

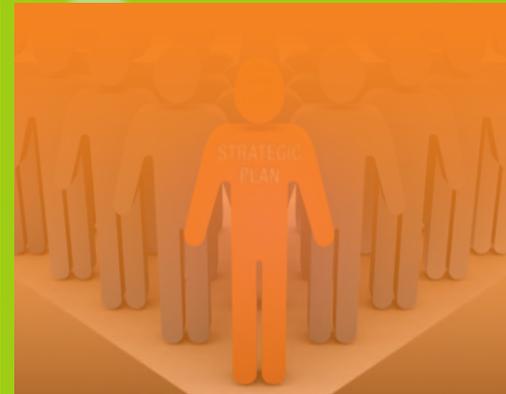
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Strategic Planning in KHYBER Pakhtunkhwa

Institutionalization
beyond rhetoric



ASP-RSPN

Strategic Planning in Khyber Pakhtunkhwa
Institutionalization beyond rhetoric,
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Acronyms

AAP	Annual Action Plan
ASP	Assessment and Strengthening Program
CDS	Comprehensive Development Strategy
GoKP	Government of Khyber Pakhtunkhwa
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MTBF	Mid Term Budgetary Framework
P&D	Planning and Development
PFM	Public Financial Management
RSPN	Rural Support Programmes Network
SP	Strategic Plan
SWOT	Strengths, Weaknesses, Opportunities, Threats
USAID	United States Agency for International Development
VFM	Value for Money

Context and Overview

Planning in public sector is of vital importance. Given the multidimensional nature of development and the competing interests vying for resources which are limited in supply it becomes a challenging exercise. It is rewarding as well because good planning ensures robust service delivery and helps in improving the lives and livelihood of citizens. To overcome the complexity of planning and to make it fruitful, planners have to adopt new, innovative and scientific tools. Strategic planning is one such tool which can help the planners to achieve these objectives. The concept of strategic planning has roots in the corporate world and it has increasingly gained support in the public sector management. Strategic planning promotes good governance as it focuses on effective utilization of resources, quantification and measurement of performance which improve transparency and accountability of state operations.

Government of Khyber Pakhtunkhwa has initiated a reform agenda which aims at improving the public financial management in the province. One important plank of this reform agenda is to improve the budget making process through strategic planning. The objective is to bring predictability and reliability in budgeting that will help in achieving development outcomes in line with the Development Strategy of Government of KP. The decision to introduce strategic planning was taken by the provincial cabinet and the Finance Department was entrusted to spearhead this exercise. The Finance Department requested ASP-RSPN to provide support for furtherance of this reform agenda.

Khyber Pakhtunkhwa is the first province to have introduced Strategic Planning in its departments as part of wider PFM reforms

As a partner in reforms ASP-RSPN provided technical assistance to GoKP in developing the strategic plans and their implementation in its line departments. In the initial phase strategic plans were prepared for six departments i.e., Health, Higher Education, Public Health Engineering, Agriculture, Social Welfare and Population Welfare.

After the success of the first phase, the GoKP now plans to scale this exercise up to four more provincial departments. This is recognition of the efforts of USAID and ASP-RSPN to develop institutional capacity building of the public sector organizations which is guided by a consultative approach that focuses on development of workable solutions which are owned and championed by the government.

Strategic planning at departmental level is generally honoured more in rhetoric than in concrete processes and institutional mechanisms. We believe that this exercise goes beyond rhetoric.

ASP-RSPN – An Introduction

Assessment and Strengthening Program – Rural Support Programmes Network (ASP-RSPN) is a five year program funded by the USAID. USAID aims to implement a substantial portion of its development portfolio in Pakistan through public sector partner organizations. One of the predicaments of this aid delivery mechanism is that many local institutions face institutional capacity issues especially in the area of planning and budgeting. This leads to a higher degree of risk, inadequacies in outcomes and consequently serious repercussions for development. ASP’s mandate therefore is to partner with institutions to build capacity of Pakistani organizations for effective delivery of aid.

ASP’s support to partner organizations is based on three pillars:

Pillar-I: The basic principle followed by ASP-RSPN approach towards capacity building is to devise an organization-specific, customized and relevant capacity building plan without using a “one-size-fits-all formula” approach. This enshrines the golden rule of building on the existing structures, systems

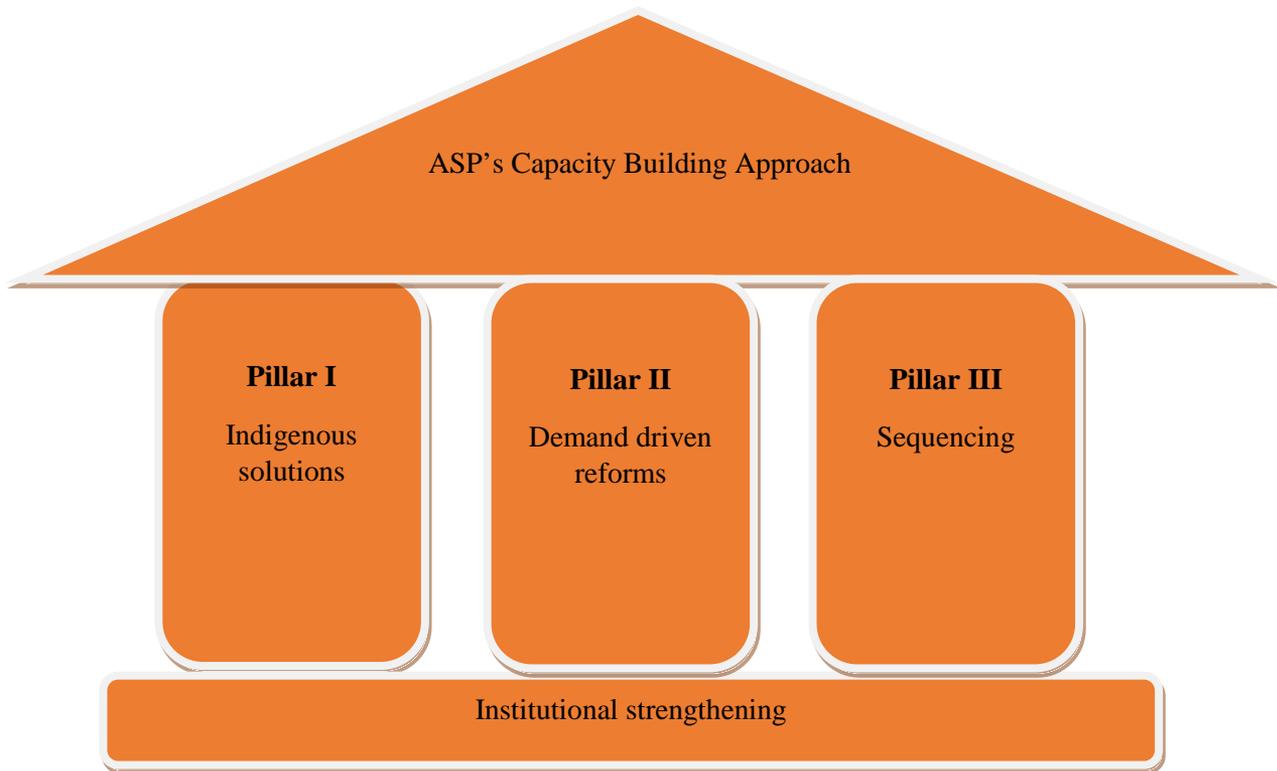


Figure 1: ASP-RSPN's Capacity Building Approach

and policies without re-inventing the wheel.

Pillar-II: ASP believes that the reforms should be demand driven and should have the full ownership of the recipient organization.

Pillar-III: The sequencing of interventions is critical and should be carefully timed in order to avoid the possible blow-back which usually happens when reforms are either too drastic or hasty.

ASP-RSPN sees itself as a catalyst whose job is to point the way towards reforms and consensually develop a roadmap of how to get there. It also assists in building capacity to achieve goals and targets.

Under this guiding principle, ASP has partnered with the federal and provincial governments for several capacity building initiatives in the areas of financial management, human resource management, public procurements, budgeting and planning. The introduction of strategic planning in line departments of the Khyber Pakhtunkhwa constitutes a landmark in this regard.

Strategic Planning – Concept and its Importance

Strategic Planning is a formal process of assessing the current situation of an organization, ascertaining the challenges and opportunities, and determining the desirable destination and how to get there. The primary objective of a strategic plan is to make the budget strategic by linking policy, planning and budgeting.

Strategic planning has been adopted in many countries for effective management of public services in the last two to three decades. Public sector organizations are using strategic planning as a management technique for increasing their capabilities to meet the expectations of the public. Citizens all over the world usually think of public sector as inefficient and wasteful in its use of public resources. There is a growing demand that public sector service delivery should be guided by the value for money (vfm) considerations. In these circumstances, strategic planning can improve the image and legitimacy of public sector organisations by helping them to achieve better results with fewer resources through a focus on performance. By linking present situations and circumstances with a more meaningful vision of the future, strategic planning helps organizations respond effectively to new situations. It also enables the political leadership to initiate public sector reforms with the objectives of increasing the performance of public functionaries.

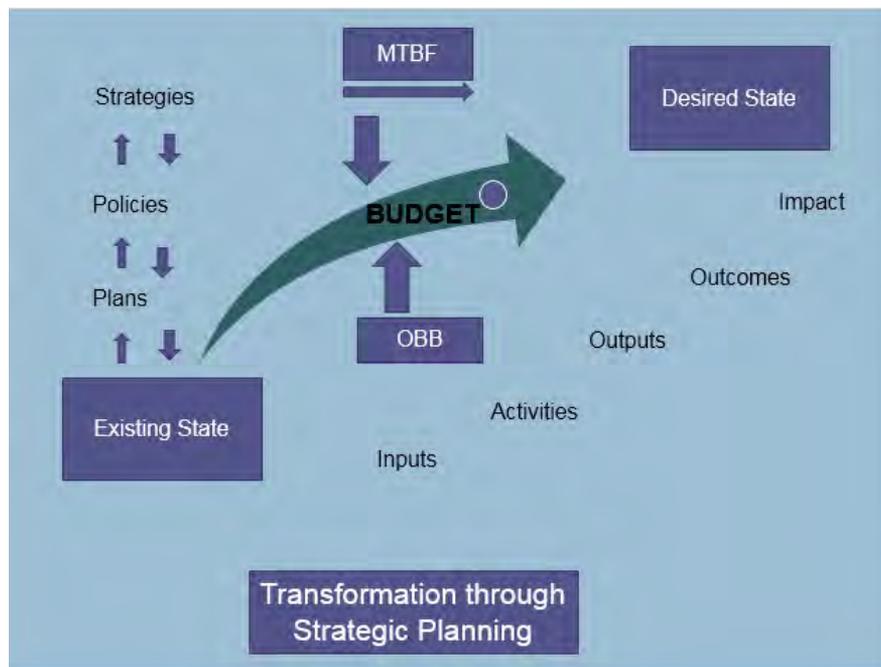


Figure 2: Transformation through Strategic Planning

Strategic management is integrative in the sense of: (a) focussing attention across functional divisions and throughout various organizational levels on common goals, themes, and issues; (b) tying internal management processes and program initiatives to desired outcomes in the external environment; and (c) linking operational, tactical, day-to-day decisions to longer run strategic objectives. The concept of 'management for results' is at the heart of strategic planning. It links an organisation with its stakeholders within a context of clearly defined values, vision, mission, and mandates makes it easier for the organisation to cope with the political environment within which it operates.

Khyber Pakhtunkhwa – a pioneer of PFM reforms

In public sector organisations in Pakistan, strategic planning is not an integral part of the government's planning and budgeting cycle. This leads to a mismatch between policies – which are incoherent at best – and the resource allocation. Realising its importance, Government of Khyber Pakhtunkhwa became the first provincial government in the country to introduce strategic planning across all provincial departments as part of the wider public financial reforms.

The decision was taken at the highest level, i.e., the Provincial Cabinet which showed a strong political resolve behind this reform agenda. The focus of these reforms is to address the weaknesses in the budgetary/planning cycle so that the cycle operates as a whole, not as a set of discrete and disjointed activities. As a follow up of this landmark decision Finance Department GoKP approached ASP-RSPN for providing technical assistance in implementing this initiative. ASP's intervention aimed at providing support in developing strategic plans and annual action plans in line with the Output Based Budgeting (OBB) in six departments of GoKP which were selected as pilots in phase I of the reforms.



Figure 3: Integrated PFM Reform Strategy

ASP's Support to GoKP

ASP-RSPN deployed its team of six strategic planning experts, one for each department, to provide technical assistance for developing strategic plans. All experts worked as a team for maintaining consistency and followed a uniform methodology across all departments. The methodology consisted of the following steps:

a. Literature Review

As a first step ASP-RSPN' team reviewed all policy documents of the Government of Khyber Pakhtunkhwa including the Comprehensive Development Strategy (CDS 2010-2017), Medium Term Budgetary Framework (MTBF), PFM Strategy, Economic Growth Strategy and department's specific documents such a Year Books, Annual Budgets of last three years. The team also reviewed the international experience of introducing strategic planning in government departments for suitable adoption of the best practices in Khyber Pakhtunkhwa's context. In this phase the experts also analysed the institutional constraints which prevent the departments of GoKP from effective service delivery. These include overlapping management structures, ambiguity in roles and responsibilities, inefficient financial management, poor target setting, expenditure based budgeting, weak cost estimations, inadequate budget allocation, poor compliance of laws and rules, weak internal controls and a complete lack of M&E.

b. Situation Analysis

In the next step each expert of ASP's team assisted his assigned department to carry out a situation analysis for identifying its strengths, weaknesses, opportunities and threats (SWOT). A consultative workshop was held in each department which was attended by its senior management and other key officials dealing with budgeting and planning. The workshops were designed to get a clear picture of the existing situation in each department and to arrive at a common understanding of department's priorities and objectives.

Situation analysis looked at:

- a. an overview of strategic planning as a concept
- b. internal / external stakeholders
- c. mandate of the department
- d. values, mission and vision of the department
- e. SWOT (Strength, Weaknesses, Opportunities and Threats)
- f. current capacity of the department to realize its mission and vision

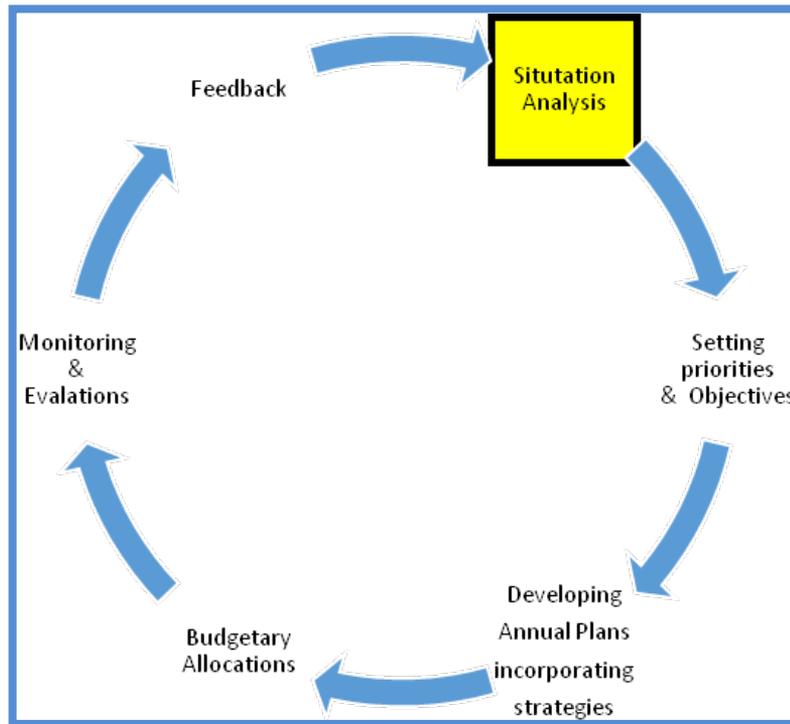


Figure 4. Situation Analysis

c. Development of Strategic Plans

ASP's team used the situation analysis reports for assisting the departments in developing their strategic plans. A strategic plan sets out an organization's policy objectives within the scope of available resources. Typically it covers a period of at least five years or may have a longer timeframe depending upon the identified objectives and related outcomes. First part of each Strategic Plan presented an analysis of last two years' budgets of a department.

The budget analysis gave head-wise budgetary allocations and expenditures and highlighted overall trends and significant variances. Part 2 of the Plan contained the department's Vision, Mission and Values which were identified during the situation analysis and also laid out strategic issues that the department wanted to address on priority. Part 3 gave a results chain for implementation of the Strategic Plan consisting of outcomes and outputs for achieving each strategic priority of the department.

Figure 5 below illustrates the Strategic Plan of the Social Welfare Department giving Vision, Mission, Strategic Issues, Outcomes and Outputs and the values it aspires for.

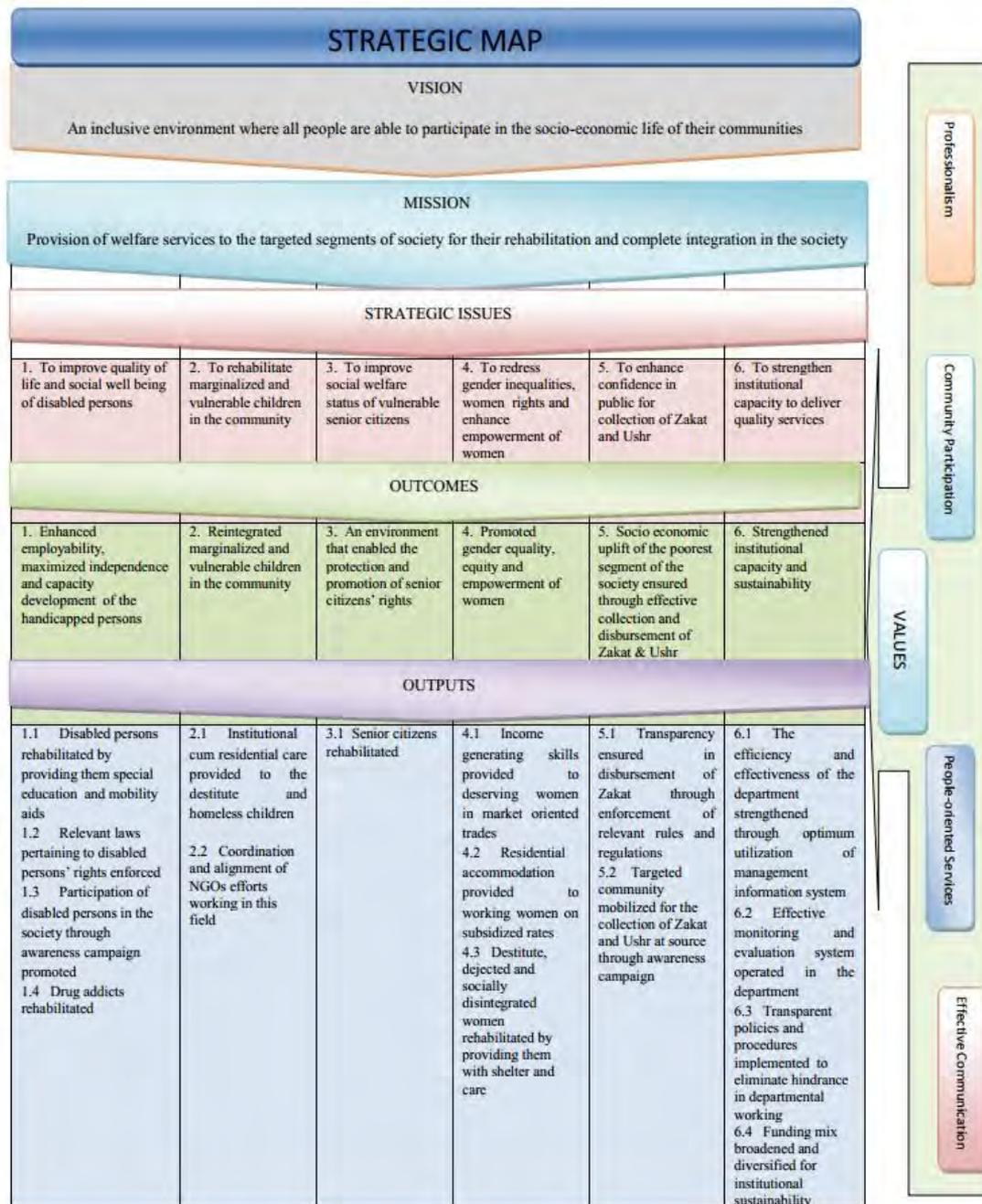


Figure 5: Strategic Plan of Social Welfare Department

d. Annual Action Plan

Strategic planning exercise culminated in the development of an Annual Action Plan for each department for the financial year 2013-14. In line with the Output Based Budgeting (OBB), AAP identified specific activities leading to outputs and outcomes. It also identified milestones and key performance indicators (KPIs) which were drawn from the results chain of each Strategic Plan. Annual action plans thus aligned, integrated and embedded strategic planning with the annual budgets of the departments. This key step ensures that the strategic planning does not remain an academic and stand-alone exercise.

Figure 6 below gives an excerpt from the Annual Action Plan of the Social Welfare Department. It illustrates the results chain linking strategic issues, outcomes and outputs given in the Strategic Plan with key performance indicators.

STRATEGIC ISSUES	To improve the quality of life and social well-being of disabled persons
OUTCOMES	Enhanced employability, maximized independence and capacity development of the handicapped persons
OUTPUTS	Disabled persons rehabilitated by providing them special education and mobility aids
KEY PERFORMANCE INDICATOR(S)	Appliances provided to beneficiaries for replacement of missing limbs
	Appliances provided to beneficiaries for replacement of missing limbs
	Hearing aids provided to beneficiaries
	Wheel chairs/ tricycles provided to beneficiaries
	Centres for mentally retarded & physically handicapped children running by the department
	Men with disability registered
	Women with disability registered
	Children with disability registered
	Special education schools running by the department
	Children enrolled in special education schools
OUTPUTS	Relevant laws pertaining to disabled persons' rights enforced
KEY PERFORMANCE INDICATOR(S)	Rules reviewed and implemented
	Disabled persons employed by department
	Awareness campaigns held for disabled persons
OUTPUTS	Participation of disabled persons in the society through awareness campaign promoted
KEY PERFORMANCE INDICATOR(S)	Awareness campaigns held for disabled persons
OUTPUTS	Drug addicts rehabilitated
KEY PERFORMANCE INDICATOR(S)	Detoxification & Rehabilitation Centre running by the department for drug addicts
	Drug addicts treated through Detoxification & Rehabilitation Centre
	Vocational training provided to drug addicts

Figure 6: An excerpt from the Annual Action Plan of the Social Welfare Department

Way Forward

ASP's partnership with GoKP for laying the foundation of strategic planning has been a significant initiative. Its success has been acknowledged by all stakeholders including the Finance Department and the line departments which participated in this exercise. Government of KP acknowledged ASP's efforts in the **Budgetary White Paper 2012-13** and adopted a four pronged approach for implementation of this reform measure. In the first instance, the strategic plans became part of the Red Book of the provincial government meant for output based budgeting. Secondly, Planning and Development Department - being the approving authority of development budget of the line departments - was entrusted to oversee the implementation of these plans. Thirdly to oversee the progress of each department against performance indicators a high-level Steering Committee headed by the Additional Chief Secretary (P&D) has been constituted. Lastly Strategic Plans and Annual Action Plans have been made part of the M&E framework for the whole KP government.

To keep the momentum of reforms going GoKP has planned to replicate strategic planning across all provincial departments and has requested the USAID to continue supporting this initiative through ASP. GoKP has identified four new departments (Energy and Power, Agriculture, Industries, Sports and Tourism) where strategic planning will be replicated in the second phase of reforms. Responding to government's request ASP has developed a capacity building plan that will capitalize on the success already achieved in phase I.

Since the concept of strategic planning was introduced for the first time in any government department in KP, ASP as well as the government faced few challenges and also learnt few useful lessons during phase I of the exercise. The biggest challenge was the lack of understanding of strategic planning in the government and how could it be used as a performance management tool. To address this issue ASP-RSPN in its capacity building plan for phase II has proposed hand holding and support to review, modify, and implement the Strategic and Annual Action Plans of the six departments which were selected in the first phase. This support will help in bringing the desired understanding and uniformity in implementation of the existing and development of the next round of strategic plans. A credible model of strategic planning has been put in place in Khyber Pakhtunkhwa. It is hoped that with continuing commitment. This innovative reform measure will find a permanent footing. In the end, sustainability is the key of this institutional strengthening.

"Government of KP really appreciates the efforts undertaken by the USAID in carrying out its reform agenda under the umbrella program of PFM, to improve the effectiveness of its governance and, more importantly, stimulate economic growth in the province. USAID through Assessment and Strengthening Program provided technical assistance to these departments in developing strategic plans, and its implementation by linking it with the budgetary outlays." The White Paper 2013-14

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