local Government Ordinance 2001 (SLGO) formally assigns district governments the authority for the "improvement of governance and delivery of services within the ambit of the authority decentralized to it

under this Ordinance."[282] Under the decentralization design and legislation (the First Schedule of the SLGO) human resource management was also decentralized to district governments.

9.3.1.1 Can district governments create new posts if they determine the need?

The district governments cannot create new posts or autonomously sanction district and school level expenditures. The new posts can only be created, and their associated expenditures can only be assigned, after the provincial finance department approves the local government's request, i.e. the Statement of New Expenditure (SNE). The decentralization design does not give local governments the authority to autonomously create new posts or assign expenditures to respond to local needs of inadequate staffing or capacity.

The requirement for SNE approval from the provincial finance department is part of the decentralization legislation, the Sindh District Governments Conduct of Business Rules, 2001.[283] Sindh District Governments Conduct of Business Rules, 2001 state that no department, including district government departments, can issue any order that would affect the finances of the *provinces*, or change the number or grading of the posts. This centralization originates from a pre-decentralization legislation: Section 28 of the Sindh Government Rules of Business, 1986 that require provincial government approval by

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[282] Sindh Local Government Ordinance 2001, Section 16, the First Schedule under Section 14 and 35, and Section 39(u)
[283] Schedule V under Rule 9(5) of the Sindh District Governments Conduct of Business Rules 2001 based on Rule 28 of the Sindh Government Rules of Business, 1986

sub-provincial offices. This pre-decentralization legislation designed for non-autonomous local representatives of the provincial government was extended to district governments.

This centralization of sanctioning authority for new posts (and salary expenditures) rests with the provincial government mainly to impose fiscal discipline on district governments. The fiscal stabilization objective of the decentralization design trumps the authority and responsiveness of local decision-makers.

9.3.1.2 Can district governments conduct the process for staffing sanctioned but vacant posts?

The legislative structure does not authorize the district governments to determine the recruitment process or to recruit autonomously to fill the vacant posts sanctioned previously by the GoS. Prior to the creation of district governments, the Sindh Civil Servants (Appointment, Promotion, and Transfer) Rules, 1974 (APT Rules 1974) were applicable to employees of the provincial government under the Sindh Civil Servants Act, 1973. The APT Rules 1974 have been bifurcated in the post-decentralization era and applied to district governments as well.

According to the APT Rules 1974, sanctioned posts can only be filled through a recruitment process defined by the provincial government. Part III of the APT Rules 1974 authorizes the provincial government to either recruit through the Sindh Public Service Commission (SPSC) or through its own procedure. If the staffing positions are not under the purview of the SPSC, recruitment is to be conducted by the provincial government

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department under the policy determined by the GoS.[284] Rule 3(2) of the APT Rules 1974 allows individual departments to determine the recruitment process. The provincial government controls both the recruitment policy and its execution.

There is no component of the legislative structure that assigns any autonomous recruitment authority to local governments. Rule 4(1) of the APT Rules 1974 does give the local government officials the "appointing authority" over posts across Basic Pay Scale (BPS) 1-15 at the district level. However, this "appointing authority", i.e. formal assignment of the recruit to a specific post, is the last step of the recruitment process.

Decentralization design allows provincial government control over the recruitment function. This design configuration (recruitment policy control by the provincial governments) is deliberate and can be attributed to two explanations. The first is the imposition of a hard budget constraint on district governments to contain their expenditures and with it, provincial and federal government financing of these expenditures. The evidence of imposing decentralization design constraints to meet fiscal stabilization objectives can be found in the loan negotiation documentation between the Government of Pakistan (GoP) and the IMF.[285] The fiscal stabilization objective of the lenders and the federal government trumps local governments' authority to develop recruitment policies or to respond to local staffing deficits.

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[284] Rule 10 of the Sindh Civil Servants (Appointment, Promotion, and Transfer) Rules 1974.
[285] For example, the International Monetary Fund (September 2001) "Third Review Under the Stand-By Arrangement and Request for Waiver of Performance Criterion", Middle Eastern Department and the Policy Development and Review Department, Washington D.C. states that "fiscal responsibilities of the local governments are governed by provincial laws, which include provisions that local governments may not borrow, and not hire without provincial approval."

The second explanation is the replication of a unitary governance relationship between the provincial and district governments. The unitary government (in this case, the provincial governments) will make policy, and the districts are required to implement these policies. The confluence of the fiscal stabilization objective and the unitary governance approach of the decentralization designers lead to a design configuration where district governments have no authority over its recruiting its human resource and service delivery.

9.3.2 Recruitment Policies

The Government of Sindh (GoS) imposed a ban on new recruitment in the mid-1990s to contain its fiscal deficits. This ban on recruitment was for provincial government employees but was extended to local governments when they were created in 2001. Under the legislative structure, the district governments do not have the authority to create new posts or recruit against sanctioned posts. In addition, the district governments are almost entirely dependent on fiscal transfers from provincial governments. Even if the political leadership of a district government attempts to create new posts or fill vacant posts contrary to provincial government ban, the district government bureaucracy is required under the SLGO to follow provincial government policies. The Executive District Officer (EDO), the highest bureaucrat in a district department, is a provincial government employee, who under the decentralization legislation, is expected to follow

provincial policy. The EDO is required to refer the "deviation" from provincial policy to the Provincial Local Government Commission.[286]

The institutional structures and incentives are not conducive for district governments to exercise initiative, incorporate local participation, or develop local fiscal strategies to respond to local staffing needs.

The provincial education department has encouraged another recruitment policy: recruitment through School Management Committees (SMCs). SMCs were allowed to recruit local teachers on a contract basis. Under notifications issued by the provincial education department, SMCs could recruit female teachers for a salary of Rs.40 per student per month to a maximum of Rs.2,000 per month subject to availability of funds in the SMC accounts.[287] The minimum student-teacher ratio was 30. Recruitment was conducted in some districts though the idea of SMC recruitment has not taken off.

For example, in FY2003-2004 Rs.145.67 per student per year was made available for SMCs in district Ghotki, which for a class of 30 students amounts to Rs. 4,370 per year. Even if an SMC allocates all the annual funds available for a class of 30 to recruit a teacher, it can only pay salary for 2.2 months in a year.

In addition to the inadequacy of funds, the regularity and predictability of funds are a problem. In the fiscal year 2005-06, the SMC funds had not been made available to the

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[286] Rule 7(f) of the Sindh District Governments (Conduct of Business) Rules 2001
[287] Notification No.PA/AS/MISC-I/2002 dated October 17, 2002 issued by the Secretary Education, GoS.

districts till February 28, 2006, eight months into the fiscal year. The provincial education department, on February 27, 2006 requested the provincial finance department to release Rs.886 million for SMC funds for the year 2005-06 (Rs. 211 per student per year).[288] During the fiscal year 2003-04, block allocation of Rs.450 million for SMC funds were distributed in January and March 2004. In the fiscal year 2002-03, the provincial finance department released the block allocation of Rs. 450 million in two tranches in September 2002 and January 2003.

9.3.2.1 Recruitment Policy Direction Under the Sindh Structural Adjustment Credit

Attempts to improve the recruitment process were made by the World Bank and the GoS through the policy loan under the Sindh Structural Adjustment Credit (SSAC) loan. Prior to the negotiations for the SSAC in FY2001-02, the GoS expanded the purview of recruitments to be made through the SPSC to include posts from Grade 11 and beyond. Previously, the SPSC was empowered to recruit Basic Pay Scale 16 and beyond. Amendments were made in the APT Rules, 1974 and the Sindh Public Service Commission (Function) Rules, 1990 to include Grade 11-15 under the SPSC purview. This was an attempt by a section of the GoS bureaucracy to improve the consistency and transparency of the recruitment process. This attempt was made while the provincial assembly was in abeyance after the October 1999 coup.

According to World Bank's SSAC loan conditionalities, the recruitment policy for vacant posts in all departments of the GoS would a) be on contract basis and site-specific; and b)

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[288] Notification No.SO(B&F)E&L/BUD/2-8/2005 dated February 27, 2006

give priority to higher cadres with greater technical skills to improve productivity of the public sector. Amendments were prepared to include the contract basis of employment in the legislative structure governing recruitment in the province of Sindh. Rule 4 of the Sindh Public Service Commission (Function) Rules 1990 does not allow for the Commission to conduct recruitment on contract basis.[289] Amendment to change Rule 4 of the Sindh Public Service Commission (Function) Rules 1990 to allow SPSC recruitment on contract basis was drafted and circulated. There is no evidence to indicate that the amendment was either approved or finalized.

There was resistance from within the GoS against expanding the scope of the SPSC-based recruitment to include BPS11–BPS15 posts, as it would curtail the discretionary powers of the provincial political leadership and the departments. The recruitment policy reforms under the SSAC were not implemented. The World Bank discontinued the SSAC funding after the first year of financing.

9.3.3 Mapping the Latest Recruitment Process

The provincial education department requested the chief minister to grant a special waiver from the ban on recruitment. The chief minister granted a special waiver to the provincial education department to initiate the recruitment process in the first half of the fiscal year 2003-2004 while the official ban on recruitment was still in place.[290] While the

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[289] Rule 4 of the Sindh Public Service Commission (Function) Rules 1990.
[290] This permission was cited as Annexure A in the Note to the Chief Minister dated September 19, 2004. However, the exact date of the waiver has not been elicited as the Annexure could not be located with the provincial education department despite a three-month search.

provincial government embarked on the recruitment drive, the district governments were not allowed to recruit for vacant posts.

The process was initiated to recruit teaching staff for primary, elementary and secondary schools. Table 9.1 shows the posts for which recruitment was initiated. The recruitment initiative includes posts that are BPS-11 through BPS-15. When the recruitment was initiated (FY2003-04), the APT Rules 1974 required that SPSC would conduct recruitment for posts BPS-11. Recruitment for BPS-11-15 was initiated by the provincial government in violation of the APT Rules 1974.

Table 9.2 presents the decision flows associated with the most recent teacher recruitment process. The list of vacant positions as of December 31, 2003, was obtained from the EDOs (Education) at the district level. Teachers for primary schools were to be hired from within the Union Council, Junior School Teachers (JST) from within the Taluka, and High School Teachers (HST) from within the district.

The provincial cabinet, in a meeting on September 1, 2004, discussed the lifting of the recruitment ban. This was after the recruitment process had been initiated through a special waiver from the Chief Minister. The purpose of this recruitment was to "generate employment in the public sector in Sindh." It was also approved in this meeting that "posts of BPS11-BPS15 may be withdrawn from the purview of the SPSC, as has been done by the federal government and other provincial governments." It was also decided to allocate Rs. 2.0 billion for employing 30,000 people. It was agreed that a "recruitment

policy would be chalked out for filling up vacancies after departments furnish lists of vacancies available with them."[291]

In the provincial cabinet meeting of the October 20, 2004, it was estimated that there were 42,886 vacant posts across the province. The majority of these posts were in district governments. The provincial budget deficit for the fiscal year 2004-2005 was estimated to be Rs. 23.9 billion to be met from "savings of these vacant posts, remission of interest on CDLs[292] by the federal government and loan from the Asian Development Bank." The amount allocated in September 2004 for filling vacant posts (Rs. 2.0 billion) was reduced to Rs. 1.5 billion. It was also decided that the "jobs would be provided on merit alone. Detailed policy shall be prepared by the Services, General Administration, and Co-operation Department, GoS and approved by the Chief Minister. The notification of ban lifting shall be issued thereafter."[293]

Two amendments were made on March 17, 2005 to legalize the provincial education department recruitment of BPS 11-15. The APT Rules 1974 were changed. Recruitment through the SPSC was retrenched to BPS 16 and above (from the existing BPS 11 and above). A similar change was made in the Sindh Public Service Commission (Function) Rules, 1990. SPSC purview of recruitment was one again limited to BPS 16 and above. The amendments were made specifically to legalize the provincial government recruitment initiated in violation of the rules.

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[291] Source: Minutes of the provincial cabinet meeting held on September 1, 2004
[292] Cash Development Loans formerly given by the federal government to provincial governments to finance their development expenditures.
[293] Source; Minutes of the provincial cabinet meeting held on October 20, 2004.

The most likely motivation for the provincial government's control and manipulation of the recruitment process is political and economic rent seeking through appointments. The teachers are not only potential voters and political loyalists, but also officials that conduct elections. The potential of electoral malpractice is real: the SLGO's sub-Section (4) of Section 179A requires a ban on transfers and postings immediately before and during the election period.

The interviews, which held 30% weightage in the selection process, were conducted from April 2005 onwards. Based on anecdotal evidence, respondents from the district governments, provincial government, and multilateral development institutions have argued that the interview process became a tussle in political rent-seeking between the political elite at the district and provincial levels. Politicians influenced the interview committee to give full marks (30) for their candidates. The EDOs were under pressure, from both the provincial and district political office bearers to give high marks to "their candidates".

The provincial education department officials asserted that malpractice in the interviews may have tarnished the recruitment process. The Chief Minister was asked to reassess the strategy of assigning 30% weightage to the interviews. The weightage of interviews (and the recruitment process) was changed mid-stream. The recruitment criteria were limited to the written test scores and additional academic qualifications. For each of the posts, two highest scorers on the tests were identified. The provincial education department

decided to constitute five divisional[294] committees to visit the districts and validate the qualification documents of the two short-listed candidates.

In another flux in the recruitment process, the provincial government in April 2006 contemplated changing the recruitment process: whether to recruit teachers according to the (re)defined process or on the basis of political quotas of members of provincial assembly. The recruitment process had been executed under the control of the Chief Minister and the Education Minister, both from the Pakistan Muslim League Quaid-e-Azam (PML-Q), a political party allied with General Musharraf. PML-Q has a coalition government in the Sindh provincial government with the Muttahida Qaumi Movement (MQM). The MQM representatives in the provincial government challenged the PML domination of the recruitment process and demanded a share in recruitment on the basis of "political quota." It was demanded that each Member of Provincial Assembly (MPA) be assigned a quota for selecting teachers. A political crisis ensued as the coalition partners at the provincial governments clashed over recruitment quotas.

A sudden change in the policy abolished all criteria for recruitment except the written test score. The GoS, on its website, identified 2,050 candidates as successful.[295] However, the process for selecting these candidates and their posts cannot be verified.

The mapping of the recruitment process highlights several issues. First, the process has neither been transparent nor predictable as highlighted by the ad hoc changes in the

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[294] Divisions were the sub-provincial administrative units of the provincial governments in the pre-decentralization era. There were five divisions in Sindh prior to decentralization.
[295] http://www.sindhedu.gov.pk accessed July 27, 2006

recruitment policy and process. Second, the provincial education department violated the APT Rules 1974 in conducting the recruitment for BPS 11 – BPS 15 and the rules were changed to legalize provincial government decisions. Third, despite centralized provincial government control over the recruitment process the recruitment cycle has not been completed after more than three years. The indicative recruitment level (2,050 teachers versus initial recruitment target of 7,000 plus) is a fraction of the total vacant posts and initial recruitment target.

Fourth, the decentralization design does not provide district governments the authority to control the recruitment policy or process. District governments are accountable for improving service delivery but do not have the authority to control inputs to service delivery (teachers who work at the district level). The decentralization design is an extension of the unitary governance structure: sub-units cannot autonomously make policies. Control over policymaking authority allows a higher governance level to control operations level issues at lower levels of governance.

Fifth, from the point of view of district governments, revenue mobilization is centralized with the provincial government. District governments in Sindh need approval for creating new posts from the provincial finance department and cannot violate this feature due to dependence on provincial governments for fiscal transfers. Fiscal centralization of revenue mobilization affects input availability and service delivery at the lower level.

9.4 Transfer and Postings

Rule 4(1) of the APT Rules 1974 was bifurcated to empower the officials in the district government as "appointing authorities."[296] The district governments were empowered to appoint staff till BPS-1 through BPS-15 while the provincial government retained control over the provincial government staff. Similarly, the authority to transfer employees was bifurcated so that district government leadership could transfer officials working in district governments in BPS-1 through BPS-17.[297] The provincial government lifted its ban on transfer and postings on September 20, 2004.[298] The district governments were also allowed to transfer employees according to its needs.

However, the September 20, 2004 ban-lifting notification empowered the provincial government to approve transfers of district government employees: "Posting and transfer of officers/officials working under the District Government and the City District Government, Karachi shall not be made without prior approval of the Minister of the concerned department."[299] The notification asserts blanket authority to the Chief Minister: "Officers/ officials posted on the Chief Minister's directive shall not be transferred without prior approval of the Chief Minister." The Chief Minister, the highest public sector official in the province of Sindh, as per the APT Rules 1974 may only transfer officials of BPS-19 and BPS-20. Through the notification, the chief minister asserts authority beyond his legal domain. Through the September 20, 2004 notification,

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[296] Amended by Notification No. SOI (SGA&CD)2-7/2001 dated October 26, 2002 and Notification No. SOR-I(SGA&CD)2-7/2001 dated October 23, 2004
[297] Rule 9(2) as amended by Notifications No. SOI (SGA&CD)2-7/2001 dated October 26, 2002 and Notification No. SOR-I(SGA&CD)2-7/2001 dated October 23, 2004
[298] Notification No.SOI(SG&CD)-6/25/2003 dated September 20, 2004.
[299] Point 4 of the Notification No.SOI(SG&CD)-6/25/2003 dated September 20, 2004.

the provincial government undermined the truncated authority given to district governments.

On March 26, 2005, the Education Department, with the approval of the "competent authority", the Minister of Education, issued a notification that "delegated" the powers of transfer and postings of employees working in BPS-1 to BPS-17 to senior provincial government officials at the Secretary, Additional Secretary, and Special Secretary levels.[300] This notification is in violation of the APT Rules 1974, which empowered district governments with the authority to transfer or post employees from BPS-1 to BPS-17. The senior provincial government officials have exercised the authority to transfer or post teachers.

Under Rule 9(2) of the APT Rules 1974, the minister of the department can only transfer BPS-18 employees and can delegate this authority as per the Rule 19 (ii) of the Sindh Government Rules of Business, 1986. Moreover, the provincial Minister of Education and Literacy is not the competent authority to unilaterally amend the APT Rules 1974. The most likely explanation for this behavior is political rent-seeking by provincial government leadership.

The implication of truncated district government authority over transfers/postings is that posts can become vacant if the provincial government, at its discretion, transfers the employee out of the district. The provincial government can also transfer or post

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[300] Notification No. SO(G-I)EDU-E&A-9-41/04 dated March 26, 2005 issued by the Secretary Education, Government of Sindh. The Additional Secretaries were authorized to transfer or post employees from BPS1- BPS15; the Special Secretary for BPS 16 and the Secretary Education for BPS-17 employees.

candidates into the district. Under the recruitment policy teachers are to be assigned to primary schools on a Union Council basis, which represents the immediate vicinity of the school. The implantation of teachers by the provincial government from outside the Union Council, violates the provincial government's avowed site-specific recruitment policy. The district government's authority over its staff and its ability to respond to local needs (for teachers) is undermined through provincial government decisions in the transfers and postings domain.

The analysis of the transfers/posting decisions highlights the gap in the decentralization design and legislation in creating independent district human resource management institutions. While public school teachers have been declared district government employees, there are no separate rules for district government employees that district governments can develop and implement autonomously without provincial government interference.

9.5 Compensation

District government personnel are paid according to provincial government salary scales. Their pensions and long-term obligations continue to be managed by the provincial government even though they have been "devolved" to district governments. The provincial government determines the compensation policy of new recruits. It has enforced recruitment only on short-term contracts rather than regular employment which includes pension and other benefits.

Throughout the period covered in this analysis (July 2002-May 2006), salaries of district government staff were paid through the provincial government's account with the State Bank (Provincial Account I) instead of the district government's account with the State Bank (District Account IV). According to the decentralization design, funds for the district governments are to be provided as one-line transfers from the provincial government to the district governments. These one-line transfers include current expenditures (salary and non-salary) and development expenditures. The objective of the one-line transfers is to improve the financial management of the district government.

However, one-line transfers from provincial governments to district governments' Account IV did not take place in Sindh until May 2006. The salaries of district government employees were paid from the provincial government's Account I. Each month the district governments sent the demand for the month's salaries to the provincial government. The provincial government and the Accountant General then sent the actual payments for distribution. The salaries being transferred to districts are based on filled positions and the savings from vacant, budgeted posts were accrued at the provincial level in provincial Account I.

Resource mobilization for district governments is centralized at the provincial level and district governments receive funds when they become available to the provincial government. With a weak tax revenue base, the GoS itself is heavily dependent on fiscal transfers from the federal government, as illustrated by Table 9.3. Thus, fiscal centralization of revenue mobilization at the federal level affects funds and education

input availability at the district level. However, the centralization of human resource management at the provincial level is not limited to the single aspect of fiscal dependency of provincial governments on federal transfers. There are other incentives that impede the complete decentralization of the compensation function.

According to the National Finance Commission Award, 1997, the federal government decreed that the provincial governments, with weak tax base, less buoyant taxes, and dependence on federal transfers, would finance their development budgets through internal financial management. The provincial governments are not allowed to borrow from the financial markets. One way to finance the budget deficit (or development budget) is to keep sanctioned posts vacant, pad the budget with salaries of the vacant posts, and channel the unutilized salary allocations to partially finance the development budget. This has motivated the GoS to keep sanctioned posts vacant. Since the largest employee pool is the education department, the availability of teachers has been adversely affected.

The partial financing of the development expenditures through "savings" from salaries prevented the provincial government from routing district salaries through district Account IV. Since vacant posts and "savings" from salaries vary across districts, the GoS has funneled salaries to districts through its own Account I. This allows GoS to accrue savings under its control. The funds for district governments' development expenditure (which were to be routed through district Account IV as part of a one-line transfer) have been funneled to district governments through provincial Account I. The provincial

government has used this cash flow management strategy was to partially fund the provincial and district governments' development expenditures.

However, the question arises: how have the GoS development expenditures expanded when existing education facilities are not fully staffed and current expenditures are not fully covered? The institutional incentive for GoS cannibalizing human resource availability and expenditures to finance development expenditures can be interpreted as political and economic rent seeking. On the political side, decentralization has restricted the turf for claiming votes for provincial level politicians. The expansion of the provincial development budget, even in district government domain (e.g. education, health), is a provincial government response to reclaim the political turf. Through targeted development projects, the political elite at the GoS level is contesting the service delivery and voter turf for political mileage.

On the economic side, programs such as the Member of Provincial Assembly Program (MPA Program) of discretionary expenditures of Rs. 5 million per MPA per year represent opportunities for economic and political rent extraction.

The severity of GoS's financial crunch has decreased since FY2003-04 due to external funding from donors, healthy fiscal transfers from the federal governments, and padding in the provincial budgets. The development budgets have been financed through savings from salaries, foreign aid, and padding in the GoS demands for federal transfers. However, the financial stability of the provincial government remains vulnerable and is

likely to aggravate as the provincial government is expanding its development budget (including projects in the devolved departments). The budgeted amounts of the Annual Development Program of the GoS have expanded from Rs 13 billion in 2004-05 to Rs. 24 billion in 2005-06 and Rs. 32 billion in 2006-07.

9.6 Conclusion and Contribution to the Literature

Decentralization design has impeded service delivery improvements as it allows policy control by the provincial government and restricts district governments' authority over its staff. Fiscal centralization of district resource mobilization at the provincial level has also inhibited district governments from deploying financial management strategies for addressing staffing deficits. The confluence of poor decentralization design, provincial exploitation of policymaking authority, and fiscal dependence of district governments on provincial resources, make district governments susceptible to legitimate and perverse political and fiscal objectives of the provincial government. The GoS has used the recruitment and compensation functions to achieve its non-education objectives (fiscal retrenchment, rent-seeking, bureaucratic turf protection) while accountability for education delivery rests with the district governments.

District governments in Sindh cannot and do not have effective authority to recruit staff or manage compensation. District governments' authority over the transfer/ postings function is contested with the provincial government. District governments cannot respond to local staffing deficits due to shortcomings in the decentralization design and implementation dynamics. There are no effective channels for service users to influence

district governments' decisions to respond to local needs. District governments are accountable for service delivery but do not have the policymaking authority over the recruitment, transfers, or compensation functions. The empirical evidence suggests that the processes, institutional structures, and incentives do not support local government authority, responsiveness, accountability, and service user participation.

The analysis in this chapter makes a contribution to the literature on public sector and education system governance in a developing country. It analyzes decentralized education input availability (as a proxy for service delivery) under Pakistan's recent decentralization initiative. It employs the methodologies of business process mapping and institutional analysis to capture decision flows and explain decision choices. The methodologies assist in locating authority, accountability, participation, and responsiveness in greater detail than the existing literature which enumerates and explains standalone decisions.

The analysis contributes to the literature on public sector governance literature by highlighting how governance levels can be set up for conflict if the rules do not demarcate authority domains clearly. The analysis identifies how institutional rules can be used by bureaucrats and political representatives to achieve their institutional and personal objectives (in conformity with Dye and Ziegler 1970) and to retain their turf while competing with other governance levels (in conformity with Downs 1967). Decision-making can be interpreted as bureaucratic and political actions determined by institutional and legislative structures (Anderson 1979). The evidence on provincial

decision-making suggests that bureaucratic and political actors adjust decisions to remain viable players in the policy space (Krause 1997) and change the composition of sub-systems to create more autonomy for themselves (Carpenter 2000, 2001).

The analysis contributes to the decentralization literature by identifying how the decentralization design (lack of policymaking authority to district governments), designers' motivations (fiscal containment, creation of local governance levels to substitute federal and provincial governments in abeyance) and background (replication of a unitary governance system with no sub-unit policymaking authority), and fiscal centralization of revenue mobilization, have affected education input availability and service delivery. The empirical evidence contradicts the policy advice by World Bank (2003) that policymaker must be separated from the service provider to increase accountability.[301] The evidence on the effect of provincial government policy control on limiting district government authority and responsiveness contradicts the policy advice in World Bank (2004) that the Planning Commission at the federal level must be responsible for developing sector policies, priorities, and plans[302] for implementation by district governments.[303]

Policy recommendations are presented in Chapter 11.

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[301] World Bank (2003) Page 98-101.

[302] World Bank (2004) "Pakistan: Public Expenditure Management; Strategic Issues and Reform Agenda Volume 1, Report No.25665-PK, Poverty Reduction and Economic Management Sector Unit, Pakistan. Pages 73-74, 86

[303] Ibid Page 86.

Table 9.1 Teacher Recruitment Posts

Posts	Basic Pay Scale
Primary School	
Primary School Teacher (PST)	9
Sindhi Language Teacher (SLT)	9
Elementary/Lower Secondary (Grade 6-8)	
Junior School Teacher (JST)	14
Assistant Workshop Instructor (AWI)	14
Drawing Teacher (DT)	14
Sindhi Language Teacher (SLT)	14
High School Teacher (HST)	14
High / Higher Secondary (Grade 9-10)	
High School Teacher (HST)	15
Workshop Instructor (WI)	15
Sindhi Language Teacher (SLT)	15
Drawing Master (DM)	15

Source: Government of Sindh

Table 9.2 Decision Flow for the Teacher Recruitment Process in Sindh

Date	Process
First Half FY 2003-2004 (prior to December 31, 2003)	Education Minister seeks special waiver from Chief Minister to waive the ban on teacher recruitment. Special waiver granted.
Prior to January 30, 2004	List of vacant posts as on December 31, 2003 developed by district education department and approved by provincial education department.
January 30, 2004	Advertisement placed in newspapers seeking applications for more than 7000 posts. About 317,000 candidates submitted application forms for these posts.[304]
February – May 2004	Applications processed by district governments and sent to provincial education department. The education department dispatches tests identification numbers to candidates.
Last week of May 2004	Written Tests conducted by two private sector universities.
June – September 2004	Tests graded and results forwarded by private sector test administrator. The lists of successful candidates (anyone scoring more than 40% of the test score) was provided to the district education department.
March 2005	1) Criteria for recruitment defined by the provincial education department and communicated to provincial government employees working for the district governments. Weightage of written tests, interviews, additional qualifications defined. Interview committees consisting of four provincial employees working at the district level and two appointees of provincial government employees (DCO, EDO) are declared. The provincial government provided guidelines for the interview committee composition through a notification on March 5, 2005.[305] 2) On March 18, 2005 the provincial education department provided the weightage for the selection criteria to the districts: written test 60%, interview 30% (completely subjective component); graduation (Bachelors degree) 5%, and post graduation (masters and Ph.D.) 5%.[306] The interview committees were required to compile the marks and submit to the provincial education department. 3) Changes made in the APT Rules 1974 to legalize the recruitment of BPS11-15 through the departmental procedure and bypass the SPSC purview. The rules were changed after the recruitment process had been initiated.
April 2005	Interview process initiated throughout the province.
January-March 2006	Provincial education department reconsiders the weightage of interviews in the recruitment process after charges of malpractices emerged. The provincial education department redefines the recruitment process to include only the written test and additional academic qualifications. Decides to constitute 5 teams to interview the short-listed 2 candidates per position, determine the authenticity of their additional qualifications, and

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[304] Based on provincial education department respondent.
[305] Notification No. SO (G-EDU)-E&A-MISC-2/37/2001 dated March 5, 2005.
[306] Notification No.EDU/SEMIS/RM&E/Recruit-8/2004 dated March 18, 2005.

	allocate the 10% weightage to academic qualifications.
April 2006	Provincial government enters into political wrangling over the criteria for recruitment. Political parties in the coalition government pressurize to recruit on the basis of political quotas assigned to members of provincial assembly.
July 2006	Provincial government announces change in recruitment policy: test results to be the sole criterion to recruit. Provincial government announces 2,050 candidates as recruits for the teaching positions. The policy on the residual vacant posts not announced.

Source: Official documents and interviews. GoS Education department website.

Table 9.3 Federal Financing of Provincial Current Expenditure (%)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Punjab	41.5	56.7	58.6	76.5	76.8	76.6	79.8	79.3
Sindh	36.3	50.1	55.8	80.2	78.7	78.3	83.0	84.9
NWFP	54.8	81.5	81.3	88.0	89.2	69.8	71.8	72.3
Balochistan	84.8	52.8	55.0	68.9	92.8	95.4	94.5	94.3

Federal Financing includes (i) Federal Tax Assignment (ii) Federal Non- Development Grants.
Source: Annual Provincial Budget Statements; various issues

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Chapter 10. Improving Primary Education Delivery in Sindh by Improving Textbook Availability

Since 2001-02, the Government of Sindh has funded a program of providing free textbooks to students in public primary schools. The analysis identifies reconfiguration of business processes, institutional incentives, and institutional structures to improve the timeliness and adequacy of free textbook delivery.

In this chapter, book provision for the academic year 2005-2006 has been analyzed. The provision was triggered during the fiscal year 2004-2005 and completed in fiscal and academic year 2005-2006. This was the latest year for which data were available at the time of data collection (January-May 2006).

10.1 Research Questions

1) What are the processes, institutional structures, and incentives involved in the provision of textbooks to public primary schools?

2) Do these processes, institutional structures, and incentives support district government authority, responsiveness, accountability, and service user participation?

3) What restructuring of business process and institutional incentives can improve the timely provision of textbooks by district governments?

The second research question measures the degree of decentralized decision-making while the first and third questions focus on the timely and adequate provision of text books.

Timely availability of books at the commencement of academic year is critical for a smooth learning process during an academic year. In January 2005, the commencement of the academic year was changed from April 1, 2005 to August 1, 2005. Some respondents suggested that one of the reasons for this change was the realization that books could not be delivered by April 2005.

The second issue is the adequacy of textbooks. There is no consensus between the provincial and district governments over the enrollment levels and therefore the adequate number of textbooks. The data in Table 10.1 illustrate the point. Table 10.1 presents data on enrollment levels from two sources: i) the office of the Executive District Officer (Education) (EDO Education), a provincial government employee transferred to lead the district education department, and ii) the Sindh Education Management Information System (SEMIS), the database managed by the provincial government on school enrollment levels.

The data are from two slightly different time periods. The SEMIS data are from the January 2005, i.e. mid-year data for the academic year 2004-05. The EDO data are from September 2005. This dataset is compiled at the beginning of the academic year 2005-2006 and is the basis on which districts governments can claim per student allocations for

the next academic year (i.e. 2006-2007). Thus, the district governments have an incentive to inflate these numbers to garner additional funding.

The data in Table 10.1 illustrate an average difference of 36% in the enrollment levels from EDO data and SEMIS sources across the 16 sixteen districts within six months (January- September 2005). In some districts, this difference is as high as 104% of the January 2005 SEMIS enrollment levels. Several explanations can be put forward for this difference.

First, an enrollment drive during the summer of 2005 and the commencement of the academic year in August 2005 could have increased the September 2005 enrollment. Second, the September 2005 EDO Education enrollment levels are the basis for next year's funding. District education department may have included potential future increments in the September 2005 number. Third, the January 2005 SEMIS enrollment data are a mid-year count that includes drop-outs during the year depressing the January 2005 enrollment and expanding the gap between the January 2005 and September 2005 levels. Fourth, the enrollment levels may also include padding of enrollment levels for rent-seeking, though it could affect both the EDO and SEMIS data.

The two data are the only data available. The district education department leadership, who are provincial government employees, supervises data collection for both these data. These discrepancies raise the question about the adequate number of books.

10.2 Methodology and Data

The section employs the methodologies of business process mapping and institutional analysis described in Chapter 4. The free textbook provision for the academic year 2005-2006 was analyzed in districts that have been the focus of analysis throughout the dissertation. Initially the data were collected in three districts: Khairpur, Ghotki, and Thatta. Due to severe data access constraints in Thatta and limited data availability in Khairpur, data were also collected in Sukkur district. The data were collected over the period July 2005-April 2006. The detailed decision flows are presented for Ghotki and Sukkur districts.

Data consist mainly of secondary data from official documents for the academic year 2005-2006. Data were collected on the processes and decisions involved in textbook provision at the district and provincial finance and education departments. These data was followed by interviews from respondents at the provincial and district education and finance departments. This yielded more information on the decisions and the effect of institutional structures and incentives on these decisions and textbook provision.

The data may appear limited in terms of the number of districts in which the data were collected.[307] However, the analysis in this chapter indicates that there is little potential for variation across districts. Sample size is not a limited as it may appear.

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[307] There are 23 districts in the province of Sindh.

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10.3 Mapping and Institutional Analysis

This section presents mapping of decision flows in the districts of Ghotki and Sukkur for the academic year 2005-2006. The decision flows are presented in Table 10.2 and Table 10.3 for Ghotki and Sukkur districts respectively.

As presented in Table 10.2 and Table 10.3, the trigger decision for the supply of books is the financial allocation by the provincial government. If the provincial government does not allocate the funding for free textbooks or does not make them available, the entire process for textbook provision cannot be initiated.

The provincial government determines the funding level and timing. The evidence suggests that the funding level and the number of textbooks for each district are determined by the fiscal constraints of the provincial government and by its estimates of the enrollment level in each district. This is illustrated by the fact that the funding levels for each district is announced by provincial government (November 10, 2004) prior to district governments providing enrollment data and demand for textbooks to the Sindh Textbook Board (STB). However, as discussed earlier in the chapter, the integrity of the enrollment data is questionable.

The centralized production of books appears to drive the other processes. Due to the long production cycle for books and the centralized processes, the district governments are required to provide projected enrolment levels to the STB at least 9 months in advance. The early forecasts of enrollment levels create an incentive for the district governments to inflate the enrollment levels either to hedge against uncertain future enrollment levels, or

to extract rents through ordering excess books and selling them privately. These incentives to inflate enrollments are also complemented by the fact that schools receive funding for School Management Committees on a per pupil basis.

The data captured from mapping decision flows and presented in Table 10.2 and Table 10.3 illustrate that the funding levels, funding availability, production of books, and timely availability of books are controlled by decisions by the provincial government. The authority of the district governments is limited to providing enrollment data and distribution of books when they are made available by the provincial government.

While centralized production may appear to have merit on efficiency grounds of a single producer, it undermines district authority and control over the number and availability of books. Moreover, the potential merit of centralized production is not being achieved. The provincial government has failed to provide textbooks to all students at the commencement of the academic year every year since the free textbook program was initiated. The provincial government is ineffective in determining the enrollment levels. Both adequacy and timeliness can be improved.

It is noteworthy that while the provincial governments control funding levels and timing, the funds are nevertheless routed through the district accounts. The funds, for the academic year 2005-06 are routed through the district account IV. The district governments are then ordered to make payments to the provincial STB, the provincial government's monopoly for textbook production. The district governments are writing

the cheques, the expenditure is booked in the district government accounts, even though the provincial government determines the funding levels, timing, and production process. This raises issues about the accuracy of expenditure assignment surveys that measure district government authority as the district government share of total public sector expenditure.

If centralized production is continued, the routing of funds through the district accounts is a process that expands the decision flows and supply time. The supply time can be reduced if the provincial government directly pays the STB. However, these funds are recurrent expenditures for education, that in accordance with the decentralization design, ought to determined by district governments and spent through their Account IV.

Data from the STB on delivery of books to district government illustrate that books were delivered to district education departments from the first week of May 2005 (Jacobabad, Tharparkar, and Sanghar districts) through the last week of July (Karachi). This delivery to the district government representative was followed by subsequent distribution to Assistant District Officers (ADOs) who transferred the books to school supervisors (responsible for several schools) who forwarded these books to school principals who distributed them to students. This intra-district distribution of books was completed in some cases by September. Books receipt by students ranged from commencement of academic calendar (1st week of August) through September. If the commencement of the academic year had not been changed to August, the books would have been received 4-5 months after the commencement of the academic year.

ADOs and school supervisors at the district level, responsible for downstream distribution, suggested that resource constraints for transportation expenses for delivering the books resulted in delays in intra-district distribution.

Evidence at the district and sub-district levels highlights poor tracking mechanisms for checking the timing and distribution levels. The accountability and audit structures to determine the timeliness, adequacy, and actual delivery of the books to the students are weak.

10.4 Conclusion

While the decentralization legislation makes district governments accountable for the delivery of education, the district governments do not have the authority over funding levels, timing, production and adequate availability of books. The district governments do not control the provision of books. Since the production and funding decisions are centralized at the provincial level, service users cannot and do participate in local budgetary decision-making processes. District government responsiveness to the local need of timely book availability is circumscribed by their lack of authority over book production and financing decisions. The accountability of local governments to provincial governments and service users is compromised by the lack of audit and standards-based or performance-based accountability systems.

Institutional structures, such as centralization of revenue generation, prevent decentralization of textbook provision to the district level. Administrative centralization and fiscal centralization of resource mobilization limits district governments' authority over the funding and production of books while they are accountable for education delivery. Since the inception of this program, the provincial government has controlled funding levels and timing. A complementary institutional incentive is to control this budget: decision-makers at the provincial level control the distribution of printing contracts given by the STB.

The analysis in this chapter makes a contribution to the literature on public sector and education system governance in a developing country. It analyzes decentralized education input availability (as a proxy for service delivery) under Pakistan's recent decentralization initiative. It employs the methodologies of business process mapping and institutional analysis to capture decision flows and explain decision choices.

The analysis in this chapter contributes to the decentralization literature by identifying how administrative centralization and fiscal centralization of revenue mobilization have affected education input availability and service delivery. Policy recommendations are presented in Chapter 11.

Table 10.1 Public Primary School Enrollment Levels as per SEMIS and EDO Data

District	SEMIS (Jan 2005)	EDO (Sep 2005)	EDO-SEMIS	(EDO-SEMIS) / SEMIS
Badin	137,062	183,924	46,862	34%
Dadu	225,710	460,789	235,079	104%
Ghotki	143,351	* 143,351	0	0%
Hyderabad	229,604	347,795	118,191	51%
Jacobabad	176,971	213,720	36,749	21%
Karachi	370,916	* 370,916	0	0%
Khairpur	187,357	324,331	136,974	73%
Larkana	258,112	296,150	38,038	15%
Mirpur Khas	152,143	215,854	63,711	42%
Naushehro Feroz	169,167	210,520	41,353	24%
Nawabshah	117,391	139,466	22,075	19%
Sanghar	161,952	171,000	9,048	6%
Shikarpur	90,958	166,672	75,714	83%
Sukkur	99,564	173,593	74,029	74%
Tharparkar	113,323	160,211	46,888	41%
Thatta	110,875	156,597	45,722	41%
Total SINDH	**2,744,456**	**3,734,889**	**990,433**	**36%**

Source: Reform Support Unit, Education Department, Government of Sindh

Table 10.2 Mapping Decision Flow for Provision of Books– Academic Year 2005-06, District Ghotki

Date	From – To	Content
Nov 4, 2004	From the Sindh Textbook Board (STB) to the Executive District Officer (EDO) Education, Ghotki	STB requesting enrollment data from the EDO (Education) Ghotki to determine the number of book sets to be printed.
Nov 10, 2004	From Provincial Finance Department to Accountant General, Sindh (AG Sindh)	AG Sindh informs the Accountant General of the sanction by the PG to release Rs. 249.14 million for free textbook provision. The amount is to be credited into the district Account IV.
Nov 22, 2004	From the EDO (Education) Ghotki to the STB	EDO (Education) Ghotki informs the STB of the number of sets of textbooks. The district education department informs the STB of the number of students according to gender, class, and medium of instruction. Total enrollment is 165,916.
Nov 30, 2004	From District Officer (DO) (Elementary Education) Ghotki to EDO (Education) Ghotki	DO (Elementary Education) informs the EDO (Education) of the enrollment data. Oddly the documentary evidence suggests that the EDO (Education) had already informed the STB (on Nov 22) of the enrollment levels and demand for number of sets of textbooks.
Dec 2, 2004	From the Sindh Textbook Board (STB) to the Executive District Officer (EDO) Education, Ghotki	STB informing the EDO (Education) Ghotki that the provincial government has allotted Rs.9.8 million on behalf of the district government Ghotki for purchasing textbooks. STB also informs the EDO (Education) Ghotki that the cost of the books requested by their district is **Rs. 13.9 million** against the GoS sanctioned amount of Rs. 9.8 million.
Dec 10, 2004	From provincial education department to the District Coordination Officer (DCO) of each district	Communicates to the DCO of each district that the funding for books is in the district accounts and these be transferred to the EDO (Education) Ghotki through the EDO (Finance and Planning) Ghotki
Dec 13, 2004	From the EDO (Education) Ghotki to the provincial Finance Department	The EDO (Education) Ghotki requests the provincial Finance Department to release funds to fund the shortage of funds for purchasing this year's books (Rs. 4.1 million) and last year's dues (Rs. 1.3 million)
Dec 22, 2004	From the DCO Ghotki to the EDO (Education) Ghotki	Communicates the sanction of release of funds to the EDO (Education) Ghotki for forward payment to the STB
Dec 24, 2004	From the Office of the EDO (Education) Ghotki to the STB	Partial payment for the books. Cheque issued by the District Accounts Officer, Ghotki
Mar 19, 2005	From the STB to the EDO (Education) Ghotki	STB requests the EDO (Education) Ghotki to make the differential payment for this year, pay the previous year's dues, and arrange for the transportation arrangements.
May 3, 2005	From the STB to the EDO (Education) Ghotki	STB informs all EDOs of the dates for which their representatives can seek delivery of the books for their districts. Ghotki is assigned May 9, 2005 as the delivery date.
May 13, 2005		Final Delivery of Books received from STB
May 13-Aug 2005		Books delivered across the district prior to commencement of academic year on Aug 1, 2005.

Source: District Education Department, Ghotki; Sindh Textbook Board; and the Reform Support Unit, Government of Sindh

Table 10.3 Mapping Decision Flow for Provision of Books – Academic Year 2005-06, District Sukkur

Date	From – To	Content
Nov 10, 2004	From Provincial Finance Department to Accountant General, Sindh (AG Sindh)	AG Sindh informs the Accountant General of the sanction by the PG to release Rs. 249.14 million for free textbook provision. The amount is to be credited into the district Account IV.
Nov 19, 2004	From State Bank of Pakistan (SBP) to the District Accounts Officer, Sukkur	SBP informs the district government that an amount of Rs. 14.41 million have been credited to the District Account IV. The amount for textbooks is Rs. 8.4 million.
Nov 22, 2004	From the Sindh Textbook Board (STB) to the Executive District Officer (EDO) Education, Sukkur	STB requesting enrollment data from the EDO (Education) Sukkur to determine the number of book sets to be printed.
Nov 27, 2004	From the EDO (Education) Sukkur to the STB.	The district education department informs the STB of the number of students according to gender, class, and medium of instruction. Total enrollment is 131, 221 for Sukkur.
Dec 2, 2004	From the STB to the EDO (Education) Sukkur	STB requests the EDO (Education) Sukkur to remit the sanctioned amount for books to their accounts. STB also informs the EDO (Education) Sukkur that the cost of the books requested by their district is Rs. 12.2 million against the GoS sanctioned amount of Rs. 8.4 million.
Dec 10, 2004	From provincial education department to the District Coordination Officer (DCO) of each district	Communicates to the DCO of each district that the funding for books is in the district accounts and these be transferred to the EDO (Education) Sukkur through the EDO (Finance and Planning) Sukkur
Dec 24, 2004	From the DCO Sukkur to the EDO (Education) Sukkur	Communicates the sanction of release of funds to the EDO (Education) Sukkur for forward payment to the STB
Dec 31, 2004	From the EDO (Education) Sukkur to the STB	Partial payment for the books. Cheque issued by the District Accounts Officer, Sukkur
Mar 19, 2005	From the STB to the EDO (Education) Sukkur	STB requests the EDO (Education) Sukkur to make the differential payment for this year, pay the previous year's dues, and arrange for the transportation arrangements.
May 3, 2005	From the STB to the EDO (Education) Sukkur	STB informs all EDOs of the dates for which their representatives can seek delivery of the books for their districts. Sukkur is assigned May 25, 2005 as the delivery date.
May 27, 2005		Final Delivery of Books received from STB
May 27-Sep 2005		Books delivered across the district. Some schools received prior to the commencement of academic year on Aug 1, 2005.

Source: District Education Department, Sukkur; Sindh Textbook Board; and the Reform Support Unit, Government of Sindh

Chapter 11. Summary of Findings and Policy Recommendations

This dissertation analyses the latest decentralization initiative in Pakistan and tests if the design and implementation have improved, or can improve, public primary education delivery. The hypothesis, that the constructs of decision-making, i.e. district government authority, accountability, responsiveness, and service user participation, have improved, is tested in this dissertation.

In the absence of reliable indicators for primary education system output, the dissertation identifies institutional structures, incentives, and business processes that affect the timely availability of education inputs (books, teachers) to schools. The scope of analysis includes the entire chain of decision-making for service delivery: policymaking, planning, and operations. Decision flows were mapped and institutional analysis was conducted. Data on business processes, institutional structures, and incentives from multiple governance levels (Supra-State, federal, provincial, and district governments) and functions (education, finance, planning and development) were analyzed.

The latest decentralization initiative was launched by General Musharraf to achieve multiple objectives: demonstrate democratization and resumption of political activity (but at the lowest levels that owe their existence to the Musharraf regime); respond to political compulsions of domestic and international legitimacy creation; respond to economic constraints that created incentives for fiscal centralization and debt reduction; and achieve service delivery improvements. The initiative was launched by an Army-led,

extra-Constitutional structure (NRB) in the absence of elected provincial and federal governments[308] and in a federal system operating largely as a unitary structure with weak provincial autonomy. Devolution, which represents creation of political institutions at the local level, was the primary scope of the initiative. Support from World Bank, United Nations Development Program, and Asian Development Bank expanded the scope of devolution by emphasizing the service delivery dimension.

Fiscal constraints of the federal government, debt-restructuring covenants to control public expenditures, IDI policy and budgeting initiatives to influence social sector expenditures (and federal government compliance to them), natural military regime survival compulsions for unitary control of political and administrative structures, all prevented decentralization of *federal* fiscal, political, and administrative control of the State.

11.1 Summary of Findings

The analyses across the policymaking, planning, and operations levels indicate that while district governments are accountable for service delivery they have limited authority to respond to local needs. At the operations level, district governments in Sindh have very limited influence over education input availability. Human resource availability in district governments in Sindh is controlled by the GoS through its control of the policymaking stage. District authority in Sindh for providing books is limited to estimation of

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[308] Federal and provincial governments had been suspended after the Army coup on October 12, 1999.

enrollment and distribution of books. District government authority for provision of physical infrastructure is contested with the provincial and federal governments.

The analyses of policymaking in Chapter 5 and teacher availability in Chapter 9 indicate that decentralization design prevents district governments from choosing operational priorities. The policymaking function in the decentralization design, and in the pre-decentralization structure, is contested between the federal and provincial governments. District governments, under the decentralization design, are required to implement policy choices made by higher governance levels. This is a replication of the unitary structure where the constituent units (districts) do not have policymaking authority. The GoS has exploited the decentralization design to control education input availability and achieve its bureaucratic and political objectives. Supra-State institutions, through their policymaking through budgeting initiatives (PRSP, EFA, SDSSP), have contested local priority setting.

Contradictions in decentralization legislation, lack of district policymaking authority, vulnerability of district governments to provincial fiscal management strategies, and provincial (political and fiscal) survival strategies have restricted district government authority, responsiveness, and local service user participation. District governments do not exist as autonomous entities accountable to local service users.

The analysis of education planning in Chapter 6 identifies that authority for education planning is contested between multiple institutions at the Supra-State, federal, provincial,

and district levels. The decentralization legislation identifies multiple, contradictory sources of, and processes for, determining operations level priorities at the planning stage. The pre-decentralization structures and authority for provincial, federal, and Supra-State education planning have not been retrenched. These contest district government authority in determining service delivery priorities. Fiscal centralization of resource mobilization at higher governance levels restricts district government authority and responsiveness to local needs.

The case study in Chapter 7 illustrates that ESRAP represents unitary style expenditure assignment that violates the principles of federalism and decentralization. The ESRAP process and content do not support district government authority or service user participation. However, ESRAP is in line with the MoE mandate for education planning defined in the pre-decentralization legislation. ESRAP morphed into a compliance (demonstration) exercise for I-PRSP and EFA commitments. ESRAP demonstrates Domestic Policy Elite accountability to the Foreign Policy Elite and State capture at the highest governance level. Non-education objectives (demonstration of compliance with I-foreign initiatives, aid generation) influenced education planning at the federal level.

The analysis of SDSSP in Chapter 8 illustrates that program design and implementation contradict program objectives of promoting decentralized planning and service delivery. The evidence supports that the SDSSP program design (i.e. ADB policy control and fiscal centralization of revenue mobilization) restricted district government authority for education planning. Education planning at the district level was restricted to

programming in compliance with ADB policy and expenditure guidelines. SDSSP design and implementation reinforced administrative and fiscal centralization at the ADB and PSU levels. Education programming sponsored by SDSSP was parallel to the mainstream planning activities at the district level. Institutional analysis indicates that institutional objectives of maximizing lending (for the ADB), borrowing (for the federal EAD, GoS), and spending (for district governments' political leadership) undermined due diligence of program design and implementation by decision-makers at the ADB, EAD, PSU, and district government levels.

The analysis in Chapter 9 highlights that the GoS has controlled teacher availability in public primary schools. The GoS has manipulated the decentralization design (no policymaking authority for district governments) and exploited the fiscal centralization of resource mobilization to control the recruitment, transfers, and compensation functions of the district governments. The GoS has partially financed development expenditures by cannibalizing current expenditures at the district level.

The analysis in Chapter 10 highlights that district governments' authority for textbook provision is limited to estimation of enrollment and distribution of textbooks. The GoS controls the timing and levels of funding and the textbook production process. The adequacy and timing of textbook availability is constrained by centralized funding and production. The analyses in Chapters 9 and 10 demonstrate that district governments do not have authority over input availability, and thus, education delivery.

It has been eight years since decentralization was launched in Pakistan. The analysis highlights that decentralization in Pakistan has added parallel governance structures without diluting pre-federalism and pre-decentralization structures. Supra-State institutions have not retrenched their centralized initiatives or diluted their policy control. Supra-State institutions are pursuing a globalization and centralization agenda (through their expenditure management and international development initiatives) while avowing to support decentralization.

Decentralizing under fiscal crisis may affect decentralization design and implementation as fiscal objectives may restrict district government authority. A weak State may not decentralize its control over social sectors, as they are often used to generate foreign aid, and/ or exert central control over domestic constituents. The regime survival compulsions of a military regime may also reinforce unitary control at the expense of decentralization.

The analysis indicates that future analyses of decentralization and its impact of service delivery, particularly econometric analyses, should not automatically assume that local expenditures are locally determined. They may be in execution of policies determined by higher governance tiers.

The analysis also highlights that historical analysis of institutional structures and incentives yield significant insights into current institutional reform efforts. Context matters. For example, even though the decentralization design is identical for all provinces in Pakistan, the strategic response across provinces may vary according to the

political calculus in the province, fiscal capacity, and quality of civil service. Context may have common features and variance across provinces in the same country.

11.2 Policy Recommendations

Based on the analysis of education policymaking, planning and operations, policy recommendations to improve decentralized education delivery are proposed below. These recommendations are necessary for activating the basis for decentralization.

11.2.1. Dilution of Pre-decentralization and Pre-federalism Structures

Despite espousing federalism under the Constitution of 1973, federal governments in Pakistan have retained the unitary governance structures from the 1950s. Under the decentralization initiative, layers of district government structures have been added without diluting the unitary governance structures at the federal level, or pre-decentralization structures at the provincial level.

11.2.1.1 Realign the Concurrent List in the Constitution of Pakistan, 1973

The analysis in the Chapter 5 (on education policymaking) reveals federal policymaking over a provincial subject in the pre-decentralization era. The Concurrent List defines policymaking as the joint domain of provincial and federal governments. There is no demarcation of policy domains across the provincial and federal governments. Responsibilities for regulatory, strategic, operations, and structural policies have not been demarcated across governance levels.

In the post-decentralization era, policymaking authority is contested between the federal government and the provincial government while district governments have no policymaking authority.

On the policymaking front, the Concurrent List should be amended to a) assign policymaking authority to district governments for operations level decisions, and b) segregate policymaking authority for regulatory, structural, strategic and operations policies across federal, provincial, and district governments. The federal policymaking authority should be limited to a) assigning and measuring performance standards for student learning and achievement outcomes; and b) defining the structural policies of the education system.

The provincial governments should be assigned regulatory roles over district governments to ensure district governments' performance achieves federal and provincial standards. The authority for strategic and operations policies should be the sole domain of district governments. Currently, district authority over service delivery is compromised by limited district authority over inputs to service delivery.

The analysis of education planning across federal, provincial, and district governments in Sindh (Chapter 6), and the case study of Education Sector Reform Action Plan (Chapter 7) highlight redundancies in institutional structures and mandates for education planning. Budgeting documents are used as policy instruments. The unitary approach of the NRB, institutional incentives at the federal level (protection of bureaucratic turf defined under

the unitary governance, foreign aid generation; compliance with foreign education development initiatives) and institutional incentives at the provincial level (survival of provincial governments after decentralization, political and economic rent-seeking) have prevented a retrenchment of pre-decentralization structures. Moreover, Supra-State initiatives promote top-down, often unfunded, budgeting initiatives. These initiatives represent policymaking through budgeting and weaken district government authority over service delivery.

The Concurrent List defines education planning as the joint domain of federal and provincial governments. This pre-decentralization authority should be diluted. Authority for education planning should be the sole domain of district governments. This is line with the basis for decentralization: central planners have poor information about local needs and local political leadership accountable to service users can be more responsive to local needs.

11.2.1.2 Realign Unitary Economic Planning under the Constitution of Pakistan

Under Article 156(2) of the Constitution of Pakistan, 1973, the federal government is authorized to conduct economic planning. The evidence suggests central education planning under the Five Year Plans, the MTDF, and the I-PRSP are susceptible to non-education objectives of the federal government. The federal government's unitary economic planning for primary education inputs may be retrenched as it bypassed provincial government authority under federalism, and currently bypasses district government authority under decentralization.

Support for retrenchment of this unitary economic planning exists in the Constitution. According to Article 156(2), planning by the National Economic Council and the Planning Commission should be guided by the Principles of Policy Article 32: the State and the NEC must strive for the "Promotion of Local Government Institutions".

11.2.1.3 Realign the Federal Rules of Business, 1973

Consistent with the proposed realignment of policymaking authority under the Concurrent List, the Federal Rules of Business, 1973 should realign the federal domain to a) assigning and measuring performance standards for student learning and achievement outcomes, and b) defining the structural policies of the education system. Schedule II [Item 8(1) and 8 (2)] of the federal Rules of Business 1973 may be amended to exclude education planning as a federal domain, and curtail the federal authority of compliance with development policy developed by Supra-State institutions. The federal government may recommend these initiatives to district government for consideration, but decision to implement would be district governments' choice.

11.2.1.4 Realign Provincial Rules of Business

The analyses of policymaking and planning activities of the GoS highlight significant provincial development expenditure assignment for education. Education planning and budgets, particularly for direct inputs to service delivery such as school construction and teacher salaries should be curtailed at the provincial level. Arbitrary development

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expenditures and political-motivated schemes (e.g. MPA programs, special packages) that undermine district government authority should be curtailed.

The provincial rules of business of Sindh and Punjab continue to assert education as provincial subjects. Specifically, the Sindh Provincial Rules of Business, 1986 should be amended to remove primary education (and other services which are now district subjects) from the provincial domain. The Sindh Provincial Rules of Business, 1986 should be amended to define the provincial authority and processes for: a) implementing federal standards-based performance evaluation; and b) conducting the regulatory role for performance-based districts government accountability.

11.2.2. Restructuring the Decentralization Design

Currently district governments are accountable for service delivery but have no authority to determine operations policies. The decentralization design identifies multiple, contradictory sources of development policy: the federal and provincial governments, the Nazim, and local service users.

In design and practice, district governments are accountable to implement operations policies determined by higher governance levels. District government departments are lead by provincial government employees who are required to implement provincial government policies and report any deviation from provincial policy. The recruitment, transfers, and compensation policies of district government employees are determined by the provincial government.

District governments are dependent on provincial governments for resource generation. The district governments are susceptible to provincial government's financial management strategies. The decentralization design requires district governments to get approval for new expenditures from the provincial government. District governments' authority over inputs to service delivery (teachers, books, and infrastructure) is controlled by provincial government policies.

The decentralization design (policy control by higher governance levels, and approval from provincial government for new expenditures at the district) can be attributed to two possible explanations. First, the design is a replication of the unitary instinct prevalent in Pakistan: the federal government determines policies for subjects of the federating units. Second, the objective of reducing the public sector deficit may have influenced the requirement for district governments to seek new expenditure approval from provincial governments.

11.2.2.1 Assigning authority for determining operations policies

District governments should have the authority to make operations policies in response to local needs. This policy recommendation is against the view of Asian Development Bank et al. (2004) that federal government should stick to the basic principles and allow variation in implementation according to local needs.[309] It is also against the view that

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[309] Page 64, Asian Development Bank et al. (2004), Devolution in Pakistan: An Assessment and Recommendations for Action", July 2004.

policy-making and service provision should be kept separate (World Bank 2003).[310] There are two deficiencies in these arguments. First, policy control by higher governance levels coupled with centralization of resource mobilization can restrict district government responsiveness to local needs and leave little room for implementation variation. Centralized, unitary policymaking is contradictory to the logic of decentralization, as much as it is contradictory to the principles of federalism.

Second, the lumping of all policy-making authority with the central government in the name of checks and balances is a crude approach. If policy-making is appropriately disaggregated into operations, structural, strategic and regulatory domains, then district governments would have the operations policymaking authority to alter inputs to service delivery based on local needs, and higher governance levels would have the policymaking authority for regulatory, standards, and structural issues and maintain checks and balances. Through this configuration, district government authority and accountability for service delivery can be improved. Table 11.1 presents the recommended distribution of the policy function.

Decentralization of operations policy-making authority is congruent with federalism which allows the federating units to develop policies autonomously (as opposed to a unitary governance structure where the highest governance level issues policies that the lower levels have to execute).

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[310] World Bank (2003). Paged 98-101

Table 11.1 Proposed Distribution of Policymaking Authority

	Regulatory	**Structural**	**Strategic**	**Operations**
Federal	Learning & Achievement standards for all school age children; Curriculum Content; Safety standards for schools	Years of Schooling; system structure	Mission and Goals of the Education System	-
Provincial	Regulation of private schools in the province; District System Performance Standards; Inspection of compliance of safety standards in districts	Academic Calendar	Special grants for high performance and lagging districts; Grants for reducing inequities in district performance	-
District	School compliance with learning practices and instructional standards.	-	-	Human Resource Management; Physical Infrastructure; Financial Management

11.2.2.2 Removing contradictions in the decentralization design for determining priorities

The analysis of planning function in Chapter 6 highlights the multiple sources of development policies and expenditure assignment priorities. District governments are expected to implement provincial government policies. Rule 127(3) and Rule 4(1) of the SLGO assert that the departmental leadership of the district governments must comply with provincial government policies, and implement them in the budgeting and financial management functions. The District Business Rules and District Budget Rules instruct district government departments to comply with provincial government guidelines in expenditure assignment.

Other components of the decentralization legislation contradict the provincial government control of the development policy as outlined in Rule 127(3) and Rule 4(1) of the SLGO. Illustrations of this contradiction are Article 18(a) of the SLGO, and Rule (32) of the District Budget Rules that assert that the Nazim shall "provide the vision and provide the development priorities", and Rule 11 and Rule 22 of the District Budget Rules which argue for bottom-up participatory planning to determine development priorities of the district government.

The decentralization legislation should be realigned that the authority for determining operational policies and expenditure assignment is the sole domain of district government leadership based on service user participation.

11.2.2.3 Independent district civil service cadre and human resource management rules

The analysis of teacher availability in Chapter 9 highlights GoS control over the recruitment, transfers, and compensation functions. The creation of district public service cadre with its own human resource management rules may improve district government authority over its staff and reduce susceptibility to provincial government control.

11.2.2.4 Fiscal Decentralization and autonomous financial management structures

The analyses of the planning function in Chapter 6 and teacher availability in Chapter 9 highlight that provincial government has cannibalized current expenditures at the district level to expand the development expenditures of the provincial government. The GoS controls the timing and level of funds available to the district governments. Creation of a

financial management system at the district level may enable district education department to deploy resource management strategies.

Schedule V under Rule 9(5) of the District Business Rules states that no district department shall issue any order that directly or indirectly affects the finances of the province or which involves expenditure for which no provision exists, re-appropriation within budget grants, or change in the number or grading of posts. This centralization inducing clause may be removed as it undermines the fiscal autonomy of the district government.

11.2.3 Realigning Supra-State Interventions

11.2.3.1 Decentralizing decentralization support programs

First, SDSSP funding should be routed through the mainstream district ADP budgeting structures instead of short-term, parallel, programming processes sponsored by the ADB. Second, decentralization support programs should avoid policy control or expenditure assignment priorities to governance levels whose planning capacities are to be enhanced. The policy control and expenditure assignment guidelines bypass the initial stages of the planning process and limit the planning exercise to the last stage of the planning process: compiling programs according to imported expenditure priorities and constraints.

Third, due diligence at the program design stage should be strengthened. The analysis identifies that maximization of lending/ borrowing/ drawing of funds affect program negotiation and implementation. The ADB recycled its SAP design after nearly a decade

of implementation without clear results. The Economic Affairs Division, with its institutional mandate of raising foreign exchange, approved the SAP-based SDSSP design. The GoS initially opposed the SDSSP, but eventually accepted the SDSSP when: a) the federal government asked the GoS to comply with the approved ADB Country Program, and b) when a debt refinance facility of USD110 million was offered by ADB to the GoS to retire its most expensive loan (from the federal government). Once the PSU was formed, GoS objective was to maximize the inflow of SDSSP program loan. The GoS has used the SDSSP funds to partially finance the provincial annual development program.

11.2.3.2 Centralization tendencies of education development initiatives

Initiatives such as EFA conduct centralized planning and expenditure assignment at the Supra-State level and spawn compliance-based programming activities at the federal, provincial, and district levels. The EFA initiative represents policymaking through budgeting. It reinforces centralized programming, is contrary to the basis of decentralization, and should be retrenched. Such initiatives should be diluted particularly if decentralized service delivery is a reform objective.

11.2.3.3 Centralization tendencies of economic loan covenants

The I-PRSP /PRSP required under PRGF from IMF was a centralized expenditure assignment exercise. Central expenditure and education sector targets were set for the entire country by the federal government while decentralization reform was being implemented. Foreign aid generation objectives and lender conditions reinforce

incentives and structures for centralized planning despite decentralization being an avowed objective by the lender and the borrower. These centralization-inducing initiatives should be retrenched by IDIs.

11.2.4 Improving Availability of Education Inputs in Sindh

District governments have poor authority over inputs to service delivery. Policy recommendations for the operations of primary education delivery are presented below.

11.2.4.1 Improving free textbook provision

The provision of textbooks is centralized at the provincial level and limits district government authority over education inputs. First, decentralization of administrative authority should include the district government authority to choose the publishers, the timing and funding levels, and funding for intra-district transportation and distribution.

Second, district governments should order of books in two stages. In the first stage, a percentage of current enrollment that is expected to be retained next year should be ordered. In the second stage, at the end of the academic year (May), district governments should determine the number of students promoted to the next class, add an estimate of potential enrollments, and trigger production of the second round. This flexibility in fine-tuning production and funding levels cannot be achieved in the current centralized production and finance system administered by the provincial government.

Third, funding for books should also include additional funds for intra-district distribution. Evidence from districts suggests that funding constraints for distribution also prevented the timely availability of books. Fourth, the recommendations towards decentralization require greater audit role of the provincial government to check the adequate and timely of availability of books.

Maintaining reliable information about the students, their location, and family information is the first step for auditing the availability of books. The SEMIS is an existing database that can be modified. This would serve as a starting point for other performance indicators: monitoring compulsory education of school age children, dropout rates, and student, school, and district performance in standardized tests, if and when they are implemented.

11.2.4.2 Improving availability of teachers

Creating an independent district civil service cadre with its own rules, autonomous financial management structures at the district level, and empowering district governments with policymaking authority over operations decisions, are necessary conditions for improving district government authority over teacher availability. District government authority over education inputs is a necessary condition when district governments are held accountable for service delivery.

The recommendations identified above are to be supported at the federal level through a constitutional process with federal, provincial and district level political representatives. The sequencing should be in the following manner: diluting pre-decentralization and pre-federalism structures; retrenching Supra-State interventions; restructuring the decentralization design; and improving education input availability. It is legislative activity at the national assembly which is the logical and legitimate route to implement these changes. The federal bureaucracy has a vested interest in retaining unitary structures at the expense of structures in federating units. The Musharraf regime, a military regime prefers a unitary structure given its own institutional background (Army's unitary command and control structures) and objective of central control of political and administrative structures. The appropriate time for implementing the above recommendations was before the launch of decentralization initiative. However, to salvage the decentralization initiative and promote federalism, these recommendations could be implemented at the current stage of decentralization implementation. The costs associated in implementing these recommendations include retraining and human resource development at the federal and provincial governments to execute the regulatory and strategic policy development, and the capacity building of human resource and institutional structures at the district government levels. District government capacity building includes policymaking and planning capabilities, and not just implementation capacities as per existing decentralization design.

Decentralization in Pakistan until now has been limited to devolution (a new political governance tier has been created) and with limited fiscal and administrative (provincial

government employees continue to control resource allocation by district governments). Limited decentralization is rooted in the decentralization design. On the decentralization-centralization spectrum, the education system operates as a unitary system with weak and parallel systems at the provincial and district levels. The first necessary condition of a successful education system is the availability of adequate inputs to education. The analysis of unitary structures and centralized planning and policymaking indicates that these inputs are more likely to be available under a decentralized system than a unitary system, given that district governments are given the policymaking authority and resources under strong accountability and regulatory structures.

The decentralization initiative can be undone if the designers and implementers of the initiative, the Musharraf regime, decide to do so. For example, if the Musharraf regime, under the name of provincial autonomy, amends the Concurrent List in the Constitution and assigns education (and other areas which in the pre-decentralization era were provincial subjects) as solely provincial subjects, it would *de facto* reverse decentralization and further limit the constrained existence of district governments. Such moves cannot be ruled out if the Musharraf regime, faced with another legitimacy crisis and a need for provincial governments' support for General Musharraf's "re-election", succumbs to political pressure to increase provincial government authority. This legitimate demand for provincial autonomy can be met, not at the expense of districts governments, but by the federal government shedding the unitary command and control system that has prevented provincial autonomy. A middle path can accommodate federal, provincial, and district governments by clearly assigning service delivery accountability

and operations policymaking and planning authority to local governments, with provincial governments providing strategic, regulatory, and structural policies in coordination with the federal government.

Appendix A. Survey of Decentralization Initiatives in Developing Countries

A1. Decentralization in Africa

In Africa, decentralization can be viewed as four phases.[311] The first phase is the late colonial local government system in British and French colonies. The second phase, during the 1950s to 1960s, saw the decline of decentralization and local government as national governments resorted to central planning, often modeled on socialist economic management paradigm and consolidation of the country under one-party rule.

The third phase during the 1970s and 1980s saw a wave of decentralization spurred by economic crises and the structural adjustment programs sponsored by the international development institutions. Decentralization to local governments was seen as a possible mechanism for cutting back central government expenditures. Responsibilities were devolved but human resource and financial resources were not. Olowu and Wunsch (2004) argue that even before the enforcement of structural adjustment programs (SAPs) by the international development institutions, governments had started to "hive off" responsibilities to local governments as resources declined in the wake of economic crises. The SAPs formalized these initiatives into policies. In this form of decentralization, responsibilities were spun off to local governments while retaining central control of government functions. This model of decentralization was attractive to

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[311] Olowu, D. and J. S. Wunsch (2004) "Local Governance in Africa: the Challenges of Democratic Decentralization", Lynne Rienner Publishers; Pages 30-39. Ribot (2002) cites Buell (1928); Schumacher (1975); Cowan (1958); ROS (1972); ROM (1979); Ouali et al. 1994; Diallo (1994); Gellar (1995); Crook and Manor (1994); UNCDF (2000)

governments who were politically insecure, such as the ones Ghana, Cameroon, and Cote d'Ivoire and Mali.[312]

Countries constituting Francophone West Africa did implement decentralization for introducing "participatory local government". In Senegal, however, the control of the ruling party and their administrative oversight strangled local autonomy. Mali created a system of local elected councils in 1979 but did not give them powers. Zimbabwe carried out a deconcentration of powers in 1984, emphasizing the creation of planning committees. There was little impact on the allocation of resources. In 1993, new powers were decentralized to elected rural district councils, but line ministries did not transfer significant powers to them. In Ghana, Colonel Rawlings set up "elected" district assemblies in 1987 but these assemblies had limited powers and included members appointed by the central state. In Ghana, Nigeria, and the francophone countries local government was constitutionally supported. However, decentralization reform in Africa during the 1970s and 1980s lead to intensified central government control.[313] UNCDF (2000) reports, "it was clear that the state institutional apparatus for decentralized development had neither promoted participation, nor promoted any meaningful economic and social economic and social advancement."[314]

The fourth phase of decentralization identified by Olowu and Wunsch (2004) is the post-1990 period, which despite being a continuation of the decentralization movement from

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[312] Olowu, D. and J. S. Wunsch (2004) "Local Governance in Africa: the Challenges of Democratic Decentralization", Lynne Rienner Publishers. Pages 30-39.
[313] Ribot (2002) page 6 cites Ribot (1999), Diallo 1994, Conyers (2001), Crook and Sverrison (2001), Rothchild (1994).
[314] Ribot (2002) cites UNCDF (2000)

the 1980s, was distinct in its own right. Decentralization in the 1980s was predominantly deconcentration and administrative decentralization. The decentralization of the 1990s was linked to political liberalization and democratization as the Soviet influence in Africa receded and pro-democracy influences spread as apartheid ended in South Africa.

In addition to this renewed democratic stance, structural adjustment programs required reduction of central government expenditures, and decentralization was a way to achieve this objective. Olowu and Wunsch (2004) argue that despite the broad pro-democracy thrust in the region, decentralization efforts during the 1990s onwards can be classified in three groups; a) old/deconcentration, as carried out in Ghana, Cameroon, Kenya, Malawi, and Zambia, b) new/devolution, as carried out in Mauritius, Botswana, Uganda, Nigeria, Mali, Cote d'Ivoire and Tanzania, c) mixed/partial devolution as carried out in Namibia, Mozambique, and Burkina Faso.[315]

Uganda's decentralization experiment was part of a much wider reform undertaken by the Government of Uganda since 1987. In the late 1980s the Government undertook an economic recovery program that espoused market liberalization, removal of price controls, and privatization. The National Resistance Movement (NRM) declared decentralization as a "necessary condition for democratization" when it rose to power in 1986.[316] The legislation promoting decentralization was passed throughout the 1990s but

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[315] Olowu, D. and J. S. Wunsch (2004) "Local Governance in Africa: the Challenges of Democratic Decentralization", Lynne Rienner Publishers. Pages 30-39.
[316] Francis, P. and R. James (2003) cites Kisakye (1997).

"decentralization has provided a democratic gloss in the eyes of international donors and local actors."[317]

It has been argued that most of the reforms taken during the 1990s as well in the name of democratic decentralization "have neither created the accountable representative local institutions nor devolved the powers that constitute democratic decentralization.[318]

A2. Decentralization in South America

Ryan (2004) argues that South America's economic crises and the decline of authoritarian rulers during the 1980s and 1990s triggered interest in decentralization as a solution to political and economic crises. He argues that decentralization reforms were taken for political motives, and were concentrated in countries where democratic rule was new (Guatemala, El Salvador) or weak (Colombia).

Elsewhere, decentralization was undertaken where the economic situation was socially explosive.[319] In Costa Rica, a country with strong centralist tradition, decentralization aimed "not to introduce legitimacy into a system which had little or none before, but to redefine the existing structures of legitimacy".[320]

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[317] Francis, P. and R. James (2003) "Balancing Rural Poverty Reduction and Citizen Participation: The Contradictions of Uganda's Decentralization Program", World Development, 31 (2): 325-37, Page 327
[318] Ribot (2002) page 7 cites Crook and Sverrison (2001)
[319] Ryan, Jeffrey J. (2004) "Decentralization and Democratic Instability: The Case of Costa Rica", Public Administration Review, January/February, Vol. 64, No.1, page81.
[320] Ibid

Ryan (2004) provides a summary of the motivations and implementation style of most South American decentralization initiatives. It is suggested that even though deepening of democracy is one of the central goals of decentralization, the primary stimulus for decentralization has not been the desire for democratization, but political and economic crises accompanied by external pressures from international development institutions. [321]

In Brazil, the recent spate of decentralization measures started in the late-eighties when the country adopted a federalist charter. The constitutional reform of 1988 assigned powers and responsibilities to the intermediate levels of government. Concurrently, the federal government installed in 1990 launched an aggressive economic reform program. Decentralization in Brazil was accompanied by privatization, fiscal restructuring, and trade liberalization. Thus, Brazil's decentralization can be viewed as a means to deal with reduced fiscal resources within the context of stabilization and structural adjustment policies. The objective of the decentralization program was to share the cost of adjustment with the states.[322]

However, Souza (1997) presents a different set of motivations for decentralization in Brazil that was triggered by the 1988 constitutional reforms. He argues that the first momentum towards decentralization was sparked in the political arena by four broad reasons: a reaction against centralization; a result of re-democratization pressures after

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[321] Ibid, Page 84.
[322] Food and Agricultural Organization, "Case Study-Brazil", from the Online Sourcebook on Decentralization – National Case Studies, downloaded May 21, 2004 from http://www.ciesin.org/decentralization/Entryway/E_Case_Studies_list.html

military rule; a search for efficient government; and a response to the lack of federal government interest in sensitive topics in the constitution-making process.[323]

Table A1. Other Decentralization Experiences in Africa and South America

Country	Comments
Africa	
Guinea Bissau	Privatization since 1986. Decentralization initiated in 1994. Motivation: restructure the economy and respond to political pressure to democratize.
Mali	Decentralization initiated in 1993 accompanied by privatization and liberalization. Motivation: Respond to domestic political pressures and World Bank structural adjustment programs.
Mauritania	Decentralization initiated in 1986 but accelerated in 1991 when international organizations viewed decentralization as a means to pursue economic restructuring.
Morocco	Decentralization initiated in 1973 but constitutional reforms in 1992. Motivation: Respond to domestic political pressures and fiscal pressures.
Niger	Most recent effort in 1994 through legislation
South America	
Bolivia	Decentralization launched in 1994. Motivation: Respond to pressure from domestic communities for greater participation and due to international pressure to decentralize. Economic restructuring launched prior to decentralization.
Chile	Origin "liberal" policies during the 1980s. Introduced regionalization, privatization, and restructuring simultaneously.
Colombia	Decentralization law passed in 1986 and in 1991. Motivation: Domestic political to empower mayors and citizens to improve law enforcement
Mexico	Decentralization initiated in late 1980s in conjunction with privatization and liberalization. Motivation: Respond to fiscal constraints and share the burden with the states.

Source: Food and Agricultural Organization, Online Sourcebook on Decentralization – National Case Studies from http://www.ciesin.org/decentralization/Entryway/E_Case_Studies_list.html accessed on May 21, 2004.

A3. Decentralization in South Asia

There have been three waves of decentralization in South Asia. In the first wave, during the late 1950s and early 1960s, the policy of "democratic decentralization" took various forms: "Basic Democracy" in Pakistan, "Panchayati Raj" in India, and "Panchayat

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[323] Souza, C. (1997) "Constitutional Engineering in Brazil: The Politics of Federalism and Decentralization", London, Macmillan Publishers Ltd, Page 175.

Democracy" in Nepal. The second wave was during the 1970s-1980s. In Bangladesh, the decentralization efforts by Major General Ziaur Rahman and Lieutenant General Ershad were motivated largely by their objective of consolidating the military regimes by entrenching the political parties they created after the military coups.[324] In Pakistan, Gen Zia ul Haq's implemented his version of local government in 1979 that was to serve, along with his Islamization drive, legitimacy generating initiatives for the regime.

In Nepal, however, civil protest led to furthering of the cause of local government. A referendum in 1980 determined the type of local government. The Decentralization Act of 1982 was passed followed by the drafting of the Decentralization Bylaws in 1984. Sri Lanka also experimented with decentralization and in 1973 the District Political Authority was established and resulted in administrative decentralization of development to the representatives. In 1987, provincial and divisional councils were created as a result of the 13th Amendment to the Constitution.[325]

The third wave consists of decentralization attempts since the 1990s. In India, legislative activity lead to the Constitution (64th Amendment) Bill, 1989 sponsored by the Congress (I) Rajiv Gandhi government. This initiative did not lead to fruition, as the motives of the central government for pushing decentralization at that time were doubted.[326] However, the succeeding Congress (I) P. V. Narasimha Rao Government followed on the issue and

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[324] Crook, R.C. and J. Manor (1998) "Democracy and Decentralization in South Asia and West Africa; Participation, Accountability, and Performance", Cambridge University Press. Page 87.

[325] Martir, Rolando (2002) "Strengthening Decentralization and Democratization: Challenges, Issues and Reforms", Pages 89-90, in Brillantes, Alex B. Jr. and Nora G. Cuachon eds. (2002) "Decentralization and Power Shift- An Imperative for Good Governance; A Sourcebook on Decentralization Experiences in Asia Volume 1"

[326] Tumalla, K. K. (1997) "Politics of Decentralization in India: An Analysis of Recent Developments", Asian Journal of Political Science, Volume 5, Pages 49-64.

passed the 73rd and 74th Amendments, which after being ratified by half the States became part of the Indian Constitution in April, 1992. This decentralization effort coincided with the economic liberalization that was initiated by the Indian government in 1991.

In Nepal, a revolt restored democracy, and the 1990 Constitution included decentralization as a fundamental element of democracy. Legislative activity in 1991 and 1999 created greater authority for local governments and outlined their administrative, fiscal and judicial powers. The Local Self-Governance Act of 1999 formalized devolution and the powers of local governments and marketed the transition away from previous attempts of delegation and deconcentration and towards devolution.[327] In Bangladesh, Khaleda Zia's civilian government launched its own version of decentralization by abolishing the previous *upazila parishad* system and introducing the Local Government (Union Parishad Amendment) Bill in 1993. In Pakistan, General Musharraf launched decentralization reform after the Army coup.

Two trends emerge from the survey of decentralization waves in South Asia. First, decentralization has been used by military regimes in South Asia, like those in some African countries, to achieve, among other objectives, legitimacy and regime consolidation. Second, decentralization processes in the region across the six decades, have been spasmodic rather than continuous.

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[327] Calugay, Zita Concepcion (2002) "Strengthening Local Self-Governance", Pages 66-67, in Brillantes, Alex B. Jr. and Nora G. Cuachon eds. (2002) "Decentralization and Power Shift- An Imperative for Good Governance; A Sourcebook on Decentralization Experiences in Asia Volume 1"

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Appendix B: Institutional Analysis for Decentralization in Pakistan

Table B1. Adaptation of Institutional Analysis for Decentralization in Pakistan	
Strategic and Institutional Environment	**Structure**
❑ *Fiscal Conditions of each governance level: Autonomy of revenue mobilization and expenditure assignment* ❑ Political and Legal Environment ❑ Policymaking Capacity ❑ Drivers for Change ❑ History or Previous Reform Efforts ❑ Stakeholders ❑ Outcomes that demonstrate success ❑ Incentives that modify behavior of stakeholders ❑ Accountability and Governance Arrangements ❑ *Legitimacy of Reform and Decentralization Implementers?* ❑ *Are there objectives of the implementers other than the stated objectives of the decentralization/ reform? Is there a perception of non-reform objectives by the system and the public?* ❑ *Differing reform agenda of different implementers?* ❑ *Path dependence of reform implementation* ❑ *Reform/ Decentralization Design: Was it participatory?* ❑ *Are there other reforms or initiatives implemented that reduce the resources for decentralization/ reform? Fiscal stabilization, debt reduction? Does fiscal stabilization reduce fiscal space for the provincial and district governments?* ❑ *How do Supra-State actors affect education sector governance and priorities? Through education sector funding and through macro-economic stability lending?* ❑ *How do international cooperation initiatives affect local decision-makers' authority and local priorities?*	❑ Current Structure: Organizational Chart ❑ Clear Lines of Authority; *authority for service delivery solely with local decision-makers?* ❑ Number or Management Levels in the Organization ❑ Co-ordination Mechanisms ❑ Spatial Distribution of Units ❑ Decentralization of processes and authority ❑ *What is the extent of fiscal centralization of resource mobilization at the federal level for provinces, and at the provincial level for districts?* ❑ *Does the decentralization design and structure conflict with the existing pre-decentralization structure? Have parallel structures been created at local government level without redefining provincial and federal government role? Is it decentralization or "parallelization"?* ❑ *Does decentralization of provincial authority to local governments correspond with decentralization of federal authority to provincial governments?*
Strategy	**Systems**
❑ Official Statements of Goal and Missions ❑ Actual Priorities as indicated by budget allocations ❑ Is there a strategic planning process involved? Is there involvement of stakeholders in the process? ❑ Form of high level decision-making ❑ Has the strategy been evolved from the appraisal of the institutional environment? Appraisal of service delivery? ❑ Are the goals and strategy clearly understood inside and outside the organization? ❑ Is there a clear implementation plan? Is there room for changes and provisions to adapt? ❑ *Does the governance level accountable to service user for service delivery have the authority for developing strategy?* ❑ *Is the strategy responsive to service users or local needs? Is the strategy responsiveness to higher governance levels?* ❑ *Is strategy choice due to funding conditionalities from donors or higher governance levels?* ❑ *Is there a clear set of strategic priorities or multiple*	❑ Systems for High-level decision-making ❑ Are systems clearly documented? ❑ Evidence of using the systems ❑ What management information is provided to which levels? What actions are taken as a result? ❑ Are there clear lines of accountability? ❑ Formal and informal mechanisms for co-ordination ❑ Are there documented procurement processes? ❑ *Are there designed and actual communication paths for service user participation to influence local decision-makers?* ❑ *Are there designed and actual systems for local decision-makers to respond to local needs?* ❑ *Which planning systems under the design are activated? Why or why not?* ❑ *Is there evidence of federal and provincial government bypassing or subverting systems against the decentralization design?* ❑ *How do Supra-State forces bypass systems for decentralization?* ❑ *Are the multiple efforts by IDIs operating within the*

policy and planning initiatives, documents, and strategies to comply with multiple bureaucratic objectives other than service delivery? ❏ *Who is accountable for failure of strategy?* ❏ *Do service users participate or influence strategy?*	*local government system or outside it? Do they enhance local government capacity or draw on it? Is there co-ordination between IDIs operating in the sector?* ❏ *How do federal initiatives strengthen the system?*

Financial Inputs / Physical Infrastructure	**Human Resource Management**
❏ Revenue Sources and their stability ❏ Programmes ❏ Balance between personnel and operating costs ❏ Effectiveness of Budgeting system ❏ Does final expenditure bear resemblance to the approved budget? ❏ Is there a link between expenditure and outputs? ❏ Size of budget deficit and surplus ❏ Accountability and audit mechanisms in place? ❏ Financial performance over the last 3 years ❏ *The effect of fiscal centralization of revenues at the federal level on provincial and local government planning, and expenditure assignment* ❏ *The effect of conditional grants on local government autonomy and responsiveness* ❏ *Absorptive capacity of local governments* ❏ *Fiscal centralization, burden of stabilization on the provincial governments and their survival strategies.* ❏ *Weak resource base of local governments and their authority over inputs to education* ❏ *District annual development planning* ❏ *Development planning under decentralization support programs* ❏ *Can district governments build infrastructure based on local needs, their own specification, and costs?* ❏ *Are there other sources of funds for physical infrastructure? Do they come with conditions? Who determines the level and distribution of funds and assets?*	❏ HR turnover and absenteeism ❏ Leadership ❏ Recruitment System ❏ Informal Power blocks and coalitions ❏ *Do local governments have authority over human resource management HRM)? Recruitment? Training? Compensation? Transfers? Postings? Performance Appraisals? As per design? As per practice?* ❏ *What incentives prevent local government from exercising this authority over HRM?* ❏ *What incentives prevent provincial government from decentralizing this authority over HRM?* ❏ *How does fiscal centralization of resource mobilization for provincial and local governments affect decentralization of HRM?* ❏ *How do decentralization and pre-decentralization legislation affect local government's ability to manage its human resources?* ❏ *How do the incentives of provincial government employees working for local governments affect their choices?* ❏ *Transfers for political rent-seeking* ❏ *Transparency of recruitment process. Recruitment ban and fiscal stabilization. Recruitment and rent-seeking.*

Outputs	**Culture**

❏ Main Products and Services
❏ Indicators of services
❏ Impact on the poorest
❏ Baseline of performance, Standards for Performance
❏ Is there a performance management system?
❏ *Is service delivered due to local government's choices or due to local government's implementation of choices made by IDIs, provincial and federal governments?*
❏ *How can service delivery, measured by timely provision of inputs, be improved?*
	❏ Attributes of national culture and their impact on institutional context
	❏ What are the implications of the above on:
	   ○ Consultative and participatory approaches
	   ○ Performance Management
	   ○ Monitoring Information
	   ○ Impact of external change agent
	❏ Likelihood of a more effective organization meeting its goal
	❏ *Policy design and implementation disconnect: "Policy comes from the top; we are just implementers"; "We are responsible for policymaking; they are responsible for implementing it"*
	❏ *Is there a strong tradition of federalism? How does it affect policymaking stage of service delivery?*

Source: The text in italics are the author's adaptation of the Cummins and Worley (2001) model to a dynamic setting of decentralization of education system in Pakistan.