

**STRENGTHENING
PRS MONITORING
PROJECT**

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**Newsletter Strengthening
PRS Monitoring Project**

Strengthening PRS Monitoring Project

The Finance Division, Government of Pakistan with the technical and financial support of UNDP Pakistan Swiss agency for Development and Cooperation (SDC) has initiated the Strengthening PRS Monitoring Project (2008-2012). The aim of the project is to strengthen institutional capacities for results-based monitoring and evaluation of poverty reduction strategies at Federal and Provincial levels.

Project Outputs

The project has the following three outputs:

- *Improvement in quality, collection, analysis and management of PRSP data at national and province levels for effective tracking of PRSP targets.*
- *Review public spending and allocations in pro-poor sectors and analyze through a gender lens to better understand the contribution and needs of men and women.*
- *National engagement in PRSP monitoring mobilized through participatory processes.*

Implementation Arrangements

The project is implemented by the Ministry of Finance, Government of Pakistan and, Provincial Planning & Development Departments. For this purpose a Federal Project Management Unit (PMU) has been established in the Ministry of Finance while provincial PMUs are located in all four Provincial Planning & Development Departments.



NEWSLETTER

July-September 2010

**Strengthening Poverty Reduction
Strategy Monitoring Project**

Ministry of Finance
Government of Pakistan

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Ms. Sadia Ali

MESSAGE

It gives me great pleasure to share the fourth Newsletter of the Strengthening Poverty Reduction Strategy Monitoring Project (SPRSM). The project has effectively entered in the third year of its implementation which is commendable. The success in poverty reduction depends on the availability of resources, effective implementation of the strategy, continuous monitoring & evaluation (M & E) and regular feedback to policymakers for appropriate adjustment in programmes and policies. I must say that the development of result-based M & E system is, therefore, a critical component. The project was initiated in 2008 by the Ministry of Finance with the technical and financial assistance of the UNDP and its cost sharing partners, namely, the Swiss Agency for Development and Cooperation (SDC). The main objective of the result-based M & E is to enable the government to make such decisions that would keep the implementation of the Poverty Reduction Strategy on track.



The newsletter highlights progress up to Quarter 3 for number of new and on-going initiatives towards achieving the overall objectives, including orientation workshop on PRSP Annual Progress Reports FY 2008/09; interaction with Non government organizations in relation to PRSP II and GRBI initiatives, work on two studies; one on Communication Strategy and the other on Results based M&E Framework of the PRSP – II; and preparation of quarterly PRSP progress reports.

I hope that this Newsletter of SPRSM would be useful for agencies, individuals, donors, and international development organizations in getting prompt overview of the diverse activities of the project. We look forward to your continued support and feedback to further improve service delivery under the project.

Mahmood Akhtar
National Project Director/Joint Secretary (EFP Wing)
Strengthening PRS Monitoring Project
Finance Division, Government of Pakistan

Project Overview

Since the project initiation, this is the fourth newsletter covering activities of third quarter from July - September 2010. The overall experience with monitoring has demonstrated the need for recognizing different dimensions of poverty, particularly in the priority sectors to strengthen the existing monitoring mechanism, upgrade institutional network, improve sectoral management information systems and reinforce evaluation system at provincial and district levels. Overall the project aims to ensure improved capacity to formulate and implement pro-poor policies, efficient and effective spending aimed at poverty reduction and an integrated system which will enable a precise comparison of past achievements with future objectives.

Project Outputs

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- Improvement in quality, collection, analysis and management of PRSP data at national and provincial levels for effective tracking of PRSP targets;
- Review public spending and allocations in pro-poor sectors and analyze through a gender lens to better understand the contributions and needs of men/women; and
- National engagement in PRSP monitoring mobilized through a participatory process.

For implementing the PRS Monitoring agenda at the provincial level, the project has envisaged the establishment of PRSP Secretariats/Cells in all the provinces. The PRSP Secretariats/Cells have been operationalized in Khyber Pakhtunkhwa, Balochistan and Punjab provinces while the establishment of PRS Secretariat/Cell at Sindh province is under process.

Activities, Achievements and Accomplishments

Dissemination Workshop on Annual Progress Report of PRSP-II

Annual Progress Report of Poverty Reduction Strategy Paper (PRSP) II FY 2008/09 is the first report since the PRSP II was finalized in FY 2008/09. This report consists of 7 sections, the report begins with an introduction, followed by an overview of Pakistan's economy along with a brief discussion on key macroeconomics indicators; the report gives a detailed analysis of budgetary expenditures in 17 pro-poor sectors; it highlights both Budgetary and Non-Budgetary modes to provide social protection to the poor; explains in detail the PRSP key output (intermediate) indicators revised in the PRSP-II Monitoring

Implementation Arrangements

The project is implemented by the Ministry of Finance, Government of Pakistan at federal level and by Provincial Planning & Development Departments at provincial level. A multi-tiered oversight mechanism is devised at the level of the centre and provinces to ensure accountability and visibility of the PRS process at the highest levels through the formation of the Project Steering Committee (PSC). At the centre, a Project Steering Committee chaired by the Additional Finance Secretary, Government of Pakistan has been notified for ensuring overall guidance and support to the project. Provincial PRS Monitoring Steering Committees have also been notified by all the four provincial governments and will be chaired by the Planning & Development Departments.

Project Team

Mr. Mahmood Akhtar
National Project Director/Joint Secretary (EFP Wing) Finance Division, Islamabad

Mr. Sajjad Ahmad Shaikh
National Project Manager

Mr. Nouman Ghani
Poverty Monitoring & Evaluation Specialist

Dr. Naveeda Salam
Poverty Economist

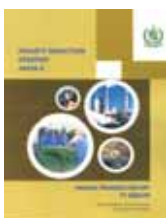
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Matrix; gives an analysis of tracking performance of social sectors goals (outcomes) particularly about; Education, Health and Water Supply & Sanitation. This year's PRSP Annual Progress Report also provides a brief on Environment Management; on Performance of Microfinance Sector in Pakistan and a brief on Pakistan Labor

Force Survey. In order to share the key findings of the Annual Report a dissemination workshop was held at Marriot hotel, Islamabad on July 19, 2010. Overall objective of this workshop was to inform stakeholders about the updated progress against input/output/outcome indicators given in the Results-based M



& E Framework enclosed with the PRSP-II. Specific objectives of the workshop were as follows;

- Proposed recommendations and challenges ahead shared during the workshop regarding Social Protection and Safety Nets should be inculcated in the next Annual Progress Report of PRSP II.
- PSLM indicators for 2008-09 would not be corresponding with inputs of the reporting Financial Year. Inputs of FY 2008-09 will be potentially contributing in the upcoming period for various social & economic indicators.
- Initiatives taken by large Micro Finance Institutions under the Social Protection Strategy should also be harmonized for efficient tracking of inputs/resources.
- Subsidies given under Utility Stores Corporation are reported in the overall subsidies program provided by the Govt.

Orientation Session on Gender Responsive Budgeting (GRB) and Poverty Reduction Strategy Paper -II (PRSP II)

The Poverty Reduction Strategy Paper (PRSP) offers a powerful tool to forge a consensus on policies, priorities and resources needed at all levels of government to reduce poverty and inequities, impeding the pace of economic and social development in Pakistan. The PRSP II emphasized the importance of a well-developed and extensive M&E system for assessing the impact of the government's poverty reduction strategies and resource allocations, along with a feedback mechanism for informed decision-making. The Strengthening PRS Monitoring Project aims to accomplish the following 4

- Inputs should be contextualized with various macro economic factors captured in Monitoring & Evaluation systems of PRSP
- Poverty head count ratio should be closely linked with expenditure tracking for pro-poor sectors.
- Economic & Social indicators should also be linked with progress on MDGs.
- Appropriate policy measures should be taken and fundamental attention must be given by the policy makers, planners, researchers to improve budget deviations being occurred.
- Despite the financial crunch in FY 2008/09, pro-poor expenditures as a percentage of GDP have been maintained far above the limitation imposed by the Fiscal Responsibility and Debt Limitation Act (FRDLA).



After that, the workshop continued with the presentation by Mr. Nouman Ghani, Poverty M& E Specialist on Non Budgetary Development Expenditures for FY 2008-09. He explained participants about the Social Protection Strategies, interventions undertaken, allocation, and expenditure in comparison with FY 2007-08. He briefed the participants on Social Protection Strategy, objectives of Social Protection Strategy (SPS), key elements of SPS, and an overview of Instituted Programs. He concluded his presentation with challenges ahead and future recommendations.

Highlights of Q&A session are as followed:



functions: Poverty outcome monitoring, PRS implementation monitoring, pro-poor expenditure tracking, and gender responsive budgeting. The new monitoring framework is envisaged to ensure an ongoing and sustainable system, to deliver timely and reliable data against a set of well-selected indicators, feeds into the policy process and engages national and sub-national levels. Concerted awareness raising and consensus building process to bring all the stakeholders on board and achieving consensus for successful implementation is one of pivotal objective of Strengthening PRS Monitoring Project. In this regard, an orientation session with Civil Society Organizations on Poverty Reduction Strategy Paper -II & Gender Responsive budgeting Initiatives in Pakistan was held on August 10, 2010 at Islamabad Club. This workshop aimed at building awareness of Civil Society organizations on PRSP -II and Gender Responsive Budgeting in Pakistan. Honorable Mr. Mahmood Akhtar, Joint Secretary Finance Division/National Project Director inaugurated the session with opening remarks. The objective of this session was to involve the civil society organizations and recognize their important role in understanding and giving feedback on Government's Strategy to reduce poverty and move towards equitable resource distribution among men and women. Mr. Sajjad Ahmad Shaikh National Project Manager, Ms. Samar Nadeem, Program Officer UNIFEM and Mr. Mahmood Akhtar, National Project Director/Joint Secretary Finance Division jointly chaired the session. The workshop initiated with the presentation by Mr. Nouman Ghani Poverty M & E Specialist, in which he explained the participants about Poverty Reduction Strategy Papers and recent progress encompassing current challenges. He further explained that the Strategy is built upon nine pillars: (i) Macroeconomic Stability and Real Sector Growth; (ii) Protecting the Poor and the Vulnerable; (iii) Increasing Productivity and Value Addition in Agriculture; (iv) Integrated Energy Development Programme; (v) Making Industry Internationally Competitive; (vi) Human Development for the 21st Century; (vii) Removing Infrastructure Bottlenecks through Public Private Partnerships; (viii) Capital and Finance for Development; and (ix) Governance for a Just and Fair System. In addition, the government is putting in place a stringent results-based system to monitor and evaluate the implementation of the Poverty Reduction Strategy. Moreover, the government is continuously determined to empower women and to reduce gender disparities. This, in addition to environmental sustainability, is a crosscutting theme and is regarded as an integral part of the program, which is woven throughout the PRSP-II. He briefed about consultation process of PRSP formulation and highlighted key stakeholders in consultation process. In addition, Monitoring and Evaluation framework and expenditure tracking mechanism were explained. While wrapping up the session, he elucidated the following challenges:

- High Fiscal Gap in the last two years making less room for development and non-development expenditures; and
- Law & Order and prevailing Security Situation particularly

in southern provinces hampered development process.

Dr. Naveeda Salam started her session with an introduction to Gender Responsive Budgeting and briefed the participants that the Concept started in Australia in 1984 – to determine the impact of government budget on women's role and contributions, idea gained momentum internationally after UN Beijing Platform for action in 1995, By 2002, more than 70 countries engaged in Gender Budget initiatives in different forms, In south Asia: India, Nepal, Bangladesh, Sri Lanka; at various stages of engendering their national budgets. She further explained that GRB refers to a variety of processes and tools to analyse and assess the differential impact of:

- Government's budgetary allocations; and
- Government's ways of raising revenues on women and men, girls and boys

While explicating she added that the following GRB tools have been employed in Pakistan:

Pre-Budget Tools

- Gender Aware Beneficiary Assessment Survey;
- Gender Aware Policy Analysis;
- Time Use Survey;
- Budget Call Circular/Budget Guidelines; and
- Gender Budget Statement.

Post-Budget Tools

• Gender Analysis of the budget
She further explained GRB tools undertaken in Pakistan, Gender mainstreaming of Budgeting formulation process, Developments in Gender sensitization of BCC. This session was concluded with Lessons Learned & Challenges ahead. Some of the challenges shared are as follows;

- Capacity constraints in engendering the budget formulation process - Lack of skills of govt. officials to prepare submissions to amended Budget Call Circular and to prepare GBS;
- Continuous training and awareness rising among the line ministries to include gender perspective in their respective plans;
- Weak feedback loop between the GBA and adjustment of policies/programmes;
- Enhancing the targeted resource allocations to the sectors/areas with wider gender gap; and
- Co-opting civil society/NGOs to strengthen timely GBA - both research institutions and NGOs will have to play an important role to support GRB by good research and advocacy.

Question & Answer Session

Questions from participants and answers given by Mr. Sajjad Ahmed Sheikh (NPM);

Q. Instead of providing the pro-poor sector with financial assistance like BISP or Sasti roti, don't you think the government should arrange a program to provide them some technical training to make them able to start earning for them on their own?

A. Whether it is BISP or PBM graduation to transition, we provide immediate cash to help them sustain their lives. We give them technical training then we provide them with mechanism key to reduction of poverty as human development. All this work is done in another pillar of PRSP-II. There is one pillar regarding human development in 21st century. This basically improves human development.

Q. Has Government taken any initiative to include the Trans gender in the GRB?

A. No genuine initiative has been taken yet as NADRA still does not have their database. Surveying gives us some data if we are looking forward to add it in to GRB.

Problem arises in implementation of polices.

We had interaction with the provincial governments. They



said this is a very good program, they asked us if they could form their own provincial PRSP. We agreed. There is no problem in 18th amendment.

There cannot be any problem

Are they covering entire areas of the country?

All the expenditures are given by the government, while formulating PRSP II.

These question were made by (stakeholders), we discussed many issues with the stakeholders.

Q. What is to be included? What should be done to pro-poor sectors?

These are 17 sectors.

Consensus can be done if we make new sectors.

Coming to the next question, there is a second pillar concerning the poor & vulnerable.

BISP—Benazir Income Support Program is for long term basis, We first have to understand who the poor are.

According to Planning & Development Division, GOP 2350 calories per capita per day are the minimal requirements along with some basic needs such as clothing, shelter etc. The poorest of the poor, cannot sustain themselves. In this case Government take small targeted interventions.

GoP has taken steps to solve the problems for poorest of poor people. BISP, Zakat and Bait-ul-maal are means of direct cash transfers. Small interventions may graduate them from poor to non poor.

Internship Programme at SPRSM Project

SPRSM Project is performing a crucial task of monitoring the implementation of Poverty Reduction Strategy of Pakistan through an elaborate and extensive Monitoring and Evaluation Framework. In addition to that, the project is pro-actively involved in all the policy deliberations on issues directly impacting the poverty related outcomes. Multidimensional nature of the project includes but not restricted to the formulation of the poverty reducing policies; monitoring of their implementation and their impact assessment. From producing quarterly and annual reports on Poverty Reduction policies/programmes to conducting surveys and studies on different areas such as Gender Responsive Budgeting and Time Use Survey of Pakistan; the project is highly dynamic with professional staff, offering rich variety of learning.

SPRSM Project believes in imparting and sharing knowledge with the younger generation.

Capacity building of the students at academic institutions is an important objective of SPRSMP. To this end, SPRSMP is offering intensive Internship Programme to the interested students

enrolled at any academic institution. This provides the students valuable exposure to the Government of Pakistan's pro-poor policies. Internship Programme covers six weeks and provides training in major areas of our mandate. It also gives a rare opportunity of visits to our development partners such as UNDP, World Bank and IMF etc. The programme requires the interneers to produce a research paper on an area related with the themes in PRSP II and a presentation at the end of the programme. The detailed module is placed on project website for information of the aspiring students.

Presentation Sessions of Interneers at SPRSM Project;

During the subject quarter (July – September, 2010) four interneers have graduated and also given their presentation on the assigned topics.

Joint Secretary EFP Wing/National Project Director SPRSM Mr. Mahmood Akhtar awarded the Internship completion certificates to the Interneers.

Internee Nyma Syed from Bryn Mawr College USA studying Course: English Literature, with a minor in Political Science, her Internship period was from July 20th to August 13th, 2010. On August 16th, 2010 she made a presentation on "Energy development in Pakistan":



Major topics highlighted in her presentation was: Energy consumption in Asia, addressing the crucial issue that is finding ways to ensure energy sustainability and finding affordable energy for the masses; the private sector being the main promoter of developing the country's energy sources; and finding ways to generate a significant energy supply whilst simultaneously conserving energy without depleting the economy.



Bilal Anwar Sheikh from Beaconhouse School System joined the SPRSMP as internee. His internship period was from 21st June to 02 August, 2010. On 24th September, 2010 he

made a presentation on "Employment Situation in Pakistan". Summary of the Presentation is given under:

'Give a man a fish, and he feeds himself for a day. Teach a man how to fish, and he feeds himself for a lifetime.' The very essence of this Chinese Proverb lies in the fact that in order for a person to prosper in his life he/she should acquire a set of skills by which he can find a sustainable means of livelihood, apply his skills and earn for him/herself and their family. This is a very simplistic and basic concept which when enhanced into a broader spectrum brings forth many possibilities into how each and every individual can contribute into improving an economy. Even though Pakistan possesses the 10th largest labor force in the world, there is a clear wastage of human resources in the country and their inefficient use is also apparent. Lack of Job opportunities due to industries shutting down and due to power shortage, lack of skilled labor in the labor market, lack of government's involvement to address the issue, all this has contributed to the inevitable loss of economic growth. Also, when we address unemployment we deal with terrorism in an indirect manner. Unemployed, unskilled, illiterate people are easy to manipulate when the solution to their problems is only money. And when money offered by militants, they become subject to terrorist activities and may as well threaten the social, political and economic structure of a country. When people have jobs, they are educated and they have a sufficient source of income, they are less vulnerable and not likely to be targeted by

terrorist organizations. He proposed that there is a clear need to utilize the labor force as efficiently as possible to bring about maximum benefits. NAVTEC has played a role in doing so, skilling unskilled labor



across in Pakistan however its outreach is limited and therefore majority of unemployed those live in Rural Areas are yet to be reached. He proposed expansion of those projects which promotes skilled labor, be supervised by the Public and Private Partnership models and concluded in a specified period of time. The floods of summer 2010 have caused millions of people to become homeless/jobless and therefore his recommendation was to start mass Land Reclamation projects in the affected areas to re-instate the people into the Agriculture sector which still contributes around 44.6% to the GDP. The people should not be left to rely on mere supplies and donations. They require a source of income to feed their families and helping them to recover would be the best possible way. He concluded that unemployment will create additional problems in the society and become a burden on the working class of the economy, therefore it is essential that the precious Human Resources of Pakistan are not wasted and efforts be made to bring about a positive change throughout this very scenario.



Internee Nameerah Hameed from Bahria University Islamabad made a presentation on "Microfinance - An analysis of the Microfinance Sector in Pakistan" on September 24th, 2010.

Main points of Presentation:

To alleviate poverty, microfinance is an indispensable approach. It aims to provide financial and non-financial services to those people excluded from the traditional banking system.

- Microfinance is a tool against poverty, because it enables its beneficiaries to create sustainable activities and businesses to increase their income, to reduce external shocks, to improve the living conditions of the micro-entrepreneurs and their families, and also to empower women and other disadvantaged people in a society.

- There are approximately 6.5 million poor households in Pakistan, out of which less than 5 percent have access to affordable microfinance services. The Government of Pakistan has made a conscious effort to make poverty alleviation its top priority in economic policy making. Among such efforts is a special emphasis given to strengthening the microfinance sector. The government of Pakistan has also encouraged the private sector for the establishment and growth of a number of microfinance banks since 2001. The statistics and trends paint an unclear picture about micro finance in Pakistan.

Conclusion: Although the microfinance sector in Pakistan

started relatively late, it is not far behind the microfinance sectors present in other South Asian and South-East Asian countries. Pakistan not only needs to, but is also ready to start expanding its



microfinance sector in terms of size and scope. There are many voices who claim that the microfinance performance in Pakistan has outclassed the Grameen Bank 'criteria'. Here it needs to be reiterated that Pakistan is not like Bangladesh and that such comparisons between the sectors of the two countries are not only unproductive, but unwarranted. The population size, rural density, political and economic environment, cultural practices differ significantly to carry out a just comparison. The stress must be given on learning from the example of Bangladesh and developed countries and strive to sustainably improve the microfinance sector in Pakistan.



Internee Izza Akram Malik from Bahria University made a presentation on Small and Medium Enterprises Sector in Pakistan on September 24th, 2010. In her presentation she highlighted the extraordinary

potential of this sector, and the constraints that hinder the full realization of this potential. SMEs account for nearly 95% of the

businesses in Pakistan, contribute 30% to the GDP, generate 25% of exported manufacture, and provide about 80% of the nation's jobs. If SMEs flourish all over the country in a well distributed fashion, they can effectively tackle the three key economic challenges of Pakistan: 1) poverty, 2) unemployment, and 3) rural development.



Some of the key issue areas of this sector are the lack of a single differentiated definition of small and medium enterprises that can be adopted by all institutions to facilitate effective policy making. Secondly, SMEDA's current policy and practice model needs to change drastically to better support SMEs. Its current target group excludes 98.9% of the SMEs from being able to take advantage of its full range of services. Thirdly, addressing the credit needs of SMEs demands a multi-faceted approach based on a) augmenting financial credit availability by improving financial institutions, b) strengthening market operations to enable SMEs to secure credit through equity, and c) creating an efficient, accessible and low-interest charging micro-finance system. A vibrant and innovative SME sector can drive our economy forward. However, it is important to realize that SMEs cannot endure on their own without overarching institutions that support and nurture it.

Currently, six interns are associated with the Project.

Consultation with Development Partners

Meeting with DFID on the use of PSLM data by the PRSP Secretariat

DFID is providing technical support to GoP for strengthening National Statistical System. In this regard, a meeting was held on July 07, 2010 with Adam Smith International Consultant on the issue of use of data of the PSLM by the PRSP Secretariat for the outcome and impact indicators. Following participants in the meeting; Bernard Pullon, Statistical Advisor, Kathryn Ennis, Team Leader, Gulmina Bilal Ahmed, Director Individually and Muhammed Arshad, Consultant M&E, Amjad Mehmood, DS, Finance Division, and SPRSM P staff. The participants proposed useful suggestions to strengthening the outcome and impact indicators and means and ways of collection of data through PSLM and other national level surveys.

Meeting with the Representatives of DFID on "Common Results Framework for Pakistan"

The SPRSM staff attended meeting at Finance Division on "Common Results Framework for Pakistan" with Mr. Timur Baig and John Greener senior Economic Advisor of DFID, Islamabad Office on July 21, 2010.

Meeting with UNDP on "Common Results Framework"

Another meeting was held in SPRSMP Committee Room with UNDP representatives. The objective of the meeting was to have further consultation on the "Common Results Framework". Representatives of SPRSMP, UNDP and Economic Affairs Division (EAD) participated in the meeting.

For further details

A consolidated project website (<http://www.prsmp.gov.pk>) has been developed, which is regularly updated at frequent intervals. Latest documents, events and pictures are uploaded



to provide an updated resource base and comprehensive information about the Project and related activities.